NORTHERN UTILITIES, INC.

Supplementary Filing Requirements

Pursuant to PUC 1604.01 (a)

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In accordance with the New Hampshire code of Administrative Rules PUC 1604.01 (a), Northern Utilities, Inc. ("NU") has prepared responses to the following requests as provided herein:

NORTHERN UTILITIES, INC.

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Pursuant to PUC 1604.01 (a)

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In accordance with the New Hampshire code of Administrative Rules PUC 1604.01 (a), Northern Utilities, Inc. ("NU") has prepared responses to the following requests as provided herein:

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.03) Federal income tax reconciliation for the test year.

Response:

Please see the federal income tax reconciliation for the test year for Unitil Corporation on page 75 of Unitil Corporation's Annual Report to Shareholders, which is included in Item 25.02 of these Supplementary Filing Requirements.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.04) Detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income.

Response:

This is not applicable to Unitil Corporation.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.05) Detailed list of charitable contributions charged in the test year showing donee and the amount.

Response:

See Response to (26.05).

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.06) List of advertising charged in the test year above the line showing expenditure by media and by subject matter.

Response:

See Response to (26.06).

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.07) The utility's most recent cost of service study.

Response:

This is not applicable to Unitil Corporation.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.08) The utility's most recent construction budget.

Response:

Unitil Corporation does not have a Construction Budget.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.09) The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of Puc 300, Puc 400, Puc 500, Puc 600 and Puc 700.

Response:

Please see response to 1604.01(a) (9).

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.10) The utility's Securities and Exchange Commission 10K forms and 10Q forms, for the most recent 2 years.

Response:

Please see the attached for copies of Unitil Corporation's Form 10-K's and Form 10-Q's as follows:

- Form 10-K's for the years ended:
  - December 31, 2011
  - December 31, 2012

- Form 10-Q's for the quarters ended:
  - March 31, 2011
  - June 30, 2011
  - September 30, 2011
  - March 31, 2012
  - June 30, 2012
  - September 30, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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 offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of June 30, 2011, the aggregate market value of common stock held by non-affiliates of the registrant was $282,734,913.

The number of common shares outstanding of the registrant was 10,955,671 as of January 30, 2012.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012 are incorporated by reference into Part III of this Report

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UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2011
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PART I

Item 1. Business

UNITIL CORPORATION

In this Annual Report on Form 10-K, the "Company", "Unitil", "we", and "our" refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise. Unitil is a public utility holding company and was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Natural Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers.

Unitil's distribution utilities had an investment in Net Utility Plant of $510.7 million at December 31, 2011. Unitil's total operating revenue was $352.8 million in 2011. Substantially all of Unitil's operating revenue is derived from regulated distribution utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy in 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are

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indirect subsidiaries that are wholly-owned by Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. (for segment information, see Part II, Item 8, Note 8 herein).

OPERATIONS

Natural Gas Operations

Unitil's natural gas operations include gas distribution utility operations and interstate gas transmission pipeline operations, discussed below. Revenue from Unitil's gas operations was $159.2 million for 2011, which represent about 45% of Unitil's total operating revenue. In 2008, the Company significantly expanded its gas operations by acquiring Northern Utilities and Granite State.

On December 1, 2008, the Company purchased Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and Granite State, an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource Inc. (NiSource).

Natural Gas Distribution Utility Operations

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and commercial and industrial (C&I) customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 56,600 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the industries of auto, housing, rubber, printing, textile, pharmaceutical, electronics, wires and food production as well as a military installation. Northern Utilities' 2011 gas operating revenue was $123.1 million, of which approximately 40.0% was derived from residential firm sales and 60.0% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,300 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2011 gas operating revenue was $31.5 million, of which approximately 51% was derived from residential firm sales and 49.0% from commercial/industrial firm sales.

Gas Transmission Pipeline Operations

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State had operating revenue of $4.6 million for 2011. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party marketers.

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Electric Distribution Utility Operations

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $188.1 million for 2011, which represents about 53% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of electric industry restructuring in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically-adjusted rates.

Unitil Energy distributes electricity to approximately 73,100 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wires and plastics, healthcare and education. Unitil Energy's 2011 electric operating revenue was $128.8 million, of which approximately 54.0% was derived from residential sales and 46.0% from C&I sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 28,300 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and education. Fitchburg's 2011 electric operating revenue was $59.3 million, of which approximately 52.0% was derived from residential sales and 48.0% from C&I sales.

Seasonality

As a result of the acquisitions of Northern Utilities and Granite State in 2008, consolidated results for the Company in the current period may not be directly comparable to some prior period results until such time as the acquisitions are fully reflected in all reporting periods presented. In particular, the Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours. Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-Regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. Revenue from Unitil's non-regulated operations was $5.5 million in 2011.

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The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income (for segment information, see Part II, Item 8, Note 8 herein).

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

Rate Case Activity

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

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Unitil Energy—Increase in Base Rates Approved —On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings —In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012.

Also see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 5 to the accompanying Consolidated Financial Statements for additional information on Rates and Regulation.

NATURAL GAS SUPPLY

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue

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to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day for transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their

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electric supply from competitive third-party energy suppliers. As of December 2011, 106 or 71% of Unitil's largest New Hampshire customers, representing 25% of total New Hampshire electric energy sales, and 28 or 93% of Unitil's largest Massachusetts customers, representing 33% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that

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as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 5 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2011, the Company and its subsidiaries had 454 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2011, 151 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

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AVAILABLE INFORMATION

The Company's Internet address is *www.unitil.com*. There, the Company makes available, free of charge, its Securities and Exchange Commission (SEC) fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL."

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and senior management as of February 1, 2012:

Name	Age	Position
Robert G. Schoenberger	61	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	52	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	49	Senior Vice President and Chief Operating Officer
Laurence M. Brock	58	Controller and Chief Accounting Officer
Todd R. Black	47	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George R. Gantz	60	Senior Vice President, Distributed Energy Resources, Unitil Service
George E. Long, Jr.	55	Vice President, Administration, Unitil Service
Sandra L. Whitney	48	Corporate Secretary
William D. Adams	64	Director
Dr. Robert V. Antonucci	66	Director
David P. Brownell	68	Director
Michael J. Dalton	71	Director
Albert H. Elfner, III	67	Director
Edward F. Godfrey	62	Director
Michael B. Green	62	Director
Eben S. Moulton	65	Director
M. Brian O'Shaughnessy	68	Director
Dr. Sarah P. Voll	69	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since October 1997, and his current term will expire in 2012. Mr. Schoenberger will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Mr. Schoenberger has also served as Unitil's President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that develops innovative power conversion solutions for the renewable power industry) since 2007. Mr. Schoenberger also serves as chairman of the Tocqueville Society of the Greater Seacoast (New Hampshire) United Way. Mr. Schoenberger formerly served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and as a director of the Southwest Power Pool from 2003 until 2005.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

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Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

George R. Gantz has been Unitil's Senior Vice President, Distributed Energy Resources, Unitil Service, since September 2009. Mr. Gantz joined Unitil in 1983 and served as Senior Vice President, Communication and Regulation, from 1994 until 2003, and Senior Vice President, Customer Services and Communications, from 2003 until 2009.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of our Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since March 2009, and his current term will expire in 2012. Mr. Adams will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000, and as president, Mr. Adams also serves on the board of trustees of Colby College. Prior to going to Colby, Mr. Adams served as president of Bucknell University in Pennsylvania from 1995 until 2000. Mr. Adams served as vice president and secretary of Wesleyan University in Connecticut, before Bucknell. Mr. Adams also taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University, and was coordinator of the Great Works in Western Culture program at Stanford University. Mr. Adams has been a member of the board of directors of Maine Public Broadcasting Corporation since 2002. Mr. Adams formerly served on the board of directors of Wittenberg University from 2007—2011, and also the board of directors of Maine General Health from 2002 to 2010.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since December 2004, and his current term will expire in 2014. Dr. Antonucci has been the president of Fitchburg State University (FSU) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves as a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a member of the board of the University of New Hampshire (UNH) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Michael J. Dalton has been a member of Unitil's Board of Directors since September 1984, and his current term will expire in 2013. Mr. Dalton retired as President and Chief Operating Officer of Unitil in

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2003. Mr. Dalton is a member of the College Advisory Board of the UNH College of Engineering and Physical Science and Vice President of the Alumni Society of the College of Engineering and Physical Science. Mr. Dalton was formerly a director of the New England Gas Association, the Electric Council of New England, the UNH Foundation, the UNH Alumni Association, and the UNH President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since January 1999, and his current term will expire in 2014. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner is also a director of Main Street America Insurance Company (Main Street), Jacksonville, Florida, as well as chairman of the Main Street finance committee.

Edward F. Godfrey has been a member of Unitil's Board of Directors since January 2002 and his current term will expire in 2013. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey has also been a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of the New Hampshire Hospital Association, a director of Concord General Mutual Insurance Company, and a director of Merrimack County Savings Bank (Merrimack), including membership on Merrimack's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since March 2000, and his current term will expire in 2014. Mr. Moulton has been the managing partner of Seacoast Capital Corporation, Danvers, Massachusetts, (a private investment company) since 1995. Mr. Moulton is also a director of IEC Electronics Corp. (a company that provides electronic manufacturing services to advanced technology companies), Newark, New York, and a director of six private companies.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since September 1998, and his current term will expire in 2014. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1989. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors and as the chief co-chair of the Coalition for a Prosperous America, three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Economic Development Growth Enterprise of Mohawk Valley.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since January 2003, and her current term will expire in 2012. Dr. Voll will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Dr. Voll retired in 2007 as vice president from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, and currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

INVESTOR INFORMATION

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 19, 2012, at 10:30 a.m.

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Transfer Agent

The Company's transfer agent, Computershare Investor Services, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com/investor

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com/investor*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

The Company is subject to comprehensive regulation, which could impact the rates it is able to charge, its authorized rate of return and its ability to recover costs. This could adversely affect the Company's financial condition or results of operations. In addition, certain regulatory authorities have the power to impose finance penalties and other sanctions on the Company, which could adversely affect the Company's financial condition or results of operations.

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the impact on its financial condition or results of operations from the regulatory activities of any of these regulatory authorities. Also, changes in regulations or the imposition of additional regulations could adversely affect the Company's financial condition or results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These

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regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition or results of operations.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. This could adversely affect the Company's financial condition or results of operations.

Severe storms have struck, and may strike, the New England region, causing extensive damage to the Company's utility operations and the loss of service to significant numbers of the Company's customers. If the Company is unable to recover a significant amount of storm costs in its rates, or if the Company's recovery of storm costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) *Regulatory Matters* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) *Regulatory Matters* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

As a result of electric industry restructuring, the Company has a significant amount of stranded electric generation and power supply related supply costs. If the Company is unable to recover a significant amount of stranded costs in its rates, or if the Company's recovery of stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The stranded electric generation and power supply related supply costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

Substantially all of the Company's stranded costs relate to (i) Unitil Power's long-term power purchase agreements (which Unitil Power divested under long-term contract buyout agreements) and (ii) Fitchburg's formerly owned generation assets and purchase power agreements (which Fitchburg divested under a long-term contract buy-out agreement). Unitil Power made the final payment on its long-term contract buyout agreements in October 2010, which ended its obligations in the underlying purchase power contracts. As a result, in accordance with its retail stranded cost recovery rates, as of December 31, 2011, Unitil Energy has recovered substantially all of its stranded costs with the remaining $4.2 million of stranded costs projected to be fully recovered over the next ten years. Because Fitchburg continues to remain ultimately responsible for purchase power payments underlying its long-term buyout agreements, Fitchburg could incur additional stranded costs if they were required to resell such divested entitlements prior to the end of their term for amounts less than the amounts agreed to under the existing long-term buyout agreements. The Company expects that any such additional stranded costs would be recovered from its customers, however such recovery would require approval from the MDPU, the receipt of which cannot be assured. If the Company is unable to recover a significant amount of such stranded costs in its rates, or if the Company's recovery of such stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected. Please see (i) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

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The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition or results of operations.

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territory directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition or results or operations.

The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition or results of operations.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term debt under its current credit facility, as needed. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, then the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition or results or operations.

Also, from time to time, the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings and the terms of such financings, which could correspondingly adversely affect the Company's financial condition or results or operations.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations. If the Company is unable to recover a significant amount of pension obligation costs in its rates, or if the Company's recovery of pension obligation costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) the section entitled *Critical Accounting Policies—Pension Benefit Obligations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

Increases in interest rates could increase the Company's interest expense and adversely affect the Company's financial condition or results of operations.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements, which they frequently fund by issuing short-term debt and long-term debt.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition or results of operations. As of December 31, 2011, the Company had approximately $87.9 million in short-term debt outstanding under its revolving credit facility.

The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition or results of operations. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 3 to the accompanying Consolidated Financial Statements.

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In addition, the Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness restrict the Company's business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition or results or operations.

See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 3 to the accompanying Consolidated Financial Statements.

A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition or results or operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.

The Company estimates that approximately 60% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition or results of operations. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition and results of operations. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The purpose of decoupling is to eliminate the disincentive a utility otherwise has to encourage energy efficiency programs. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on predetermined amounts approved by the MDPU. The difference between distribution revenue amounts billed to customers and the predetermined amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries or credits.

In addition, the Company's results of operations generally reflect seasonality. In particular, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Long-term global climate change could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services.

Milder winter and summer temperatures due to long-term global climate change may cause a decrease in the amount of natural gas and electricity sold by the Company, which could correspondingly adversely affect the Company's financial condition and results or operations. Conversely, colder winter temperatures and warmer summer temperatures due to long-term global climate change may cause an increase in the amount of natural gas and electricity sold by the Company.

In addition, extreme weather events (such as hurricanes and severe winter storms) related to long-term global climate change may damage facilities or result in increased service interruptions and outages and

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increase the Company's operations and maintenance costs. If the Company is unable to recover a significant amount of such costs in its rates, or if the Company's recovery of such costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The Company is unable to predict the impacts on its financial condition and results or operations due to changes in weather related to long-term global climate change.

Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure that its current annual dividend will be paid in the future.

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position and results of operations.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions and mechanical problems. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position and results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New or changes to existing environmental regulation, including those related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition or results of operations.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural

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resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is in material compliance with all applicable environmental and safety laws and regulations, there can be no assurance that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

Catastrophic events could adversely affect the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to provide electric or natural gas distribution services to its customers for an extended period, which could adversely affect the Company's financial condition and results of operations.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or increase its customer base could adversely affect its financial condition and results of operations.

The Company's energy brokering customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company's customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2011, Unitil owned, through its electric distribution utilities, three utility operation centers, approximately 1,707 primary pole miles of local transmission and distribution overhead electric lines and 367 conduit bank miles of underground electric distribution lines, along with 50 electric substations, including four mobile electric substations. The Company's natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,287 miles of underground gas mains. In addition, the Company's real estate subsidiary, Unitil Realty, owns the Company's corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 32 electric distribution substations, including a 5,000 kilovolt ampere (kVA) and a 10,500 kVA mobile substation, constitute 213,000 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kilovolt

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subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,244 primary pole miles of local transmission and distribution overhead electric lines and a total of 310 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 463 primary pole miles of local transmission and distribution overhead electric lines, 57 conduit bank miles of underground electric distribution lines and 18 transmission and distribution stations (including two mobile electric substations). The capacity of these substations totals 441,650 kVA, which excludes capacity of spare transformers.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Fitchburg owns a propane air gas plant and a liquid natural gas (LNG) storage and vaporization facility, both of which are located on land owned by Fitchburg. Fitchburg also has 263 miles of underground steel, cast iron and plastic gas mains.

Northern Utilities' distribution system is comprised of 1,024 miles of gas mains and 38,935 service pipes. The gas mains are primarily made up of polyethylene plastic (70%), coated and wrapped cathodically protected steel (19%), cast/wrought iron (7%), and unprotected bare and coated steel (4%).

Northern Utilities' New Hampshire division serving 21 communities has 500 miles of distribution gas mains and 21,110 service pipes. Northern Utilities' Maine division serving 23 communities has 524 miles of distribution and 17,825 service pipes. Northern Utilities also owns a propane air gas plant and a LNG storage and vaporization facility.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline located primarily in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, 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.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred

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by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion below in Regulatory Matters.

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PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Registrant's common stock is listed on the New York Stock Exchange under the symbol "UTL." As of December 31, 2011, there were 1,586 shareholders of record.

Common Stock Data

Dividends per Common Share	2011	2010
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

See also "Dividends" in Part II, Item 7 below.

	2011		2010	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$23.94**	**$ 21.84**	$ 24.40	$ 20.46
2nd Quarter	**$26.82**	**$23.12**	$ 24.36	$19.28
3rd Quarter	**$26.82**	**$ 24.53**	$22.99	$20.55
4th Quarter	**$28.60**	**$ 24.58**	$ 23.49	$ 21.22

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans, as of December 31, 2011, is set forth in the table below.

Equity Compensation Plan Benefit Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Amended and Restated Unitil Corporation 2003 Stock Plan[(1)]	N/A	N/A	38,460
Equity compensation plans not approved by security holders			
N/A	N/A	N/A	N/A
Total	N/A	N/A	38,460

NOTES: (also see Note 2 to the accompanying Consolidated Financial Statements)

(1) The Amended and Restated Unitil Corporation 2003 Stock Plan (the Plan) was approved by shareholders in April 2003. 10,600 shares of restricted stock were awarded to Plan participants in May 2003; 10,700 shares of restricted stock were awarded to Plan participants in April 2004; 10,900 shares of restricted stock were awarded to Plan participants in March 2005; 14,375 shares of restricted stock were awarded to Plan participants in February 2006; 9,020 shares of restricted stock were awarded to Plan participants in February 2007; 15,540 shares of restricted stock were awarded to Plan participants in February 2008; 32,260 shares of restricted stock were awarded to Plan participants in February 2009; 12,520 shares of restricted stock were awarded to Plan participants in February 2010; 24,330 shares of restricted stock were awarded to Plan participants in February 2011.

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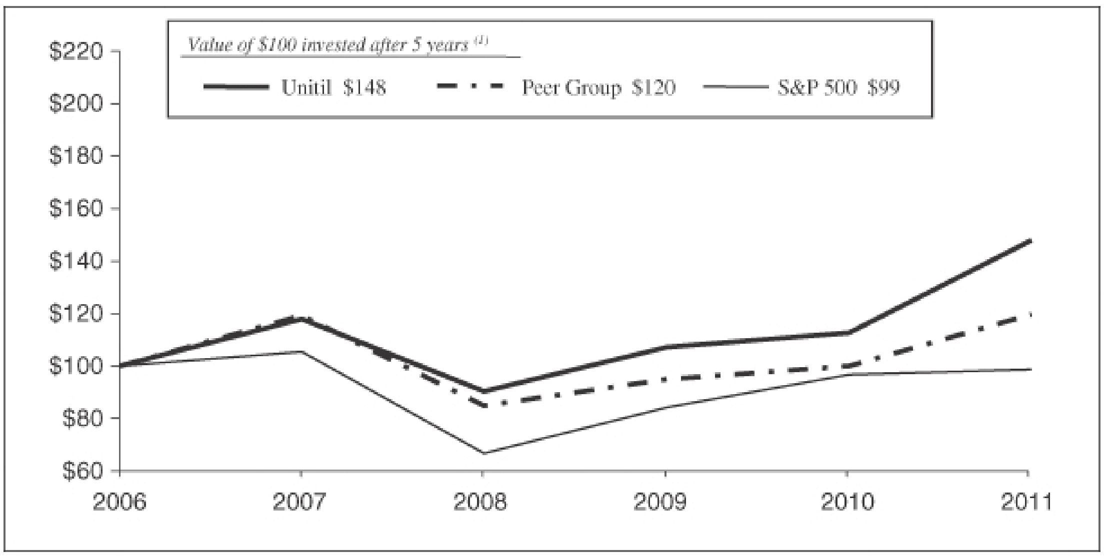
Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2006 with the Peer Group index, comprised of the S&P Utilities Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2006.

Comparative Five-Year Total Returns



NOTE:

(1) The graph above assumes $100 invested on December 31, 2006, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P Utilities Index.

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Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2011.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company may periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $224,500 in value of shares have been purchased or, if sooner, on March 24, 2012.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/11 – 10/31/11	7,838	$25.58	7,838	$ 13,132
11/1/11 – 11/30/11	—	—	—	$ 13,132
12/1/11 – 12/31/11	215	$ 27.80	215	$ 7,155
Total	8,053	$ 25.64	8,053	

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Item 6. Selected Financial Data

For the Years Ended December 31,	2011	2010	2009	2008	2007
(all data in millions except shares, % and per share data) [(1)]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 352.8**	$ 358.4	$ 367.0	$ 288.2	$ 262.9
Operating Income	**37.2**	28.0	26.1	20.5	18.5
Other Non-operating Expense	**0.4**	0.3	0.3	0.3	0.2
Income Before Interest Expense	**36.8**	27.7	25.8	20.2	18.3
Interest Expense, net	**20.4**	18.1	15.8	10.5	9.6
Net Income	**16.4**	9.6	10.0	9.7	8.7
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9	$ 9.6	$ 8.6
Balance Sheet Data (as of December 31,):					
Utility Plant (Original Cost)	**$ 773.7**	$ 728.4	$ 682.7	$ 641.4	$ 380.5
Total Assets	**$ 800.2**	$ 759.6	$ 725.2	$ 733.2	$ 474.6
Capitalization:					
Common Stock Equity	**$ 191.7**	$ 189.0	$ 193.1	$ 139.5	$ 100.4
Preferred Stock	**2.0**	2.0	2.0	2.0	2.1
Long-Term Debt, less current portion	**287.8**	288.3	248.9	249.3	159.6
Total Capitalization	**$ 481.5**	$ 479.3	$ 444.0	$ 390.8	$ 262.1
Current Portion of Long-Term Debt	**$ 0.5**	$ 0.5	$ 0.4	$ 0.4	$ 0.4
Short-term Debt	**$ 87.9**	$ 66.8	$ 64.5	$ 74.1	$ 18.8
Capital Structure Ratios (as of December 31,):					
Common Stock Equity	**40%**	39%	43%	36%	38%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**59%**	60%	56%	63%	61%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.50**	$ 0.88	$ 1.03	$ 1.65	$ 1.52
Common Stock Data:					
Shares of Common Stock—(Diluted Weighted Average Outstanding, 000's)	**10,883**	10,824	9,647	5,830	5,672
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 17.50**	$ 17.35	$ 17.83	$ 17.90	$ 17.50
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,682.1**	1,691.1	1,618.8	1,695.9	1,743.0
Firm Natural Gas Distribution Sales (Millions Therms)	**186.9**	172.9	178.7	47.2	28.4

(1) As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to some prior period results until such time as the acquisitions are fully reflected in all reporting periods.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to Notes to the Consolidated Financial Statements in Item 8.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate natural gas transmission pipeline company from NiSource.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies and Unitil had an investment in Net Utility Plant of $510.7 million at December 31, 2011. Unitil's total revenue was $352.8 million in 2011, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Usource's total revenues were $5.5 million in 2011. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

Regulation

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated

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by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the Maine division of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; $7.8 million for the Maine Division of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. The New Hampshire division of Northern Utilities requested an increase of $5.2 million in annual distribution revenues in its base rate case filing. The Company is currently in settlement discussions with the NHPUC regarding its base rate case filing for Northern Utilities' New Hampshire division and a final rate order is expected in the first quarter 2012. See "Rate Case Activity" in Part I, Item 1 for additional information on these rate cases.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 25% and 10% of Unitil's total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the

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negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company’s authorized rate of return and the Company’s ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparty’s obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company’s control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

See also Item 1A Risk Factors.

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RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this report.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Net Income and EPS Overview

2011 Compared to 2010—The Company's Earnings Applicable to Common Shareholders (Earnings) were $16.3 million, or $1.50 per share, for the full year of 2011, an increase of $6.8 million, or $0.62 per share, over 2010, reflecting higher natural gas and electric sales margins partially offset by higher utility operating and interest costs. The Company's Earnings were $10.0 million, or $0.92 per share, for the fourth quarter of 2011, compared to Earnings of $5.2 million, or $0.48 per share, in the fourth quarter of 2010. The results include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of 2011 in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs. Also included in the 2011 full year results is a non-recurring pre-tax charge of $2.0 million recorded in the third quarter, related to the resolution of the 2008 ice storm cost recovery in the Company's Massachusetts base rate case.

Natural gas sales margin increased $11.1 million in 2011 compared to 2010, reflecting an increase in gas unit sales, higher gas distribution rates and the recovery of Purchased Gas costs that had previously been charged off in a prior period. Total natural gas therm unit sales increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new residential and commercial and industrial (C&I) business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. On a weather-normalized basis, natural gas therm sales in 2011 increased 7.0% compared to 2010 due to new customer growth and increased gas usage.

Electric sales margin increased $7.6 million in 2011 compared to 2010, reflecting higher electric distribution rates on lower unit sales. Total electric kilowatt hour (kWh) unit sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. On a weather-normalized basis, kWh sales in 2011 increased 0.4% compared to 2010.

Total Operation & Maintenance (O&M) expenses increased $2.7 million, or 5.5%, in 2011 compared to 2010. The changes in O&M expenses reflect higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in 2011 compared to 2010 reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's recently completed base rate cases.

Local Property and Other Taxes increased $1.8 million in 2011 compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes increased $5.5 million in 2011 due to higher pre-tax earnings in 2011 compared to 2010.

Other Non-operating Expenses increased $0.1 million in 2011 compared to 2010.

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Interest Expense, net increased $2.3 million in 2011 compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final regulatory order issued in the Company's Massachusetts base rate case. Interest expense also reflects the issuance of a total of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2011, an increase of $0.9 million compared to 2010, and contributed $0.15 per share to Earnings in 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's refund amount of $4.6 million, plus interest, in favor of a refund amount of $0.2 million, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

In 2011, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

2010 Compared to 2009—The Company's Earnings Applicable to Common Shareholders was $9.5 million, or $0.88 per share, for 2010, compared to $9.9 million, or $1.03 per share, for 2009. The lower earnings in 2010 compared to 2009 reflect higher operating and interest expenses in 2010.

A more detailed discussion of the Company's 2011 and 2010 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Unitil's total therm sales of natural gas increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new residential and C&I business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. On a weather-normalized basis, natural gas therm sales in 2011 increased 7.0% compared to 2010 due to new customer growth and increased gas usage.

As discussed above, under revenue decoupling for the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. In 2011, approximately 3% of the Company's gas therm sales were decoupled.

Unitil's total therm sales of natural gas decreased 3.2% in 2010 compared to 2009. Lower gas therm sales in the Company's utility service territories reflect the effect of milder winter temperatures in the early part of 2010 compared to 2009. Heating Degree Days in 2010 were 9% fewer than in the prior year. On a weather-normalized basis, natural gas therm sales in 2010 were essentially flat compared to 2009.

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The following table details total therm sales for the last three years, by major customer class:

Therm Sales (millions)	2011	2010	2009	Change 2011 vs. 2010 Therms	Change 2011 vs. 2010 %	Change 2010 vs. 2009 Therms	Change 2010 vs. 2009 %
Residential	**37.7**	35.1	36.7	2.6	7.4%	(1.6)	(4.4%)
Commercial / Industrial	**149.2**	137.8	142.0	11.4	8.3%	(4.2)	(3.0%)
Total Therm Sales	**186.9**	172.9	178.7	14.0	8.1%	(5.8)	(3.2%)

Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)	2011	2010	2009	Change 2011 vs. 2010 $	Change 2011 vs. 2010 % (1)	Change 2010 vs. 2009 $	Change 2010 vs. 2009 % (1)
Gas Operating Revenue:							
Residential	**$ 65.1**	$ 61.5	$ 62.0	$ 3.6	2.4%	$ (0.5)	(0.3%)
Commercial / Industrial	**94.1**	88.6	90.8	5.5	3.7%	(2.2)	(1.4%)
Total Gas Operating Revenue	**$159.2**	$150.1	$152.8	$ 9.1	6.1%	$ (2.7)	(1.7%)
Cost of Gas Sales:							
Purchased Gas	**$ 89.1**	$ 90.5	$ 96.4	$ (1.4)	(0.9%)	$(5.9)	(3.8%)
Conservation & Load Management	**2.2**	2.8	1.9	(0.6)	(0.4%)	0.9	0.6%
Total Cost of Gas Sales	**$ 91.3**	$ 93.3	$ 98.3	$ (2.0)	(1.3%)	$ (5.0)	(3.2%)
Gas Sales Margin	**$ 67.9**	$ 56.8	$ 54.5	$11.1	7.4%	$ 2.3	1.5%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $9.1 million, or 6.1%, in 2011 compared to 2010. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and Conservation and Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in 2011 reflects higher sales margin of $11.1 million partially offset by lower Purchased Gas revenues of $1.4 million and lower C&LM revenues of $0.6 million.

The Purchased Gas and C&LM components of Total Gas Operating Revenue decreased a combined $2.0 million, or 1.3%, of Total Gas Operating Revenues in 2011 compared to 2010, primarily reflecting the recovery of $4.5 million of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower natural gas commodity costs and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas. Purchased Gas revenues include the recovery of the approved cost of gas supply as well as other energy supply related costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $11.1 million in 2011 compared to 2010, reflecting increased sales of $4.0 million, higher gas distribution rates of $2.6 million and the recovery of $4.5 million of Purchased Gas costs that had previously been charged off in a prior period, discussed above.

Total Gas Operating Revenues decreased $2.7 million, or 1.7%, in 2010 compared to 2009. The decrease in Total Gas Operating Revenues in 2010 reflects lower Purchased Gas costs of $5.9 million partially offset by higher C&LM revenues of $0.9 million and higher sales margin of $2.3 million.

Natural gas sales margin increased $2.3 million in 2010 compared to 2009, reflecting the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above. Absent the effect of this refund, natural gas sales margin decreased $2.6 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009.

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Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. On a weather-normalized basis, kWh sales in 2011 increased 0.4% compared to 2010.

As discussed above, under revenue decoupling for the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. In 2011, approximately 10% of the Company's electric kWh sales were decoupled from revenue and sales margin.

Unitil's total electric kWh sales increased 4.5% in 2010 compared to 2009. Electric kWh sales to residential customers and C&I customers increased 5.5% and 3.8%, respectively, in 2010 compared to 2009. The increased sales reflect higher than average summer temperatures in the Company's utility service territories in 2010 where there were approximately 61% more Cooling Degree Days in the three month period ended September 30, 2010, compared to the prior year, coupled with an improving regional economy. According to ISO-New England, the regional transmission operator in New England, July of 2010 was the second-hottest July in New England since 1960 and New England's all-time electricity consumption for one month was recorded in that month. On a weather-normalized basis, kWh sales in 2010 increased 1.6% compared to 2009.

The following table details total kWh sales for the last three years by major customer class:

kWh Sales (millions)				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	kWh	%	kWh	%
Residential	**682.8**	681.2	645.9	1.6	0.2%	35.3	5.5%
Commercial / Industrial	**999.3**	1,009.9	972.9	(10.6)	(1.0%)	37.0	3.8%
Total kWh Sales	**1,682.1**	1,691.1	1,618.8	(9.0)	(0.5%)	72.3	4.5%

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	$	% (1)	$	% (1)
Electric Operating Revenue:							
Residential	**$100.8**	$108.5	$ 108.9	$ (7.7)	(3.8%)	$ (0.4)	(0.2%)
Commercial / Industrial	**87.3**	95.2	101.0	(7.9)	(3.9%)	(5.8)	(2.7%)
Total Electric Operating Revenue	**$188.1**	$ 203.7	$ 209.9	$(15.6)	(7.7%)	$ (6.2)	(2.9%)
Cost of Electric Sales:							
Purchased Electricity	**$114.2**	$ 137.7	$151.6	$ (23.5)	(11.5%)	$(13.9)	(6.6%)
Conservation & Load Management	**6.3**	6.0	3.1	0.3	0.1%	2.9	1.4%
Total Cost of Electric Sales	**$120.5**	$ 143.7	$ 154.7	$ (23.2)	(11.4%)	$(11.0)	(5.2%)
Electric Sales Margin	**$ 67.6**	$ 60.0	$ 55.2	$ 7.6	3.7%	$ 4.8	2.3%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues decreased $15.6 million, or 7.7%, in 2011 compared to 2010. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The net decrease in Total Electric Operating Revenues in 2011 reflects lower Purchased Electricity revenues of $23.5 million partially offset by higher C&LM revenues of $0.3 million and higher sales margin of $7.6 million.

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The Purchased Electricity and C&LM components of Total Electric Operating Revenue decreased a combined $23.2 million, or 11.4%, of Total Electric Operating Revenues in 2011 compared to 2010, primarily reflecting lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by higher spending on energy efficiency and conservation programs. Purchased Electricity revenues include the recovery of the cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $7.6 million in 2011 compared to 2010, reflecting higher electric distribution rates of $7.8 million, partially offset by reduced margins on lower unit sales of ($0.2 million).

Total Electric Operating Revenues decreased $6.2 million, or 2.9%, in 2010 compared to 2009. The net decrease in Total Electric Operating Revenues in 2010 reflects lower Purchased Electricity costs of $13.9 million offset by higher C&LM revenues of $2.9 million and higher sales margin of $4.8 million.

Electric sales margin increased $4.8 million in 2010 compared to 2009. The increase in electric sales margin reflects higher electric kWh sales and an electric rate increase, implemented in July 2010 for the Company's New Hampshire electric distribution utility.

Operating Revenue—Other

Total Other Revenue increased $0.9 million in 2011 compared to 2010 and $0.3 million in 2010 compared to 2009. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	$	%	$	%
Usource	$5.5	$4.6	$4.3	$0.9	19.6%	$0.3	7.0%
Total Other Revenue	$5.5	$4.6	$4.3	$0.9	19.6%	$0.3	7.0%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $1.4 million, or 1.6%, in 2011 compared to 2010. This decrease reflects a credit of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower natural gas commodity costs and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2010, Purchased Gas decreased $5.9 million, or 6.1%, compared to 2009. This decrease reflects the effect of the ordered refund of $4.9 million of Purchased Gas costs recorded in 2009, discussed above. Absent the effect of this refund, Purchased Gas decreased $1.0 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009, partially offset by higher natural gas commodity prices in 2010.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $23.5 million, or 17.1%, in 2011 compared to 2010. This decrease primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from

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third-party suppliers. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2010, Purchased Electricity expenses decreased $13.9 million, or 9.2%, compared to 2009, reflecting an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by increased sales.

Operation and Maintenance—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased $2.7 million, or 5.5%, in 2011 compared to 2010. The changes in O&M expenses reflect higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs primarily consist of utility distribution and transmission system maintenance costs, bad debt expenses, office expenses and insurance costs. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

In 2010, total O&M expense increased $4.1 million, or 9.2%, compared to 2009. The changes in O&M expenses reflect higher compensation and benefit expenses of $2.7 million and higher utility operating costs of $1.4 million. O&M expenses in 2010 reflect the full integration of Northern Utilities and Granite State into the Company's consolidated operating results.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 74% of these costs are related to electric operations and 26% to gas operations.

Total Conservation & Load Management expenses decreased $0.3 million, in 2011 compared to 2010. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses increased $3.8 million in 2010 compared to 2009.

Depreciation and Amortization—Depreciation and Amortization expense increased $0.4 million, or 1.4%, in 2011 compared to 2010 reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's recently completed base rate cases.

In 2010, Depreciation and Amortization expense increased $1.5 million, or 5.5%, compared to 2009. This increase reflects higher depreciation on normal utility plant additions partially offset by lower amortization expense in the current year.

Local Property and Other Taxes—Local Property and Other Taxes increased $1.8 million, or 16.1%, in 2011 compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

In 2010, Local Property and Other Taxes increased $0.8 million, or 7.7%, compared to 2009. This increase reflects higher state and local property tax rates on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

Federal and State Income Taxes—Federal and State Income Taxes increased $5.5 million in 2011 compared to 2010 due to higher pre-tax earnings in 2011 compared to 2010 (See Note 7 to the accompanying Consolidated Financial Statements).

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Federal and State Income Taxes decreased $0.9 million in 2010 compared to 2009 due to lower pre-tax operating income in 2010 compared to 2009 (See Note 7 to the accompanying Consolidated Financial Statements).

Other Non-operating Expenses (Income) —Other Non-operating Expenses (Income) increased $0.1 million in 2011 compared to 2010 and was flat in 2010 compared to 2009.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 3 to the accompanying Consolidated Financial Statements).

Interest Expense, net increased $2.3 million in 2011 compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final regulatory order issued in the Company's Massachusetts base rate case. Interest expense also reflects the issuance of a total of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

In 2010, Interest Expense, net increased $2.3 million compared to 2009. In March 2010, Unitil Energy and Northern Utilities collectively issued $40 million of long-term debt which contributed to the higher interest expense in 2010.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, with respect to public offerings of securities, the Company files registration statements with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

The Company, along with its subsidiaries, are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2011 and 2010, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at December 31, 2011 and $80.0 million at December 31, 2010. There was $87.9 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2011 and 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $27.1 million and $13.2 million at December 31, 2011 and 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to

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permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2011 and 2010, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the Fifth Amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The Fifth Amendment agreement increased the maximum borrowings under the facility to $115 million, changed the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changed the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.500% of such daily amount. Also, see Credit Arrangements in Note 3.

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2011.

Significant Contractual Obligations (millions) as of December 31, 2011	Total	Payments Due by Period 2012	2013-2014	2015-2016	2017 & Beyond
Long-term Debt	$ 288.3	$ 0.5	$ 3.0	$ 21.5	$ 263.3
Interest on Long-term Debt	264.0	19.9	39.8	39.1	165.2
Gas Supply Contracts	252.8	43.1	78.8	73.7	57.2
Power Supply Contract Obligations	12.9	8.7	1.7	0.9	1.6
Other	5.0	2.0	2.1	0.7	0.2
Total Contractual Cash Obligations	$ 823.0	$ 74.2	$125.4	$135.9	$ 487.5

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 5 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2011, there were approximately $37.2 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $14.9 million and $11.7 million outstanding at December 31, 2011 and 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

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The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $8.8 million and $4.3 million in 2011 and 2010, respectively. The Company, along with its subsidiaries, contributed $3.5 million to Voluntary Employee Benefit Trusts (VEBT) in 2010. No contributions were made to the VEBTs in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these benefit plans. (See Note 9 to the accompanying Consolidated Financial Statements.)

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. (See Note 3 to the accompanying Consolidated Financial Statements.)

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2011 and 2010.

	2011	2010
Cash Provided by Operating Activities	**$45.9**	$25.9

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $45.9 million in 2011, an increase of $20.0 million over 2010. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $54.4 million in 2011 compared to $49.0 million in 2010, representing an increase of $5.4 million. Working capital changes in Current Assets and Liabilities resulted in a ($13.7) million net use of cash in 2011, compared to a ($12.1) million net use of cash in 2010. Deferred Regulatory and Other Charges resulted in a $7.5 million source of cash in 2011, compared to a ($4.5) million use of cash in 2010. All Other, net operating activities resulted in a use of cash of $(2.3) million in 2011 compared to a use of cash of ($6.5) million in 2010.

	2011	2010
Cash (Used in) Investing Activities	**$(57.1)**	$(49.6)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was ($57.1) million for 2011 compared to ($49.6) million in 2010. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions. Capital expenditures are projected to be approximately ($59) million in 2012.

	2011	2010
Cash Provided by Financing Activities	**$9.8**	$24.9

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $9.8 million in 2011 compared to $24.9 million in 2010. In 2011, sources of cash from financing activities included proceeds from issuance of short-term debt of $21.1 million, an increase in gas inventory financing of $4.6

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million and the issuance of common stock of $1.0 million. Uses of cash included regular quarterly dividend payments on common and preferred stock of ($15.2) million, payment of long term debt of ($0.5) million and all other financing activities which resulted in a use of ($1.2) million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company's and its subsidiaries' long-term debt were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. (See Note 3 to the accompanying Consolidated Financial Statements.)

The long-term debt and preferred stock of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are privately held, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2011, 2010 and 2009. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6

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million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion below in Regulatory Matters.

REGULATORY MATTERS

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to three years, is $34.7 million as of December 31, 2011 including $12.4 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

Unitil Energy—Increase in Base Rates Approved—On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

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The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings—In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012.

Fitchburg—Management Audit—As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 ice storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The audit report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company. On September 1, 2011, the MDPU issued its order with respect to the audit, accepting the majority of Jacob's audit report, and requiring the company to implement the remaining recommendations, as well as provide semi-annual status updates as to the company's implementation progress. On September 30, 2011, the Company filed its first implementation status report with the MDPU.

Fitchburg—Electric Operations—On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP

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Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter remains pending. Final orders on Fitchburg's 2009 and 2010 annual reconciliation filings also remain pending.

Fitchburg—Gas Operations—On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

On December 28, 2011, the MDPU approved Fitchburg's proposal to discontinue the previously ordered refund of the $4.6 million of natural gas costs, and to begin the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment will occur over the next three winter heating seasons.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm- related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that it incurred $1.5 million in costs for Tropical Storm Irene and $3.2 million in costs for the October snow storm. Fitchburg also requested that it be allowed to accrue carrying charges on the deferred amount. This matter remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The matter of how to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007, remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. On January 26, 2011, the MDPU issued

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orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

Unitil Energy—Annual Rate Reconciliation Filing—On July 29, 2011, the NHPUC approved Unitil Energy's annual reconciliation and rate filing under its restructuring plan, for rates effective August 1, 2011, including reconciliation of prior year costs and revenues.

Unitil Energy—Billing—In August 2011, Unitil Energy and one of its larger customers in New Hampshire settled a lawsuit filed by the customer in June 2011 regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million (Distribution and Other Delivery Charges—$0.5 million; Supply Charges—$1.3 million). As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service territory were under-billed from October 2004 through January 2011 for supply charges. Accordingly, the Company has requested authorization from the NHPUC to process the billing correction. The Company's request remains pending before the NHPUC.

Northern Utilities—NOPV—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2011 was $0.8 million.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a Settlement Agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season.

Northern Utilities—Maine Sales Tax Under-Collection—As previously reported, during 2011 the Company determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. This issue has been resolved with Maine Revenue Services and the MPUC and the Company has collected substantially all of the arrears.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued by December 31, 2012.

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ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Note 5 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2011, the Company and its subsidiaries had 454 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2011, 151 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31,

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2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

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Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality

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corporate bond interest rate indices and pension yield curves. For the years ended December 31, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2011 and 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $909,000 and $728,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $705,000 and $565,000, respectively. (See Note 9 to the accompanying Consolidated Financial Statements).

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding these types of activities, see Note 1, "Summary of Significant Accounting Policies," Note 7, "Income Taxes," Note 4, "Energy Supply," Note 9, "Retirement Benefit Plans," and Note 5, "Commitment and Contingencies," to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

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INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rate on short-term borrowings was 2.2%, 2.3%, and 3.4% during 2011, 2010, and 2009, respectively.

MARKET RISK

Although Unitil’s three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of earnings, cash flows and changes in common stock equity for both of the two years in the period ended December 31, 2011. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitil Corporation and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 1, 2012

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated statements of earnings, cash flows and changes in common stock equity for the year ended December 31, 2009. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flows for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ Caturano and Company, P.C.
Boston, Massachusetts
February 10, 2010

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2011	2010	2009
Operating Revenues:			
Gas	**$ 159.2**	$ 150.1	$ 152.8
Electric	**188.1**	203.7	209.9
Other	**5.5**	4.6	4.3
Total Operating Revenues	**352.8**	358.4	367.0
Operating Expenses:			
Purchased Gas	**89.1**	90.5	96.4
Purchased Electricity	**114.2**	137.7	151.6
Operation and Maintenance	**51.5**	48.8	44.7
Conservation & Load Management	**8.5**	8.8	5.0
Depreciation and Amortization	**29.3**	28.9	27.4
Provisions for Taxes:			
Local Property and Other	**13.0**	11.2	10.4
Federal and State Income	**10.0**	4.5	5.4
Total Operating Expenses	**315.6**	330.4	340.9
Operating Income	**37.2**	28.0	26.1
Other Non-Operating Expenses	**0.4**	0.3	0.3
Income Before Interest Expense	**36.8**	27.7	25.8
Interest Expense, net	**20.4**	18.1	15.8
Net Income	**16.4**	9.6	10.0
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9
Average Common Shares Outstanding (000's)—Basic	**10,880**	10,823	9,647
Average Common Shares Outstanding (000's)—Diluted	**10,883**	10,824	9,647
Earnings per Common Share—Basic and Diluted	**$ 1.50**	$ 0.88	$ 1.03

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2011	2010
Utility Plant:		
Electric	**$333.3**	$ 321.5
Gas	**382.3**	360.1
Common	**29.8**	30.2
Construction Work in Progress	**28.3**	16.6
Utility Plant	**773.7**	728.4
Less: Accumulated Depreciation	**263.0**	251.9
Net Utility Plant	**510.7**	476.5
Current Assets:		
Cash	**7.5**	8.9
Accounts Receivable, net	**44.2**	36.9
Accrued Revenue	**56.6**	46.7
Refundable Taxes	**—**	7.5
Gas Inventory	**14.8**	10.6
Material and Supplies	**3.6**	2.9
Prepayments and Other	**4.5**	3.6
Total Current Assets	**131.2**	117.1
Noncurrent Assets:		
Regulatory Assets	**139.8**	143.0
Other Noncurrent Assets	**18.5**	23.0
Total Noncurrent Assets	**158.3**	166.0
TOTAL ASSETS	**$ 800.2**	$759.6

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2011	2010
Capitalization:		
Common Stock Equity	**$191.7**	$ 189.0
Preferred Stock	**2.0**	2.0
Long-Term Debt, Less Current Portion	**287.8**	288.3
Total Capitalization	**481.5**	479.3
Current Liabilities:		
Long-Term Debt, Current Portion	**0.5**	0.5
Accounts Payable	**26.4**	26.5
Short-Term Debt	**87.9**	66.8
Energy Supply Contract Obligations	**21.1**	17.0
Taxes Payable	**1.0**	—
Other Current Liabilities	**17.5**	16.1
Total Current Liabilities	**154.4**	126.9
Deferred Income Taxes	**46.3**	43.8
Noncurrent Liabilities:		
Energy Supply Contract Obligations	**4.2**	12.6
Retirement Benefit Obligations	**91.2**	74.0
Environmental Obligations	**14.5**	14.5
Other Noncurrent Liabilities	**8.1**	8.5
Total Noncurrent Liabilities	**118.0**	109.6
TOTAL CAPITALIZATION AND LIABILITIES	**$ 800.2**	$759.6

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2011	2010	2009
Operating Activities:			
Net Income	**$ 16.4**	$ 9.6	$ 10.0
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**29.3**	28.9	27.4
Deferred Taxes Provision	**8.7**	10.5	7.1
Changes in Working Capital Items:			
Accounts Receivable	**(7.3)**	(3.4)	6.2
Accrued Revenue	**(9.9)**	(2.7)	12.9
Taxes Refundable / Payable	**8.5**	(5.8)	1.5
Gas Inventory	**(4.2)**	3.7	17.3
Accounts Payable	**(0.1)**	1.4	(3.4)
Other Changes in Working Capital Items	**(0.7)**	(5.3)	(5.1)
Deferred Regulatory and Other Charges	**7.5**	(4.5)	(26.0)
Other, net	**(2.3)**	(6.5)	3.0
Cash Provided by Operating Activities	**45.9**	25.9	50.9
Investing Activities:			
Property, Plant and Equipment Additions	**(57.1)**	(49.6)	(58.7)
Acquisitions, net	**—**	—	(6.9)
Cash (Used In) Investing Activities	**(57.1)**	(49.6)	(65.6)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	**21.1**	2.3	(9.6)
Proceeds from Issuance (Repayment) of Long-Term Debt, net	**(0.5)**	39.5	(0.4)
Net Increase (Decrease) in Gas Inventory Financing	**4.6**	(2.2)	(21.8)
Dividends Paid	**(15.2)**	(15.0)	(13.2)
Proceeds from Issuance of Common Stock	**1.0**	0.9	56.4
Other, net	**(1.2)**	(0.6)	(0.5)
Cash Provided by Financing Activities	**9.8**	24.9	10.9
Net Increase (Decrease) in Cash	**(1.4)**	1.2	(3.8)
Cash at Beginning of Year	**8.9**	7.7	11.5
Cash at End of Year	**$ 7.5**	$ 8.9	$ 7.7
Supplemental Information:			
Interest Paid	**$ 21.2**	$ 20.5	$ 19.3
Income Taxes (Refunded) Paid	**$ (7.3)**	$ 2.3	$ (3.8)

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY

(Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2009	$ 102.7	$ 36.8	**$139.5**
Net Income for 2009		10.0	**10.0**
Dividends		(13.2)	**(13.2)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 43,615 Common Shares	0.9		**0.9**
Issuance of 2,970,000 Common Shares (See Note 2)	55.5		**55.5**
Balance at December 31, 2009	159.5	33.6	**193.1**
Net Income for 2010		9.6	**9.6**
Dividends		(15.0)	**(15.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 41,455 Common Shares	0.9		**0.9**
Balance at December 31, 2010	160.8	28.2	**189.0**
Net Income for 2011		16.4	**16.4**
Dividends		(15.2)	**(15.2)**
Shares Issued Under Stock Plans	0.5		**0.5**
Issuance of 39,473 Common Shares	1.0		**1.0**
Balance at December 31, 2011	$ 162.3	$ 29.4	**$191.7**

(The accompanying Notes are an integral part of these consolidated financial statements.)

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Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are wholly-owned subsidiaries of Unitil Resources.

The Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire; Fitchburg, which operates in Massachusetts; and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly- owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy

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and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)	December 31, 2011	December 31, 2010
Energy Supply Contract Obligations	**$ 12.9**	$ 21.7
Deferred Restructuring Costs	**21.8**	25.0
Subtotal—Restructuring Related Items	**34.7**	46.7
Retirement Benefit Obligations	**55.3**	47.1
Income Taxes	**10.9**	12.7
Environmental Obligations	**17.5**	20.3
Deferred Storm Charges	**22.4**	21.0
Other	**17.8**	10.9
Total Regulatory Assets	**$158.6**	$158.7
Less: Current Portion of Regulatory Assets [(1)]	**18.8**	15.7
Regulatory Assets—noncurrent	**$139.8**	$ 143.0

(1) Reflects amounts included in Accrued Revenue on the Company's Consolidated Balance Sheets.

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2011 and 2010, the Unitil affiliates had deposited $4.6 million and $7.0 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2011 and 2010, there was $2.6 million and $1.5 million, respectively, deposited for this purpose.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be

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amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. As of December 31, 2011, the unamortized balance of the bargain purchase adjustment was $17.1 million, to be amortized over the next seven years.

Off-Balance Sheet Arrangements—As of December 31, 2011, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 3).

Derivatives—The Company has a regulatory commission approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of December 31, 2011 and December 31, 2010, the Company had 1.6 billion and 1.3 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets [(1)], as of:

Description	Balance Sheet Location	Fair Value December 31, 2011	Fair Value December 31, 2010
Natural Gas Futures Contracts	Other Current Liabilities	**$ 1.7**	$ 0.8
Natural Gas Futures Contracts	Other Noncurrent Liabilities	**0.6**	0.2
Total		**$ 2.3**	$ 1.0

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's Consolidated Balance Sheets.

(millions)	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	**$ 2.9**	$ 3.9
Amount of Loss Reclassified into Consolidated Statements of Earnings [(2)]:		
Purchased Gas	**$ 1.6**	$ 5.2

(2) These amounts are offset in the Consolidated Statements of Earnings with the recognition of accrued revenue as a component of Gas Operating Revenue and therefore there is no effect on earnings.

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Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of its retirement benefit obligations (RBO) based on the projected benefit obligations. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. (See Note 9).

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires 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.

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Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 5).

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 2.28%, 2.25% and 3.24% in 2011, 2010 and 2009, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, depreciation amounts to provide for future negative salvage value. At December 31, 2011 and 2010, the Company estimates that the negative salvage value of future retirements recorded on the consolidated balance sheets in Accumulated Depreciation is $46.5 million and $40.8 million, respectively.

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. Provisions for depreciation were equivalent to the following composite rates, based on the average depreciable property balances at the beginning and end of each year: 2011 – 3.43%, 2010 – 3.99% and 2009 – 4.02%.

Gas Inventory—The weighted average cost methodology is used to value natural gas in storage.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has recovered or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 5, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 2).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

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Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Dividends—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the years ended December 31, 2011, 2010 and 2009, the Company paid a dividend at an annual rate of $1.38 per common share.

Other Recently Issued Pronouncements—In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Company does not expect that the adoption of ASU 2011-11 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company does not expect that the adoption of ASU 2011-04 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

Subsequent Events—The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that impacted its consolidated financial statements.

Reclassifications—Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Note 2: Equity

The Company has common stock and certain of our subsidiaries have preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

The Company's common stock trades under the symbol, "UTL." On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,954,065, and 10,890,262 of common shares outstanding at December 31, 2011 and December 31, 2010, respectively.

Dividend Reinvestment and Stock Purchase Plan—During 2011, the Company sold 39,473 shares of its common stock, at an average price of $24.97 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of $1.0 million. The DRP

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provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock. During 2010 and 2009, the Company raised $0.9 million and $0.9 million, respectively, of additional common equity through the issuance of 41,455 and 43,615 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Shares Repurchased, Cancelled and Retired—Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company may periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. (See Part II, Item 5 for additional information). During 2011, 2010 and 2009, the Company repurchased 8,765, 3,225 and 3,619 shares of its common stock, respectively, pursuant to the Rule 10b5-1 trading plan. The expense recognized by the Company for these repurchases was $0.2 million, $0.1 million and $0.1 million in 2011, 2010 and 2009, respectively.

During 2011, 2010 and 2009, the Company did not cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a stock plan. The Company accounts for its stock-based compensation plan in accordance with the provisions of the FASB Codification and measures compensation costs at fair value at the date of grant. Details of the plan are as follows:

Stock Plan—The Company maintains the Amended and Restated Unitil Corporation 2003 Stock Plan (the Stock Plan). Participants in the Stock 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 Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock 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 for in the Stock Plan. Awards of restricted shares fully vest over a period of four years at a rate of 25% each year.

During the vesting period, dividends on restricted shares underlying the award may be credited to the participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. 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 Stock 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.

Restricted shares issued for 2009 – 2011 in conjunction with the Stock Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/17/09	32,260	$0.7
2/5/10	12,520	$0.3
2/9/11	24,330	$0.6

The compensation expense associated with the issuance of shares under the Stock Plan is being recorded over the vesting period and was $0.7 million, $0.5 million and $0.7 million in 2011, 2010 and 2009, respectively. There were 33,731 and 29,521 non-vested shares under the Stock Plan as of December 31, 2011 and 2010, respectively. The weighted average grant date fair value of these shares was

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$21.93 per share and $21.77 per share, respectively. At December 31, 2011, there was approximately $0.9 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.4 years. There were no forfeitures or cancellations under the Stock Plan during 2011.

The Stock Plan also includes restricted stock units as a type of award that the Company may grant to the Company's employees, Directors or consultants. There were no restricted stock units issued under the Stock Plan during 2011.

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998 and was terminated by the Board of Directors on January 16, 2003. There was no compensation expense associated with this plan in 2011, 2010 and 2009. The plan has remained in effect solely for the purposes of the continued administration of any options outstanding under the plan. No further grants of options have been made under this plan since it was terminated by the Board of Directors in 2003. As of December 31, 2011, 2010 and 2009, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2011, all options under this plan have expired.

	2011		2010		2009	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**33,000**	**$25.88**	63,500	$ 28.90	97,200	$27.16
Options Granted	—	—	—	—	—	—
Options Exercised	—	—	—	—	—	—
Options Forfeited / Expired	**(33,000)**	**$25.88**	(30,500)	$ 32.17	(33,700)	$ 23.88
Ending Options Outstanding	—	**$ —**	33,000	$25.88	63,500	$ 28.90
Options Vested and Exercisable- end of year	—	**$ —**	33,000	$25.88	63,500	$ 28.90

Preferred Stock

Two of Unitil's distribution companies, Unitil Energy and Fitchburg, have an aggregate of $2.0 million of preferred stock outstanding. At December 31, 2011, Unitil Energy has $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock series outstanding and Fitchburg has two series of Redeemable, Cumulative Preferred Stock outstanding, $0.8 million of 5.125% Series and $1.0 million of 8.00% Series.

Fitchburg is required to offer to redeem annually a given number of shares of each series of Redeemable, Cumulative Preferred Stock and to purchase such shares that shall have been tendered by holders of the respective stock. In addition, Fitchburg may opt to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2011, 2010 and 2009 related to the annual redemption offer were $8,600, $25,000 and $26,000, respectively. The aggregate amount of sinking fund requirements of the Redeemable, Cumulative Preferred Stock for each of the five years following 2011 is $117,000 per year.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2011	2010	2009
Earnings Available to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9
Weighted Average Common Shares Outstanding—Basic (000's)	**10,880**	10,823	9,647
Plus: Diluted Effect of Incremental Shares (000's)	**3**	1	—
Weighted Average Common Shares Outstanding—Diluted (000's)	**10,883**	10,824	9,647
Earnings per Share—Basic and Diluted	**$ 1.50**	$ 0.88	$ 1.03

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Weighted average options to purchase 33,000 and 63,500 shares of common stock were outstanding during 2010 and 2009, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 1,642, 6,164 and 28,963 weighted average non-vested restricted shares for 2011, 2010 and 2009, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 3: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against Unitil subsidiaries.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and projected earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. Each of the Fitchburg, Northern Utilities and Granite State default provisions are not triggered by the actions or defaults of Unitil or any of its other subsidiaries.

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The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2011, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment—The total aggregate amount of debt repayments relating to bond issues and normal scheduled long-term debt repayments amounted to $462,055, $426,643, and $393,946 in 2011, 2010, and 2009, respectively.

The aggregate amount of bond repayment requirements and normal scheduled long-term debt repayments for each of the five years following 2011 is: 2012 – $500,405; 2013 – $541,938; 2014 – $2,486,919; 2015 – $4,035,633; and 2016 – $17,421,724, respectively.

Long-Term Debt Issuances

On March 2, 2010, both Unitil Energy and Northern Utilities closed long-term financings:

(i) Unitil Energy closed $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds have a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

(ii) Northern Utilities closed $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes have a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield for December 2011. The carrying value of the Company's long-term debt at December 31, 2011 is $288.3 million. The fair value of the Company's long-term debt at December 31, 2011 is estimated to be approximately $338.7 million. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

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Details on long-term debt at December 31, 2011 and 2010 are shown below:

Long-Term Debt (millions)	December 31, 2011	December 31, 2010
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
5.24% Series, Due March 2, 2020	**15.0**	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**3.3**	3.8
Total Long-Term Debt	**288.3**	288.8
Less: Current Portion	**0.5**	0.5
Total Long-Term Debt, Less Current Portion	**$287.8**	$ 288.3

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)	2011	2010	2009
Interest Expense			
Long-term Debt	**$20.3**	$ 20.0	$ 18.2
Short-term Debt	**1.7**	1.7	2.1
Regulatory Liabilities	**—**	0.3	0.3
Subtotal Interest Expense	**22.0**	22.0	20.6
Interest Income			
Regulatory Assets	**(1.1)**	(3.5)	(3.6)
AFUDC[1] and Other	**(0.5)**	(0.4)	(1.2)
Subtotal Interest Income	**(1.6)**	(3.9)	(4.8)
Total Interest Expense, net	**$20.4**	$18.1	$15.8

[1] AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at December 31, 2011 and $80.0 million at December 31, 2010. There was $87.9 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2011 and December 31, 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $27.1 million and $13.2 million at December 31, 2011 and December 31, 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2011 and December 31, 2010, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the Fifth Amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The Fifth Amendment agreement increased the maximum borrowings under the facility to $115 million, changed the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changed the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.500% of such daily amount.

The weighted average interest rates on all short-term borrowings were 2.2%, 2.3%, and 3.4% during 2011, 2010, and 2009, respectively.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $14.9 million and $11.7 million outstanding at December 31, 2011 and 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

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Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2011, 2010 and 2009 amounted to $1.4 million, $1.0 million and $1.0 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. The lease agreement allows for three additional five-year renewal periods at the option of Fitchburg.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2011:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2012	$1,187	$ 829
2013	822	513
2014	584	161
2015	474	28
2016	240	9
2017 – 2021	178	—
Total Payments	**$ 3,485**	**$1,540**

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2011, there were approximately $37.2 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Note 4: Energy Supply

Natural Gas Supply

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The

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MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day for transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2011, 106 or 71% of Unitil's largest New Hampshire customers, representing 25% of total New Hampshire electric energy sales, and 28 or 93% of Unitil's largest Massachusetts customers, representing 33% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts.

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Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 5: Commitments and Contingencies

Regulatory Matters

Overview (Unitil Energy, Fitchburg, and Northern Utilities) —Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power

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supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to three years, is $34.7 million as of December 31, 2011 including $12.4 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued and order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

Unitil Energy—Increase in Base Rates Approved—On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings—In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations,

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effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012 **.**

Fitchburg—Management Audit—As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 ice storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The audit report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company. On September 1, 2011, the MDPU issued its order with respect to the audit, accepting the majority of Jacob's audit report, and requiring the company to implement the remaining recommendations, as well as provide semi-annual status updates as to the company's implementation progress. On September 30, 2011, the Company filed its first implementation status report with the MDPU.

Fitchburg—Electric Operations—On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter remains pending. Final orders on Fitchburg's 2009 and 2010 annual reconciliation filings also remain pending.

Fitchburg—Gas Operations—On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

On December 28, 2011, the MDPU approved Fitchburg's proposal to discontinue the previously ordered refund of the $4.6 million of natural gas costs, and to begin the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment will occur over the next three winter heating seasons.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that it incurred $1.5 million in costs for Tropical Storm Irene and $3.2 million in costs for the October snow storm. Fitchburg also requested that it be allowed to accrue carrying charges on the deferred amount. This matter remains pending.

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Fitchburg—Other—On February 11, 2009, the Massachusetts Supreme Judicial Court (SJC) issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The matter of how to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007, remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

Unitil Energy—Annual Rate Reconciliation Filing—On July 29, 2011, the NHPUC approved Unitil Energy's annual reconciliation and rate filing under its restructuring plan, for rates effective August 1, 2011, including reconciliation of prior year costs and revenues.

Unitil Energy—Billing—In August 2011, Unitil Energy and one of its larger customers in New Hampshire settled a lawsuit filed by the customer in June 2011 regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million (Distribution and Other Delivery Charges—$0.5 million; Supply Charges—$1.3 million). As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service territory were under-billed from October 2004 through January 2011 for supply charges. Accordingly, the Company has requested authorization from the NHPUC to process the billing correction. The Company's request remains pending before the NHPUC.

Northern Utilities—NOPV—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no

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rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2011 was $0.8 million.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a Settlement Agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season.

Northern Utilities—Maine Sales Tax Under-Collection—As previously reported, during 2011 the Company determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. This issue has been resolved with Maine Revenue Services and the MPUC and the Company has collected substantially all of the arrears.

Unitil Corporation—FERC Audit— On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued by December 31, 2012.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion above in Regulatory Matters.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in

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compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheets at December 31, 2011 and 2010 in Environmental Obligations are accrued liabilities totaling $12.0 million and $12.0 million, respectively, related to estimated future clean-up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third-parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Included in the Company's Consolidated Balance Sheets at December 31, 2011 and 2010 are current and non-current accrued liabilities totaling $2.7 million and $2.6 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

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The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2011 and 2010.

ENVIRONMENTAL OBLIGATIONS

(Millions)	December 31, 2011	December 31, 2010
Total Environmental Obligations—Balance at Beginning of Period	**$14.6**	$14.5
Changes in Estimates	**0.1**	0.2
Liabilities Assumed	**—**	—
Less: Payments / Reductions	**—**	0.1
Total Environmental Obligations—Balance at End of Period	**14.7**	14.6
Less: Current Portion [1]	**0.2**	0.1
Environmental Obligations – noncurrent – Balance at End of Period	**$14.5**	$14.5

[1] Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 6: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2011, 2010 and 2009, the Company recorded provisions for the energy commodity portion of bad debts of $1.8 million, $1.4 million and $1.9 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2009 – 2011 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	(a) Other	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2011						
Electric	**$ 1.8**	**$ —**	**$ 2.1**	**$ 0.2**	**$ 2.4**	**$ 1.7**
Gas	**0.7**	**—**	**2.2**	**0.3**	**2.7**	**0.5**
Other	**0.1**	**—**	**—**	**—**	**—**	**0.1**
	$ 2.6	**$ —**	**$ 4.3**	**$ 0.5**	**$ 5.1**	**$ 2.3**
Year Ended December 31, 2010						
Electric	$ 1.7	$ —	$ 2.0	$ 0.2	$ 2.1	$ 1.8
Gas	0.7	—	2.5	0.4	2.9	0.7
Other	0.1	—	—	—	—	0.1
	$ 2.5	$ —	$ 4.5	$ 0.6	$ 5.0	$ 2.6
Year Ended December 31, 2009						
Electric	$ 1.1	$ —	$ 2.3	$ 0.2	$ 1.9	$ 1.7
Gas	1.8	0.5	1.4	0.3	3.3	0.7
Other	0.1	—	—	—	—	0.1
	$ 3.0	$0.5	$ 3.7	$ 0.5	$ 5.2	$ 2.5

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(a) Includes Allowance for Doubtful Accounts of Northern Utilities and Granite State, which were acquired on December 1, 2008.

Note 7: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2011, 2010 and 2009 are shown in the table below:

	($000's)		
	2011	2010	2009
Current Federal Tax Provision (Benefit)			
Current Benefit of Operating Loss Carrybacks	$ —	$ (6,026)	$(3,226)
Total Current Federal Tax Provision (Benefit)	—	(6,026)	(3,226)
Deferred Federal Tax Provision (Benefit)			
Utility Plant Differences	13,002	11,821	8,716
Net Operating Loss Carryforwards	(4,844)	(5,520)	—
Regulatory Assets and Liabilities	513	3,338	(1,308)
Other, net	(695)	(480)	(120)
Total Deferred Federal Tax Provision (Benefit)	7,976	9,159	7,288
Total Federal Tax Provision	7,976	3,133	4,062
State			
Current	1,358	28	1,578
Deferred	691	1,303	(218)
Total State Tax Provision	2,049	1,331	1,360
Total Provision for Federal and State Income Taxes	$10,025	$ 4,464	$ 5,422

The differences between the Company's provisions for Income Taxes and the provisions calculated at the statutory federal tax rate, expressed in percentages, are shown below:

	2011	2010	2009
Statutory Federal Income Tax Rate	34%	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	5	6	6
Utility Plant Differences	(1)	(7)	(3)
Other, Net	—	(1)	(1)
Effective Income Tax Rate	38%	32%	36%

Temporary differences which gave rise to deferred tax assets and liabilities in 2011 and 2010 are shown below:

Deferred Income Taxes (000's)	2011	2010
Depreciation and Utility Plant	$ 57,809	$ 44,608
Net Operating Loss Carryforwards	(11,656)	(8,567)
AMT Tax Credit Carryforwards	(1,366)	(1,366)
Regulatory Assets / Liabilities & Mechanisms	32,627	33,421
Retirement Benefit Obligations	(33,591)	(25,155)
Other, net	2,463	883
Total Deferred Income Tax Liabilities	$ 46,286	$ 43,824

The Company is subject to federal and state income taxes as well as various other business taxes. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes.

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Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

The Company filed its tax returns for the year ended December 31, 2010 with the Internal Revenue Service (IRS) in September 2011. As a result, the Company generated net operating loss (NOL) carryforwards for income tax purposes of $9.5 million.

As of December 31, 2011, the Company had recorded cumulative federal and state NOL carryforward assets of $11.7 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2011, the Company had $1.4 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

In its federal income tax return filings for the year ended December 31, 2009, the Company recognized NOL carrybacks against its federal taxable income for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in tax refunds of $7.5 million, which were received in 2011.

According to Internal Revenue Code (IRC) rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS is currently performing field work as part of their audit procedures. In addition, because of the application of the 2009 NOL, tax periods ended December 31, 2004, 2005 and 2007 are subject to examination to the extent of the application of the NOL to those periods. The Company believes that the ultimate resolution of this examination will not have a material impact on the Company's consolidated financial position or results of operations.

On March 3, 2011 the Company received notice of approval from the Joint Committee regarding the settlement between the Company and the IRS for tax years ending December 31, 2006, December 31, 2007, and December 31, 2008, which were previously under examination. As a result of the settlement, in November 2010, the Company paid $1.7 million and $0.2 million in taxes and interest, respectively, principally for certain timing items deducted in 2008 related to emergency storm restoration costs; which, upon IRS review, were allowed to be deducted in the 2009 federal income tax returns. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

The Company evaluated its tax positions at December 31, 2011 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2008; December 31, 2009; and December 31, 2010.

Note 8: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

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Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated column below.

Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each segment are based upon specific identification of such assets provided by Company records.

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The following table provides significant segment financial data for the years ended December 31, 2011, 2010 and 2009 (Millions):

Year Ended December 31, 2011	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 188.1**	**$ 159.2**	**$ —**	**$ 5.5**	**$ 352.8**
Interest Income	**0.7**	**0.5**	**0.1**	**0.1**	**1.4**
Interest Expense	**9.4**	**10.7**	**1.7**	**—**	**21.8**
Depreciation & Amortization Expense	**14.2**	**13.6**	**1.5**	**—**	**29.3**
Income Tax Expense (Benefit)	**5.2**	**4.3**	**(0.6)**	**1.1**	**10.0**
Segment Profit (Loss)	**7.8**	**6.7**	**0.1**	**1.7**	**16.3**
Segment Assets	**380.7**	**407.5**	**6.5**	**5.5**	**800.2**
Capital Expenditures	**20.3**	**33.6**	**3.2**	**—**	**57.1**
Year Ended December 31, 2010					
Revenues	$ 203.7	$ 150.1	$ —	$ 4.6	$ 358.4
Interest Income	3.2	0.5	0.2	0.1	4.0
Interest Expense	9.6	10.5	2.0	—	22.1
Depreciation & Amortization Expense	13.9	14.2	0.8	—	28.9
Income Tax Expense (Benefit)	3.7	(0.7)	0.5	1.0	4.5
Segment Profit (Loss)	8.0	1.4	(1.4)	1.5	9.5
Segment Assets	377.7	370.8	5.7	5.4	759.6
Capital Expenditures	19.8	27.4	2.4	—	49.6
Year Ended December 31, 2009					
Revenues	$ 209.9	$ 152.8	$ —	$ 4.3	$ 367.0
Interest Income	3.6	0.5	0.7	—	4.8
Interest Expense	9.1	9.7	1.8	—	20.6
Depreciation & Amortization Expense	14.0	12.8	0.6	—	27.4
Income Tax Expense	2.4	1.9	0.1	1.0	5.4
Segment Profit	4.9	3.3	0.1	1.6	9.9
Segment Assets	365.6	349.7	7.3	2.6	725.2
Capital Expenditures	27.7	30.0	1.0	—	58.7

Note 9: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and postretirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service. In September 2009, the Company amended the Pension Plan as follows:
  - The Pension Plan was closed to non-union employees hired on or after January 1, 2010.

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- All non-union employees hired before January 1, 2010 had a choice of either:
  - Remaining in the Pension Plan with the existing set of benefits, or
  - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. Non-union employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2009. This frozen benefit will not grow with future salary increases or future service. Non-union employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
  - Union employees were not affected by this amendment.

In September 2010, the Company amended the Pension Plan as follows:

- The Pension Plan was closed to United Steelworker Local 12012-6 employees hired on or after January 1, 2011.
- All United Steelworker Local 12012-6 employees hired before January 1, 2011 had a choice of either:
  - Remaining in the Pension Plan with the existing set of benefits, or
  - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. The United Steelworker Local 12012-6 employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2010. This frozen benefit will not grow with future salary increases or future service. The employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
  - All other union employees were not affected by this amendment.

- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan. In 2009, the Company made the following changes to the PBOP Plan.

Changes to Utility Workers Union of America Local 341 Benefits

A new Collective Bargaining Agreement (Agreement) was entered into between Northern Utilities, Granite State and the Utility Workers Union of America Local 341 (UWUA) for the period April 1, 2009 through March 31, 2012. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after April 1, 2009, no post-65 retiree medical coverage will be provided.
- The Company is to determine post-65 drug coverage to be offered to all future retirees eligible for retiree medical.

These above-referenced retiree medical provisions were effective January 1, 2010.

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Changes to United Steelworker Local 12012-6 Benefits

A new Collective Bargaining Agreement (Agreement) was entered into between Northern Utilities and United Steelworker Local 12012-6 (USW) for the period June 6, 2010 through June 5, 2014. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after June 6, 2010, no post-65 retiree medical coverage will be provided.

These above-referenced retiree medical provisions were effective June 6, 2010.

Changes to Non-Union Employee Benefits

In September 2009, the Company announced the following PBOP Plan changes, effective January 1, 2010, for non-union employees:

- Employees who retire on or after January 1, 2010 will pay 20% of the cost of their retiree medical benefits.
- Employees who retire on or after January 1, 2010 will not receive any cash payments towards their Medicare premiums.
- Employees who are hired on or after January 1, 2010 will only be provided with company subsidized medical insurance until they reach age 65 and will not receive a Medicare supplement plan after age 65.

- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

The following table includes the key assumptions used in determining the Company's benefit plan costs and obligations:

Used to Determine Plan costs for years ended December 31:	2011	2010	2009
Discount Rate (1)	**5.35%**	5.75%	6.25%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%	8.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 909**	$ 728	$ 735
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (705)**	$(565)	$(576)

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(1) As a result of the changes to the PBOP Plan in September 2009 discussed above, the Company was required to update the discount rate used in determining the PBOP Plan costs for the remainder of 2009. Based on the market rates for long-term bonds at that time, the Company assumed a discount rate of 5.50% for the PBOP Plan from September through December of 2009.

Used to Determine Benefit Obligations at December 31:			
Discount Rate	**4.60%**	5.35%	5.75%
Rate of Compensation Increase	**3.00%**	3.50%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 9,109**	$ 7,530	$5,887
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(7,217)**	$(5,997)	$ (4,704)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For 2011, 2010 and 2009, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000, $300,000 and $300,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2011, 2010 and 2009 was 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			PBOP Plan			SERP		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Service Cost	**$ 2,941**	$ 2,608	$ 2,282	**$ 1,918**	$ 1,466	$ 1,417	**$ 285**	$285	$ 217
Interest Cost	**4,684**	4,457	4,294	**2,279**	2,016	2,269	**227**	227	181
Expected Return on Plan Assets	**(4,840)**	(4,181)	(4,432)	**(818)**	(599)	(440)	**—**	—	—
Prior Service Cost Amortization	**249**	253	264	**1,729**	1,579	1,634	**11**	2	(2)
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**—**	41	32	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**3,132**	2,406	1,598	**—**	—	—	**78**	133	70
Sub-total	**6,166**	5,584	4,038	**5,129**	4,483	4,901	**601**	647	466
Amounts Capitalized and Deferred	**(2,590)**	(2,240)	(1,409)	**(1,622)**	(1,183)	(1,642)	**—**	—	—
NPBC Recognized	**$ 3,576**	$ 3,344	$2,629	**$ 3,507**	$ 3,300	$ 3,259	**$ 601**	$ 647	$466

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $3.8 million, $1.9 million and $0.1 million for the Pension, PBOP and SERP plans, respectively.

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The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2011, 2010 and 2009 before capitalization and deferral was \$6.2 million, \$5.6 million and \$4.0 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2011, 2010 and 2009 would have been \$5.7 million, \$6.2 million and \$6.3 million respectively.

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The following table represents information on the plans' assets, projected benefit obligations (PBO), and funded status ($000's):

Change in Plan Assets:	Pension Plan 2011	Pension Plan 2010	PBOP Plan 2011	PBOP Plan 2010	SERP 2011	SERP 2010
Plan Assets at Beginning of Year	**$ 54,100**	$ 47,082	**$ 8,862**	$ 6,306	**$ —**	$ —
Actual Return on Plan Assets	**225**	5,901	**108**	922	**—**	—
Employer Contributions	**8,813**	4,302	**—**	3,482	**53**	53
Participant Contributions	**—**	—	**13**	—	**—**	—
Acquired Plan Assets	**—**	—	**—**	—	**—**	—
Benefits Paid	**(3,438)**	(3,185)	**(1,644)**	(1,848)	**(53)**	(53)
Plan Assets at End of Year	**$ 59,700**	$ 54,100	**$ 7,339**	$ 8,862	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$ 89,393**	$ 79,288	**$ 43,344**	$35,694	**$ 4,263**	$ 3,979
Service Cost	**2,941**	2,608	**1,918**	1,466	**285**	285
Interest Cost	**4,684**	4,457	**2,279**	2,016	**227**	227
Participant Contributions	**—**	—	**13**	—	**—**	—
Plan Amendments	**—**	—	**—**	1,683	**—**	138
Curtailment Gain	**—**	(1)	**—**	—	**—**	—
Benefits Paid	**(3,438)**	(3,185)	**(1,644)**	(1,848)	**(53)**	(53)
Actuarial (Gain) or Loss	**9,139**	6,226	**5,020**	4,333	**(107)**	(313)
PBO at End of Year	**$102,719**	$ 89,393	**$ 50,930**	$ 43,344	**$ 4,615**	$ 4,263
Funded Status: Assets vs PBO	**$ (43,019)**	$(35,293)	**$(43,591)**	$ (34,482)	**$(4,615)**	$(4,263)

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of their retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $55.3 million and $47.1 million at December 31, 2011 and 2010, respectively, to recognize the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $91.3 million and $78.4 million as of December 31, 2011 and 2010, respectively. The ABO for the SERP was $0.5 million and $0.5 million as of December 31, 2011 and 2010, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for

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the 2008 – 2010 plan years. The Company's Pension Plan was 80% funded under the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2010 which resulted in a shortfall of $10.2 million. This shortfall is being amortized over seven years with annual payments of $1.7 million, beginning in 2010. The $1.7 million payments for 2010 and 2011 are included in the Employer Contributions amounts shown in the table below. On June 25, 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Relief Act) was signed into law. The pension relief portion of the Relief Act provides two alternative shortfall amortization periods to the seven year amortization period required under the PPA. The Company has evaluated the two alternative shortfall amortization periods under the Relief Act and made the decision to continue with the seven year amortization period. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions, participant contributions and benefit payments ($000's).

	Pension Plan			PBOP Plan			SERP		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Employer Contributions	**$8,813**	$ 4,302	$4,227	**$ —**	$ 3,482	$ 2,800	**$53**	$53	$53
Participant Contributions	**$ —**	$ —	$ —	**$ 13**	$ —	$ —	**$—**	$—	$—
Benefit Payments	**$3,438**	$3,185	$3,742	**$1,644**	$1,848	$1,731	**$53**	$53	$53

The following table represents estimated future benefit payments ($000's).

	Estimated Future Benefit Payments		
	Pension	PBOP	SERP
2012	$ 4,040	$ 1,762	$ 52
2013	4,197	1,835	302
2014	4,466	1,941	301
2015	4,570	2,035	299
2016	4,738	2,088	298
2017 - 2021	$28,659	$12,214	$1,497

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 48% in common stock equities, 47% in fixed income securities and 5% in a combined equity and debt fund. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	Target Allocation 2012	Actual Allocation at December 31,		
		2011	2010	2009
Equity Funds	48%	**49%**	58%	59%
Debt Funds	47%	**46%**	42%	40%
Asset Allocation Fund (1)	5%	**5%**	0%	1%
Total		**100%**	100%	100%

(1) Represents investments in an asset allocation fund. This fund invests in both equity and debt securities.

PBOP Plan	Target Allocation 2012	Actual Allocation at December 31,		
		2011	2010	2009
Equity Funds	55%	**55%**	56%	56%
Debt Funds	45%	**45%**	44%	44%
Total		**100%**	100%	100%

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The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2011. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

The FASB Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 – Inputsare quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuationsbased on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Pricesor valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Valuation Techniques

There have been no changes in the valuation techniques used during the current period.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2011 and 2010 are as follows ($000's):

	Fair Value Measurements at Reporting Date Using			
Description	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$ 29,094	$ 29,094	$ —	$ —
Fixed Income Funds	27,697	27,697	—	—
Asset Allocation Fund	2,909	2,909	—	—
Total Assets	$ 59,700	$ 59,700	$ —	$ —

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Description	Balance as of December 31, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$ 31,625	$31,625	$ —	$ —
Fixed Income Funds	22,475	22,475	—	—
Total Assets	$ 54,100	$ 54,100	$ —	$ —

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2011 and 2010 are as follows ($000's):

Description	Balance as of December 31, 2011	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 3,311	$ 3,311	$ —	$ —
Index Funds	2,977	2,977		
Equity Funds	1,051	1,051		
Total Assets	$ 7,339	$ 7,339	$ —	$ —

Description	Balance as of December 31, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 3,936	$ 3,936	$ —	$ —
Index Funds	3,580	3,580		
Equity Funds	1,346	1,346		
Total Assets	$ 8,862	$ 8,862	$ —	$ —

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

In September 2009, the Company amended the Plan as follows:

For current non-union employees who elect to stay with the Company's existing Pension Plan, there will be no changes in the 401(k) Plan. For those employees, the Company will continue to match contributions, with a maximum matching contribution of 3% of current compensation and those participants will be 100% vested in these company matching contributions once they have completed three years of service.

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For non-union employees who are hired on or after January 1, 2010, and for non-union employees who elect to move from the Company's existing Pension Plan and accept a frozen pension benefit, the Company will provide the following enhancements to the 401(k) Plan:

- The Company will contribute 4% of base pay each year, regardless of whether or not the non-union employee elects to contribute to the 401(k) Plan.
- The Company will increase the matching contributions from 3% of base pay to 6% of base pay. This will be a 100% match of the first 6% of the non-union employee's contributions.
- All Company contributions will be 100% vested at all times.
- New non-union employees will be automatically enrolled in the 401(k) Plan following the completion of 1,000 hours of service, with the automatic contribution rate of 3%. This contribution rate will automatically increase by 1% on January 1 of each year until the non-union employee's contribution is 10% of pay. Non-union employees may elect to opt-out of the automatic enrollment and/or automatic increase features of the enhanced 401(k) Plan.

The Company's contributions to the 401(k) Plan were $1,190,000, $980,000 and $671,000 for the years ended December 31, 2011, 2010, and 2009, respectively.

Note 10: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2011	2010	2011	2010	2011	2010	2011	2010
Total Operating Revenues	**$115.4**	$113.0	**$ 69.5**	$ 71.4	**$ 73.2**	$ 76.1	**$ 94.7**	$ 97.9
Operating Income	**$ 13.4**	$ 10.9	**$ 4.2**	$ 2.6	**$ 5.2**	$ 4.7	**$ 14.4**	$ 9.8
Net Income (Loss) Applicable to Common	**$ 8.7**	$ 6.5	**$ (0.8)**	$ (2.1)	**$ (1.6)**	$ (0.1)	**$ 10.0**	$ 5.2
	Per Share Data:							
Earnings Per Common Share	**$ 0.81**	$ 0.61	**$ (0.08)**	$ (0.19)	**$ (0.15)**	$ (0.01)	**$ 0.92**	$ 0.48
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2011. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2011 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Unitil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unitil management concluded that Unitil's internal control over financial reporting was effective as of December 31, 2011.

McGladrey and Pullen, LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2011, as stated in their report which appears in Part II, Item 8 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in Unitil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, Unitil's internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K and in the "Proposal 1: Election of Directors" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012. Information regarding the Company's Audit Committee is set forth in the "Corporate Governance and Policies of the Board" and "Committees of the Board" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012. Information regarding the Company's Code of Ethics is set forth in the "Corporate Governance and Policies of the Board" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 11. Executive Compensation

Information required by this Item is set forth in the "Compensation Discussion and Analysis" and "Compensation of Named Executive Officers" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the "Beneficial Ownership" and "Compensation of Directors" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012, as well as the Equity Compensation Plan Benefit Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the "Transactions with Related Persons" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the "Principal Accountant Fees and Services" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2011 and 2010
- Consolidated Statements of Earnings for the years ended December 31, 2011, 2010, and 2009
- Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010, and 2009
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2011, 2010, and 2009
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769 dated October 12, 1984
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A Registration Statement 333-15282 dated November 25, 2008
3.4	Articles of Amendment to the Articles of Incorporation Filed on April 27, 2011	Annex A to Form DEF 14A dated March 14, 2011
3.5	By-laws of the Company.	Exhibit 4.4 to Form S-8 Registration Statement 333-73327 dated March 4, 1999
3.6	Amended By-laws of the Company.	Exhibit 3.1 to Form 8-K dated September 21, 2011
3.7	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.8	Articles of Exchange of CECo, E&H, and the Company—Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.9	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989

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Exhibit Number	Description of Exhibit	Reference*
3.10	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
3.11	Stock Purchase Agreement among Nisource Inc., Bay State Gas Company and Unitil Corporation	Exhibit 2.1 to Form 8-K dated February 20, 2008
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018.	Exhibit 99.1 to Form 8-K dated December 15, 2008
4.12	Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.	Exhibit 4.1 to Form 8-K dated March 2, 2010
4.13	Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.	Exhibit 4.4 to Form 8-K dated March 2, 2010
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993

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Exhibit Number	Description of Exhibit	Reference*
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008
10.7***	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.8***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.9	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.10	Amended and Restated Unitil Corporation 2003 Stock Plan.	Exhibit 10.1 to Form 8-K dated March 24, 2011
10.11	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.12	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.13***	Amended and Restated Employment Agreement effective as of November 1, 2009 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 23, 2009
10.14	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.15	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.16	Amendment Agreement dated as of March 16, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated March 16, 2009
10.17	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.18	Fourth Amendment Agreement dated October 8, 2010 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.5 to Form 8-K dated October 8, 2010
10.19	Fifth Amendment Agreement dated October 12, 2011 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.6 to Form 8-K dated October 12, 2011
10.20	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008.	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.21	Transition Services Agreement between Unitil Corporation and NiSource, Inc. dated December 1, 2008.	Exhibit 10.3 to Form 8-K dated November 26, 2008
10.22	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018.	Exhibit 10.1 to Form 8-K dated December 15, 2008
10.23	Unitil Corporation—Compensation of Directors.	Filed herewith

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Exhibit Number	Description of Exhibit	Reference*
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
16.1	Letter Re: Change in Certifying Accountant	Exhibit 16.1 to Form 8-K dated September 22, 2010
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
23.2	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
99.1	Unitil Corporation Press Release Dated January 31, 2012 Announcing Earnings For the Quarter and Year Ended December 31, 2011	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date February 1, 2012

By /s/ ROBERT G. SCHOENBERGER
Robert G. Schoenberger
Chairman of the Board of Directors,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/S/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	February 1, 2012
/S/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	February 1, 2012
/S/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	February 1, 2012
/S/ MICHAEL J. DALTON **Michael J. Dalton**	Director	February 1, 2012
/S/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	February 1, 2012
/S/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	February 1, 2012
/S/ WILLIAM D. ADAMS **William D. Adams**	Director	February 1, 2012
/S/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	February 1, 2012
/S/ EBEN S. MOULTON **Eben S. Moulton**	Director	February 1, 2012
/S/ DAVID P. BROWNELL **David P. Brownell**	Director	February 1, 2012
/S/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	February 1, 2012
/S/ MICHAEL B. GREEN **Michael B. Green**	Director	February 1, 2012
/S/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	February 1, 2012

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EXHIBIT INDEX

Exhibit No.	Description
10.23	Unitil Corporation—Compensation of Directors
11.1	Computation in Support of Earnings per Share
12.1	Computation in Support of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Registrant
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm
31.1-31.3	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Unitil Corporation Press Release Dated January 31, 2012 Announcing Earnings For the Quarter and Year Ended December 31, 2011
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 10.23

UNITIL CORPORATION

Compensation of Directors

On January 17, 2012, the Board of Directors of Unitil Corporation ("Unitil") approved and adopted a revised compensation arrangement for members of the Board of Directors. The revised compensation arrangement became effective as of January 1, 2012.

The revised compensation arrangement applies to members of the Board of Directors who are not employees of Unitil or any of its subsidiaries. The following table summarizes the material terms of the revised compensation arrangement.

Category	Description	Amount
Board of Directors – Annual Cash Retainer	Each member of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$45,000 per year
Board of Directors – Annual Equity Retainer	Each member of the Board of Directors will receive an annual equity retainer. Unitil will issue the equity retainer on the first business day of October each year. In 2011, the equity retainer was issued in the form of Unitil's common stock. Beginning in 2012, each member may elect to receive restricted stock units (with any phantom dividends reinvested in additional restricted stock units), in lieu of Unitil's common stock, as his or her annual equity retainer.	$30,000 per year (payable in kind as common stock or restricted stock units)
Board of Directors – Special Meetings	Each member of the Board of Directors will receive a fee for each special meeting of the Board of Directors that such member attends in person.	$2,000 per special meeting
Committees – Annual Cash Retainer for Chair	Each chair of a committee of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$8,000 per committee per year
Committees – Annual Cash Retainer for Non-Chair Members	Each non-chair member of a committee of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$3,000 per committee per year

In addition, Unitil will reimburse each member of the Board of Directors for reasonable expenses that such member incurs in connection with attending meetings of the Board of Directors or committees thereof.

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31, 2011	2010	2009
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$16,439**	$9,616	$10,049
Less: Dividend Requirements on Preferred Stock	**131**	132	134
Net Income Applicable to Common Stock	**$16,308**	$ 9,484	$9,915
Average Number of Common Shares Outstanding—Basic	**10,880**	10,823	9,647
Dilutive Effect of Stock Options and Restricted Stock	**3**	1	—
Average Number of Common Shares Outstanding—Diluted	**10,883**	10,824	9,647
Earnings Per Share—Basic	**$ 1.50**	$ 0.88	$ 1.03
Earnings Per Share—Diluted	**$ 1.50**	$ 0.88	$ 1.03

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2011	2010	2009	2008	2007
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$16,439**	$ 9,616	$ 10,049	$ 9,735	$ 8,746
Federal and State Income Taxes included in Operations	**10,025**	4,464	5,220	4,450	4,482
Interest on Long-Term Debt	**19,987**	19,664	17,961	11,795	10,919
Amortization of Debt Discount Expense	**340**	307	233	151	136
Other Interest	**1,760**	2,015	2,474	1,156	1,949
Total	**$ 48,551**	$ 36,066	$ 35,937	$ 27,287	$ 26,232
Fixed Charges:					
Interest of Long-Term Debt	**$19,987**	$19,664	$17,961	$11,795	$10,919
Amortization of Debt Discount Expense	**340**	307	233	151	136
Other Interest	**1,760**	2,015	2,474	1,156	1,949
Pre-tax Preferred Stock Dividend Requirements	**211**	194	208	199	213
Total	**$22,298**	$ 22,180	$ 20,876	$ 13,301	$ 13,217
Ratio of Earnings to Fixed Charges	**2.18**	1.63	1.72	2.05	1.98

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 1, 2012, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2011 and 2010 and the years ending December 31, 2011 and 2010 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2011.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 1, 2012

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004), and on Form S-8 (File No. 333-42266 effective July 26, 2000) of the report of Caturano and Company, P.C. (whose name has since been changed to Caturano and Company, Inc.) dated February 10, 2010, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) for the year ending December 31, 2009, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2011.

/s/ Caturano and Company, Inc.
Boston, Massachusetts
February 1, 2012

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Mark H. Collin
Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**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 Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	February 1, 2012
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	February 1, 2012
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	February 1, 2012

Exhibit 99.1
PAGE 1 OF 4

For Release

UNITIL REPORTS YEAR-END EARNINGS

HAMPTON, N.H., JANUARY 31, 2012 – Unitil Corporation (NYSE: UTL) (www.unitil.com) today reported net income of $16.3 million, or $1.50 per share, for the full year of 2011, an increase of $6.8 million, or $0.62 per share, over 2010, reflecting higher natural gas and electric sales margins partially offset by higher utility operating and interest costs. The Company's Earnings were $10.0 million, or $0.92 per share, for the fourth quarter of 2011, compared to Earnings of $5.2 million, or $0.48 per share, in the fourth quarter of 2010. The results include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of 2011 in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs.

"We had a great 2011, recording the highest net income in the Company's history and achieving significant year over year earnings growth", said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "These results were driven by the completion of our regulatory agenda to reset rates in all of our service areas, and strong growth in our natural gas and energy brokering businesses. We expect to realize the full year impact of our rate case results and continued strong gas demand in 2012."

Natural gas sales margin increased $11.1 million in 2011 compared to 2010, reflecting an increase in gas unit sales, higher gas distribution rates and the recovery of Purchased Gas costs that had previously been charged off in a prior period. Total natural gas therm unit sales increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new Residential and Commercial and Industrial (C&I) business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. On a weather-normalized basis, natural gas therm sales in 2011 increased 7.0% compared to 2010 due to new customer growth and increased gas usage.

(**Continued on Next Page)**

6 Liberty Lane West
Hampton, New Hampshire 03842
www.unitil.com
Ph: 603-772-0775 Fax: 603-773-6605

Electric sales margin increased $7.6 million in 2011 compared to 2010, reflecting higher electric distribution rates on lower unit sales. Total electric kilowatt hour (kWh) unit sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to Residential customers offset by lower sales to C&I business customers. The increased sales to Residential customers reflect customer growth partially offset by the effect of the weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. On a weather-normalized basis, kWh sales in 2011 increased 0.4% compared to 2010.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2011, an increase of $0.9 million compared to 2010, and contributed $0.15 per share to Earnings in 2011.

Operation and Maintenance (O&M) expenses increased $2.7 million in 2011 compared to 2010. The changes in O&M expenses reflect higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in 2011 compared to 2010 reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's recently completed base rate cases.

Local Property and Other Taxes increased $1.8 million in 2011 compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes increased $5.5 million in 2011 due to higher pre-tax earnings in 2011 compared to 2010.

Interest Expense, net increased $2.3 million in 2011 compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final regulatory order issued in the Company's Massachusetts base rate case. Interest expense also reflects the issuance of a total of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

(Continued on Next Page)

Selected financial data for 2011 and 2010 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data
(Millions, except Per Share data)(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2011	2010	Change	2011	2010	Change
Gas Therm Sales:						
Residential	7.2	8.2	(12.2%)	37.7	35.1	7.4%
Commercial/Industrial	35.1	36.9	(4.9%)	149.2	137.8	8.3%
Total Gas Therm Sales	**42.3**	**45.1**	**(6.2%)**	**186.9**	**172.9**	**8.1%**
Electric kWh Sales:						
Residential	152.7	156.5	(2.4%)	682.8	681.2	0.2%
Commercial/Industrial	233.1	242.0	(3.7%)	999.3	1,009.9	(1.0%)
Total Electric kWh Sales	**385.8**	**398.5**	**(3.2%)**	**1,682.1**	**1,691.1**	**(0.5%)**
Gas Revenues	$ 46.9	$ 47.9	$ (1.0)	$ 159.2	$ 150.1	$ 9.1
Purchased Gas	21.8	29.6	(7.8)	91.3	93.3	(2.0)
Gas Sales Margin	**25.1**	**18.3**	**6.8**	**67.9**	**56.8**	**11.1**
Electric Revenues	46.5	48.8	(2.3)	188.1	203.7	(15.6)
Purchased Electricity	28.7	33.0	(4.3)	120.5	143.7	(23.2)
Electric Sales Margin	**17.8**	**15.8**	**2.0**	**67.6**	**60.0**	**7.6**
Usource Sales Margin	**1.3**	**1.2**	**0.1**	**5.5**	**4.6**	**0.9**
Total Sales Margin:	**44.2**	**35.3**	**8.9**	**141.0**	**121.4**	**19.6**
Operation & Maintenance Expenses	13.2	11.9	1.3	51.5	48.8	2.7
Depreciation, Amortization, Taxes & Other	16.6	13.6	3.0	52.8	45.0	7.8
Interest Expense, Net	4.4	4.6	(0.2)	20.4	18.1	2.3
Earnings (Loss) Applicable to Common Shareholders:	**$ 10.0**	**$ 5.2**	**$ 4.8**	**$ 16.3**	**$ 9.5**	**$ 6.8**
Earnings (Loss) Per Share	**$ 0.92**	**$ 0.48**	**$ 0.44**	**$ 1.50**	**$ 0.88**	**$ 0.62**

(Continued on Next Page)

At its January 2012 meeting, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. Unitil paid common dividends of $1.38 per share in 2011.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

The Company will hold a quarterly conference call to discuss fourth quarter and full year 2011 results on Wednesday, February 1, 2012, at 10:00 a.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil Corporation's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,400 electric customers and 71,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

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

For more information please contact:

David Chong – Investor Relations
Phone: 603-773-6499
Email: chong@unitil.com

Alec O'Meara – Media Relations
Phone: 603-773-6404
Email: omeara@unitil.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

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 offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of the registrant's common stock on June 30, 2012, the aggregate market value of common stock held by non-affiliates of the registrant was $359,089,609.

The number of the registrant's common shares outstanding was 13,780,921 as of January 25, 2013.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 18, 2013 are incorporated by reference into Part III of this Report

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UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2012
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CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company’s future operations, are forward-looking statements.

These statements include declarations regarding the Company’s beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Part I, Item 1A (Risk Factors) and the following:

- the Company’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company’s authorized rate of return and the Company’s ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparty’s obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance under multi-year energy brokering contracts; and
- increased competition.

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Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

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PART I

Item 1. Business

UNITIL CORPORATION

In this Annual Report on Form 10-K, the "Company", "Unitil", "we", and "our" refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise. Unitil is a public utility holding company and was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Natural Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas to approximately 175,400 customers throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 101,700 electric customers and 73,700 natural gas customers.

	Customers Served as of December 31, 2012		
	Residential	Commercial & Industrial (C&I)	Total
Electric	87,062	14,612	101,674
Natural Gas	56,745	16,977	73,722
Total	143,807	31,589	175,396

Unitil's distribution utilities had an investment in Net Utility Plant of $601.2 million at December 31, 2012. Unitil's total operating revenue was $353.1 million in 2012. Unitil's operating revenue is substantially derived from regulated distribution utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy, but currently has limited business and operating activities. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy in 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

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Unitil also has three other wholly-owned non-utility subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly-owned by Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. For segment information, see Note 8 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report.

OPERATIONS

Natural Gas Operations

Unitil's natural gas operations include gas distribution utility operations and interstate gas transmission pipeline operations, discussed below. Revenue from Unitil's gas operations was $160.6 million for 2012, which represents about 45% of Unitil's total operating revenue.

Natural Gas Distribution Utility Operations

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and C&I customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 58,300 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the auto, housing, rubber, printing, textile, pharmaceutical, electronics, wire and food production industries as well as a military installation. Northern Utilities' 2012 gas operating revenue was $124.0 million, of which approximately 39% was derived from residential firm sales and 61% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,400 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2012 gas operating revenue was $31.6 million, of which approximately 52% was derived from residential firm sales and 48% from commercial/industrial firm sales.

Gas Transmission Pipeline Operations

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies. Granite State had operating revenue of $5.0 million for 2012. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party marketers.

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Electric Distribution Utility Operations

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $187.0 million for 2012, which represents about 53% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of electric industry restructuring in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically adjusted rates.

Unitil Energy distributes electricity to approximately 73,300 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts of the state and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wire and plastics, healthcare and education. Unitil Energy's 2012 electric operating revenue was $128.2 million, of which approximately 55% was derived from residential sales and 45% from C&I sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 28,400 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and educational institutions. Fitchburg's 2012 electric operating revenue was $58.8 million, of which approximately 53% was derived from residential sales and 47% from C&I sales.

Seasonality

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-Regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. Revenue from Unitil's non-regulated operations was $5.5 million in 2012.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company, are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment

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income. For segment information, see Note 8 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report.

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. In addition, the Company's distribution utilities and its natural gas transmission pipeline company may also recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments and cost tracker rate mechanisms.

As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers, with the exception of Northern Utilities' residential customers, have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011 and 2012, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the New Hampshire and Maine divisions of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; and $3.7 million and $8.7 million for the New Hampshire and Maine divisions, respectively, of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. Additionally, in 2011 and 2012, the Company completed rate filings that resulted in increases in annual revenues, through step adjustments and cost tracker rate mechanisms, of: $1.5 million for Unitil Energy; $0.5 million for the electric division of Fitchburg; and $0.3 million for Granite State.

Also see *Regulatory Matters* in Part II, Item 7(Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on rates and regulation.

NATURAL GAS SUPPLY

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the

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opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns a LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2012, 75% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 90% of Unitil's largest Massachusetts customers, representing 31% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. We believe that the concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

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Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements. On June 13, 2012, the MDPU approved, for a period of one year, Fitchburg's request to discontinue the procurement process for Fitchburg's large customers and become the load-serving entity for these customers. Currently, all Basic Service power supply requirements for large accounts are assigned to Fitchburg's ISO-NE settlement account where Fitchburg procures electric supply through ISO-NE's real-time market.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. On July 31, 2012, the NHPUC approved Unitil Energy's request to modify its Default Service solicitation to a process where 100% of the Default Service requirements are acquired for six months. Unitil Energy is in the process of transitioning to this procurement strategy which will be completed in late 2013. Currently, Unitil Energy has a group of contracts of varying duration and percentage to meet its Default Service supply requirements.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economical manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England are performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated, reliable power system operation and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental

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Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has entered into a Letter of Intent with an unrelated third-party to redevelop the Portland site as a boat repair facility and to reduce and offset site remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see *Environmental Matters* in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2012, the Company and its subsidiaries had 467 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2012, 157 of the Company's employees were represented by labor unions. There are 78 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

There are 35 union employees who are covered by a separate collective bargaining agreement which expires on March 31, 2017. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

There are 39 union employees who are covered by a separate collective bargaining agreement which expires on May 31, 2018. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

In October 2012, the Electric Systems Operators, which is a group of five employees, voted to be represented by a union. The terms have not yet been negotiated for a new collective bargaining agreement covering this group of five employees.

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AVAILABLE INFORMATION

The Internet address for the Company's website is *www.unitil.com*. On its website, the Company makes available, free of charge, its Securities and Exchange Commission (SEC) fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL".

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and executive officers as of January 30, 2013:

Name	Age	Position
Robert G. Schoenberger	62	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	53	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	50	Senior Vice President and Chief Operating Officer
Laurence M. Brock	59	Controller and Chief Accounting Officer
Todd R. Black	48	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George E. Long, Jr.	56	Vice President, Administration, Unitil Service
Sandra L. Whitney	49	Corporate Secretary
William D. Adams	65	Director
Dr. Robert V. Antonucci	67	Director
David P. Brownell	69	Director
Lisa Crutchfield	49	Director
Michael J. Dalton	72	Director
Albert H. Elfner, III	68	Director
Edward F. Godfrey	63	Director
Michael B. Green	63	Director
Eben S. Moulton	66	Director
M. Brian O'Shaughnessy	69	Director
Dr. Sarah P. Voll	70	Director
David A. Whiteley	56	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since October 1997, and his current term will expire in 2015. Mr. Schoenberger has also served as Unitil's President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that develops innovative power conversion solutions for the renewable power industry) since 2007. Mr. Schoenberger has also served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 2012 to present, as well as from 1998 until 2009. Mr. Schoenberger also serves as a Director of the Edison Electric Institute, and as chairman of the Tocqueville Society of the Greater Seacoast (New Hampshire) United Way.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

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Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of the Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since March 2009, and his current term will expire in 2015. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000, and as president, Mr. Adams also serves on the board of trustees of Colby College. Prior to going to Colby, Mr. Adams served as president of Bucknell University in Pennsylvania from 1995 until 2000. Mr. Adams served as vice president and secretary of Wesleyan University in Connecticut, before Bucknell. Mr. Adams also taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University, and was coordinator of the Great Works in Western Culture program at Stanford University. Mr. Adams has been a member of the board of directors of Maine Public Broadcasting Corporation since 2002. Mr. Adams formerly served on the board of directors of Wittenberg University from 2007—2011, and also the board of directors of Maine General Health from 2002 to 2010.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since December 2004, and his current term will expire in 2014. Dr. Antonucci has been the president of Fitchburg State University (FSU) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves as a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a member of the board of the University of New Hampshire (UNH) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Lisa Crutchfield has been a member of Unitil's Board of Directors since December 2012. Ms. Crutchfield will stand for election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Ms. Crutchfield served as executive vice president of regulation and pricing for National Grid USA (National Grid), an international electric and gas company, in Waltham, Massachusetts, from 2008 to 2011. Prior to joining National Grid, Ms. Crutchfield served as senior vice president for regulatory and external affairs for PECO Energy Company, an Exelon Corporation company, located in Philadelphia, Pennsylvania from 2003 until 2008, and vice president of energy policy and strategy for Duke Energy Corporation in Charlotte, North Carolina from 1997 until 2000. Ms. Crutchfield also served as Vice Chairman of the Pennsylvania Public Utilities Commission from 1993 until 1997. Ms. Crutchfield recently

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served as a member of the U.S. Department of Energy Electricity Advisory Committee from 2010 to 2012. She also was a member of the board of trustees for the University of Pennsylvania from 2005 to 2008 and for the University of North Carolina at Charlotte from 2000 to 2003.

Michael J. Dalton has been a member of Unitil's Board of Directors since September 1984, and his current term will expire in 2013. Mr. Dalton will retire from the Board of Directors following the Annual Meeting of Shareholders in April 2013 as he has reached the mandatory retirement age of 72. Mr. Dalton retired as President and Chief Operating Officer of Unitil in 2003. Mr. Dalton is a member of the College Advisory Board of the UNH College of Engineering and Physical Science and President of the Alumni Society of the College of Engineering and Physical Science. Mr. Dalton was formerly a director of the New England Gas Association, the Electric Council of New England, the UNH Foundation, the UNH Alumni Association, and the UNH President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since January 1999, and his current term will expire in 2014. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner serves as a director of Main Street America Insurance Company (Main Street), Jacksonville, Florida, as well as chairman of the Main Street finance committee. Mr. Elfner is also a Chartered Financial Analyst.

Edward F. Godfrey has been a member of Unitil's Board of Directors since January 2002 and his current term will expire in 2013. Mr. Godfrey will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey is also a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of Concord General Mutual Insurance Company, and a director of Merrimack County Savings Bank (Merrimack), including membership on Merrimack's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since March 2000, and his current term will expire in 2013. Mr. Moulton will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Moulton has been the managing partner of Seacoast Capital Corporation (a private investment company), of Danvers, Massachusetts, since 1995. Mr. Moulton is also a director of IEC Electronics Corp. (a company that provides electronic manufacturing services to advanced technology companies), Newark, New York, and a director of six private companies.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since September 1998, and his current term will expire in 2014. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1989. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors of three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, the Economic Development Growth Enterprise (EDGE) of the Mohawk Valley and the Coalition for a Prosperous America (CPA). Mr. O'Shaughnessy is the chief co-chair of CPA.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since January 2003, and her current term will expire in 2015. Dr. Voll retired in 2007 as vice president from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, and currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

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David A. Whiteley has been a member of Unitil's Board of Directors since December 2012. Mr. Whiteley will stand for election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Whiteley has been the owner of Whiteley BPS Planning Ventures LLC, St. Louis, Missouri, a private consulting firm specializing in utility planning, operations, and management, since 2009. He has also served as the executive director of the Eastern Interconnection Planning Collaborative since 2011. Mr. Whiteley served as an executive vice-president of the North American Electric Reliability Corporation from 2007 to 2009. Prior to that, Mr. Whiteley served as senior vice president—Energy Delivery Services for Ameren Corporation, a multi-state electric and gas utility, headquartered in St. Louis, Missouri from 2005 to 2007 and as senior vice president—Energy Delivery, from 2003 to 2005. Mr. Whiteley started his employment at Ameren Corporation's predecessor, Union Electric Company, in 1978. Mr. Whiteley is a registered professional engineer in the states of Missouri and Illinois.

INVESTOR INFORMATION

Annual Meeting

The Company's annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 18, 2013, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare Investor Services, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com/investor

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of our common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com/investor*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

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Item 1A. Risk Factors

Risks Relating to Our Business

The Company is subject to comprehensive regulation, which could adversely impact the rates it is able to charge, its authorized rate of return and its ability to recover costs. In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company, which could adversely affect the Company's financial condition or results of operations.

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the impact on its financial condition or results of operations from the regulatory activities of any of these regulatory authorities. Changes in regulations, the imposition of additional regulations or regulatory decisions particular to the Company could adversely affect the Company's financial condition or results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition or results of operations.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. Any such penalties or sanctions could adversely affect the Company's financial condition or results of operations.

Severe weather events have struck, and may strike, the New England region, causing extensive damage to the Company's utility operations and the loss of service to significant numbers of the Company's customers. If the Company is unable to recover a significant amount of storm costs in its rates, or if the Company's recovery of storm costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The New England region in which the Company operates has been and will likely continue to be struck from time to time by severe weather events, including snow, wind and ice storms. These storms have in the past caused extensive damage to the Company's utility operations and loss of service to the Company's customers, and future severe weather events are likely to do so as well. If the Company cannot recover a significant amount of storm costs in its rates, or if the recovery of these costs is significantly delayed, then the Company's financial condition and results of operations could be adversely affected. Please see the sections entitled *Regulatory Matters* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operation) and *Regulatory Matters* in Note 5 (Commitments and Contingencies) to the Company's Consolidated Financial Statements for a more detailed discussion of the effects of severe weather events on the Company's financial condition and results of operations.

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As a result of electric industry restructuring, the Company has a significant amount of stranded electric generation and power supply related supply costs. If the Company is unable to recover a significant amount of stranded costs in its rates, or if the Company's recovery of stranded costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The stranded electric generation and power supply related supply costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012, including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

If the Company is unable to recover a significant amount of such stranded costs in its rates, or if the Company's recovery of such stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected. Please see the sections entitled *Regulatory Matters—Overview* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and *Regulatory Matters—Overview* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for a more detailed discussion of the effect of various regulatory matters on the Company and its subsidiaries.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition or results of operations.

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territory directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition or results or operations.

The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition or results of operations.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term debt under its current credit facility, as needed. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, then the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition or results or operations.

Also, from time to time, the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions, conditions in the capital and credit markets and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings or the terms of such financings, which could correspondingly adversely affect the Company's financial condition or results or operations.

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Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations. If the Company is unable to recover a significant amount of pension obligation costs in its rates, or if the Company's recovery of pension obligation costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The amount of cash contributions the Company is required to make in respect of its pension obligations is dependent upon the valuation of the capital markets. Adverse changes in the valuation of the capital markets could result in the Company being required to make substantial cash contributions in respect of its pension obligations. These cash contributions could have an adverse effect on the Company's financial condition and results of operations if the Company is unable to recover a such costs in rates or if such recovery is significantly delayed. Please see the section entitled *Critical Accounting Policies —Pension Benefit Obligations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements for a more detailed discussion of the Company' pension obligations.

Increases in interest rates could increase the Company's interest expense and adversely affect the Company's financial condition or results of operations.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements, which they frequently fund by issuing short-term debt and long-term debt.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition or results of operations. As of December 31, 2012, the Company had approximately $49.4 million in short-term debt outstanding under its revolving credit facility.

The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition or results of operations. See the sections entitled *Liquidity, Commitments and Capital Requirements* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements for a more detailed discussion of the effects of changes in interest rates on the Company.

In addition, the Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness restrict the Company's and its subsidiaries' business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness impose various restrictions on the Company's business operations, including the ability of the Company and its subsidiaries to incur additional indebtedness. These restrictions could adversely affect the Company's financial condition or results of operations. See the sections entitled *Liquidity, Commitments and Capital Requirements* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements for a more detailed discussion of these restrictions.

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A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition or results of operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.

The Company estimates that approximately 60% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition or results of operations. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition and results of operations. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

In addition, the Company's results of operations generally reflect seasonality. In particular, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Long-term global climate change could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services.

Milder winter and summer temperatures that may be due to long-term global climate change could cause a decrease in the amount of natural gas and electricity sold by the Company. Conversely, colder winter temperatures and warmer summer temperatures that may be due to long-term global climate change could cause an increase in the amount of natural gas and electricity sold by the Company.

In addition, extreme weather events (such as hurricanes and severe winter storms) that may be related to long-term global climate change could damage facilities or result in increased service interruptions and outages and increase the Company's operations and maintenance costs. If the Company is unable to recover a significant amount of such costs in its rates, or if the Company's recovery of such costs in its rates is significantly delayed, then the Company's financial condition or results or operations may be adversely affected.

The Company is unable to predict the impacts on its financial condition and results or operations due to changes in weather that may be related to long-term global climate change.

Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure that its current annual dividend will be paid in the future.

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

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In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position and results of operations.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions and mechanical problems. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position and results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these hazards and operating risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New, or changes to existing, environmental regulation, including those related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition or results of operations.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is in material compliance with all applicable environmental and safety laws and regulations, we cannot assure you that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

Catastrophic events could adversely affect the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to provide electric or natural gas distribution services to its customers for an extended period, which could adversely affect the Company's financial condition and results of operations.

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The Company's operational and information systems on which it relies to conduct its business and serve customers could fail to function properly due to technological problems, a cyber-attack, acts of terrorism, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other reasons, that could disrupt the Company's operations and cause the Company to incur unanticipated losses and expense.

The operation of the Company's extensive electricity and natural gas systems rely on evolving information technology systems and network infrastructures that are likely to become more complex as new technologies and systems are developed to establish a "Smart Grid" to monitor and manage the nation's interconnected electric transmission grids. The Company's business is highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex. The failure of these information systems and networks could significantly disrupt operations; result in outages and/or damages to the Company's assets or operations or those of third parties on which it relies; and subject the Company to claims by customers or third parties, any of which could have a material effect on the Company's financial condition, results of operations, and cash flows.

The Company's information systems, including its financial information, operational systems, metering, and billing systems, require constant maintenance, modification, and updating, which can be costly and increases the risk of errors and malfunction. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the Company's control environment, and/or the Company's ability to timely file required regulatory reports. Despite implementation of security and mitigation measures, all of the Company's technology systems are vulnerable to impairment or failure due to cyber-attacks, viruses, human errors, acts of war or terrorism and other reasons. If the Company's information technology systems were to fail or be materially impaired, the Company might be unable to fulfill critical business functions and serve its customers, which could have a material effect on the Company's financial conditions, results of operations, and cash flows.

In addition, in the ordinary course of its business, the Company collects and retains sensitive information including personal identification information about customers and employees, customer energy usage, and other confidential information. The theft, damage, or improper disclosure of sensitive electronic data could subject the Company to penalties for violation of applicable privacy laws or claims from third parties and could harm the Company's reputation.

Public utility companies are subject to adverse publicity and reputational risks, which make them vulnerable to negative customer perception and increased regulatory oversight or other sanctions.

Utility companies, including the Company's distribution utility subsidiaries, have a large consumer customer base and, as a result, are subject to public criticism focused on the reliability of their distribution services and the speed with which they are able to respond to outages caused by storm damage or other unanticipated events. Adverse publicity of this nature may render legislatures, public utility commissions and other regulatory authorities and government officials, less likely to view public utility companies in a favorable light, and may cause the Company to be susceptible to less favorable legislative and regulatory outcomes or increased regulatory oversight. Unfavorable regulatory outcomes can include more stringent laws and regulations governing the Company's operations, such as reliability and customer service quality standards or vegetation management requirements, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on the Company's results of operations, cash flow and financial condition.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or increase its customer base could adversely affect its financial condition and results of operations.

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The Company's energy brokering customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company's customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

Our stock price may decline when our results decline or when events occur that are adverse to us or our industry.

The market price of our common stock may decline when our results of operations decline or at any time when events actually or potentially adverse to us or the natural gas and electric industry occur.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2012, Unitil owned, through its electric distribution utilities, three utility operation centers, approximately 1,702 primary pole miles of local transmission and distribution overhead electric lines and 263 conduit bank miles of underground electric distribution lines, along with 49 electric substations, including four mobile electric substations. The Company's natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,299 miles of underground gas mains. In addition, the Company's real estate subsidiary, Unitil Realty, owns the Company's corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 33 electric distribution substations, including a 5,000 kilovolt ampere (kVA) and a 10,500 kVA mobile substation, constitute 215,400 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kilovolt subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,263 primary pole miles of local transmission and distribution overhead electric lines and a total of 204 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 439 primary pole miles of local transmission and distribution overhead electric lines, 59 conduit bank miles of underground electric distribution lines and 16 transmission and distribution stations, including two mobile electric substations. The capacity of these substations totals 441,700 kVA, which excludes capacity of spare transformers.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains

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are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, express or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Fitchburg owns a propane air gas plant and a liquid natural gas (LNG) storage and vaporization facility, both of which are located on land owned by Fitchburg. Fitchburg also has 270 miles of underground steel, cast iron and plastic gas mains and 10,863 active gas services. The gas mains are primarily made up of steel (50%), polyethylene plastic (25%), and cast iron (25%).

Northern Utilities' distribution system is comprised of 1,029 miles of gas mains and 40,254 service pipes. The gas mains are primarily made up of polyethylene plastic (72%), coated and wrapped cathodically protected steel (18%), cast/wrought iron (6%), and unprotected bare and coated steel (4%).

Northern Utilities' New Hampshire division serving 21 communities has 502 miles of distribution gas mains and 21,502 service pipes. Northern Utilities' Maine division serving 23 communities has 527 miles of distribution gas main and 18,752 service pipes. Northern Utilities also owns a propane air gas plant and a LNG storage and vaporization facility.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline located primarily in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "UTL." As of December 31, 2012, there were 1,534 shareholders of record of our common stock.

Common Stock Data

Dividends per Common Share	2012	2011
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

See also "Dividends" in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) below.

	2012		2011	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$ 29.00**	**$26.25**	**$23.94**	**$ 21.84**
2nd Quarter	**$27.40**	**$24.76**	**$26.82**	**$23.12**
3rd Quarter	**$27.98**	**$26.23**	**$26.82**	**$ 24.53**
4th Quarter	**$27.51**	**$24.15**	**$28.60**	**$ 24.58**

Information regarding securities authorized for issuance under our equity compensation plans, as of December 31, 2012, is set forth in the table below.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Second Amended and Restated 2003 Stock Plan[1]	N/A	N/A	513,676
Equity compensation plans not approved by security holders			
N/A	N/A	N/A	N/A
Total	N/A	N/A	513,676

NOTES: (also see Note 2 to the accompanying Consolidated Financial Statements)

(1) The Second Amended and Restated 2003 Stock Plan, formerly known as the Restricted Stock Plan (the Plan), was approved by shareholders in April 2003, and a total of 677,500 shares of our common stock were reserved for issuance pursuant to awards under the Plan. A total of 165,845 shares of restricted stock have been awarded to Plan participants through December 31, 2012, of which 2,021 were forfeited and once again became available for issuance under the Plan.

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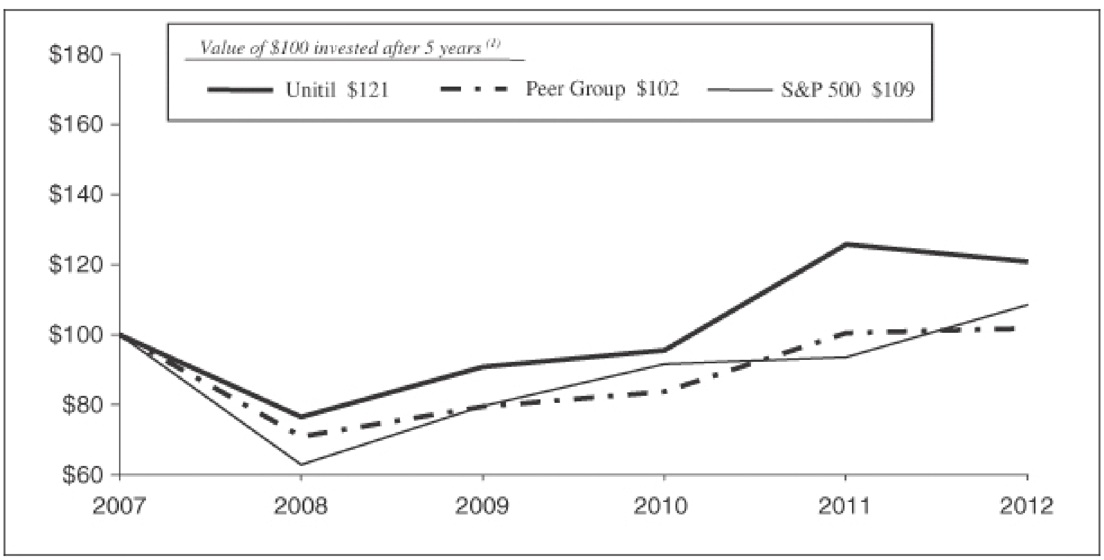
Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2007 with the Peer Group index, comprised of the S&P 500 Utilities Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2007.

Comparative Five-Year Total Returns



NOTE:

(1) The graph above assumes $100 invested on December 31, 2007, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P 500 Utilities Index.

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Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2012.

Issuer Purchases of Equity Securities

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 22, 2012, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $200,800 in value of shares have been purchased or, if sooner, on March 22, 2013.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

The following table shows information regarding repurchases by the Company of shares of its common stock for each month in the quarter ended December 31, 2012.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/12 – 10/31/12	5,469	$ 27.42	5,469	$ 38,549
11/1/12 – 11/30/12	—	—	—	$ 38,549
12/1/12 – 12/31/12	205	$25.81	205	$ 33,258
Total	5,674	$ 27.36	5,674	

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Item 6. Selected Financial Data

For the Years Ended December 31,	2012	2011	2010	2009	2008
(all data in millions except shares, %, per share data and customers served)[(1)]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 353.1**	$ 352.8	$ 358.4	$ 367.0	$ 288.2
Operating Income	**36.5**	37.2	28.0	26.1	20.5
Other Non-operating Expense	**0.2**	0.4	0.3	0.3	0.3
Income Before Interest Expense	**36.3**	36.8	27.7	25.8	20.2
Interest Expense, net	**18.1**	20.4	18.1	15.8	10.5
Net Income	**18.2**	16.4	9.6	10.0	9.7
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5	$ 9.9	$ 9.6
Balance Sheet Data (as of December 31,):					
Utility Plant (Original Cost)	**$ 831.6**	$ 773.7	$ 728.4	$ 682.7	$ 641.4
Total Assets	**$ 886.6**	$ 846.7	$ 800.4	$ 762.4	$ 767.1
Capitalization:					
Common Stock Equity	**$ 260.4**	$ 191.7	$ 189.0	$ 193.1	$ 139.5
Preferred Stock	**0.2**	2.0	2.0	2.0	2.0
Long-Term Debt, less current portion	**287.3**	287.8	288.3	248.9	249.3
Total Capitalization	**$ 547.9**	$ 481.5	$ 479.3	$ 444.0	$ 390.8
Current Portion of Long-Term Debt	**$ 0.5**	$ 0.5	$ 0.5	$ 0.4	$ 0.4
Short-Term Debt	**$ 49.4**	$ 87.9	$ 66.8	$ 64.5	$ 74.1
Capital Structure Ratios (as of December 31,):					
Common Stock Equity	**47%**	40%	39%	43%	36%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**52%**	59%	60%	56%	63%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.43**	$ 1.50	$ 0.88	$ 1.03	$ 1.65
Common Stock Data:					
Shares of Common Stock—(Diluted Weighted Average Outstanding, 000's)	**12,672**	10,883	10,824	9,647	5,830
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 18.90**	$ 17.50	$ 17.35	$ 17.83	$ 17.90
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,653.8**	1,682.1	1,691.1	1,618.8	1,695.9
Firm Natural Gas Distribution Sales (Millions Therms)	**181.3**	186.9	172.9	178.7	47.2
Customers Served (Year-End):					
Electric:					
Residential	**87,062**	86,780	86,344	86,055	85,948
Commercial & Industrial	**14,612**	14,574	14,514	14,443	14,376
Total Electric	**101,674**	101,354	100,858	100,498	100,324
Natural Gas:					
Residential	**56,745**	55,663	54,944	54,208	53,564
Commercial & Industrial	**16,977**	16,232	15,807	15,763	15,714
Total Natural Gas	**73,722**	71,895	70,751	69,971	69,278

(1) As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the years ended December 31, 2012, 2011, 2010 and 2009 may not be directly comparable to the results for the year ended December 31, 2008, insofar as most of that

year did not include the results for Northern Utilities and Granite State.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to the Notes to the Consolidated Financial Statements included in Item 8, below.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas to approximately 175,400 customers throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,700 electric customers and 73,700 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies, and Unitil had an investment in Net Utility Plant of $601.2 million at December 31, 2012. Unitil's total revenue was $353.1 million in 2012, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Usource's total revenues were $5.5 million in 2012. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

Regulation

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

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Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. In addition, the Company's distribution utilities and its natural gas transmission pipeline company may also recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments and cost tracker rate mechanisms.

As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers, with the exception of Northern Utilities' residential customers, have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011 and 2012, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the New Hampshire and Maine divisions of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; and $3.7 million and $8.7 million for the New Hampshire and Maine divisions, respectively, of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. Additionally, in 2011 and 2012, the Company completed rate filings that resulted in increases in annual revenues, through step adjustments and cost tracker rate mechanisms, of: $1.5 million for Unitil Energy; $0.5 million for the electric division of Fitchburg; and $0.3 million for Granite State.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of its electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 11% of its annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering. The Company used the net proceeds of approximately $65.7 million

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from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations and Earnings reflect the higher number of average shares outstanding year over year.

Net Income and EPS Overview

2012 Compared to 2011—The Company's Earnings Applicable to Common Shareholders (Earnings) were $18.1 million for the year ended December 31, 2012, an increase of $1.8 million, or 11%, over the $16.3 million the Company earned in 2011. Earnings per common share (EPS) were $1.43 for 2012 compared to $1.50 per share in 2011. As discussed above, the 2012 EPS reflect the higher number of average shares outstanding year over year.

The results for 2012 were positively affected by higher natural gas and electric sales margins due to higher distribution rates and new customer growth. Margins were negatively affected in 2012 by the effect on sales of fluctuations in seasonal weather conditions year over year. The Company estimates that the mild weather in 2012 negatively impacted earnings for the gas division by about $1.6 million, or $0.13 per share, and the electric division by about $0.1 million, or $0.01 per share. According to the National Oceanic and Atmospheric Administration, 2012 was the warmest year on record for the northeast region of the United States, in which the Company's service areas are located.

The Company's Earnings were $9.0 million, or $0.66 per share, for the fourth quarter of 2012, compared to Earnings of $10.0 million, or $0.92 per share, in the fourth quarter of 2011. Earnings for 2011 include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of that year in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs.

Natural gas sales margins were $76.2 million in 2012, or an increase of $8.3 million compared to 2011, reflecting higher gas distribution rates and new customer growth, partially offset by lower gas therm sales, principally in the first quarter of 2012, due to mild winter weather. Also, gas margins in 2011 include the one-time recovery of $4.5 million in Purchased Gas costs that had been charged off in a prior period. Based on weather data collected in the Company's service areas, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized gas therm sales (excluding decoupled sales) in 2012 are estimated to be 3.3% higher compared to 2011. Approximately 11% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $71.9 million in 2012, or an increase of $4.3 million compared to 2011, reflecting higher electric distribution rates and new customer growth, partially offset by lower electric kilowatt hour (kWh) sales, principally in the first quarter of 2012, due to mild winter weather. Weather-normalized electric kWh sales (excluding decoupled sales) in 2012 are estimated to be about the same compared to 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Total Operation & Maintenance (O&M) expenses increased $5.5 million in 2012 compared to 2011. The change in O&M expenses reflects higher utility operating costs of $3.7 million, higher employee compensation and benefit costs of $0.5 million, and higher professional fees of $0.3 million. The increase in utility operating costs in 2012 compared to 2011 includes an increase of $2.6 million in new spending on vegetation management and electric reliability enhancement programs of which approximately $1.8 million is recovered through cost tracker rate mechanisms that result in corresponding and offsetting increase in revenue. Also, the increase in utility operating costs includes $0.5 million in higher bad debt expenses, $0.3 million in higher storm costs and an increase in all other utility operating costs, net of $0.3 million. The increase in O&M costs in 2012 over the prior year also reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a non-recurring insurance payment of $1.0 million.

Depreciation and Amortization expense increased $5.8 million in 2012 compared to 2011 principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $1.0 million in 2012 compared to 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes increased $1.0 million in 2012 due to higher pre-tax earnings in 2012 compared to 2011.

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Other Non-operating Expenses decreased $0.2 million in 2012 compared to 2011.

Interest Expense, net decreased $2.3 million in 2012 compared to 2011 primarily reflecting lower interest rates and lower borrowing balances as a result of the equity offering in 2012 as well as the recognition of a non-recurring pre-tax charge, in 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2012, on par with 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource. The Company will also realize future fees estimated at the end of December 2012 of $8.2 million from executed energy supply term contracts running from 2013 through 2017.

In 2012, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2013 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

2011 Compared to 2010—The Company's Earnings Applicable to Common Shareholders were $16.3 million, or $1.50 per share, for 2011, an increase of $6.8 million, or $0.62 per share, over 2010, reflecting higher natural gas and electric sales margins partially offset by higher utility operating and interest costs. The results include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of 2011 in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs. The results for 2011 also include a non-recurring pre-tax charge of $2.0 million recorded in the third quarter, related to the resolution of the 2008 ice storm cost recovery in the Company's Massachusetts rate case and a credit of $1.0 million, recorded in the first quarter, for the proceeds from insurance related settlements.

A more detailed discussion of the Company's 2012 and 2011 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Unitil's total therm sales of natural gas decreased 3.0% in 2012 compared to 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder winter weather in 2012 compared to 2011. Based on weather data collected in the Company's service areas, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized gas therm sales (excluding decoupled sales) in 2012 are estimated to be 3.3% higher compared to 2011. The increase in weather-normalized gas therm sales reflects the addition of new Residential and C&I business customers during the year. Approximately 11% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

Unitil's total therm sales of natural gas increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new Residential and C&I business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. Weather-normalized gas therm sales (excluding decoupled sales) in 2011 are estimated to be 8% higher compared to 2010.

The following table details total therm sales for the last three years, by major customer class:

Therm Sales (millions)				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	Therms	%	Therms	%
Residential	**34.8**	37.7	35.1	(2.9)	(7.7%)	2.6	7.4%
Commercial / Industrial	**146.5**	149.2	137.8	(2.7)	(1.8%)	11.4	8.3%
Total Therm Sales	**181.3**	186.9	172.9	(5.6)	(3.0%)	14.0	8.1%

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Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)

				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	$	% (1)	$	% (1)
Gas Operating Revenue:							
Residential	**$ 65.3**	$ 65.1	$ 61.5	$ 0.2	0.1%	$ 3.6	2.4%
Commercial / Industrial	**95.3**	94.1	88.6	1.2	0.8%	5.5	3.7%
Total Gas Operating Revenue	**$160.6**	$159.2	$150.1	$ 1.4	0.9%	$ 9.1	6.1%
Cost of Gas Sales:							
Purchased Gas	**$ 81.9**	$ 89.1	$ 90.5	$ (7.2)	(4.5%)	$ (1.4)	(0.9%)
Conservation & Load Management	**2.5**	2.2	2.8	0.3	0.2%	(0.6)	(0.4%)
Total Cost of Gas Sales	**$ 84.4**	$ 91.3	$ 93.3	$(6.9)	(4.3%)	$ (2.0)	(1.3%)
Gas Sales Margin	**$ 76.2**	$ 67.9	$ 56.8	$ 8.3	5.2%	$11.1	7.4%

(1) Represents change as a percent of Total Gas Operating Revenue.

The Company analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The Company believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues because the approved cost of sales are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margins were $76.2 million in 2012, or an increase of $8.3 million compared to 2011, reflecting higher gas distribution rates of $12.9 million and customer growth of $1.8 million, partially offset by lower gas therm sales of $1.9 million, and the recovery, in 2011, of $4.5 million of Purchased Gas costs that had been charged off in a prior period, as discussed above.

The increase in Total Gas Operating Revenues of $1.4 million, or 0.9%, in 2012 compared to 2011 reflects higher gas sales margins of $8.3 million. These higher gas sales margins were partially offset by lower costs of sales of $6.9 million, including lower Purchased Gas costs of $7.2 million and higher C&LM costs of $0.3 million, which are tracked costs that are passed through directly to customers.

Natural gas sales margins were $67.9 million in 2011, or an increase of $11.1 million compared to 2010, reflecting increased sales of $4.0 million, higher gas distribution rates of $2.6 million and the recovery of $4.5 million of Purchased Gas costs that had been charged off in a prior period, as discussed above.

The increase in Total Gas Operating Revenues of $9.1 million, or 6.1%, in 2011 compared to 2010 reflects higher gas sales margins of $11.1 million, partially offset by lower costs of sales of $2.0 million, including lower Purchased Gas costs of $1.4 million and lower C&LM costs of $0.6 million.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 1.7% in 2012 compared to 2011, primarily reflecting the effect of milder winter weather in 2012 compared to 2011. As discussed above, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized kWh sales (excluding decoupled sales) in 2012 are estimated to be about the same compared to 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

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Unitil's total electric kWh sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the summer weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. Weather-normalized kWh sales (excluding decoupled sales) in 2011 are estimated to be about the same compared to 2010.

The following table details total kWh sales for the last three years by major customer class:

kWh Sales (millions)				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	kWh	%	kWh	%
Residential	**677.7**	682.8	681.2	(5.1)	(0.7%)	1.6	0.2%
Commercial / Industrial	**976.1**	999.3	1,009.9	(23.2)	(2.3%)	(10.6)	(1.0%)
Total kWh Sales	**1,653.8**	1,682.1	1,691.1	(28.3)	(1.7%)	(9.0)	(0.5%)

Electric Operating Revenues and Sales Margin —The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	$	% (1)	$	% (1)
Electric Operating Revenue:							
Residential	**$102.2**	$ 100.8	$ 108.5	$ 1.4	0.7%	$ (7.7)	(3.8%)
Commercial / Industrial	**84.8**	87.3	95.2	(2.5)	(1.3%)	(7.9)	(3.9%)
Total Electric Operating Revenue	**$187.0**	$ 188.1	$ 203.7	$ (1.1)	(0.6%)	$ (15.6)	(7.7%)
Cost of Electric Sales:							
Purchased Electricity	**$ 108.4**	$ 114.2	$ 137.7	$ (5.8)	(3.1%)	$ (23.5)	(11.5%)
Conservation & Load Management	**6.7**	6.3	6.0	0.4	0.2%	0.3	0.1%
Total Cost of Electric Sales	**$115.1**	$ 120.5	$ 143.7	$ (5.4)	(2.9%)	$ (23.2)	(11.4%)
Electric Sales Margin	**$ 71.9**	$ 67.6	$ 60.0	$ 4.3	2.3%	$ 7.6	3.7%

(1) Represents change as a percent of Total Electric Operating Revenue.

The Company analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The Company believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues because the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

Electric sales margins were $71.9 million in 2012, or an increase of $4.3 million compared 2011, reflecting higher electric distribution rates of $4.0 million and customer growth of $0.6 million, partially offset by reduced margins on lower unit sales of $0.3 million.

The decrease in Total Electric Operating Revenues of $1.1 million, or 0.6%, in 2012 compared to 2011 reflects lower costs of sales of $5.4 million, including lower Purchased Electricity costs of $5.8 million and higher C&LM costs of $0.4 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher electric sales margins of $4.3 million.

Electric sales margins were $67.6 million in 2011, or an increase of $7.6 million compared 2010, reflecting higher electric distribution rates of $7.8 million, partially offset by reduced margins on lower unit sales of ($0.2 million).

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The decrease in Total Electric Operating Revenues of $15.6 million, or 7.7%, in 2011 compared to 2010 reflects lower costs of sales of $23.2 million, including lower Purchased Electricity costs of $23.5 million and higher C&LM costs of $0.3 million. These lower costs of sales were partially offset by higher electric sales margins of $7.6 million.

Operating Revenue—Other

Total Other Operating Revenue is comprised of revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues in 2012 were on par with 2011 at $5.5 million. Usource's revenues increased $0.9 million in 2011 compared to 2010. As an energy broker and advisor, Usource assists business customers with the procurement and contracting for electricity and natural gas in competitive energy markets. Usource does not take title to the energy but solicits energy bids from qualified competitive energy suppliers on behalf of its clients. Usource's revenues reflect fees that it charges for its services, which are paid by the transacting supplier, typically over the term of the energy contract. The Company will also realize future fees estimated at the end of December 2012 of $8.2 million from executed energy supply term contracts running from 2013 through 2017.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	$	%	$	%
Usource	$5.5	$5.5	$4.6	$—	—	$0.9	19.6%
Total Other Revenue	$5.5	$5.5	$4.6	$—	—	$0.9	19.6%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $7.2 million, or 8.1%, in 2012 compared to 2011. This decrease reflects lower wholesale natural gas prices, a decline in sales of natural gas compared to the prior period and an increase in the amount of natural gas purchased by customers directly from third-party suppliers. These factors were partially offset by a credit recorded in 2011 of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2011, Purchased Gas decreased $1.4 million, or 1.6%, compared to 2010. This decrease reflects a credit of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower wholesale natural gas prices and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $5.8 million, or 5.1%, in 2012 compared to 2011. This decrease reflects an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower kWh sales. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2011, Purchased Electricity expenses decreased $23.5 million, or 17.1%, compared to 2010. This decrease primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers.

Operation and Maintenance—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased

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$5.5 million, or 10.7%, in 2012 compared to 2011. The change in O&M expenses reflects higher utility operating costs of $3.7 million, higher employee compensation and benefit costs of $0.5 million, and higher professional fees of $0.3 million. The increase in utility operating costs in 2012 compared to 2011 includes an increase of $2.6 million in new spending on vegetation management and electric reliability enhancement programs of which approximately $1.8 million is recovered through cost tracker rate mechanisms that result in corresponding and offsetting increase in revenue. Also, the increase in utility operating costs includes $0.5 million in higher bad debt expenses, $0.3 million in higher storm costs and an increase in all other utility operating costs, net of $0.3 million. The increase in O&M costs in 2012 over the prior year also reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a non-recurring insurance payment of $1.0 million.

In 2011, total O&M expense increased $2.7 million, or 5.5%, compared to 2010, reflecting higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs which are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 74% of these costs are related to electric operations and 26% to gas operations.

Total Conservation & Load Management expenses increased $0.7 million, in 2012 compared to 2011. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses decreased $0.3 million in 2011 compared to 2010.

Depreciation and Amortization—Depreciation and Amortization expense increased $5.8 million, or 19.8%, in 2012 compared to 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

In 2011, Depreciation and Amortization expense increased $0.4 million, or 1.4%, compared to 2010, reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's base rate cases.

Local Property and Other Taxes—Local Property and Other Taxes increased $1.0 million, or 7.7%, in 2012 compared to 2011, reflecting higher local property taxes on higher levels of utility plant in service.

In 2011, Local Property and Other Taxes increased $1.8 million, or 16.1%, compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes—Federal and State Income Taxes increased $1.0 million in 2012 compared to 2011 due to higher pre-tax earnings in 2012 compared to 2011 (See Note 7 to the accompanying Consolidated Financial Statements).

In 2011, Federal and State Income Taxes increased $5.5 million compared to 2010 due to higher pre-tax earnings in 2011 compared to 2010 (See Note 7 to the accompanying Consolidated Financial Statements).

Other Non-operating Expenses (Income)—Other Non-operating Expenses (Income) decreased $0.2 million in 2012 compared to 2011 and increased $0.1 million in 2011 compared to 2010.

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Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 3 to the accompanying Consolidated Financial Statements).

Interest Expense, net decreased $2.3 million in 2012 compared to 2011 primarily reflecting lower interest rates and lower borrowing balances as a result of the equity offering in 2012 as well as the recognition of a non-recurring pre-tax charge, in 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

In 2011, Interest Expense, net increased $2.3 million compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery. Interest expense also reflects the issuance of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering was approximately $65.7 million and was used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2012 and December 31, 2011, the Company and all of its subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has an unsecured revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million, which the Company believes will be sufficient until its expected renewal. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the net proceeds of the Company's public equity offering in May 2012.

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The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of December 31, 2012 and December 31, 2011:

Revolving Credit Facility (millions)	December 31, 2012	December 31, 2011
Limit	$ 60.0	$ 115.0
Outstanding	$ 49.4	$ 87.9
Available	$ 10.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2012 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also "Credit Arrangements" in Note 4.)

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2012.

Significant Contractual Obligations (millions) as of December 31, 2012	Total	Payments Due by Period 2013	2014-2015	2016-2017	2018 & Beyond
Long-Term Debt	$287.8	$ 0.5	$ 6.5	$ 34.6	$246.2
Interest on Long-Term Debt	244.1	19.9	39.6	37.5	147.1
Gas Supply Contracts	215.0	43.7	77.4	69.4	24.5
Electric Supply Contracts	4.2	0.9	1.4	0.7	1.2
Other (Including Capital and Operating Lease Obligations)	4.2	1.6	1.8	0.7	0.1
Total Contractual Cash Obligations	$755.3	$66.6	$126.7	$142.9	$419.1

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 5 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2012, there were approximately $12.3 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which it releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.7 million and $14.9 million of natural gas storage inventory obligations at December 31, 2012 and 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2012, which was

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payable in January 2013, is $2.1 million and recorded in Accounts Payable at December 31, 2012. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $2.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $9.4 million and $8.8 million in 2012 and 2011, respectively. The Company, along with its subsidiaries, contributed $2.2 million to Voluntary Employee Benefit Trusts (VEBTs) in 2012. No contributions were made to the VEBTs in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in 2013 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these benefit plans. See Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. See Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2012 and 2011.

	2012	2011
Cash Provided by Operating Activities	**$66.7**	$45.9

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $66.7 million in 2012, an increase of $20.8 million over 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $64.1 million in 2012 compared to $54.4 million in 2011, representing an increase of $9.7 million. Working capital changes in Current Assets and Liabilities resulted in a $2.4 million net source of cash in 2012 compared to a ($7.4) million net use of cash in 2011. Deferred Regulatory and Other Charges resulted in a $3.6 million source of cash in 2012, compared to a $1.1 million source of cash in 2011. All Other, net operating activities resulted in a use of cash of ($3.4) million in 2012 compared to a use of cash of ($2.2) million in 2011.

	2012	2011
Cash (Used in) Investing Activities	**$(68.5)**	$(57.1)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was ($68.5) million for 2012 compared to ($57.1) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting electric and gas utility system additions. The increase in capital spending in 2012 compared to 2011 primarily reflects plant additions to connect new gas customers

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to the Company's gas distribution system. Capital expenditures are projected to be approximately ($83) million in 2013 reflecting a higher level of capital spending on information system and utility facility projects and planned increases in gas customer additions.

	2012	2011
Cash Provided by Financing Activities	$4.1	$9.8

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $4.1 million in 2012 compared to $9.8 million in 2011. In 2012, sources of cash from financing activities included proceeds from issuance of common stock of $66.8 million. Uses of cash from financing activities included payment of short-term debt of ($38.5) million, payment of long-term debt of ($0.5) million, a decrease in gas inventory financing of ($3.8) million, retirement of Preferred Stock of ($1.8) million and regular quarterly dividend payments on common and preferred stock of ($17.2) million. All other financing activities resulted in a use of ($0.9) million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company and its subsidiaries issue long-term debt contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions, business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. See Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements.

The long-term debt of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are private placements, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2012, 2011 and 2010. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2013 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. In addition, the ability of the Company's subsidiaries to pay dividends or make distributions to Unitil, and, therefore, Unitil's ability to pay dividends, depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and

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- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations. See *Financial Covenants and Restrictions*, above, as well as Note 3 (Long-Term Debt, Credit Arrangements, Lease and Guarantees) to the accompanying Consolidated Financial Statements.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

REGULATORY MATTERS

Overview—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. Fitchburg's electric and gas divisions also operate under revenue decoupling mechanisms. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012 including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

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Fitchburg—Base Rates—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs.

Granite State—Base Rates—Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file a limited Section 4 rate case that includes incremental annual rate adjustments to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $4.0 million of capital spending is being recovered in current rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. On July 27, 2012, the FERC accepted the tariffs as proposed.

Unitil Energy—Base Rates—On April 26, 2011, the NHPUC approved a rate settlement with a permanent increase of $5.2 million in annual revenue effective July 1, 2010, and an additional increase of $5.0 million in annual revenue effective May 1, 2011. The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. Unitil Energy filed its first step adjustment filing for $1.5 million for implementation on May 1, 2012, to recover increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities—Base Rates—Maine—On November 29, 2011, the MPUC approved a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

Northern Utilities—Base Rates—New Hampshire—On April 24, 2012, the NHPUC approved a settlement agreement providing for a $3.7 million permanent increase in annual distribution revenues for Northern Utilities' New Hampshire operations, effective May 1, 2012. The permanent rate increase was reconciled back to August 1, 2011, the effective date of temporary rates.

Major Storms—Fitchburg and Unitil Energy

Superstorm Sandy—On October 29-30, 2012, a severe storm struck the Eastern seaboard of the United States, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. Based on its preliminary assessment, Fitchburg and Unitil Energy incurred approximately $1.1 million and $2.6 million, respectively, in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and

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accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Unitil Energy—2011 Storm Costs—On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012, to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. On April 24, 2012, the NHPUC issued an order approving recovery of the costs over a five year period with a carrying cost rate of 4.52%, subject to reconciliation.

Fitchburg—Electric Operations—On November 30, 2012, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment Factor, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2013, subject to reconciliation pending investigation by the MDPU. This matter remains pending.

Fitchburg—Gas Operations—On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund natural gas costs, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the SJC's decision, the Regulatory Liability was adjusted and the Company recognized a pre-tax credit to earnings of $4.7 million in the fourth quarter of 2011 as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg—Service Quality—On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

On December 11, 2012, the MDPU opened an investigation into the service quality provided by the gas and electric distribution companies in Massachusetts and the Service Quality guidelines currently in effect. The MDPU investigation will review existing and potential new reliability, safety, and customer satisfaction metrics; potential penalties for downed wire response; potential clean energy metrics; penalty provisions, including penalty offsets for superior performance in other metrics for poor performance on a different metric; and review of historic data for use in establishing service quality benchmarks. Fitchburg will be an active participant in this docket, which remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision, the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The MDPU has opened a docket to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007. The MDPU has set a procedural schedule providing for the filing of testimony, issuance of discovery and an evidentiary hearing in May 2013. This matter remains pending before the MDPU.

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On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's initial three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables and Fitchburg's filing for the next three year energy efficiency investment plans are under review in separately designated dockets.

On August 3, 2012, the Governor of Massachusetts signed into law "An Act Relative to Competitively Priced Electricity in the Commonwealth", which both increases electric distribution companies' obligations to purchase renewable energy resources and the availability of net metering. This act also includes changes to the MDPU's ratemaking procedures and authority for reviewing mergers and acquisition for electric and gas distribution companies. With these changes, electric distribution companies are required to file rate schedules every five years, and gas distribution companies every ten years. The MDPU has also opened a proceeding, as mandated by the act, to establish a cost-based rate design for costs that are currently recovered from distribution customers through a reconciling factor.

On August 6, 2012, the Governor of Massachusetts also signed into law "An Act Relative to the Emergency Response of Public Utilities", which establishes a new storm trust fund and requires that penalties levied by the MDPU for violations of its emergency preparedness rules be credited to customers.

Unitil Energy—Annual Rate Reconciliation Filing—On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Unitil Energy—Billing Adjustment—In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the agreement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011 related to this agreement and filed with the NHPUC for recovery of the remaining amount of the reimbursement to this customer for reconciling electric supply related charges.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for reconciling supply-related charges. Accordingly, the Company requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. A settlement agreement between Unitil Energy, the Office of Consumer Advocate and the NHPUC Staff was filed with the NHPUC, providing for recovery by the Company from its under-billed customers of approximately $1.4 million of the amount it had reimbursed the large customer. On January 25, 2013, the NHPUC approved the settlement agreement.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities is proceeding with a comprehensive upgrade and replacement program, which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the program by the end of the 2024.

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Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in the first quarter of 2013.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has executed a Letter of Intent with New Yard, LLC to redevelop the Portland site as a boat repair facility with lease proceeds being used to offset remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

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Also, see Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2012, the Company and its subsidiaries had 467 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2012, 157 of the Company's employees were represented by labor unions. There are 78 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

There are 35 union employees who are covered by a separate collective bargaining agreement which expires on March 31, 2017. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

There are 39 union employees who are covered by a separate collective bargaining agreement which expires on May 31, 2018. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

In October 2012, the Electric Systems Operators, which is a group of five employees, voted to be represented by a union. The terms have not yet been negotiated for a new collective bargaining agreement covering this group of five employees.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs

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would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are estimated. These unbilled revenues are estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

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Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the years ended December 31, 2012 and 2011, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $367,000 and $325,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2012 and 2011, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $981,000 and $909,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $756,000 and $705,000, respectively. (See Note 9 to the accompanying Consolidated Financial Statements).

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

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Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding the foregoing matters, see Note 1 (Summary of Significant Accounting Policies), Note 7 (Income Taxes), Note 4 (Energy Supply), Note 9 (Retirement Benefit Plans) and Note 5 (Commitment and Contingencies) to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rate on short-term borrowings was 2.0%, 2.2%, and 2.3% during 2012, 2011, and 2010, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed in the section entitled *Rates and Regulation* in Part I, Item 1 (Business) and in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries ("the Company") as of December 31, 2012 and 2011, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the years in the three-year period ended December 31, 2012. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitil Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ McGladrey LLP
Boston, Massachusetts
January 30, 2013

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2012	2011	2010
Operating Revenues:			
Gas	**$ 160.6**	$ 159.2	$ 150.1
Electric	**187.0**	188.1	203.7
Other	**5.5**	5.5	4.6
Total Operating Revenues	**353.1**	352.8	358.4
Operating Expenses:			
Purchased Gas	**81.9**	89.1	90.5
Purchased Electricity	**108.4**	114.2	137.7
Operation and Maintenance	**57.0**	51.5	48.8
Conservation & Load Management	**9.2**	8.5	8.8
Depreciation and Amortization	**35.1**	29.3	28.9
Provisions for Taxes:			
Local Property and Other	**14.0**	13.0	11.2
Federal and State Income	**11.0**	10.0	4.5
Total Operating Expenses	**316.6**	315.6	330.4
Operating Income	**36.5**	37.2	28.0
Other Non-Operating Expenses	**0.2**	0.4	0.3
Income Before Interest Expense	**36.3**	36.8	27.7
Interest Expense, net	**18.1**	20.4	18.1
Net Income	**18.2**	16.4	9.6
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5
Average Common Shares Outstanding (000's)—Basic	**12,669**	10,880	10,823
Average Common Shares Outstanding (000's)—Diluted	**12,672**	10,883	10,824
Earnings per Common Share—Basic and Diluted	**$ 1.43**	$ 1.50	$ 0.88

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2012	2011
Utility Plant:		
Electric	**$ 356.9**	$ 333.3
Gas	**424.4**	382.3
Common	**30.9**	29.8
Construction Work in Progress	**19.4**	28.3
Utility Plant	**831.6**	773.7
Less: Accumulated Depreciation	**230.4**	216.5
Net Utility Plant	**601.2**	557.2
Current Assets:		
Cash	**9.8**	7.5
Accounts Receivable, net	**45.9**	44.2
Accrued Revenue	**58.1**	54.2
Gas Inventory	**10.5**	14.8
Material and Supplies	**4.1**	3.6
Prepayments and Other	**4.2**	4.5
Total Current Assets	**132.6**	128.8
Noncurrent Assets:		
Regulatory Assets	**136.0**	142.2
Other Noncurrent Assets	**16.8**	18.5
Total Noncurrent Assets	**152.8**	160.7
TOTAL ASSETS	**$ 886.6**	$ 846.7

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2012	2011
Capitalization:		
Common Stock Equity	**$ 260.4**	$ 191.7
Preferred Stock	**0.2**	2.0
Long-Term Debt, Less Current Portion	**287.3**	287.8
Total Capitalization	**547.9**	481.5
Current Liabilities:		
Long-Term Debt, Current Portion	**0.5**	0.5
Accounts Payable	**30.9**	26.4
Short-Term Debt	**49.4**	87.9
Energy Supply Obligations	**13.8**	24.5
Current Deferred Income Taxes	**13.4**	9.0
Taxes Payable	**0.7**	1.0
Other Current Liabilities	**16.7**	17.5
Total Current Liabilities	**125.4**	166.8
Noncurrent Liabilities:		
Energy Supply Obligations	**3.3**	4.2
Noncurrent Deferred Income Taxes	**38.7**	37.3
Cost of Removal Obligations	**51.4**	46.5
Retirement Benefit Obligations	**103.7**	91.2
Environmental Obligations	**13.8**	14.5
Other Noncurrent Liabilities	**2.4**	4.7
Total Noncurrent Liabilities	**213.3**	198.4
TOTAL CAPITALIZATION AND LIABILITIES	**$ 886.6**	$ 846.7

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2012	2011	2010
Operating Activities:			
Net Income	**$ 18.2**	$ 16.4	$ 9.6
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**35.1**	29.3	28.9
Deferred Taxes Provision	**10.8**	8.7	10.5
Changes in Working Capital Items:			
Accounts Receivable	**(1.7)**	(7.3)	(3.4)
Accrued Revenue	**(3.9)**	(4.8)	(3.5)
Taxes Refundable / Payable	**(0.3)**	8.5	(5.8)
Gas Inventory	**4.3**	(4.2)	3.7
Accounts Payable	**4.5**	(0.1)	1.4
Other Changes in Working Capital Items	**(0.5)**	0.5	(4.6)
Deferred Regulatory and Other Charges	**3.6**	1.1	(4.3)
Other, net	**(3.4)**	(2.2)	(6.6)
Cash Provided by Operating Activities	**66.7**	45.9	25.9
Investing Activities:			
Property, Plant and Equipment Additions	**(68.5)**	(57.1)	(49.6)
Cash (Used In) Investing Activities	**(68.5)**	(57.1)	(49.6)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	**(38.5)**	21.1	2.3
Proceeds from Issuance of Long-Term Debt	**—**	—	40.0
Repayment of Long-Term Debt	**(0.5)**	(0.5)	(0.5)
Net Increase (Decrease) in Gas Inventory Financing	**(3.8)**	4.6	(2.2)
Dividends Paid	**(17.2)**	(15.2)	(15.0)
Retirement of Preferred Stock	**(1.8)**	—	—
Proceeds from Issuance of Common Stock	**66.8**	1.0	0.9
Other, net	**(0.9)**	(1.2)	(0.6)
Cash Provided by Financing Activities	**4.1**	9.8	24.9
Net Increase (Decrease) in Cash	**2.3**	(1.4)	1.2
Cash at Beginning of Year	**7.5**	8.9	7.7
Cash at End of Year	**$ 9.8**	$ 7.5	$ 8.9
Supplemental Information:			
Interest Paid	**$ 21.2**	$ 21.2	$ 20.5
Income Taxes (Refunded) Paid	**$ 0.7**	$ (7.3)	$ 2.3
Non-cash Investing Activity:			
Capital Expenditures Included in Accounts Payable	**$ 1.9**	$ 2.6	$ 1.5

(The accompanying Notes are an integral part of these consolidated financial statements.)

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CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY *(Millions)*

	Common Equity	Retained Earnings	Total
Balance at January 1, 2010	$159.5	$ 33.6	**$193.1**
Net Income for 2010		9.6	**9.6**
Dividends		(15.0)	**(15.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 41,455 Common Shares	0.9		**0.9**
Balance at December 31, 2010	160.8	28.2	**189.0**
Net Income for 2011		16.4	**16.4**
Dividends		(15.2)	**(15.2)**
Shares Issued Under Stock Plans	0.5		**0.5**
Issuance of 39,473 Common Shares	1.0		**1.0**
Balance at December 31, 2011	162.3	29.4	**191.7**
Net Income for 2012		18.2	**18.2**
Dividends		(17.2)	**(17.2)**
Shares Issued Under Stock Plans	0.9		**0.9**
Issuance of 41,752 Common Shares	1.1		**1.1**
Issuance of 2,760,000 Common Shares (See Note 2)	65.7		**65.7**
Balance at December 31, 2012	$ 230.0	$ 30.4	**$ 260.4**

(The accompanying Notes are an integral part of these consolidated financial statements.)

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Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are wholly-owned subsidiaries of Unitil Resources.

The Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire; Fitchburg, which operates in Massachusetts; and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly- owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities

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Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)	December 31, 2012	December 31, 2011
Energy Supply Obligations	**$ 8.5**	$ 16.2
Deferred Restructuring Costs	**20.1**	21.8
Retirement Benefit Obligations	**62.5**	55.3
Income Taxes	**10.2**	10.9
Environmental Obligations	**16.8**	17.5
Deferred Storm Charges	**27.8**	28.6
Regulatory Tracker Mechanisms	**24.7**	23.5
Other	**12.0**	12.0
Total Regulatory Assets	**$182.6**	$185.8
Less: Current Portion of Regulatory Assets (1)	**46.6**	43.6
Regulatory Assets—noncurrent	**$136.0**	$ 142.2

(1) Reflects amounts included in Accrued Revenue on the Company's Consolidated Balance Sheets.

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2012 and 2011, the Unitil affiliates had deposited $5.4 million and $4.6 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2012 and 2011, there was $1.2 million and $2.6 million, respectively, deposited for this purpose.

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Accrued Revenue—Accrued Revenue includes the current portion of Regulatory Assets (see "Regulatory Accounting" above and unbilled revenues (see Utility Revenue Recognition below.) The following table shows the components of Accrued Revenue as of December 31, 2012 and 2011.

Accrued Revenue (millions)	December 31, 2012	2011
Regulatory Assets—Current	**$46.6**	$ 43.6
Unbilled Revenues	**11.5**	10.6
Total Accrued Revenue	**$58.1**	$54.2

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 2.04%, 2.28% and 2.25% in 2012, 2011 and 2010, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of is charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, cost of removal amounts to provide for future negative salvage value. At December 31, 2012 and 2011, the Company estimates that the cost of removal amounts, which are recorded on the Consolidated Balance Sheets in Cost of Removal Obligations are $51.4 million and $46.5 million, respectively. Prior to December 31, 2012, the cost of removal amounts had been recorded in Accumulated Depreciation on the Consolidated Balance Sheets. The prior period amounts have been reclassified to Cost of Removal Obligations on the Consolidated Balance Sheets to conform to current year presentation.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. As of December 31, 2012, the unamortized balance of the bargain purchase adjustment is $14.7 million, to be amortized over the next six years.

Off-Balance Sheet Arrangements—As of December 31, 2012, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 3).

Fair Value—The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1— Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2— Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3— Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the

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Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

Derivatives—The Company has a regulatory commission approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of December 31, 2012 and December 31, 2011, the Company had 1.9 billion cubic feet (BCF) and 1.6 BCF, respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets [1], as of:

		Fair Value	
Description	Balance Sheet Location	December 31, 2012	December 31, 2011
Natural Gas Futures Contracts	Other Current Liabilities	**$ 0.7**	$ 1.7
Natural Gas Futures Contracts	Other Noncurrent Liabilities	—	0.6
Total		**$ 0.7**	$ 2.3

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's Consolidated Balance Sheets.

(millions)	Twelve Months Ended December 31, 2012	2011
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	**$ 1.0**	$ 2.9
Amount of Loss Reclassified into Consolidated Statements of Earnings [2]:		
Purchased Gas	**$ 2.6**	$ 1.6

(2) These amounts are offset in the Consolidated Statements of Earnings with the recognition of accrued revenue as a component of Gas Operating Revenue and therefore there is no effect on earnings.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However,

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the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are estimated. These unbilled revenues are estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of its retirement benefit obligations (RBO) based on the projected benefit obligations. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. (See Note 9).

Energy Supply Obligations—The following discussion and table summarize the nature and amounts of the items recorded as Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Gas Inventory Obligation—Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. The gas inventory related to these agreements is recorded in Gas Inventory on the Company's Consolidated Balance Sheets while the corresponding obligations are recorded in Energy Supply Obligations.

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Power Supply Contract Divestitures—As a result of the restructuring of the utility industry in New Hampshire and Massachusetts, Unitil Energy's and Fitchburg's customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs. The obligations related to these divestitures are recorded in Energy Supply Obligations on the Company's Consolidated Balance Sheets with corresponding regulatory assets recorded in Accrued Revenue (current portion) and Regulatory Assets (long-term portion).

Renewable Energy Portfolio Standards—Renewable Energy Portfolio Standards (RPS) require retail electricity suppliers, including public utilities, to demonstrate that required percentages of their sales are met with power generated from certain types of resources or technologies. Compliance is demonstrated by purchasing and retiring Renewable Energy Certificates (REC) generated by facilities approved by the state as qualifying for REC treatment. Unitil Energy and Fitchburg purchase RECs in compliance with RPS legislation in New Hampshire and Massachusetts for supply provided to default service customers. RPS compliance costs are a supply cost that is recovered in customer default service rates. Unitil Energy and Fitchburg collect RPS compliance costs from customers throughout the year and demonstrate compliance for each calendar year on the following July 1. Due to timing differences between collection of revenue from customers and payment of REC costs to suppliers, Unitil Energy and Fitchburg typically maintain accrued revenue for RPS compliance which is recorded in Accrued Revenue with a corresponding liability in Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Energy Supply Obligations consist of the following: (millions)	December 31, 2012	2011
Current:		
Gas Inventory Obligation	**$ 8.7**	$ 12.4
Power Supply Contract Divestitures	**0.9**	8.7
Renewable Energy Portfolio Standards	**4.2**	3.4
Total Energy Supply Obligations—Current	**$13.8**	$24.5
Long-Term:		
Power Supply Contract Divestitures	**$ 3.3**	$ 4.2
Total Energy Supply Obligations	**$17.1**	$28.7

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires 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.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 5).

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. Provisions for depreciation were equivalent to the following composite rates, based on the average depreciable property balances at the beginning and end of each year: 2012 – 3.60%, 2011 – 3.43% and 2010 – 3.99%.

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Gas Inventory—The weighted average cost methodology is used to value natural gas in storage.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has recovered or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 5, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 2).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known. Deferred income taxes are reflected as Current and Noncurrent Deferred Income Taxes on the Consolidated Balance Sheets based on the nature of the underlying timing item. Prior to December 31, 2012, deferred income taxes were reflected as a single amount on the Consolidated Balance Sheets. The prior period amount of current deferred income taxes, $9.0 million, has been reclassified to conform to current year presentation.

Dividends—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the years ended December 31, 2012, 2011 and 2010, the Company paid quarterly dividends of $0.345 per share, resulting in an annual dividend rate of $1.38 per common share.

Other Recently Issued Pronouncements— In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within

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those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Company does not expect that the adoption of ASU 2011-11 will have any impact on the Company's Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company adopted ASU 2011-04 and it did not have any impact on the Company's Consolidated Financial Statements.

Subsequent Events—The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that impacted its Consolidated Financial Statements.

Reclassifications—Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation. Most significant has been the reclassification of cost of removal costs associated with asset retirements from Accumulated Depreciation to Cost of Removal Obligations and the segregation of Deferred Income Taxes to current and noncurrent amounts on the Company's Consolidated Balance Sheets, as discussed above in Utility Plant and Income Taxes, respectively.

Note 2: Equity

The Company has common stock outstanding and one of our subsidiaries has preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

The Company's common stock trades on the New York Stock Exchange under the symbol "UTL". On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 13,780,601, and 10,954,065 shares of common stock outstanding at December 31, 2012 and December 31, 2011, respectively.

Unitil Corporation Common Stock Offering—On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering was approximately $65.7 million and was used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

Dividend Reinvestment and Stock Purchase Plan—During 2012, the Company sold 41,752 shares of its common stock, at an average price of $26.37 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of $1.1 million. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock. During 2011 and 2010, the Company raised $1.0 million and $0.9 million, respectively, through the issuance of 39,473 and 41,455 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Common Shares Repurchased, Cancelled and Retired—Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 22, 2012, the Company may periodically repurchase shares of its common stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. (See Part II, Item 5 (for additional information). During 2012, 2011 and 2010, the Company repurchased 6,368, 8,765 and 3,225 shares of its common stock, respectively, pursuant to the Rule 10b5-1 trading plan. The expense recognized by the Company for these repurchases was $0.2 million, $0.2 million and $0.1 million in 2012, 2011 and 2010, respectively.

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During 2012, 2011 and 2010, the Company did not cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a stock plan. The Company accounts for its stock-based compensation plan in accordance with the provisions of the FASB Codification and measures compensation costs at fair value at the date of grant. Details of the plan are as follows:

Stock Plan—The Company maintains the Unitil Corporation Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors to receive awards under the Stock Plan, including awards of restricted shares (Restricted Shares), or of restricted stock units (Restricted Stock Units). The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock 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 for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

The maximum number of shares available for awards to participants under the Stock Plan is 677,500. The maximum number of shares 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 an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

Outstanding awards of Restricted Shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on Restricted Shares underlying the award may be credited to a participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. 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.

Restricted Shares issued for 2010 – 2012 in conjunction with the Stock Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/5/10	12,520	$0.3
2/9/11	24,330	$0.6
2/3/12	25,600	$0.7

The compensation expense associated with the issuance of shares under the Stock Plan is being recorded over the vesting period and was $1.3 million, $0.7 million and $0.5 million in 2012, 2011 and 2010, respectively. There were 53,932 and 52,362 non-vested shares under the Stock Plan as of December 31, 2012 and 2011, respectively. The weighted average grant date fair value of these shares was $24.67 per share and $22.21 per share, respectively. At December 31, 2012, there was approximately $0.7 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.5 years. There were 816 restricted shares forfeited and there were no cancellations under the Stock Plan during 2012.

There were no Restricted Stock Units issued in conjunction with the Stock Plan during 2010 and 2011. On October 1, 2012, there were 5,470 fully-vested Restricted Stock Units issued to members of the Company's Board of Directors. These Restricted Stock Units earn dividend equivalents and will generally be settled by payment to each Director as soon as practicable following the Director's separation from service to the Company. The Restricted Stock Units will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the restricted stock units and (ii) cash in an

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amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the Restricted Stock Units. Restricted Stock Units issued during 2012 in conjunction with the Stock Plan during 2012 are presented in the following table:

Equity RSUs	2012	
	Equity RSUs	Weighted Average Stock Price
Beginning Equity Restricted Stock Units	—	
Equity Restricted Stock Units Granted	3,829	$ 27.43
Dividend Equivalents Earned—Prior Years	—	
Dividend Equivalents Earned—Current Year	54	$24.62
Equity Restricted Stock Units Settled	—	
Ending Equity Restricted Stock Units	3,883	$27.39

Included in Other Noncurrent Liabilities on the Company's Consolidated Balance Sheets as of December 31, 2012 is less than $0.1 million representing the fair value of liabilities associated with the portion of fully vested RSUs that will be settled in cash.

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998 and was terminated by the Board of Directors on January 16, 2003. There was no compensation expense associated with this plan in 2012, 2011 and 2010. The plan has remained in effect solely for the purposes of the continued administration of any options outstanding under the plan. No further grants of options have been or will be made under this plan since it was terminated by the Board of Directors in 2003. As of December 31, 2012, 2011 and 2010, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2011, all options under this plan have expired.

	2011		2010	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**33,000**	**$25.88**	63,500	$ 28.90
Options Granted	—	—	—	—
Options Exercised	—	—	—	—
Options Forfeited / Expired	**(33,000)**	**$25.88**	(30,500)	$ 32.17
Ending Options Outstanding	—	**$ —**	33,000	$25.88
Options Vested and Exercisable- end of year	—	**$ —**	33,000	$25.88

Preferred Stock

One of Unitil's distribution utility companies, Unitil Energy, has an aggregate of $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock outstanding at December 31, 2012.

On December 1, 2012, Fitchburg redeemed and retired the two outstanding issues of its Redeemable, Cumulative Preferred Stock. The 8.00% Series was redeemed at par (aggregate par value of $965,400). The 5.125% Series was redeemed at par plus a premium of 1.28% (aggregate value of $792,313). Fitchburg used operating cash to effect this transaction.

Fitchburg was required to offer to redeem annually a given number of shares of each series of its Redeemable, Cumulative Preferred Stock and to purchase such shares that were tendered by holders of the respective stock. In addition, Fitchburg had the option to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2012, 2011 and 2010 related to the annual redemption offer were $8,000, $8,600 and $25,000, respectively.

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Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2012	2011	2010
Earnings Available to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5
Weighted Average Common Shares Outstanding—Basic (000's)	**12,669**	10,880	10,823
Plus: Diluted Effect of Incremental Shares (000's)	**3**	3	1
Weighted Average Common Shares Outstanding—Diluted (000's)	**12,672**	10,883	10,824
Earnings per Share—Basic and Diluted	**$ 1.43**	$ 1.50	$ 0.88

Weighted average options to purchase 33,000 shares of common stock were outstanding during 2010 but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 24,325, 1,642 and 6,164 weighted average non-vested restricted shares for 2012, 2011 and 2010, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 3: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil long-term debt agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against Unitil subsidiaries.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met; including that Unitil Energy have sufficient available net bondable plant to issue the securities and earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt.

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Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State long-term debt agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. None of the Fitchburg, Northern Utilities and Granite State default provisions are triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2012, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment—The total aggregate amount of debt repayments relating to bond issues and normal scheduled long-term debt repayments amounted to $500,405, $462,055, and $426,643 in 2012, 2011, and 2010, respectively.

The aggregate amount of bond repayment requirements and normal scheduled long-term debt repayments for each of the five years following 2012 is: 2013 – $541,938; 2014 – $2,486,919; 2015 – $4,035,633; 2016 – $17,421,724; and 2017 – $17,160,985, respectively.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly and indirectly.) In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

(millions)	December 31,	
	2012	2011
Estimated Fair Value of Long- Term Debt	**$349.7**	$338.7

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Details on long-term debt at December 31, 2012 and 2011 are shown below:

Long-Term Debt (millions)	December 31, 2012	2011
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
5.24% Series, Due March 2, 2020	**15.0**	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**2.8**	3.3
Total Long-Term Debt	**287.8**	288.3
Less: Current Portion	**0.5**	0.5
Total Long-Term Debt, Less Current Portion	**$287.3**	$287.8

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)	2012	2011	2010
Interest Expense			
Long-term Debt	**$20.3**	$ 20.3	$ 20.0
Short-term Debt	**1.5**	1.7	1.7
Regulatory Liabilities	**0.5**	—	0.3
Subtotal Interest Expense	**22.3**	22.0	22.0
Interest Income			
Regulatory Assets	**(3.4)**	(1.1)	(3.5)
AFUDC[1] and Other	**(0.8)**	(0.5)	(0.4)
Subtotal Interest Income	**(4.2)**	(1.6)	(3.9)
Total Interest Expense, net	**$18.1**	$ 20.4	$ 18.1

[1] AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

Unitil has an unsecured revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the net proceeds of the Company's public equity offering in May 2012.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of December 31, 2012 and December 31, 2011:

Revolving Credit Facility (millions)	December 31,	
	2012	2011
Limit	$ 60.0	$ 115.0
Outstanding	$ 49.4	$ 87.9
Available	$ 10.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2012 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

The weighted average interest rates on all short-term borrowings were 2.0%, 2.2%, and 2.3% during 2012, 2011, and 2010, respectively.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.7 million and $14.9 million of natural gas storage inventory obligations at December 31, 2012 and 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2012, which was payable in January 2013, is $2.1 million and recorded in Accounts Payable at December 31, 2012. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

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Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2012, 2011 and 2010 amounted to $1.3 million, $1.4 million and $1.0 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. Fitchburg intends to purchase this facility at its fair market value at the end of this lease term.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2012:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2013	$ 997	$ 628
2014	804	300
2015	668	82
2016	479	—
2017	198	—
2018 – 2022	50	—
Total Payments	**$ 3,196**	**$1,010**

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2012, there were approximately $12.3 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $2.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Note 4: Energy Supply

Natural Gas Supply

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and commercial and industrial (C&I) business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

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Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the Independent System Operator New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2012, 75% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 90% of Unitil's largest Massachusetts customers, representing 31% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. We believe that the concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements. On June 13, 2012, the MDPU approved, for a period of one year, Fitchburg's request to discontinue the procurement process for Fitchburg's large customers and become the load-serving entity for these customers. Currently, all Basic Service power supply requirements for large accounts are assigned to Fitchburg's ISO-NE settlement account where Fitchburg procures electric supply through ISO-NE's real-time market.

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Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. On July 31, 2012, the NHPUC approved Unitil Energy's request to modify its Default Service solicitation to a process where 100% of the Default Service requirements are acquired for six months. Unitil Energy is in the process of transitioning to this procurement strategy which will be completed in late 2013. Currently, Unitil Energy has a group of contracts of varying duration and percentage to meet its Default Service supply requirements.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economical manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England are performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated, reliable power system operation and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 5: Commitments and Contingencies

Regulatory Matters

Overview—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. Fitchburg's electric and gas divisions also operate under revenue decoupling mechanisms. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012 including $13.3 million recorded in Current Assets as Accrued

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Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Base Rates—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs.

Granite State—Base Rates—Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file a limited Section 4 rate case that includes incremental annual rate adjustments to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $4.0 million of capital spending is being recovered in current rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. On July 27, 2012, the FERC accepted the tariffs as proposed.

Unitil Energy—Base Rates—On April 26, 2011, the NHPUC approved a rate settlement with a permanent increase of $5.2 million in annual revenue effective July 1, 2010, and an additional increase of $5.0 million in annual revenue effective May 1, 2011. The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. Unitil Energy filed its first step adjustment filing for $1.5 million for implementation on May 1, 2012, to recover increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities—Base Rates—Maine—On November 29, 2011, the MPUC approved a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

Northern Utilities—Base Rates—New Hampshire—On April 24, 2012, the NHPUC approved a settlement agreement providing for a $3.7 million permanent increase in annual distribution revenues for Northern Utilities' New Hampshire operations, effective May 1, 2012. The permanent rate increase was reconciled back to August 1, 2011, the effective date of temporary rates.

Major Storms—Fitchburg and Unitil Energy

Superstorm Sandy—On October 29-30, 2012, a severe storm struck the Eastern seaboard of the United States, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. Based on its preliminary assessment, Fitchburg and Unitil Energy incurred approximately $1.1 million and $2.6 million, respectively, in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two storms, Tropical Storm Irene, which

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occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Unitil Energy—2011 Storm Costs—On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012, to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. On April 24, 2012, the NHPUC issued an order approving recovery of the costs over a five year period with a carrying cost rate of 4.52%, subject to reconciliation.

Fitchburg—Electric Operations—On November 30, 2012, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment Factor, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2013, subject to reconciliation pending investigation by the MDPU. This matter remains pending.

Fitchburg—Gas Operations—On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund natural gas costs, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the SJC's decision, the Regulatory Liability was adjusted and the Company recognized a pre-tax credit to earnings of $4.7 million in the fourth quarter of 2011 as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg—Service Quality—On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

On December 11, 2012, the MDPU opened an investigation into the service quality provided by the gas and electric distribution companies in Massachusetts and the Service Quality guidelines currently in effect. The MDPU investigation will review existing and potential new reliability, safety, and customer satisfaction metrics; potential penalties for downed wire response; potential clean energy metrics; penalty provisions, including penalty offsets for superior performance in other metrics for poor performance on a different metric; and review of historic data for use in establishing service quality benchmarks. Fitchburg will be an active participant in this docket, which remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision, the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The MDPU has opened a docket to address the amounts collected by Fitchburg between the time the MDPU first

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approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007. The MDPU has set a procedural schedule providing for the filing of testimony, issuance of discovery and an evidentiary hearing in May 2013. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's initial three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables and Fitchburg's filing for the next three year energy efficiency investment plans are under review in separately designated dockets.

On August 3, 2012, the Governor of Massachusetts signed into law "An Act Relative to Competitively Priced Electricity in the Commonwealth", which both increases electric distribution companies' obligations to purchase renewable energy resources and the availability of net metering. This act also includes changes to the MDPU's ratemaking procedures and authority for reviewing mergers and acquisition for electric and gas distribution companies. With these changes, electric distribution companies are required to file rate schedules every five years, and gas distribution companies every ten years. The MDPU has also opened a proceeding, as mandated by the act, to establish a cost-based rate design for costs that are currently recovered from distribution customers through a reconciling factor.

On August 6, 2012, the Governor of Massachusetts also signed into law "An Act Relative to the Emergency Response of Public Utilities", which establishes a new storm trust fund and requires that penalties levied by the MDPU for violations of its emergency preparedness rules be credited to customers.

Unitil Energy—Annual Rate Reconciliation Filing—On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Unitil Energy—Billing Adjustment—In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the agreement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011 related to this agreement and filed with the NHPUC for recovery of the remaining amount of the reimbursement to this customer for reconciling electric supply related charges.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for reconciling supply-related charges. Accordingly, the Company requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. A settlement agreement between Unitil Energy, the Office of Consumer Advocate and the NHPUC Staff was filed with the NHPUC, providing for recovery by the Company from its under-billed customers of approximately $1.4 million of the amount it had reimbursed the large customer. On January 25, 2013, the NHPUC approved the settlement agreement.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities is

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proceeding with a comprehensive upgrade and replacement program, which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the program by the end of the 2024.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in the first quarter of 2013.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg 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. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over

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succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheets at December 31, 2012 and 2011 in Environmental Obligations are accrued liabilities totaling $12.0 million and $12.0 million, respectively, related to estimated future clean-up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third-parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has executed a Letter of Intent with New Yard, LLC to redevelop the Portland site as a boat repair facility with lease proceeds being used to offset remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Included in the Company's Consolidated Balance Sheets at December 31, 2012 and 2011 are current and non-current accrued liabilities totaling $2.8 million and $2.7 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

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The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2012 and 2011.

ENVIRONMENTAL OBLIGATIONS

(Millions)	December 31, 2012	December 31, 2011
Total Environmental Obligations—Balance at Beginning of Period	**$14.7**	$14.6
Changes in Estimates	**0.1**	0.1
Liabilities Assumed	**—**	—
Less: Payments / Reductions	**—**	—
Total Environmental Obligations—Balance at End of Period	**14.8**	14.7
Less: Current Portion[1]	**1.0**	0.2
Environmental Obligations—noncurrent—Balance at End of Period	**$13.8**	$14.5

[1] Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 6: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2012, 2011 and 2010, the Company recorded provisions for the energy commodity portion of bad debts of $1.9 million, $1.8 million and $1.4 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2010 – 2012 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2012					
Electric	**$ 1.7**	**$ 1.4**	**$ 0.3**	**$ 2.3**	**$ 1.1**
Gas	**0.5**	**2.2**	**0.3**	**2.3**	**0.7**
Other	**0.1**	**—**	**—**	**—**	**0.1**
	$ 2.3	**$ 3.6**	**$ 0.6**	**$ 4.6**	**$ 1.9**
Year Ended December 31, 2011					
Electric	$ 1.8	$ 2.1	$ 0.2	$ 2.4	$ 1.7
Gas	0.7	2.2	0.3	2.7	0.5
Other	0.1	—	—	—	0.1
	$ 2.6	$ 4.3	$ 0.5	$ 5.1	$ 2.3
Year Ended December 31, 2010					
Electric	$ 1.7	$ 2.0	$ 0.2	$ 2.1	$ 1.8
Gas	0.7	2.5	0.4	2.9	0.7
Other	0.1	—	—	—	0.1
	$ 2.5	$ 4.5	$ 0.6	$ 5.0	$ 2.6

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Note 7: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2012, 2011 and 2010 are shown in the table below:

	2012	($000's) 2011	2010
Current Federal Tax Provision (Benefit)			
Current Benefit of Operating Loss Carrybacks	**$ —**	$ —	$ (6,026)
Total Current Federal Tax Provision (Benefit)	**—**	—	(6,026)
Deferred Federal Tax Provision (Benefit)			
Utility Plant Differences	**6,019**	13,002	11,821
Net Operating Loss Carryforwards	**2,835**	(4,844)	(5,520)
Regulatory Assets and Liabilities	**472**	513	3,338
Other, net	**(241)**	(695)	(480)
Total Deferred Federal Tax Provision (Benefit)	**9,085**	7,976	9,159
Total Federal Tax Provision	**9,085**	7,976	3,133
State			
Current	**132**	1,358	28
Deferred	**1,759**	691	1,303
Total State Tax Provision	**1,891**	2,049	1,331
Total Provision for Federal and State Income Taxes	**$10,976**	$10,025	$ 4,464

The differences between the Company's provisions for Income Taxes and the provisions calculated at the statutory federal tax rate, expressed in percentages, are shown below:

	2012	2011	2010
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**5**	5	6
Utility Plant Differences	**(2)**	(1)	(7)
Other, Net	**1**	—	(1)
Effective Income Tax Rate	**38%**	38%	32%

Temporary differences which gave rise to current deferred tax assets and liabilities in 2012 and 2011, are shown below:

Current Deferred Income Taxes (000's)	2012	2011
Accrued Revenue, Current Portion	**$13,568**	$9,358
Other, net	**(168)**	(366)
Total Current Deferred Income Tax Liabilities	**$13,400**	$8,992

Temporary differences which gave rise to noncurrent deferred tax assets and liabilities in 2012 and 2011 are shown below:

Noncurrent Deferred Income Taxes (000's)	2012	2011
Utility Plant Differences	**$ 66,907**	$ 57,809
Net Operating Loss Carryforwards	**(8,521)**	(11,656)
AMT Tax Credit Carryforwards	**(1,538)**	(1,366)
Regulatory Assets and Liabilities	**17,872**	23,269
Retirement Benefit Obligations	**(38,644)**	(33,591)
Other, net	**2,606**	2,829
Total Noncurrent Deferred Income Tax Liabilities	**$ 38,682**	$ 37,294

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The Company is subject to federal and state income taxes as well as various other business taxes. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

The Company filed its tax returns for the year ended December 31, 2011 with the Internal Revenue Service (IRS) in September 2012. As of December 31, 2012, the Company had recorded cumulative federal and state net operating loss (NOL) carryforward assets of $8.5 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2012, the Company had $1.5 million of cumulative Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

According to Internal Revenue Code rules, Federal Income Tax refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS has performed all fieldwork procedures and the Company and the IRS entered into a settlement agreement for certain timing items, originally reported in 2009, to be deducted in future periods. The result of the settlement agreement did not have a material impact on the Company's consolidated financial position or results of operations. On January 22, 2013 the Company received notice of approval from the Joint Committee regarding the settlement agreement.

The Company evaluated its tax positions at December 31, 2012 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2010; and December 31, 2011.

Note 8: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated column below.

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Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

The segments follow the same accounting policies as described in the Summary of Significant Accounting Policies. Intersegment sales take place at cost and the effects of all intersegment and/or intercompany transactions are eliminated in the consolidated financial statements. Segment profit or loss is based on profit or loss from operations after income taxes and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each segment are based upon specific identification of such assets provided by Company records.

The following table provides significant segment financial data for the years ended December 31, 2012, 2011 and 2010 (Millions):

Year Ended December 31, 2012	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 187.0**	**$ 160.6**	**$ —**	**$ 5.5**	**$353.1**
Interest Income	**2.4**	**0.8**	**0.4**	**0.1**	**3.7**
Interest Expense	**9.0**	**11.1**	**1.7**	**—**	**21.8**
Depreciation & Amortization Expense	**18.0**	**15.7**	**1.4**	**—**	**35.1**
Income Tax Expense (Benefit)	**4.8**	**5.8**	**(0.5)**	**0.9**	**11.0**
Segment Profit (Loss)	**7.6**	**8.9**	**0.3**	**1.3**	**18.1**
Segment Assets	**403.7**	**471.6**	**5.6**	**5.7**	**886.6**
Capital Expenditures	**21.2**	**43.9**	**3.4**	**—**	**68.5**
Year Ended December 31, 2011					
Revenues	$188.1	$159.2	$ —	$ 5.5	$352.8
Interest Income	0.7	0.5	0.1	0.1	1.4
Interest Expense	9.4	10.7	1.7	—	21.8
Depreciation & Amortization Expense	14.2	13.6	1.5	—	29.3
Income Tax Expense (Benefit)	5.2	4.3	(0.6)	1.1	10.0
Segment Profit (Loss)	7.8	6.7	0.1	1.7	16.3
Segment Assets	393.8	440.9	6.5	5.5	846.7
Capital Expenditures	20.3	33.6	3.2	—	57.1
Year Ended December 31, 2010					
Revenues	$ 203.7	$ 150.1	$ —	$ 4.6	$ 358.4
Interest Income	3.2	0.5	0.2	0.1	4.0
Interest Expense	9.6	10.5	2.0	—	22.1
Depreciation & Amortization Expense	13.9	14.2	0.8	—	28.9
Income Tax Expense	3.7	(0.7)	0.5	1.0	4.5
Segment Profit	8.0	1.4	(1.4)	1.5	9.5
Segment Assets	388.2	401.1	5.7	5.4	800.4
Capital Expenditures	19.8	27.4	2.4	—	49.6

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Note 9: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and post-retirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service.

  In September 2010, the Company amended the Pension Plan as follows:

  - The Pension Plan was closed to United Steelworker Local 12012-6 employees hired on or after January 1, 2011.
  - All United Steelworker Local 12012-6 employees hired before January 1, 2011 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. The United Steelworker Local 12012-6 employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2010. This frozen benefit will not grow with future salary increases or future service. The employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - All other union employees were not affected by this amendment.
- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan.
- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

The following table includes the key assumptions used in determining the Company's benefit plan costs and obligations:

Used to Determine Plan costs for years ended December 31:	2012	2011	2010
Discount Rate	**4.60%**	5.35%	5.75%
Rate of Compensation Increase	**3.00%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 981**	$ 909	$ 728
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (756)**	$ (705)	$(565)

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Used to Determine Benefit Obligations at December 31:			
Discount Rate	**4.00%**	4.60%	5.35%
Rate of Compensation Increase	**3.00%**	3.00%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**8.00%**	6.50%	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$11,808**	$ 9,109	$ 7,530
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(9,291)**	$(7,217)	$(5,997)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For 2012, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $367,000, $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2012, 2011 and 2010 was 3.00%, 3.50% and 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			PBOP Plan			SERP		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Service Cost	**$ 3,227**	$ 2,941	$ 2,608	**$ 2,066**	$ 1,918	$ 1,466	**$289**	$285	$285
Interest Cost	**4,633**	4,684	4,457	**2,303**	2,279	2,016	**211**	227	227
Expected Return on Plan Assets	**(5,390)**	(4,840)	(4,181)	**(695)**	(818)	(599)	**—**	—	—
Prior Service Cost Amortization	**188**	249	253	**1,729**	1,729	1,579	**11**	11	2
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**—**	—	41	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**3,617**	3,132	2,406	**129**	—	—	**64**	78	133
Sub-total	**6,275**	6,166	5,584	**5,553**	5,129	4,483	**575**	601	647
Amounts Capitalized and Deferred	**(2,726)**	(2,590)	(2,240)	**(2,127)**	(1,622)	(1,183)	**—**	—	—
NPBC Recognized	**$ 3,549**	$ 3,576	$ 3,344	**$ 3,426**	$ 3,507	$ 3,300	**$575**	$ 601	$ 647

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $4.4 million, $2.5 million and $0.2 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2012, 2011 and 2010 before capitalization and deferral was $6.3 million, $6.2 million and $5.6 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2012, 2011 and 2010 would have been $6.7 million, $5.7 million and $6.2 million respectively.

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The following table represents information on the plans' assets, projected benefit obligations (PBO), and funded status ($000's):

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Plan Assets at Beginning of Year	**$ 59,700**	$ 54,100	**$ 7,339**	$ 8,862	**$ —**	$ —
Actual Return on Plan Assets	**7,780**	225	**837**	108	**—**	—
Employer Contributions	**9,387**	8,813	**2,190**	—	**53**	53
Participant Contributions	**—**	—	**18**	13	**—**	—
Acquired Plan Assets	**—**	—	**—**	—	**—**	—
Benefits Paid	**(4,456)**	(3,438)	**(2,083)**	(1,644)	**(53)**	(53)
Plan Assets at End of Year	**$ 72,411**	$ 59,700	**$ 8,301**	$ 7,339	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$102,719**	$ 89,393	**$ 50,930**	$ 43,344	**$ 4,615**	$ 4,263
Service Cost	**3,227**	2,941	**2,066**	1,918	**289**	285
Interest Cost	**4,633**	4,684	**2,303**	2,279	**211**	227
Participant Contributions	**—**	—	**18**	13	**—**	—
Plan Amendments	**617**	—	**(318)**	—	**—**	—
Curtailment Gain	**—**	—	**—**	—	**—**	—
Benefits Paid	**(4,456)**	(3,438)	**(2,083)**	(1,644)	**(53)**	(53)
Actuarial (Gain) or Loss	**9,752**	9,139	**9,176**	5,020	**1,145**	(107)
PBO at End of Year	**$ 116,492**	$102,719	**$ 62,092**	$ 50,930	**$ 6,207**	$ 4,615
Funded Status: Assets vs PBO	**$ (44,081)**	$ (43,019)	**$(53,791)**	$(43,591)	**$(6,207)**	$(4,615)

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of its and its subsidiaries' retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $62.5 million and $55.3 million at December 31, 2012 and 2011, respectively, to account for the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $103.4 million and $91.3 million as of December 31, 2012 and 2011, respectively. The ABO for the SERP was $4.8 million and $0.5 million as of December 31, 2012 and 2011, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008—2010 plan years. The Company's Pension Plan was 80% funded under the requirements of the

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Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2010, which resulted in a shortfall of $10.2 million. This shortfall was being amortized over seven years with annual payments of $1.7 million, beginning in 2010. The $1.7 million payments for 2010 and 2011 are included in the Employer Contributions amounts shown in the table below.

On June 25, 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Relief Act) was signed into law. The pension relief portion of the Relief Act provides two alternative shortfall amortization periods to the seven year amortization period required under the PPA. The Company evaluated the two alternative shortfall amortization periods under the Relief Act and made the decision to continue with the seven year amortization period.

On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was signed into law. MAP-21 increased the interest rates used to determine pension liability. The Company elected to apply the provisions of MAP-21 for purposes of determining pension liability for minimum funding purposes for the 2012 plan year. As part of this decision, the Company contributed $3.1 million in additional contributions in 2012 for the 2011 plan year to achieve 100% funding on the MAP-21 basis as of January 1, 2012. This eliminated the amortization payments created in prior years, discussed above. In addition, the minimum required contribution for the 2012 plan year decreased from $6.1 million to $1.0 million. Of the $9.4 million contributed during 2012, $8.3 million was attributed to the 2011 plan year and $1.1 million was attributed to the 2012 plan year.

The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2013 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions, participant contributions and benefit payments ($000's).

	Pension Plan			PBOP Plan			SERP		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Employer Contributions	**$9,387**	$8,813	$ 4,302	**$2,190**	$ —	$ 3,482	**$53**	$53	$53
Participant Contributions	**$ —**	$ —	$ —	**$ 18**	$ 13	$ —	**$—**	$—	$—
Benefit Payments	**$ 4,456**	$ 3,438	$3,185	**$2,083**	$1,644	$1,848	**$53**	$53	$53

The following table represents estimated future benefit payments ($000's).

	Estimated Future Benefit Payments		
	Pension	PBOP	SERP
2013	$ 4,698	$ 1,811	$ 357
2014	4,448	1,960	353
2015	4,567	2,083	349
2016	4,908	2,156	344
2017	5,121	2,284	339
2018 - 2022	$30,278	$13,535	$1,767

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 48% in common stock equities, 47% in fixed income securities and 5% in a combined equity and debt fund. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	Target Allocation 2013	Actual Allocation at December 31, 2012	2011	2010
Equity Funds	48%	**48%**	49%	58%
Debt Funds	47%	**47%**	46%	42%
Asset Allocation Fund (1)	5%	**5%**	5%	0%
Total		**100%**	100%	100%

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(1) Represents investments in an asset allocation fund. This fund invests in both equity and debt securities.

PBOP Plan	Target Allocation 2013	Actual Allocation at December 31, 2012	2011	2010
Equity Funds	55%	**56%**	55%	56%
Debt Funds	45%	**44%**	45%	44%
Total		**100%**	100%	100%

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2012. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2012 and 2011 are as follows ($000's):

		Fair Value Measurements at Reporting Date Using		
Description	Balance as of December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$ 34,742	$ 34,742	$ —	$ —
Fixed Income Funds	34,251	34,251	—	—
Asset Allocation Fund	3,418	3,418	—	—
Total Assets	$ 72,411	$ 72,411	$ —	$ —

		Fair Value Measurements at Reporting Date Using		
Description	Balance as of December 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$ 29,094	$ 29,094	$ —	$ —
Fixed Income Funds	27,697	27,697	—	—
Asset Allocation Fund	2,909	2,909	—	—
Total Assets	$ 59,700	$ 59,700	$ —	$ —

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Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2012 and 2011 are as follows ($000's):

Description	Balance as of December 31, 2012	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 3,670	$ 3,670	$ —	$ —
Index Funds	3,357	3,357		
Equity Funds	1,274	1,274		
Total Assets	$ 8,301	$ 8,301	$ —	$ —

Description	Balance as of December 31, 2011	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$ 3,311	$ 3,311	$ —	$ —
Index Funds	2,977	2,977		
Equity Funds	1,051	1,051		
Total Assets	$ 7,339	$ 7,339	$ —	$ —

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

The Company's contributions to the 401(k) Plan were $1,387,000, $1,190,000 and $980,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Note 10: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended: March 31, 2012	March 31, 2011	June 30, 2012	June 30, 2011	September 30, 2012	September 30, 2011	December 31, 2012	December 31, 2011
Total Operating Revenues	**$114.2**	$115.4	**$ 68.8**	$ 69.5	**$ 71.3**	$ 73.2	**$ 98.8**	$ 94.7
Operating Income	**$ 14.0**	$ 13.4	**$ 4.3**	$ 4.2	**$ 5.0**	$ 5.2	**$ 13.2**	$ 14.4
Net Income (Loss) Applicable to Common	**$ 9.0**	$ 8.7	**$ (0.4)**	$ (0.8)	**$ 0.5**	$ (1.6)	**$ 9.0**	$ 10.0
Per Share Data:								
Earnings Per Common Share	**$ 0.83**	$ 0.81	**$ (0.03)**	$ (0.08)	**$ 0.03**	$ (0.15)	**$ 0.66**	$ 0.92
Dividends Paid Per Common Share	**$0.345**	$ 0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2012. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2012 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Unitil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unitil management concluded that Unitil's internal control over financial reporting was effective as of December 31, 2012.

McGladrey LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2012, as stated in their report which appears in Part II, Item 8 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in Unitil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, Unitil's internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K and in the “Proposal 1: Election of Directors” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013. Information regarding the Company’s Audit Committee is set forth in the “Corporate Governance and Policies of the Board” and “Committees of the Board” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013. Information regarding the Company’s Code of Ethics is set forth in the “Corporate Governance and Policies of the Board” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 11. Executive Compensation

Information required by this Item is set forth in the “Compensation Discussion and Analysis” and “Compensation of Named Executive Officers” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the “Beneficial Ownership” and “Compensation of Directors” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013, as well as the Equity Compensation Plan Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the “Transactions with Related Persons” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the “Principal Accountant Fees and Services” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2012 and 2011
- Consolidated Statements of Earnings for the years ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2012, 2011, and 2010
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769 dated October 12, 1984
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A Registration Statement 333-15282 dated November 25, 2008
3.4	Articles of Amendment to the Articles of Incorporation Filed on April 27, 2011.	Annex A to Form DEF 14A dated March 14, 2011
3.5	By-Laws of the Company.	Exhibit 4.4 to Form S-8 Registration Statement 333-73327 dated March 4, 1999
3.6	Second Amended and Restated By-Laws of the Company.	Exhibit 3.1 to Form 8-K/A dated December 13, 2012
3.7	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.8	Articles of Exchange of CECo, E&H, and the Company—Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.9	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989

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Exhibit Number	Description of Exhibit	Reference*
3.10	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
3.11	Stock Purchase Agreement among Nisource Inc., Bay State Gas Company and Unitil Corporation.	Exhibit 2.1 to Form 8-K dated February 20, 2008
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018.	Exhibit 99.1 to Form 8-K dated December 15, 2008
4.12	Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.	Exhibit 4.1 to Form 8-K dated March 2, 2010
4.13	Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.	Exhibit 4.4 to Form 8-K dated March 2, 2010
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993

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Exhibit Number	Description of Exhibit	Reference*
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008
10.7***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.8	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.9	Unitil Corporation Second Amended and Restated 2003 Stock Plan	Exhibit 10.1 to Form 8-K dated April 19, 2012
10.10	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.11	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.12***	Amended and Restated Employment Agreement effective as of November 1, 2012 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 19, 2012
10.13	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.14	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.15	Amendment Agreement dated as of March 16, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated March 16, 2009
10.16	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.17	Fourth Amendment Agreement dated October 8, 2010 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.5 to Form 8-K dated October 8, 2010
10.18	Fifth Amendment Agreement dated October 12, 2011 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.6 to Form 8-K dated October 12, 2011
10.19	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008.	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.20	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018.	Exhibit 10.1 to Form 8-K dated December 15, 2008
10.21***	Unitil Corporation—Compensation of Directors.	Filed herewith
11.1	Statement Re: Computation in Support of Earnings per Share for the Company.	Filed herewith

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Exhibit Number	Description of Exhibit	Reference*
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
16.1	Letter Re: Change in Certifying Accountant	Exhibit 16.1 to Form 8-K dated September 22, 2010
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
99.1	Unitil Corporation Press Release Dated January 30, 2013 Announcing Earnings For the Quarter and Year Ended December 31, 2012	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date January 30, 2013

By /s/ ROBERT G. SCHOENBERGER
Robert G. Schoenberger
Chairman of the Board of Directors,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/S/ ROBERT G. SCHOENBERGER Robert G. Schoenberger	Principal Executive Officer; Director	January 30, 2013
/S/ MARK H. COLLIN Mark H. Collin	Principal Financial Officer	January 30, 2013
/S/ LAURENCE M. BROCK Laurence M. Brock	Principal Accounting Officer	January 30, 2013
/S/ MICHAEL J. DALTON Michael J. Dalton	Director	January 30, 2013
/S/ ALBERT H. ELFNER, III Albert H. Elfner, III	Director	January 30, 2013
/S/ M. BRIAN O'SHAUGHNESSY M. Brian O'Shaughnessy	Director	January 30, 2013
/S/ WILLIAM D. ADAMS William D. Adams	Director	January 30, 2013
/S/ DR. SARAH P. VOLL Dr. Sarah P. Voll	Director	January 30, 2013
/S/ EBEN S. MOULTON Eben S. Moulton	Director	January 30, 2013
/S/ DAVID P. BROWNELL David P. Brownell	Director	January 30, 2013
/S/ EDWARD F. GODFREY Edward F. Godfrey	Director	January 30, 2013
/S/ MICHAEL B. GREEN Michael B. Green	Director	January 30, 2013
/S/ DR. ROBERT V. ANTONUCCI Dr. Robert V. Antonucci	Director	January 30, 2013
/S/ LISA CRUTCHFIELD Lisa Crutchfield	Director	January 30, 2013
/S/ DAVID A. WHITELEY David A. Whiteley	Director	January 30, 2013

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EXHIBIT INDEX

Exhibit No.	Description
10.21	Unitil Corporation—Compensation of Directors.
11.1	Statement Re: Computation in Support of Earnings per Share of the Company.
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.
21.1	Statement Re: Subsidiaries of Registrant.
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101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 10.21

UNITIL CORPORATION

Compensation of Directors

On December 13, 2012, the Board of Directors of Unitil Corporation ("Unitil") approved and adopted a revised compensation arrangement for members of the Board of Directors. The revised compensation arrangement became effective as of January 1, 2013.

The revised compensation arrangement applies to members of the Board of Directors who are not employees of Unitil or any of its subsidiaries. The following table summarizes the material terms of the revised compensation arrangement.

Category	Description	Amount
Board of Directors – Annual Cash Retainer	Each member of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$50,000 per year
Board of Directors – Annual Equity Retainer	Each member of the Board of Directors will receive an annual equity retainer. Unitil will issue the equity retainer on the first business day of October each year. Each member of the Board may elect to receive restricted stock units (with any phantom dividends reinvested in additional restricted stock units), in lieu of Unitil's common stock, as his or her annual equity retainer.	$45,000 per year (payable in kind as common stock or restricted stock units)
Board of Directors – Special Meetings	Each member of the Board of Directors will receive a fee for each special meeting of the Board of Directors that such member attends in person.	$2,000 per special meeting
Committees – Annual Cash Retainer for Chair	Each chair of a committee of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$8,000 per committee per year
Committees – Annual Cash Retainer for Non-Chair Members	Each non-chair member of a committee of the Board of Directors will receive an annual cash retainer. Unitil will pay one-fourth of the annual cash retainer on the first business day of each fiscal quarter.	$3,000 per committee per year

In addition, Unitil will reimburse each member of the Board of Directors for reasonable expenses that such member incurs in connection with attending meetings of the Board of Directors or committees thereof.

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2012	2011	2010
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$ 18,196**	$ 16,439	$ 9,616
Less: Dividend Requirements on Preferred Stock	**102**	131	132
Net Income Applicable to Common Stock	**$ 18,094**	$ 16,308	$ 9,484
Average Number of Common Shares Outstanding—Basic	**12,669**	10,880	10,823
Dilutive Effect of Stock Options and Restricted Stock	**3**	3	1
Average Number of Common Shares Outstanding—Diluted	**12,672**	10,883	10,824
Earnings Per Share—Basic	**$ 1.43**	$ 1.50	$ 0.88
Earnings Per Share—Diluted	**$ 1.43**	$ 1.50	$ 0.88

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2012	2011	2010	2009	2008
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$18,196**	$ 16,439	$ 9,616	$ 10,049	$ 9,735
Federal and State Income Taxes included in Operations	**10,976**	10,025	4,464	5,220	4,450
Interest on Long-Term Debt	**19,948**	19,987	19,664	17,961	11,795
Amortization of Debt Discount Expense	**324**	340	307	233	151
Other Interest	**2,003**	1,760	2,015	2,474	1,156
Total	**$51,447**	$ 48,551	$ 36,066	$ 35,937	$ 27,287
Fixed Charges:					
Interest of Long-Term Debt	**$19,948**	$19,987	$19,664	$17,961	$11,795
Amortization of Debt Discount Expense	**324**	340	307	233	151
Other Interest	**2,003**	1,760	2,015	2,474	1,156
Pre-tax Preferred Stock Dividend Requirements	**165**	211	194	208	199
Total	**$22,440**	$ 22,298	$ 22,180	$ 20,876	$ 13,301
Ratio of Earnings to Fixed Charges	**2.29**	2.18	1.63	1.72	2.05

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-8 (File No. 333-184849, effective November 9, 2012), Form S-3 (File No. 333- 180316, effective April 6, 2012) , Form S-3 (File No. 333-168394, effective July 29, 2010), Form S-3 (File No. 333-158537, effective April 24, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of Unitil Corporation and subsidiaries of our report dated January 30, 2013, relating to our audits of the consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 and internal control over financial reporting as of December 31, 2012, included in this Annual Report on Form 10-K of Unitil Corporation and subsidiaries for the year ended December 31, 2012.

/s/ McGladrey LLP
Boston, Massachusetts
January 30, 2013

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

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 Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	January 30, 2013
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	January 30, 2013
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	January 30, 2013

Exhibit 99.1
PAGE 1 OF 3

For Release

UNITIL REPORTS YEAR-END EARNINGS

HAMPTON, N.H., JANUARY 30, 2013 – Unitil Corporation (NYSE: UTL) (www.unitil.com) today reported Earnings Applicable to Common Shareholders (Earnings) of $18.1 million for the year ended December 31, 2012, an increase of $1.8 million, or 11%, over the $16.3 million the Company earned in 2011. Earnings per common share (EPS) were $1.43 for 2012 compared to $1.50 per share in 2011. The 2012 EPS reflects the higher number of average shares outstanding year over year.

The results for 2012 were positively affected by higher natural gas and electric sales margins due to higher distribution rates and new customer growth. Margins were negatively affected in 2012 by the effect on sales of fluctuations in seasonal weather conditions year over year. The Company estimates that the mild weather in 2012 negatively impacted earnings by about $1.7 million, or $0.14 per share. On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering. The Company used the net proceeds of approximately $65.7 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

"In 2012, the Company recorded the highest net income in its history", said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "The combination of continued customer growth in both our natural gas and electric utility businesses and the resetting of distribution rates for our utilities resulted in strong year over year financial results. The extremely mild winter last year resulted in the warmest year on record. We continue to see remarkable growth in our gas business. We added and converted over 2,000 gas customers in 2012, which is up 50% from 2011. This year we plan to continue to build on this growth initiative by targeting 4,000 gas customer additions and conversions, or double the activity from 2012."

Natural gas sales margins were $76.2 million in 2012, or an increase of $8.3 million compared to 2011, reflecting higher gas distribution rates and new customer growth, partially offset by lower gas therm sales, principally in the first quarter of 2012, due to mild winter weather. Also, gas margins in 2011 include the one-time recovery of $4.5 million in Purchased Gas costs that had been charged off in a prior period. Based on weather data collected in the Company's service areas, there were 16% fewer Heating Degree Days in 2012 compared to normal. Weather-normalized gas therm sales (excluding decoupled sales) in 2012 are estimated to be approximately 3% higher compared to 2011. Approximately 11% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $71.9 million in 2012, or an increase of $4.3 million compared to 2011, reflecting higher electric distribution rates and new customer growth, partially offset by lower electric kilowatt hour (kWh) sales, principally in the first quarter of 2012, due to mild winter weather. Weather-normalized electric kWh sales (excluding decoupled sales) in 2012 are estimated to be approximately the same compared to 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2012, on par with 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

(Continued on Next Page)

Operation and Maintenance (O&M) expenses increased $5.5 million in 2012 compared to 2011. The change in O&M expenses reflects higher utility operating costs of $3.7 million, higher employee compensation and benefit costs of $0.5 million, and higher professional fees of $0.3 million. The increase in utility operating costs in 2012 compared to 2011 includes an increase of $2.6 million in new spending on vegetation management and electric reliability enhancement programs of which approximately $1.8 million is recovered through cost tracker rate mechanisms that result in corresponding and offsetting increase in revenue. The increase in O&M costs in 2012 over the prior year also reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a non-recurring insurance payment of $1 million.

Depreciation and Amortization expense increased $5.8 million in 2012 compared to 2011 principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $1.0 million in 2012 compared to 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes increased $1.0 million in 2012 due to higher pre-tax earnings in 2012 compared to 2011.

Interest Expense, net decreased $2.3 million in 2012 compared to 2011 primarily reflecting lower interest rates and lower borrowing balances as a result of the equity offering in 2012 as well as the recognition of a non-recurring pre-tax charge, in 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

Selected financial data for 2012 and 2011 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data
(Millions, except Per Share data)(Unaudited)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2012	2011	Change	2012	2011	Change
Gas Therm Sales:						
Residential	8.8	7.2	22.2%	34.8	37.7	(7.7%)
Commercial/Industrial	39.5	35.1	12.5%	146.5	149.2	(1.8%)
Total Gas Therm Sales	**48.3**	**42.3**	**14.2%**	**181.3**	**186.9**	**(3.0%)**
Electric kWh Sales:						
Residential	154.9	152.7	1.4%	677.7	682.8	(0.7%)
Commercial/Industrial	232.0	233.1	(0.5%)	976.1	999.3	(2.3%)
Total Electric kWh Sales	**386.9**	**385.8**	**0.3%**	**1,653.8**	**1,682.1**	**(1.7%)**
Gas Revenues	$ 53.4	$ 46.9	$ 6.5	$ 160.6	$ 159.2	$ 1.4
Purchased Gas	28.3	21.8	6.5	84.4	91.3	(6.9)
Gas Sales Margin	**25.1**	**25.1**	**—**	**76.2**	**67.9**	**8.3**
Electric Revenues	44.0	46.5	(2.5)	187.0	188.1	(1.1)
Purchased Electricity	24.8	28.7	(3.9)	115.1	120.5	(5.4)
Electric Sales Margin	**19.2**	**17.8**	**1.4**	**71.9**	**67.6**	**4.3**
Usource Sales Margin	**1.4**	**1.3**	**0.1**	**5.5**	**5.5**	**—**
Total Sales Margin:	**45.7**	**44.2**	**1.5**	**153.6**	**141.0**	**12.6**
Operation & Maintenance Expenses	14.3	13.2	1.1	57.0	51.5	5.5
Depreciation, Amortization, Taxes & Other	18.2	16.6	1.6	60.4	52.8	7.6
Interest Expense, net	4.2	4.4	(0.2)	18.1	20.4	(2.3)
Earnings Applicable to Common Shareholders:	**$ 9.0**	**$ 10.0**	**$ (1.0)**	**$ 18.1**	**$ 16.3**	**$ 1.8**
Earnings Per Share	**$ 0.66**	**$ 0.92**	**$(0.26)**	**$ 1.43**	**$ 1.50**	**$(0.07)**

(Continued on Next Page)

At its January 2013 meeting, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. Unitil paid common dividends of $1.38 per share in 2012.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

The Company will hold a quarterly conference call to discuss fourth quarter and full year 2012 results on Wednesday, January 30, 2013, at 3:30 p.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil Corporation's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,700 electric customers and 73,700 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

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

For more information please contact:

David Chong – Investor Relations
Phone: 603-773-6499
Email: chong@unitil.com

Alec O'Meara – Media Relations
Phone: 603-773-6404
Email: omeara@unitil.com

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UNITED STATES
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 March 31, 2011

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 April 22, 2011
Common Stock, No par value	**10,925,573 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended March 31, 2011

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PART I. FINANCIAL INFORMATION

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

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, Inc. (Northern Utilities), a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State Gas Company and (ii) all of the outstanding capital stock of Granite State Gas Transmission, Inc. (Granite State), an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (the Acquisitions).

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,900 electric customers and 70,800 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $476.0 million at March 31, 2011. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, "Usource"), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily n the northeastern United States. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp., which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

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RATES AND REGULATION

Rate Case Activity

On April 15, 2010, Unitil Energy filed for a distribution base rate increase of $10.1 million. The Company's filing also included a proposed long-term rate plan establishing step adjustments for future utility plant investments and enhanced reliability and vegetation management programs. On June 29, 2010, the NHPUC issued an order approving a temporary rate increase for Unitil Energy of $5.2 million effective July 1, 2010. Once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were ordered. The Company has filed a settlement agreement with the NHPUC and is expecting an order on a permanent rate plan on or before May 1, 2011.

On November 30, 2010 the Company's interstate natural gas transmission pipeline, Granite State, filed a rate settlement agreement, which provides for an increase of approximately $1.7 million in annual revenue effective January 1, 2011. This settlement agreement was approved by the FERC on January 31, 2011.

On January 14, 2011, the Company's Massachusetts operating utility, Fitchburg, filed a comprehensive revenue decoupling proposal and a request for distribution rate increases of $7.1 million for its electric division and $4.4 million of its gas division. The Company's filing also includes a rate-impact mitigation alternative for the electric division that would offset the distribution revenue increase through a corresponding decrease in Fitchburg's Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company's revenue decoupling proposal is modeled closely on decoupling proposals already approved by the MDPU for other utilities operating in the Commonwealth of Massachusetts and is intended to align the Company's interests with important public policy objectives concerning energy efficiency, energy reliability, national energy security and protecting the environment. The MDPU issued an order suspending and deferring the use of the rates until August 2, 2011, pending an investigation and analysis of the Company's filing.

Northern Utilities, the Company's gas distribution utility operating in New Hampshire and Maine, is currently planning to file base rate cases for both its New Hampshire and Maine divisions in the second quarter of 2011.The Company will announce the amount of the requested rate increases and other related information after the filing of the distribution base rate cases.

Regulation:

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 in regards to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, in regards to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the NHPUC; Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third party suppliers. A majority of Unitil's largest commercial and industrial (C&I) customers purchase their electric and natural gas supplies from third party suppliers. However, most residential and small customers continue to purchase their electric and natural gas supplies through Unitil's distribution utilities. Unitil's distribution

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utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features. For additional discussion, please refer to Unitil's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could impact the rates the Company is able to charge, the Company's authorized rate of return and the Company's ability to recover costs in its rates;
- fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates;
- customers' preferences on energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparty's obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;

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- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

RESULTS OF OPERATIONS

The following section of MD&A compares the results of operations for each of the two fiscal periods ended March 31, 2011 and March 31, 2010 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Earnings Overview

The Company's Earnings Applicable to Common Shareholders was $8.7 million for the first quarter of 2011, an increase of $2.2 million over the first quarter of 2010. Earnings per common share (EPS) were $0.81 for the first quarter of 2011, an improvement of $0.20 per share over the first quarter of 2010.

Natural gas sales margin increased $3.6 million in the three months ended March 31, 2011 compared to the same period in 2010 reflecting higher sales volumes. Total therm sales of natural gas increased 12.7% in the three months ended March 31, 2011 compared to the same period in 2010, reflecting the effect of colder winter weather in the first quarter of 2011 compared to 2010 as well as higher usage by our large Commercial & Industrial (C&I) customers. Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased by 9.5% in the three months ended March 31, 2011 compared to the same period in 2010.

Electric sales margin increased $2.0 million in the three months ended March 31, 2011 compared to the same period in 2010, reflecting higher electric kilowatt-hour (kWh) sales and an electric rate increase implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric operating utility.

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Total (kWh) sales increased 4.9% in the three months ended March 31, 2011 compared to the first quarter of 2010, reflecting an improving economy and the effect of colder winter weather in the first quarter of 2011 compared to 2010. As discussed above, Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, kWh sales in the three months ended March 31, 2011 increased 3.6% compared to the same period in 2010.

Operation & Maintenance (O&M) expenses increased $0.8 million in the three months ended March 31, 2011 compared to the same period in 2010. The increase in O&M expenses primarily reflects higher utility operating costs, higher professional fees and higher employee and retiree benefit costs, partially offset by the receipt of proceeds from an insurance settlement.

Depreciation and Amortization expense increased $0.8 million in the three months ended March 31, 2011 compared to the same period in 2010, reflecting higher depreciation on normal utility plant additions and higher amortization in the current period.

Federal and State Income Taxes increased by $1.5 million in the three months ended March 31, 2011 compared to the same period in 2010 due to higher pre-tax earnings in 2011 compared to 2010.

All other expenses increased $0.2 million in the three months ended March 31, 2011 compared to the same period in 2010, primarily reflecting higher property taxes.

Interest Expense, net increased $0.3 million in the three months ended March 31, 2011 compared to the same period in 2010. The increase is primarily due to the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

Usource, our non-regulated energy brokering business, recorded revenues of $1.3 million in the first quarter of 2011, an increase of $0.2 million compared to the first quarter of 2010.

In 2010, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2011 and March, 2011 meetings, the Unitil Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three months ended March 31, 2011 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Unitil's total therm sales of natural gas increased 12.7% in the three months ended March 31, 2011 compared to the same period in 2010, reflecting increases of 11.8% and 13.0% in sales to residential and C&I customers, respectively. The increase in gas therm sales in the Company's utility service territories reflects the effect of colder winter weather in the first quarter of 2011 compared to 2010 as well as higher usage by our large C&I customers. Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 9.5% in the three months ended March 31, 2011 compared to the same period in 2010.

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The following table details total firm therm sales for the three months ended March 31, 2011 and 2010, by major customer class:

Therm Sales (millions)

	Three Months Ended March 31,			
	2011	**2010**	**Change**	**% Change**
Residential	**19.9**	17.8	2.1	11.8%
Commercial/Industrial	**61.7**	54.6	7.1	13.0%
Total	**81.6**	72.4	9.2	12.7%

Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three months ended March 31, 2011 and 2010:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2011	**2010**	**$ Change**	**% Change[(1)]**
Gas Operating Revenue:				
Residential	**$28.0**	$25.8	$ 2.2	3.6%
Commercial / Industrial	**37.9**	35.3	2.6	4.3%
Total Gas Operating Revenue	**$65.9**	$61.1	$ 4.8	7.9%
Cost of Gas Sales:				
Purchased Gas	**$40.5**	$39.1	$ 1.4	2.3%
Conservation & Load Management	**0.6**	0.8	(0.2)	(0.3%)
Total Cost of Gas Sales	**$41.1**	$39.9	$ 1.2	2.0%
Gas Sales Margin	**$24.8**	$21.2	$ 3.6	5.9%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $4.8 million, or 7.9%, in the three months ended March 31, 2011 compared to the same period in 2010. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in the first quarter of 2011 reflects higher Purchased Gas costs of $1.4 million and higher gas sales margin of $3.6 million, partially offset by lower C&LM revenues of $0.2 million.

The Purchased Gas and C&LM component of Gas Operating Revenues increased $1.2 million, or 2.0%, of Total Gas Operating Revenue in the three months ended March 31, 2011 compared to the same period in 2010. The increase reflects higher sales of natural gas, discussed above, partially offset by lower natural gas commodity prices, an increase in the amount of natural gas purchased by customers directly from third-party suppliers and lower spending on energy efficiency and conservation programs. Purchased Gas revenues include the recovery of the approved cost of gas supply as well as other energy supply related costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $3.6 million in the three months ended March 31, 2011 compared to the same period in 2010. This increase was driven by the higher sales of natural gas, discussed above.

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Electric Sales, Revenues and Margin

Kilowatt-hour Sales – In the first quarter of 2011, Unitil's total electric kWh sales increased 4.9% compared to the first quarter of 2010. Sales to residential and C&I customers increased 6.5% and 3.7%, respectively, in the first quarter of 2011 compared to the same period in 2010, reflecting an improving economy and the effect of colder winter weather in the first quarter of 2011 compared to 2010. As discussed above, Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, kWh sales increased 3.6% in the three months ended March 31, 2011 compared to the same period in 2010.

The following table details total kWh sales for the three months ended March 31, 2011 and 2010 by major customer class:

kWh Sales (millions)

	Three Months Ended March 31,			
	2011	2010	Change	% Change
Residential	**189.2**	177.7	11.5	6.5%
Commercial/Industrial	**246.3**	237.5	8.8	3.7%
Total	**435.5**	415.2	20.3	4.9%

Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three months ended March 31, 2011 and 2010:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2011	2010	$ Change	% Change[(1)]
Electric Operating Revenue:				
Residential	**$27.0**	$28.1	$ (1.1)	(2.2%)
Commercial / Industrial	**21.2**	22.7	(1.5)	(3.0%)
Total Electric Operating Revenue	**$48.2**	$50.8	$ (2.6)	(5.2%)
Cost of Electric Sales:				
Purchased Electricity	**$31.2**	$35.8	$ (4.6)	(9.1%)
Conservation & Load Management	**0.9**	0.9	—	—
Total Cost of Electric Sales	**$32.1**	$36.7	$ (4.6)	(9.1%)
Electric Sales Margin	**$16.1**	$ 14.1	$ 2.0	3.9%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues decreased by $2.6 million, or 5.2%, in the three months ended March 31, 2011 compared to the same period in 2010. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The decrease in Total Electric Operating Revenues in the three months ended March 31, 2011 reflects lower Purchased Electricity costs of $4.6 million, partially offset by higher sales margin of $2.0 million.

The Purchased Electricity and C&LM component of Total Electric Operating Revenues decreased $4.6 million, or 9.1%, of Total Electric Operating Revenue in the three months ended March 31, 2011

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compared to the same period in 2010, reflecting an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by increased kWh sales. Purchased Electricity revenues include the recovery of the approved cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $2.0 million in the three months ended March 31, 2011 compared to the same period in 2010, reflecting higher kWh sales and an electric rate increase implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric operating utility.

Operating Revenue - Other

The following table details total Other Operating Revenue for the three months ended March 31, 2011 and 2010:

Other Operating Revenue (Millions)

	Three Months Ended March 31,			
	2011	2010	$ Change	% Change
Other	**$1.3**	$1.1	$ 0.2	18.2%
Total Other Operating Revenue	**$1.3**	$1.1	$ 0.2	18.2%

Total Other Operating Revenue increased $0.2 million, or 18.2%, in the three month period ended March 31, 2011 compared to the same period in 2010. This increase was the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

Operating Expenses

Purchased Gas **–** Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas increased $1.4 million, or 3.6%, in the three month period ended March 31, 2011 compared to the same period in 2010. The increase in Purchased Gas reflects higher sales of natural gas, partially offset by lower natural gas commodity prices and an increase in the amount of natural gas purchased by customers directly from third-party suppliers. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

Purchased Electricity **–** Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $4.6 million, or 12.9%, in the three month period ended March 31, 2011 compared to the same period in 2010, reflecting an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by increased sales. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

Operation and Maintenance (O&M) **–** O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. O&M expenses increased $0.8 million in the three months ended March 31, 2011 compared to the same period in 2010. The increase in O&M expenses primarily reflects higher utility operating costs of $1.1 million, higher professional fees of $0.5 million and higher employee and retiree benefit costs of $0.2 million, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement.

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Conservation & Load Management **–** Conservation and Load Management expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 60% of these costs are related to electric operations and 40% to gas operations.

Total Conservation & Load Management expenses decreased by $0.2 million in the three months ended March 31, 2011 compared to the same period in 2010. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization **–** Depreciation and Amortization expense increased $0.8 million, or 11.3%, in the three months ended March 31, 2011 compared to the same period in 2010. The increase reflects higher depreciation on normal utility plant additions and higher amortization expenses in the current period.

Local Property and Other Taxes **–** Local Property and Other Taxes increased by $0.2 million, or 6.5%, in the three months ended March 31, 2011 compared to the same period in 2010. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes **–** Federal and State Income Taxes increased by $1.5 million for the three months ended March 31, 2011 compared to the same period in 2010 reflecting higher pre-tax earnings in the current quarter.

Other Non-Operating Expense

Other Non-operating Expenses in the three month period ended March 31, 2011 were flat compared to the same period in 2010.

Interest Expense, Net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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Interest Expense, Net (millions)	Three Months Ended March 31, 2011	2010	Change
Interest Expense			
Long-term Debt	**$ 5.1**	$ 4.7	$ 0.4
Short-term Debt	**0.4**	0.4	—
Regulatory Liabilities	**0.1**	0.1	—
Subtotal Interest Expense	**5.6**	5.2	0.4
Interest (Income)			
Regulatory Assets	**(0.9)**	(0.8)	(0.1)
AFUDC and Other	**(0.1)**	(0.1)	—
Subtotal Interest (Income)	**(1.0)**	(0.9)	(0.1)
Total Interest Expense, Net	**$ 4.6**	$ 4.3	$ 0.3

Interest Expense, Net increased $0.3 million in the three months ended March 31, 2011 compared to the same period in 2010. In March 2010, Unitil Energy and Northern Utilities collectively issued $40 million of long-term debt which is contributing to the higher interest expense in the three month period.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally-generated funds through bank borrowings, as needed, under its unsecured short-term bank credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

The continued availability of these methods of financing, as well as the Company's choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of the Company's earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. There was $50.6 million, $19.3 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at March 31, 2011, March 31, 2010 and December 31, 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $29.4 million, $60.7 million and $13.2 million at March 31, 2011, March 31, 2010 and December 31, 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of March 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset

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manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $1.8 million, $6.2 million and $11.7 million outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2011, which is payable in April 2011, is $1.7 million and recorded in Accounts Payable at March 31, 2011. There were no amounts of natural gas inventory released in March 2010 and payable in April 2010 that were recorded in Accounts Payable at March 31, 2010. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of March 31, 2011 there are $37.9 million of guarantees outstanding and the longest of these guarantees extends through December 31, 2012. Of this amount, $5.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage agreement discussed above.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite. As of March 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.7 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite notes due 2018. As of March 31, 2011, the principal amount outstanding for the 7.15% Granite notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the three months ended March 31, 2011 compared to the same period in 2010.

	Three Months Ended March 31,	
	2011	2010
Cash Provided by Operating Activities	**$36.4**	$ 24.3

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $36.4 million for the first three months of 2011 compared to $24.3 million in the same period of 2010. In the first three months of 2011 as compared to the first three months of 2010, net sources of cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes increased by $12.7 million, changes in working capital items decreased $4.0 million, and changes in all other Operating Activities increased $3.4 million.

	Three Months Ended March 31,	
	2011	2010
Cash (Used in) Investing Activities	**$(10.8)**	$ (10.3)

Cash (Used in) Investing Activities – Cash (Used in) Investing Activities was ($10.8) million for the three months ended March 31, 2011 compared to ($10.3) million for the same period in 2010. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions. Capital expenditures are projected to total approximately ($59.8) million for 2011.

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	Three Months Ended March 31,	
	2011	2010
Cash (Used in) Financing Activities	**$(27.9)**	$(12.9)

Cash (Used in) Financing Activities – Cash Used in Financing Activities was ($27.9) million for the three months ended March 31, 2011 compared to ($12.9) million for the same period in 2010. Short-term borrowings were reduced by ($16.2) million in the first three months of 2011. Other uses of cash include ($3.8) million for quarterly dividend payments, gas inventory financing of ($7.8) million, repayment of long-term debt of ($0.1) million, and other of ($0.3) million. Proceeds from issuances of common stock provided a source of cash of $0.3 million.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

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Regulatory Assets consist of the following (millions)

	March 31, 2011	March 31, 2010	December 31, 2010
Energy Supply Contract Obligations	**$ 19.5**	$ 31.2	$ 21.7
Deferred Restructuring Costs	**24.0**	27.7	25.0
Subtotal – Restructuring Related Items	**43.5**	58.9	46.7
Retirement Benefit Obligations	**46.9**	43.8	47.1
Income Taxes	**12.9**	14.0	12.7
Environmental Obligations	**18.9**	21.9	20.3
Deferred Storm Charges	**21.1**	19.6	21.0
Other	**10.6**	8.2	10.9
Total Regulatory Assets	**$153.9**	$166.4	$ 158.7
Less: Current Portion of Regulatory Assets (1)	**14.3**	19.0	15.7
Regulatory Assets – noncurrent	**$139.6**	$ 147.4	$ 143.0

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

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Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs.

The Company's RBO may also be significantly affected by changes in key actuarial assumptions, including, anticipated rates of return on plan assets and the discount rates used in determining the Company's RBO. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the year ended December 31, 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000 in the Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $728,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for that time period would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $565,000. See Note 9 to the accompanying unaudited consolidated financial statements.

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included on the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realizability of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

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Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of March 31, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's unaudited consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements in Note 1 of the Notes of unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of March 31, 2011, the Company and its subsidiaries had 447 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of March 31, 2011, 150 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended March 31, 2011 and March 31, 2010 were 2.29% and 2.26%, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

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REGULATORY MATTERS

Please refer to Note 6 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Millions, except common shares and per share data)
(UNAUDITED)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Operating Revenues		
Gas	**$ 65.9**	$ 61.1
Electric	**48.2**	50.8
Other	**1.3**	1.1
Total Operating Revenues	**115.4**	113.0
Operating Expenses		
Purchased Gas	**40.5**	39.1
Purchased Electricity	**31.2**	35.8
Operation and Maintenance	**12.2**	11.4
Conservation & Load Management	**1.5**	1.7
Depreciation and Amortization	**7.9**	7.1
Provisions for Taxes:		
Local Property and Other	**3.3**	3.1
Federal and State Income	**5.4**	3.9
Total Operating Expenses	**102.0**	102.1
Operating Income	**13.4**	10.9
Other Non-Operating Expense (Income)	**0.1**	0.1
Income Before Interest Expense	**13.3**	10.8
Interest Expense, Net	**4.6**	4.3
Net Income	**8.7**	6.5
Less: Dividends on Preferred Stock	**—**	—
Earnings Applicable to Common Shareholders	**$ 8.7**	$ 6.5
Weighted Average Common Shares Outstanding – Basic (000's)	**10,860**	10,801
Weighted Average Common Shares Outstanding – Diluted (000's)	**10,861**	10,803
Earnings Per Common Share (Basic and Diluted)	**$ 0.81**	$ 0.61
Dividends Declared Per Share of Common Stock	**$ 0.69**	$ 0.69

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	March 31, 2011	March 31, 2010	December 31, 2010
ASSETS:			
Utility Plant:			
Electric	**$325.1**	$ 310.8	$ 321.5
Gas	**362.3**	327.9	360.1
Common	**30.7**	29.5	30.2
Construction Work in Progress	**13.9**	24.8	16.6
Total Utility Plant	**732.0**	693.0	728.4
Less: Accumulated Depreciation	**256.0**	237.9	251.9
Net Utility Plant	**476.0**	455.1	476.5
Current Assets:			
Cash	**6.6**	8.8	8.9
Accounts Receivable, net	**45.7**	40.3	36.9
Accrued Revenue	**33.9**	27.4	46.7
Refundable Taxes	**—**	—	7.5
Gas Inventory	**0.7**	6.6	10.6
Materials and Supplies	**3.4**	2.9	2.9
Prepayments and Other	**4.4**	3.8	3.6
Total Current Assets	**94.7**	89.8	117.1
Noncurrent Assets:			
Regulatory Assets	**139.6**	147.4	143.0
Other Noncurrent Assets	**26.4**	25.6	23.0
Total Noncurrent Assets	**166.0**	173.0	166.0
TOTAL	**$736.7**	$717.9	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	March 31, 2011	March 31, 2010	December 31, 2010
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$ 190.5**	$192.6	$ 189.0
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**288.2**	288.7	288.3
Total Capitalization	**480.7**	483.3	479.3
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.4	0.5
Accounts Payable	**22.5**	17.8	26.5
Taxes Payable	**0.1**	6.4	—
Short-Term Debt	**50.6**	19.3	66.8
Energy Supply Contract Obligations	**9.1**	18.1	17.0
Other Current Liabilities	**21.1**	25.7	16.1
Total Current Liabilities	**103.9**	87.7	126.9
Deferred Income Taxes	**48.7**	34.3	43.8
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**10.4**	19.4	12.6
Retirement Benefit Obligations	**70.3**	68.2	74.0
Environmental Obligations	**14.5**	14.3	14.5
Other Noncurrent Liabilities	**8.2**	10.7	8.5
Total Noncurrent Liabilities	**103.4**	112.6	109.6
TOTAL	**$736.7**	$717.9	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Three Months Ended March 31, 2011	2010
Operating Activities:		
Net Income	**$ 8.7**	$ 6.5
Adjustments to Reconcile Net Income to Cash		
Provided by Operating Activities:		
Depreciation and Amortization	**7.9**	7.1
Deferred Tax Provision (Benefit)	**4.5**	(5.2)
Changes in Working Capital Items:		
Accounts Receivable	**(8.8)**	(6.8)
Accrued Revenue	**12.8**	16.6
Taxes Refundable / Payable	**7.6**	8.1
Gas Inventory	**9.9**	7.7
Accounts Payable	**(4.0)**	(7.3)
Other Changes in Working Capital Items	**3.6**	6.8
Deferred Regulatory and Other Charges	**(2.5)**	(6.1)
Other, net	**(3.3)**	(3.1)
Cash Provided by Operating Activities	36.4	24.3
Investing Activities:		
Property, Plant and Equipment Additions	**(10.8)**	(10.3)
Cash (Used in) Investing Activities	(10.8)	(10.3)
Financing Activities:		
Repayment of Short-Term Debt	**(16.2)**	(45.2)
Proceeds from Issuance (Repayment) of Long-Term Debt	**(0.1)**	40.0
Net Decrease in Gas Inventory Financing	**(7.8)**	(3.8)
Dividends Paid	**(3.8)**	(3.8)
Proceeds from Issuance of Common Stock	**0.3**	0.2
Other, net	**(0.3)**	(0.3)
Cash (Used in) Financing Activities	(27.9)	(12.9)
Net Increase (Decrease) in Cash	**(2.3)**	1.1
Cash at Beginning of Period	**8.9**	7.7
Cash at End of Period	**$ 6.6**	$ 8.8
Supplemental Cash Flow Information:		
Interest Paid	**$ 3.1**	$ 2.0
Income Taxes Paid (Refunded)	**$ (6.9)**	$ 1.0

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third –party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2011 are not necessarily indicative of results to be expected for the year ending December 31, 2011. For further information, please refer to Note 1 of Part II to the Consolidated Financial Statements – "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission (SEC) on February 3, 2011, for a description of the Company's Basis of Presentation.

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Derivatives – The Company has a regulatory approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of March 31, 2011, March 31, 2010 and December 31, 2010 the Company had 1.3 billion, 1.2 billion and 1.3 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets[1], as of:

Description	Balance Sheet Location	Fair Value March 31, 2011	Fair Value March 31, 2010	Fair Value December 31, 2010
Natural Gas Futures Contracts	Other Current Liabilities	$ 0.4	$ 1.7	$ 0.8
Natural Gas Futures Contracts	Other Noncurrent Liabilities	—	0.2	0.2
Total		$ 0.4	$ 1.9	$ 1.0

(1) The current portion of Regulatory Assets are recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

(millions)	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	$ 0.1	$ 1.9
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings [2]:		
Purchased Gas	$ 0.7	$ 2.3

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

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Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of March 31, 2011, March 31, 2010 and December 31, 2010, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

(Millions)	March 31,		December 31,
	2011	2010	2010
Allowance for Doubtful Accounts	**$3.0**	$3.0	$ 2.6

Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its unaudited consolidated financial statements.

Reclassifications – Based on the Company's analysis certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Recently Issued Pronouncements – There are no recently issued pronouncements that the Company has not already adopted.

NOTE 2 – DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
03/24/11	05/16/11	05/02/11	$0.345
01/18/11	02/15/11	02/01/11	$0.345
09/22/10	11/15/10	11/01/10	$0.345
06/17/10	08/16/10	08/02/10	$0.345
03/25/10	05/14/10	04/30/10	$0.345
01/14/10	02/16/10	02/02/10	$0.345

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol, "UTL".

On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,925,136, 10,859,442 and 10,890,262 of common shares outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively.

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Dividend Reinvestment and Stock Purchase Plan – During the first quarter of 2011, the Company sold 10,544 shares of its common stock, at an average price of $22.78 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately $240,000. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – On February 9, 2011, 24,330 restricted shares were issued in conjunction with the 2003 Restricted Stock Plan (Restricted Stock Plan) with an aggregate market value at the date of issuance of $554,237. There were 49,089 and 42,000 non-vested shares under the Restricted Stock Plan as of March 31, 2011 and 2010, respectively. The weighted average grant date fair value of these shares was $22.17 and $22.13, respectively. The compensation expense associated with the issuance of shares under the Restricted Stock Plan is being recognized over the vesting period and was $0.1 million and $0.1 million for the three months ended March 31, 2011 and 2010, respectively. At March 31, 2011, there was approximately $1.3 million of total unrecognized compensation cost under the Restricted Stock Plan which is expected to be recognized over approximately 2.9 years. There were no forfeitures or cancellations under the Restricted Stock Plan during the three months ended March 31, 2011.

On March 24, 2011, the Board of Directors of the Company amended the Company's 2003 Restricted Stock Plan (the "Amendment") and restated the 2003 Restricted Stock Plan, as amended, in its entirety as the Company's Amended and Restated 2003 Stock Plan (the "Stock Plan"). The Amendment adds restricted stock units as a type of award that the Company may grant to the Company's employees, Directors or consultants pursuant to the Stock Plan. There were no restricted stock units issued under the Stock Plan during the three months ended March 31, 2011.

Preferred Stock

Details on preferred stock at March 31, 2011, March 31, 2010 and December 31, 2010 are shown below:

(Amounts in Millions)

	March 31,		December 31,
	2011	2010	2010
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

There were 2,250, 2,250 and 2,250 shares of Unitil Energy's 6.00% Series Preferred Stock outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively. There were 7,901, 8,102 and 7,901 shares of Fitchburg's 5.125% Series Preferred Stock outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively. There were 9,742, 9,791 and 9,742 shares of Fitchburg's 8.00% Series Preferred Stock outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively.

There was less than $0.1 million and less than $0.1 million of total dividends declared on Preferred Stock in the three months ended March 31, 2011 and March 31, 2010, respectively.

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NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at March 31, 2011, March 31, 2010 and December 31, 2010 are shown below ($ Millions):

	March 31, 2011	March 31, 2010	December 31, 2010
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0	50.0
Granite State Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.7**	4.1	3.8
Total Long-Term Debt	**288.7**	289.1	288.8
Less: Current Portion	**0.5**	0.4	0.5
Total Long-term Debt, Less Current Portion	**$288.2**	$ 288.7	$ 288.3

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt at March 31, 2011 is estimated to be approximately $315 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements.

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Credit Arrangements

At March 31, 2011, March 31, 2010 and December 31, 2010, the Company had $50.6 million, $19.3 million and $66.8 million, respectively, in short-term debt outstanding through bank borrowings under its revolving credit facility which extends through October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. The total amount of credit available under the Company's revolving credit facility at March 31, 2011, March 31, 2010 and December 31, 2010 was $29.4 million, $60.7 million and $13.2 million, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of March 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $1.8 million, $6.2 million and $11.7 million outstanding at March 31, 2011, March 31, 2010 and December 31, 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2011, which is payable in April 2011, is $1.7 million and recorded in Accounts Payable at March 31, 2011. There were no amounts of natural gas inventory released in March 2010 and payable in April 2010 that were recorded in Accounts Payable at March 31, 2010. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of March 31, 2011 there are $37.9 million of guarantees outstanding and the longest of these guarantees extends through December 31, 2012. Of this amount, $5.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage agreement discussed above.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite. As of March 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.7 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite notes due 2018. As of March 31, 2011, the principal amount outstanding for the 7.15% Granite notes was $10.0 million. This guarantee will terminate if Granite reorganizes and merges with and into Northern Utilities.

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NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three months ended March 31, 2011 and March 31, 2010:

Three Months Ended March 31, 2011 (Millions)	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 48.2**	**$ 65.9**	**$—**	**$ 1.3**	**$ 115.4**
Segment Profit (Loss)	**1.7**	**6.8**	**(0.2)**	**0.4**	**8.7**
Identifiable Segment Assets	**369.0**	**355.4**	**6.4**	**5.9**	**736.7**
Capital Expenditures	**5.3**	**5.2**	**0.3**	**—**	**10.8**
Three Months Ended March 31, 2010 (Millions)					
Revenues	$ 50.8	$ 61.1	$—	$ 1.1	$ 113.0
Segment Profit	1.3	4.6	0.2	0.4	6.5
Identifiable Segment Assets	371.3	334.6	7.8	4.2	717.9
Capital Expenditures	6.9	2.8	0.6	—	10.3

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in the fall of 2011. The Company continues to believe the suit is without merit and will defend itself vigorously.

Regulatory Matters

Fitchburg – Base Rate Case Filings – On January 14, 2011, Fitchburg filed a petition with the MDPU requesting approval of a comprehensive revenue decoupling proposal and for an increase in its electric and gas distribution rates. The Company's revenue decoupling proposal is modeled closely on proposals already approved by the Department for other gas and electric utilities operating in the Commonwealth of

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Massachusetts and is intended to facilitate the achievement of important public policy objectives of fostering energy efficiency, conservation and protecting the environment. The proposed rates are scheduled to change in conjunction with the implementation of revenue decoupling and are subject to the review and approval of the MDPU.

In its rate filing the Company made a request for an increase of $7.1 million in its electric distribution rates, including the recovery of deferred emergency storm restoration costs. The Company also proposed a rate-impact mitigation alternative in order to offset, in whole, the electric distribution rate increase with a corresponding decrease in its Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets, discussed above. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company's filing included a request for an increase of $4.4 million in its gas distribution rates. The MDPU issued an order suspending and deferring the use of the rates until August 2, 2011, pending an investigation and analysis of the Company's filing.

Granite State Gas Transmission, Inc. – Base Rate Case Filing – On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the Federal Energy Regulatory Commission ("FERC"), which is Granite State's first request for a rate change since its last general rate case in 1997. On July 30, 2010, the FERC ordered the rate increase to be effective on January 1, 2011, subject to refund and hearing and settlement procedures. On November 30, 2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues in the docket. The settlement provides for an increase of approximately $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

Unitil Energy Rate Case Filing – On April 15, 2010, Unitil Energy filed a proposed base rate increase of $10.1 million, an increase of 6.5 percent above present rates. In addition, Unitil Energy's filing also included a proposed long-term rate plan establishing future rate step adjustments for utility plant investments and enhanced reliability and vegetation management program expenditures. On June 29, 2010, the NHPUC issued an order approving a temporary rate increase for Unitil Energy of $5.2 million (annual) effective July 1, 2010 which is being collected by a uniform per kilowatt-hour (kWh) surcharge of $0.00438 on each of Unitil Energy's current rate schedules. Once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were ordered, July 1, 2010. The Company has filed a settlement agreement with the NHPUC and is expecting an order on a permanent rate plan on or before May 1, 2011.

Major Wind Storm – On February 25, 2010, a significant wind storm struck portions of the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including approximately 85% of the Unitil Energy's customers. The Company spent approximately $7.4 million for the repair and replacement of electric distribution systems damaged during the storm, including $1.5 million related to capital construction and $5.9 million which has been deferred as a regulatory asset. Unitil Energy, in its base rate case filing discussed above, has requested recovery in rates for the costs associated with the emergency repair of its electric distribution system for damage caused by this storm.

Major Ice Storm – On December 11 and 12, 2008, a severe ice storm (December 2008 Ice Storm) struck the New England region. The Company spent approximately $24.2 million for the repair and replacement of electric distribution systems damaged during the storm, including $8.6 million related to capital construction and $15.6 million which has been deferred as a regulatory asset, based on orders issued by the MDPU and NHPUC, discussed below. Also, the Company expensed $3.0 million for professional fees related to the ice storm, in addition to normal anticipated expenditures related to emergency storm preparedness. If the Company is unable to recover a significant amount of these deferred storm costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

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On November 9, 2009, the NHPUC granted Unitil Energy's petition to defer and record as a regulatory asset costs associated with electric distribution system damage from the December 2008 Ice Storm until such time as the Commission issues a final order in Unitil Energy's pending base rate case. The order clarified that the issues of the appropriate amount of the storm related expenses to be recovered, the timing and manner of recovery, and what, if any, return should be applied to the unrecovered balance are to be reviewed in the rate case. As of March 31, 2011, Unitil Energy has deferred approximately $2.2 million associated with the repair of its electric distribution system for future recovery in rates.

On December 30, 2009, the MDPU approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates. The order of approval made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and confirmed that the MDPU will consider the subsequent ratemaking treatment of the expense as part of Fitchburg's next rate case. As of March 31, 2011, Fitchburg has deferred approximately $13.4 million associated with the repair of its electric distribution system for future recovery in rates.

The MDPU conducted an investigation of Fitchburg's preparation for, and response to, the December 2008 Ice Storm during the first half of 2009. On November 2, 2009, the MDPU issued its order with respect to its investigation, finding that Fitchburg's preparation for, and response to, the December 2008 Ice Storm constituted a failure of the Company to meet its public service obligation to provide safe and reliable service, and ordered several remedial actions. First, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was recently completed and the audit report was submitted by Jacobs to the MDPU. The Audit Report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company.

Second, the MDPU directed Fitchburg to implement a series of operational and capital improvements which had been identified and recommended through the Company's self-assessment review. All of these operational and capital improvements have either been completed or are being implemented, and remain subject to MDPU review. Finally, the MDPU noted that the costs incurred by Fitchburg for the December 2008 Ice Storm would be subject to review in Fitchburg's next electric rate case, along with Fitchburg's rate of return.

Fitchburg – Electric Operations – On November 24, 2010, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery continues through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, and Net Metering Recovery Surcharge were proposed in other proceedings. The rates were approved effective January 1, 2011, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2009 Annual Reconciliation Filing also remains pending.

Fitchburg – Gas Operations – On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement order to the Massachusetts Supreme Judicial Court (SJC). Fitchburg believes that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. The Company filed its initial brief in this matter on January 10, 2011. This appeal remains pending before the Massachusetts SJC.

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Fitchburg – Other – On February 11, 2009, the Massachusetts SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The Massachusetts SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The Massachusetts SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Three year energy efficiency investment plans, plans to establish smart grid pilot programs, and net metering tariffs have been approved by the MDPU. Proposals to purchase long-term contracts for renewable energy and terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. For 2009 performance, no net penalty was asssessed. As required by the Order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions.

Unitil Energy – Other – In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources (DER). An order approving a settlement agreement for a time-of-use pilot program was issued on February 26, 2010. On June 11, 2010, the NHPUC issued an order on the remaining two proposed projects and cost recovery. The NHPUC denied one of the two projects, citing that the costs outweighed the benefits but found the other project to be in the public interest. On November 1, 2010 Unitil Energy filed adjustments to base distribution rates to collect actual costs associated with authorized DER projects. The first step adjustment was approved and became effective on April 1, 2011.

Northern Utilities – On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's unaudited consolidated balance sheet at March 31, 2011 was $0.7 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. In an order issued on July 30, 2010, the MPUC approved a Settlement Agreement resolving this matter, filed on behalf of Northern Utilities, the Maine Office of the Public Advocate, and several state legislator intervenors, which was filed with the MPUC on July 6, 2010. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron,

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wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season. Under the Agreement, the parties agreed to support a cost recovery mechanism that will provide for the timely recovery of prudently-incurred costs of the Program. The features of this cost recovery mechanism will be finalized during Northern Utilities' next base rate case proceeding, which is anticipated to be filed in early 2011.

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of March 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at March 31, 2011 are accrued liabilities totaling $12.0 million related to estimated future clean up costs for permanent remediation of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Also included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at March 31, 2011 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.1 million of accrued liabilities in Other Current Liabilities on the Company's unaudited Consolidated Balance Sheet at March 31, 2011 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

NOTE 8: INCOME TAXES

The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

The Company evaluated its tax positions at December 31, 2010 and for the current interim reporting period ended March 31, 2011 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months.

In its Federal Income Tax Return filings for the year ended December 31, 2008, the Company recognized net operating loss (NOL) carrybacks for the years ended December 31, 2006 and December 31, 2007 which resulted in a refund to the Company of $4.0 million, which was received in November 2009. As a result, on December 30, 2009, the Company received notice that its Federal Income Tax filings for the years ended December 31, 2006, December 31, 2007 and December 31, 2008 were under examination by the Internal Revenue Service (IRS). The IRS completed its examination and the Company and the IRS entered into a settlement for certain timing items deducted in previous years to be deducted in the Company's Federal Income Tax return filing for the year ended December 31, 2009. On March 3, 2011 the Company received notice of approval from the Joint Committee of Congress (Joint Committee) regarding the settlement between the Company and the IRS for tax years ending December 31, 2006, December 31, 2007, and December 31, 2008.

The Company remains subject to examination by Federal, Maine, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2008; and December 31, 2007. Income tax filings for the year ended December 31, 2010 have been extended until September 15, 2011.

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Concurrent with filing its 2009 Federal income tax return in September of 2010, the Company changed its method of tax accounting for certain construction-related costs previously capitalized as depreciable assets, to account for those expenditures as repairs expense deductions under Sections 162 and 263(a) of the Internal Revenue Code (IRC). In applying the new tax accounting method, certain costs which were previously capitalized and recognized as depreciation deductions over various useful lives for tax accounting purposes are now to be deducted in the year incurred.

The Company applied the tax accounting method change retroactively for additional deductions of $23.9 million in its Federal Income Tax return filing for the year ended December 31, 2009 which resulted in a 2009 NOL of $26.5 million. As a result, the Company recognized NOL carrybacks against its Federal Income Tax returns for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in current tax refunds of $7.5 million, of which $7.1 million was received in February 2011, and remaining unused NOL and Alternative Minimum Tax (AMT) credit carryforwards of $3.0 million and $1.4 million respectively.

According to IRC rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee and are subject to review by the IRS and attorneys of the Joint Committee. As a result, on April 1, 2011, the Company received notice that its Federal Income Tax return filing for the year ended December 31, 2009 is under examination by the IRS.

In total at December 31, 2010, the Company had generated NOL carryforwards for income tax purposes of $8.5 million. In the three months ended March 31, 2011, the Company applied $6.9 million of NOL carryforwards against current taxes payable. If unused, the Company's NOL carryforwards will expire in 2029 and 2030. In addition, at March 31, 2011, the Company had $1.4 million of AMT credit carryforwards to offset future AMT indefinitely.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2010 as filed with the SEC on February 3, 2011 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2011	2010
Used to Determine Plan Costs		
Discount Rate	**5.35%**	5.75%
Rate of Compensation Increase	**3.50%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

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The following table provides the components of the Company's Retirement plan costs ($000's):

Three Months Ended March 31,	Pension Plan 2011	Pension Plan 2010	PBOP Plan 2011	PBOP Plan 2010	SERP 2011	SERP 2010
Service Cost	**$ 735**	$ 652	**$ 479**	$ 367	**$ 71**	$ 71
Interest Cost	**1,171**	1,114	**570**	504	**57**	57
Expected Return on Plan Assets	**(1,210)**	(1,045)	**(204)**	(150)	**—**	—
Prior Service Cost Amortization	**62**	63	**432**	395	**3**	1
Transition Obligation Amortization	**—**	—	**5**	5	**—**	—
Actuarial Loss Amortization	**783**	601	**—**	—	**19**	33
Sub-total	**1,541**	1,385	**1,282**	1,121	**150**	162
Amounts Capitalized and Deferred	**(503)**	(622)	**(234)**	(350)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,038**	$ 763	**$ 1,048**	$ 771	**$ 150**	$162

Employer Contributions

The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2011 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

As of March 31, 2011, the Company had made $13,000 of contributions to the SERP Plan in 2011. The Company presently anticipates contributing an additional $40,000 to the SERP Plan in 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Market Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2011. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of March 31, 2011 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the unaudited Consolidated Financial Statements. In the opinion of 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.

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Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2010 as filed with the SEC on February 3, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended March 31, 2011.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 25, 2010, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan automatically terminated when $80,700 in value of shares were purchased so that, as of March 31, 2011, the value of shares that may yet be purchased under that trading plan was $0.

The Company adopted a new written trading plan under Rule 10b5-1 under the Exchange Act on March 24, 2011, covering the period March 24, 2011 through March 24, 2012. The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $224,500 in value of shares have been purchased or, if sooner, on March 24, 2012.

The Company's repurchases are shown in the table below for the monthly periods noted:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
1/1/11 – 1/31/11	—	—	—
2/1/11 – 2/28/11	—	—	—
3/1/11 – 3/31/11	295	$ 22.70	295
Total	295	$ 22.70	295

Item 5. Other Information

On April 26, 2011, the Company issued a press release announcing its results of operations for the three-month period ended March 31, 2011. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
10.1	Unitil Corporation Amended and Restated 2003 Stock Plan	Exhibit 10.1 to Form 8-K dated March 24, 2011
10.2	Restricted Stock Unit Agreement (form of)	Exhibit 10.2 to Form 8-K dated March 24, 2011
10.3	Restricted Stock Agreement (form of)	Exhibit 10.3 to Form 8-K dated March 24, 2011
11	Computation in Support of Earnings Per Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated April 26, 2011 Announcing Earnings For the Quarter Ended March 31, 2011.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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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: April 26, 2011	/s/ Mark H. Collin Mark H. Collin Chief Financial Officer
Date: April 26, 2011	/s/ Laurence M. Brock Laurence M. Brock Chief Accounting Officer

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING
(Millions, except for per share data)
(UNAUDITED)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Net Income	**$ 8.7**	$ 6.5
Less: Dividend Requirements on Preferred Stock	**—**	—
Net Income Applicable to Common Stock	**$ 8.7**	$ 6.5
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**10,860**	10,801
Dilutive Effect of Stock Options and Restricted Stock (000's)	**1**	2
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**10,861**	10,803
Earnings Per Share – Basic	**$ 0.81**	$ 0.61
Earnings Per Share – Diluted	**$ 0.81**	$ 0.61

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2011

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2011

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2011

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

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 March 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	April 26, 2011
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	April 26, 2011
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	April 26, 2011

Exhibit 99.1
PAGE 1 OF 4

For Release

UNITIL REPORTS FIRST QUARTER EARNINGS

HAMPTON, N.H., April 26, 2011 – Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Earnings Applicable to Common Shareholders of $8.7 million for the first quarter of 2011, an increase of $2.2 million over the first quarter of 2010. Earnings per common share (EPS) were $0.81 for the first quarter of 2011, an improvement of $0.20 per share over the first quarter of 2010.

"We achieved strong first quarter financial results due to increased unit sales which resulted from an improving economy and colder than normal winter weather," said Bob Schoenberger, Unitil's Chairman and Chief Executive Officer. "We expect continued improving financial performance as we complete the resetting of rates for all of our distribution utilities by the end of the year."

Natural gas sales margin increased $3.6 million in the three months ended March 31, 2011 compared to the same period in 2010 reflecting higher sales volumes. Total therm sales of natural gas increased 12.7% in the three months ended March 31, 2011 compared to the same period in 2010, reflecting the effect of colder winter weather in the first quarter of 2011 compared to 2010 as well as higher usage by our large Commercial & Industrial (C&I) customers. Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 9.5% in the three months ended March 31, 2011 compared to the same period in 2010.

Electric sales margin increased $2.0 million in the three months ended March 31, 2011 compared to the same period in 2010, reflecting higher electric kilowatt-hour (kWh) sales and an electric rate increase implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric operating utility. Total (kWh) sales increased 4.9% in the three months ended March 31, 2011 compared to the first quarter of 2010, reflecting an improving economy and the effect of colder winter weather in the first quarter of 2011 compared to 2010. As discussed above, Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, kWh sales increased 3.6% in the three months ended March 31, 2011 compared to the same period in 2010.

(Continued on Next Page)

Selected financial data for 2011 and 2010 is presented in the following table:

Unitil Corporation – Condensed Financial Data

(Millions, except Per Share Data) (Unaudited)

	Three Months Ended March 31,		
	2011	2010	Change
Gas Therm Sales:			
Residential	19.9	17.8	11.8%
Commercial/Industrial	61.7	54.6	13.0%
Total Gas Therm Sales	**81.6**	**72.4**	**12.7%**
Electric kWh Sales:			
Residential	189.2	177.7	6.5%
Commercial/Industrial	246.3	237.5	3.7%
Total Electric kWh Sales	**435.5**	**415.2**	**4.9%**
Gas Revenues	$ 65.9	$ 61.1	$ 4.8
Purchased Gas	41.1	39.9	1.2
Gas Sales Margin	**24.8**	**21.2**	**3.6**
Electric Revenues	48.2	50.8	(2.6)
Purchased Electricity	32.1	36.7	(4.6)
Electric Sales Margin	**16.1**	**14.1**	**2.0**
Usource™ Sales Margin	**1.3**	**1.1**	**0.2**
Total Sales Margin	**42.2**	**36.4**	**5.8**
Operation & Maintenance Expenses	12.2	11.4	0.8
Depreciation, Amortization, Taxes & Other	16.7	14.2	2.5
Interest Expense, Net	4.6	4.3	0.3
Earnings Applicable to Common Shareholders	**$ 8.7**	**$ 6.5**	**$ 2.2**
Earnings Per Share	**$ 0.81**	**$ 0.61**	**$ 0.20**

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.3 million in the three months ended March 31, 2011, an increase of $0.2 million compared to 2010.

Operation & Maintenance (O&M) expenses increased $0.8 million in the three months ended March 31, 2011 compared to the same period in 2010. The increase in O&M expenses primarily reflects higher utility operating costs, higher professional fees and higher employee and retiree benefit costs, partially offset by the receipt of proceeds from an insurance settlement.

(Continued on Next Page)

Depreciation and Amortization expense increased $0.8 million in the three months ended March 31, 2011 compared to the same period in 2010, reflecting higher depreciation on normal utility plant additions and higher amortization in the current period.

Federal and State Income Taxes increased by $1.5 million in the three months ended March 31, 2011 compared to the same period in 2010 due to higher pre-tax earnings in 2011 compared to 2010.

All other expenses increased $0.2 million in the three months ended March 31, 2011 compared to the same period in 2010, primarily reflecting higher property taxes.

Interest Expense, net increased $0.3 million in the three months ended March 31, 2011 compared to the same period in 2010. The increase is primarily due to the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities, Inc. in March 2010.

At its January 2011 and March 2011 meetings, the Unitil Corporation Board of Directors declared the regular quarterly dividends on the Company's common stock of $0.345 per share. These quarterly dividends results in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

The Company will hold a quarterly conference call to discuss first quarter 2011 results on Tuesday, April 26, 2011, at 2:00 p.m. Eastern Time. This call is being webcast by Thomson Financial and can be accessed in the Investor Relations section of Unitil Corporation's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides for the necessities of life, safely and reliably delivering natural gas and electricity throughout northern New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with affiliates that include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Northern Utilities, Inc., and Granite State Gas Transmission, Inc. Together, Unitil's operating utilities serve approximately 100,900 electric customers and 70,800 natural gas customers. Other subsidiaries include Unitil Service Corp. and Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

(Continued on Next Page)

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

For more information please contact:

David Chong – Investor Relations
Phone: 603-773-6499
Email: chong@unitil.com

Alec O'Meara – Media Relations
Phone: 603-773-6404
Email: omeara@unitil.com

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UNITED STATES
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, 2011

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 26, 2011
Common Stock, No par value	**10,935,783 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended June 30, 2011

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PART I. FINANCIAL INFORMATION

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

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, Inc. (Northern Utilities), a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State Gas Company and (ii) all of the outstanding capital stock of Granite State Gas Transmission, Inc. (Granite State), an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (the Acquisitions).

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,900 electric customers and 70,800 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $484.2 million at June 30, 2011. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, "Usource"), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily in the northeastern United States. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp., which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

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RATES AND REGULATION

Rate Case Activity:

Unitil Energy - On April 26, 2011 the New Hampshire Public Utilities Commission (NHPUC) issued an order approving new base rates (Order). The Order makes permanent a temporary increase of $5.2 million in annual revenue which went into effect on July 1, 2010. The Order also provides for an additional increase in annual revenue of $5.0 million which went into effect on May 1, 2011. The Order extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases in annual revenue of $1.5 million, $1.9 million and $1.4 million to occur on May 1, 2012, May 1, 2013 and May 1, 2014, respectively, to support Unitil Energy's continued capital improvements to its distribution system. Additionally, the Order provides for an augmented vegetation management program and reliability enhancement program by Unitil Energy which would be funded in the future rate increases discussed above. Finally, the Order provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs over eight years in the form of a tariff surcharge and establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Granite State - On November 30, 2010 the Company's interstate natural gas transmission pipeline, Granite State, filed a rate settlement agreement, which provides for an increase of approximately $1.7 million in annual revenue effective January 1, 2011. This settlement agreement was approved by the FERC on January 31, 2011. On July 26, 2011, an amendment to this rate settlement agreement was filed with the FERC on behalf of Granite State and the parties to this proceeding. If approved by the FERC, the amended settlement agreement would result in an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State would also be permitted to file limited rate adjustment filings to recover the revenue requirements for future capital cost additions to transmission plant for major planned projects as stipulated in the amended settlement.

Fitchburg - On January 14, 2011, the Company's Massachusetts operating utility, Fitchburg, filed a comprehensive revenue decoupling proposal and a request for an increase of $7.1 million in annual distribution revenue for its electric division, including the recovery of deferred emergency storm restoration costs. The Company's electric division filing also includes a rate-impact mitigation alternative for the electric division that would offset the distribution revenue increase through a corresponding decrease in Fitchburg's Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company also filed a decoupling proposal and a request for an increase of $4.4 million in annual distribution revenue for its gas division. The Company's revenue decoupling proposals are modeled closely on decoupling proposals already approved by the Massachusetts Department of Public Utilities (MDPU) for other utilities operating in the Commonwealth of Massachusetts and is intended to align the Company's interests with important public policy objectives concerning energy efficiency, energy reliability, national energy security and protecting the environment. The MDPU issued an order suspending and deferring the use of the rates for both the electric division and the gas division until August 2, 2011. Hearings on the rate requests were held during April 2011, and briefs have been filed. A final decision from the MDPU is expected on August 2, 2011.

Northern Utilities - Northern Utilities, the Company's gas distribution utility operating in New Hampshire and Maine, filed two separate rate cases, on May 4, 2011 and May 6, 2011, requesting approval to change its natural gas distribution base rates with the NHPUC and the Maine Public Utilities Commission (MPUC), respectively.

The filings represent the first rate case in approximately 10 years for Northern Utilities' New Hampshire gas distribution operations and 28 years for its Maine gas distribution operations. In New Hampshire, the Company has requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1 percent over annual operating revenue. In Maine, the Company has requested an increase of $10.1 million in annual gas distribution base revenue or an increase of approximately 16.7 percent over current operating revenue. Both filings include a proposed capital cost recovery

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tracking mechanism to recover the future costs associated with Northern Utilities' cast iron and bare steel pipe replacement programs. The rate case filings are subject to regulatory review and approval with final rate orders expected in the first half of 2012. Northern Utilities has also requested temporary rates in both states. In New Hampshire, a settlement of temporary rates was reached among the Company, the NHPUC Staff and the Office of Consumer Advocate. It provides for a temporary increase of approximately $1.7 million in annual revenue to become effective as of August 1, 2011. On July 22, 2011, the NHPUC approved the temporary revenue increase as filed. In New Hampshire, once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were established, August 1, 2011. The request for temporary rates in Maine remains pending before the MPUC.

Regulation:

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 in regards to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, in regards to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the NHPUC; Fitchburg is subject to regulation by the MDPU; and Northern Utilities is regulated by the NHPUC and the MPUC. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third party suppliers. A majority of Unitil's largest commercial and industrial (C&I) customers purchase their electric and natural gas supplies from third party suppliers. However, most residential and small customers continue to purchase their electric and natural gas supplies through Unitil's distribution utilities. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features. For additional discussion, please refer to Unitil's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could impact the rates the Company is able to charge, the Company's authorized rate of return and the Company's ability to recover costs in its rates;

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- fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates;
- customers' preferences on energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparty's obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;
- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

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RESULTS OF OPERATIONS

The following section of Management's Discussion & Analysis compares the results of operations for each of the two fiscal periods ended June 30, 2011 and June 30, 2010 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Earnings Overview

The Company's Earnings (Loss) Applicable to Common Shareholders was a net loss of ($0.8) million for the second quarter of 2011, an improvement of $1.3 million compared to the second quarter of 2010. For the six months ended June 30, 2011, the Company reported net income of $7.9 million compared to $4.4 million for the same period of 2010. Results for the second quarter and year-to-date period were driven primarily by higher natural gas and electric sales margins reflecting increased sales and higher rates, partially offset by increases in operating and interest expenses. Earnings (loss) per common share were ($0.08) and $0.73 for the three and six month periods ended June 30, 2011, respectively, compared with ($0.19) and $0.41 for the same periods of 2010.

Natural gas sales margin increased $0.4 million and $4.0 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher sales volumes. Total natural gas therm sales were 18.8% and 14.6% higher in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increased sales reflect increased usage by Commercial and Industrial (C&I) customers, growth in new customers and the effect of colder weather. Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 8.5 % and 9.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

Electric sales margin increased $2.7 million and $4.7 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher rates, implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric distribution utility, and higher electric sales. Total kWh sales were essentially unchanged in the three months ended June 30, 2011 compared to the same period in 2010 reflecting increased sales to Residential customers offset by lower sales to C&I customers. For the six months ended June 30, 2011, total kWh sales increased 2.5% compared to the same period in 2010 reflecting increased sales to all customer groups. The increased sales to Residential customers in the six month period reflect customer growth and the effect of colder weather compared to the same period in 2010. As discussed above, Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. Sales to C&I customers decreased by 1.0% in the second quarter but were higher in the six month period by 1.3%. On a weather-normalized basis, total kWh sales decreased 1.4 % and increased 1.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

Operation and Maintenance (O&M) expenses increased $0.1 million and $0.9 million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The changes in O&M expenses for the six month period reflect higher compensation and benefit costs, higher utility operating costs and higher professional fees, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement received in 2011. Higher utility operating costs in the current period include approximately $0.3 million of increased spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.5 million and $1.3 million in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010, reflecting higher depreciation on normal utility plant additions and higher amortization expense in the current year.

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Local property and other taxes increased $0.5 million and $0.7 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010, reflecting higher property and payroll taxes.

Federal and State Income Taxes increased by $0.7 million and $2.2 million for the three and six month periods, respectively, due to higher pre-tax earnings in 2011 compared to 2010.

Interest Expense, Net increased $0.3 million and $0.6 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and six month periods ended June 30, 2011 are due to lower interest income recorded on regulatory assets and the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.4 million and $2.7 million in the three and six month periods ended June 30, 2011, respectively, increases of $0.3 million and $0.5 million, respectively compared to the same periods of 2010. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

In 2010, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2011, March, 2011 and June 2011 meetings, the Unitil Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three and six months ended June 30, 2011 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Total natural gas therm sales increased 18.8% and 14.6% in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increase in gas therm sales in the Company's utility service territories reflects increased usage by both Residential and C&I customers resulting from the addition of new customers. The increased sales also reflect the effect of colder weather compared to the same periods in 2010. Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 8.5 % and 9.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

The following table details total firm therm sales for the three and six months ended June 30, 2011 and 2010, by major customer class:

Therm Sales (millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	Change	% Change	2011	2010	Change	% Change
Residential	**8.0**	6.6	1.4	21.2%	**27.9**	24.4	3.5	14.3%
Commercial/Industrial	**31.9**	27.0	4.9	18.1%	**93.6**	81.6	12.0	14.7%
Total	**39.9**	33.6	6.3	18.8%	**121.5**	106.0	15.5	14.6%

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Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three and six months ended June 30, 2011 and 2010:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	$ Change	% Change(1)	2011	2010	$ Change	% Change(1)
Gas Operating Revenue:								
Residential	**$10.8**	$ 10.0	$ 0.8	3.3%	**$38.8**	$ 35.8	$ 3.0	3.5%
Commercial / Industrial	**14.4**	13.7	0.7	3.0%	**52.3**	49.0	3.3	3.9%
Total Gas Operating Revenue	**$25.2**	$ 23.7	$ 1.5	6.3%	**$91.1**	$ 84.8	$ 6.3	7.4%
Cost of Gas Sales:								
Purchased Gas	**$15.0**	$ 13.5	$ 1.5	6.3%	**$ 55.5**	$ 52.6	$ 2.9	3.4%
Conservation & Load Management	**0.4**	0.8	(0.4)	(1.7%)	**1.0**	1.6	(0.6)	(0.7%)
Total Cost of Gas Sales	**$15.4**	$ 14.3	$ 1.1	4.6%	**$ 56.5**	$ 54.2	$ 2.3	2.7%
Gas Sales Margin	**$ 9.8**	$ 9.4	$ 0.4	1.7%	**$34.6**	$ 30.6	$ 4.0	4.7%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $1.5 million, or 6.3%, and $6.3 million, or 7.4%, in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. Total Gas Operating Revenues include the recovery of the approved cost of gas sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in the second quarter of 2011 reflects higher Purchased Gas revenues of $1.5 million and higher natural gas sales margins of $0.4 million, partially offset by lower C&LM revenues of $0.4 million. The increase in Total Gas Operating Revenues in the first six months of 2011 reflects higher Purchased Gas revenues of $2.9 million and higher natural gas sales margins of $4.0 million, partially offset by lower C&LM revenues of $0.6 million.

The Purchased Gas and C&LM components of Gas Operating Revenues increased a combined $1.1 million, or 4.6%, of Total Gas Operating Revenue and $2.3 million, or 2.7%, of Total Gas Operating Revenue in the three and six month periods ended June 30, 2011 compared to the same periods in 2010. These increases are due to higher sales of natural gas partially offset by lower natural gas commodity costs, an increase in the amount of natural gas purchased by customers directly from third-party suppliers and lower spending on energy efficiency and conservation programs. The Company recovers the cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $0.4 million and $4.0 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher sales volumes.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales – Total kWh sales were essentially unchanged in the three months ended June 30, 2011 compared to the same period in 2010 reflecting increased sales to Residential customers offset by lower sales to C&I customers. For the six months ended June 30, 2011, total kWh sales increased 2.5% compared to the same period in 2010 reflecting increased sales to all customer groups. The increased sales to Residential customers in the six month period reflect customer growth and the effect of colder weather compared to the same period in 2010. As discussed above, Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. Sales to C&I customers decreased by 1.0% in the second quarter but were higher in the six month period by 1.3%. On a weather-normalized basis, total kWh sales decreased 1.4 % and increased 1.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

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The following table details total kWh sales for the three and six months ended June 30, 2011 and 2010 by major customer class:

kWh Sales (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	Change	% Change	2011	2010	Change	% Change
Residential	**150.7**	148.3	2.4	1.6%	**339.9**	326.0	13.9	4.3%
Commercial / Industrial	**243.4**	245.8	(2.4)	(1.0%)	**489.7**	483.3	6.4	1.3%
Total	**394.1**	394.1	—	—	**829.6**	809.3	20.3	2.5%

Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three and six month periods ended June 30, 2011 and 2010:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	$ Change	% Change(1)	2011	2010	$ Change	% Change(1)
Electric Operating Revenue:								
Residential	**$22.0**	$ 23.8	$ (1.8)	(3.9%)	**$ 48.9**	$51.9	$ (3.0)	(3.1%)
Commercial / Industrial	**20.9**	22.8	(1.9)	(4.0%)	**42.2**	45.5	(3.3)	(3.4%)
Total Electric Operating Revenue	**$42.9**	$46.6	$ (3.7)	(7.9%)	**$91.1**	$ 97.4	$ (6.3)	(6.5%)
Cost of Electric Sales:								
Purchased Electricity	**$25.8**	$ 31.7	$ (5.9)	(12.6%)	**$57.0**	$67.5	$(10.5)	(10.8%)
Conservation & Load Management	**1.2**	1.7	(0.5)	(1.1%)	**2.1**	2.6	(0.5)	(0.5%)
Total Cost of Electric Sales	**$27.0**	$ 33.4	$ (6.4)	(13.7%)	**$59.1**	$ 70.1	$(11.0)	(11.3%)
Electric Sales Margin	**$15.9**	$ 13.2	$ 2.7	5.8%	**$32.0**	$ 27.3	$ 4.7	4.8%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenue, decreased by $3.7 million, or 7.9%, and $6.3 million, or 6.5%, in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. Total Electric Operating Revenues include the recovery of the approved cost of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The decrease in Total Electric Operating Revenues in the second quarter of 2011 reflects lower Purchased Electricity revenues of $5.9 million and lower C&LM revenues of $0.5 million, partially offset by higher electric sales margin of $2.7 million. The decrease in Total Electric Operating Revenues in the second quarter of 2011 reflects lower Purchased Electricity revenues of $10.5 million and lower C&LM revenues of $0.5 million, partially offset by higher electric sales margin of $4.7 million.

The Purchased Electricity and C&LM components of Total Electric Operating Revenues decreased a combined $6.4 million, or 13.7%, and $11.0 million, or 11.3%, of Total Electric Operating Revenues in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The decrease in the three month period primarily reflects lower electric commodity prices, an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower spending on energy efficiency and conservation programs. The decrease in the six month period primarily reflects

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lower electric commodity costs, an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower spending on energy efficiency and conservation programs, partially offset by increased sales. The Company recovers the cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $2.7 million and $4.7 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher rates, implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric distribution utility, and higher electric sales.

Operating Revenue - Other

The following table details total Other Revenue for the three and six months ended June 30, 2011 and 2010:

Other Revenue (000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011	2010	$ Change	% Change	2011	2010	$ Change	% Change
Other	**$1.4**	$1.1	$ 0.3	27.3%	**$2.7**	$2.2	$ 0.5	22.7%
Total Other Revenue	**$1.4**	$1.1	$ 0.3	27.3%	**$2.7**	$2.2	$ 0.5	22.7%

Total Other Revenue increased $0.3 million, or 27.3%, and $0.5 million, or 22.7%, in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

Operating Expenses

Purchased Gas – Purchased Gas expenses include the cost to supply interstate pipeline gas and supplemental gas resources (e.g. liquefied natural gas, propane) to meet customers' total requirements for gas. Purchased Gas increased $1.5 million and $2.9 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. These increases are higher sales of natural gas partially offset by lower natural gas commodity costs and an increase in the amount of natural gas purchased by customers directly from third-party suppliers. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in these expenses do not affect earnings.

Purchased Electricity – Purchased Electricity expenses include the cost to supply electricity to meet customers' total requirements for electricity, as well as other electric supply related restructuring costs, including long-term power supply contract buyout costs. Purchased Electricity decreased $5.9 million and $10.5 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The decrease in the three month period primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers. The decrease in the six month period primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by increased sales. The Company recovers the approved costs of Purchased Electricity in its rates at cost on a pass through basis and therefore changes in these expenses do not affect earnings.

Operation and Maintenance (O&M) – O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's unregulated business activities. Total O&M expenses increased $0.1 million and $0.9 million for the three and six months ended June 30, 2011, respectively,

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compared to the same periods in 2010. The changes in O&M expenses for the six month period reflect higher compensation and employee benefit costs of $0.8 million, higher utility operating costs of $1.0 million and higher professional fees of $0.1 million, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement. Higher utility operating costs in the current period include approximately $0.3 million of increased spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Conservation & Load Management – Conservation and Load Management expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy usage. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 70% of these costs are related to electric operations and 30% to gas operations.

Total C&LM expenses decreased $0.9 million, or 36.0% and $1.1 million, or 26.2%, in the three and six month periods ended June 30, 2011 compared to the same periods in 2010. These approved costs are collected from customers on a pass through basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization – Depreciation and Amortization expense increased $0.5 million and $1.3 million in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010, reflecting higher depreciation on normal utility plant additions and higher amortization expense in the current year.

Local Property and Other Taxes – Local Property and Other Taxes increased $0.5 million and $0.7 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. These increases reflect higher local property taxes on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

Federal and State Income Taxes – Federal and State Income Taxes increased by $0.7 million and $2.2 million for the three and six month periods, respectively, due to higher pre-tax earnings in 2011 compared to 2010.

Other Non-Operating Expenses (Income)

Other Non-Operating Expenses were on par in the three and six month periods ended June 30, 2011 compared to the same periods in 2010.

Interest Expense, Net

Interest expense is presented in the consolidated financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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Interest Expense, Net (Millions)	Three Months Ended June 30, 2011	2010	Change	Six Months Ended June 30, 2011	2010	Change
Interest Expense						
Long-term Debt	**$ 5.1**	$ 5.1	$—	**$10.2**	$ 9.8	$ 0.4
Short-term Debt	**0.3**	0.3	—	**0.8**	0.8	—
Regulatory Liabilities	**0.1**	0.1	—	**0.1**	0.2	(0.1)
Subtotal Interest Expense	**5.5**	5.5	—	**11.1**	10.8	0.3
Interest (Income)						
Regulatory Assets	**(0.6)**	(0.9)	0.3	**(1.5)**	(1.7)	0.2
AFUDC[1] and Other	**(0.1)**	(0.1)	—	**(0.2)**	(0.3)	0.1
Subtotal Interest (Income)	**(0.7)**	(1.0)	0.3	**(1.7)**	(2.0)	0.3
Total Interest Expense, Net	**$ 4.8**	$ 4.5	$ 0.3	**$ 9.4**	$ 8.8	$ 0.6

(1) AFUDC – Allowance for Funds Used During Construction.

Interest Expense, Net increased $0.3 million and $0.6 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and six month periods ended June 30, 2011 are due to lower interest income recorded on regulatory assets and the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally-generated funds through bank borrowings, as needed, under its unsecured short-term bank credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

The continued availability of these methods of financing, as well as the Company's choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of the Company's earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. There was $51.3 million, $24.6 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at June 30, 2011, June 30, 2010 and December 31, 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $28.7 million, $55.4 million and $13.2 million at June 30, 2011, June 30, 2010 and December 31, 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants

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restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of June 30, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $6.6 million, $8.5 million and $11.7 million outstanding at June 30, 2011, June 30, 2010 and December 31, 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010. There were no amounts of natural gas inventory released in June 2011 and payable in July 2011 that were recorded in Accounts Payable at June 30, 2011. There were no amounts of natural gas inventory released in June 2010 and payable in July 2010 that were recorded in Accounts Payable at June 30, 2010.

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of June 30, 2011 there are $32.3 million of guarantees outstanding and the longest of these guarantees extends through December 31, 2012.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite. As of June 30, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.6 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite notes due 2018. As of June 30, 2011, the principal amount outstanding for the 7.15% Granite notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the six months ended June 30, 2011 compared to the same period in 2010.

	Six Months Ended June 30,	
	2011	2010
Cash Provided by Operating Activities	**$46.6**	$27.0

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $46.6 million for the first six months of 2011 compared to $27.0 million in the same period of 2010. In the first six months of 2011 as compared to the first six months of 2010, net sources of cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes increased by $14.6 million, changes in working capital items decreased $4.5 million, and changes in all other Operating Activities increased $9.5 million.

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	Six Months Ended June 30, 2011	2010
Cash (Used in) Investing Activities	**$(25.1)**	$(19.2)

Cash (Used in) Investing Activities – Cash (Used in) Investing Activities was ($25.1) million for the six months ended June 30, 2011 compared to ($19.2) million for the same period in 2010. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions. Capital expenditures are projected to total approximately ($58.0) million for 2011.

	Six Months Ended June 30, 2011	2010
Cash (Used in) Financing Activities	**$(24.6)**	$(9.2)

Cash (Used in) Financing Activities – Cash (Used in) Financing Activities was ($24.6) million for the six months ended June 30, 2011 compared to ($9.2) million for the same period in 2010. Short-term borrowings were reduced by ($15.5) million in the first six months of 2011. Other uses of cash include ($7.6) million for quarterly dividend payments, gas inventory financing of ($1.2) million, repayment of long-term debt of ($0.2) million, and other of ($0.6) million. Proceeds from issuances of common stock provided a source of cash of $0.5 million.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

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Regulatory Assets consist of the following (millions)

	June 30, 2011	June 30, 2010	December 31, 2010
Energy Supply Contract Obligations	**$ 17.2**	$ 27.8	$ 21.7
Deferred Restructuring Costs	**23.7**	26.9	25.0
Subtotal – Restructuring Related Items	**40.9**	54.7	46.7
Retirement Benefit Obligations	**46.9**	43.7	47.1
Income Taxes	**12.0**	13.3	12.7
Environmental Obligations	**18.4**	21.2	20.3
Deferred Storm Charges	**20.9**	21.7	21.0
Other	**12.4**	8.7	10.9
Total Regulatory Assets	**$151.5**	$ 163.3	$ 158.7
Less: Current Portion of Regulatory Assets [1]	**15.4**	16.6	15.7
Regulatory Assets – noncurrent	**$136.1**	$ 146.7	$ 143.0

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulatory authorities to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

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Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs.

The Company's RBO may also be significantly affected by changes in key actuarial assumptions, including, anticipated rates of return on plan assets and the discount rates used in determining the Company's RBO. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the year ended December 31, 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000 in the Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $728,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for that time period would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $565,000. See Note 9 to the accompanying unaudited consolidated financial statements.

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included on the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realizability of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

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Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of June 30, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of June 30, 2011, the Company and its subsidiaries had 455 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of June 30, 2011, 149 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended June 30, 2011 and June 30, 2010 were 2.23% and 2.33%, respectively. The average interest rates on the Company's short-term borrowings for the six months ended June 30, 2011 and June 30, 2010 were 2.27% and 2.28%, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

REGULATORY MATTERS

Please refer to Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements

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

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating Revenues				
Gas	**$ 25.2**	$ 23.7	**$ 91.1**	$ 84.8
Electric	**42.9**	46.6	**91.1**	97.4
Other	**1.4**	1.1	**2.7**	2.2
Total Operating Revenues	**69.5**	71.4	**184.9**	184.4
Operating Expenses				
Purchased Gas	**15.0**	13.5	**55.5**	52.6
Purchased Electricity	**25.8**	31.7	**57.0**	67.5
Operation and Maintenance	**12.5**	12.4	**24.7**	23.8
Conservation & Load Management	**1.6**	2.5	**3.1**	4.2
Depreciation and Amortization	**7.7**	7.2	**15.6**	14.3
Provisions (Benefit) for Taxes:				
Local Property and Other	**3.0**	2.5	**6.3**	5.6
Federal and State Income	**(0.3)**	(1.0)	**5.1**	2.9
Total Operating Expenses	**65.3**	68.8	**167.3**	170.9
Operating Income	**4.2**	2.6	**17.6**	13.5
Non-Operating Expenses (Income)	**0.1**	0.1	**0.2**	0.2
Income Before Interest Expense	**4.1**	2.5	**17.4**	13.3
Interest Expense, Net	**4.8**	4.5	**9.4**	8.8
Net Income (Loss)	**(0.7)**	(2.0)	**8.0**	4.5
Less: Dividends on Preferred Stock	**0.1**	0.1	**0.1**	0.1
Earnings (Loss) Applicable to Common Shareholders	**$ (0.8)**	$ (2.1)	**$ 7.9**	$ 4.4
Weighted Average Common Shares Outstanding – Basic (000's)	**10,877**	10,820	**10,868**	10,810
Weighted Average Common Shares Outstanding – Diluted (000's)	**10,877**	10,820	**10,871**	10,811
Earnings Per Common Share (Basic and Diluted)	**$ (0.08)**	$ (0.19)	**$ 0.73**	$ 0.41
Dividends Declared Per Share of Common Stock	**$ 0.345**	$ 0.345	**$ 1.035**	$ 1.035

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	June 30, 2011	June 30, 2010	December 31, 2010
ASSETS:			
Utility Plant:			
Electric	**$326.5**	$ 310.7	$ 321.5
Gas	**366.7**	330.2	360.1
Common	**30.4**	29.7	30.2
Construction Work in Progress	**21.2**	29.0	16.6
Total Utility Plant	**744.8**	699.6	728.4
Less: Accumulated Depreciation	**260.6**	243.0	251.9
Net Utility Plant	**484.2**	456.6	476.5
Current Assets:			
Cash	**5.8**	6.3	8.9
Accounts Receivable, net	**32.9**	27.9	36.9
Accrued Revenue	**26.0**	22.5	46.7
Refundable Taxes	**—**	—	7.5
Gas Inventory	**8.3**	11.1	10.6
Materials and Supplies	**3.9**	3.4	2.9
Prepayments and Other	**5.3**	4.5	3.6
Total Current Assets	**82.2**	75.7	117.1
Noncurrent Assets:			
Regulatory Assets	**136.1**	146.7	143.0
Other Noncurrent Assets	**25.1**	26.6	23.0
Total Noncurrent Assets	**161.2**	173.3	166.0
TOTAL ASSETS	**$727.6**	$ 705.6	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	June 30, 2011	June 30, 2010	December 31, 2010
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$186.3**	$ 187.0	$ 189.0
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**288.1**	288.6	288.3
Total Capitalization	**476.4**	477.6	479.3
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.4	0.5
Accounts Payable	**15.8**	16.7	26.5
Taxes Payable	**0.4**	5.6	—
Short-Term Debt	**51.3**	24.6	66.8
Energy Supply Contract Obligations	**15.5**	19.1	17.0
Other Current Liabilities	**17.3**	19.0	16.1
Total Current Liabilities	**100.8**	85.4	126.9
Deferred Income Taxes	**48.1**	33.6	43.8
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**8.3**	17.1	12.6
Retirement Benefit Obligations	**72.1**	67.3	74.0
Environmental Obligations	**14.5**	14.3	14.5
Other Noncurrent Liabilities	**7.4**	10.3	8.5
Total Noncurrent Liabilities	**102.3**	109.0	109.6
TOTAL CAPITALIZATION AND LIABILITIES	**$727.6**	$705.6	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating Activities:		
Net Income	**$ 8.0**	$ 4.5
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**15.6**	14.3
Deferred Tax Provision (Benefit)	**4.5**	(5.3)
Changes in Working Capital Items:		
Accounts Receivable	**4.0**	5.6
Accrued Revenue	**20.7**	21.5
Taxes Refundable / Payable	**7.9**	7.3
Gas Inventory	**2.3**	3.2
Accounts Payable	**(10.7)**	(8.4)
Other Changes in Working Capital Items	**(1.8)**	(2.3)
Deferred Regulatory and Other Charges	**(0.6)**	(9.1)
Other, net	**(3.3)**	(4.3)
Cash Provided by Operating Activities	**46.6**	27.0
Investing Activities:		
Property, Plant and Equipment Additions	**(25.1)**	(19.2)
Cash (Used in) Investing Activities	**(25.1)**	(19.2)
Financing Activities:		
Repayment of Short-Term Debt	**(15.5)**	(39.9)
Proceeds From Issuance (Repayment of) Long-Term Debt, net	**(0.2)**	39.7
Net Decrease in Gas Inventory Financing	**(1.2)**	(1.6)
Dividends Paid	**(7.6)**	(7.6)
Proceeds from Issuance of Common Stock, net	**0.5**	0.5
Other, net	**(0.6)**	(0.3)
Cash (Used in) Financing Activities	**(24.6)**	(9.2)
Net (Decrease) in Cash	**(3.1)**	(1.4)
Cash at Beginning of Period	**8.9**	7.7
Cash at End of Period	**$ 5.8**	$ 6.3
Supplemental Cash Flow Information:		
Interest Paid	**$ 10.8**	$ 9.7
Income Taxes Paid (Refunded)	**$ (7.3)**	$ 1.0

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite), 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). Usource, Inc. and Usource L.L.C. (collectively, "Usource") are subsidiaries of Unitil Resources.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third –party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of results to be expected for the year ending December 31, 2011. For further information, please refer to Note 1 of Part II to the Consolidated Financial Statements – "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission (SEC) on February 3, 2011, for a description of the Company's Basis of Presentation.

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Derivatives – The Company has a regulatory commission-approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission-approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of June 30, 2011, June 30, 2010 and December 31, 2010, the Company had 1.5 billion, 1.3 billion and 1.3 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

Liability Derivatives ($ millions)

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount Offset in Regulatory Assets(1), as of:

Description	Balance Sheet Location	Fair Value June 30, 2011	Fair Value June 30, 2010	Fair Value December 31, 2010
Natural Gas Futures Contracts	Other Current Liabilities	$ 0.5	$ 1.2	$ 0.8
Natural Gas Futures Contracts	Other Noncurrent Liabilities	0.1	0.1	0.2
Total		$ 0.6	$ 1.3	$ 1.0

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:				
Natural Gas Futures Contracts	$1.2	$1.0	$1.3	$2.9
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings (2):				
Purchased Gas	$1.0	$1.6	$1.7	$3.9

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

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Reclassifications – Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation. Amounts presented are in millions unless otherwise specified.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of June 30, 2011, June 30, 2010 and December 31, 2010, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

	June 30,		December 31,
	2011	2010	2010
Allowance for Doubtful Accounts	**$2.8**	$3.0	$ 2.6

Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its consolidated financial statements.

Recently Issued Pronouncements – In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company does not expect that the adoption of ASU 2011-04 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

NOTE 2 – DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
6/16/11	08/15/11	08/01/11	$ 0.345
03/24/11	05/16/11	05/02/11	$ 0.345
01/18/11	02/15/11	02/01/11	$ 0.345
09/22/10	11/15/10	11/01/10	$ 0.345
06/17/10	08/16/10	08/02/10	$ 0.345
03/25/10	05/14/10	04/30/10	$ 0.345
01/14/10	02/16/10	02/02/10	$ 0.345

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NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol "UTL".

On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,934,630, 10,869,603 and 10,890,262 of common shares outstanding at June 30, 2011, June 30, 2010 and December 31, 2010, respectively.

Dividend Reinvestment and Stock Purchase Plan – During the first six months of 2011, the Company sold 20,038 shares of its common stock, at an average price of $23.66 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately $474,000. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – On February 9, 2011, 24,330 restricted shares were issued in conjunction with the 2003 Restricted Stock Plan (Restricted Stock Plan) with an aggregate market value at the date of issuance of $554,237. There were 43,993 and 37,797 non-vested shares under the Restricted Stock Plan as of June 30, 2011 and 2010, respectively. The weighted average grant date fair value of these shares was $22.11 and $22.03, respectively. The compensation expense associated with the issuance of shares under the Restricted Stock Plan is being recognized over the vesting period and was $0.4 million and $0.3 million for the six months ended June 30, 2011 and 2010, respectively. At June 30, 2011, there was approximately $1.2 million of total unrecognized compensation cost under the Restricted Stock Plan which is expected to be recognized over approximately 2.7 years. There were no forfeitures or cancellations under the Restricted Stock Plan during the six months ended June 30, 2011.

On March 24, 2011, the Board of Directors of the Company amended the Company's 2003 Restricted Stock Plan (the "Amendment") and restated the 2003 Restricted Stock Plan, as amended, in its entirety as the Company's Amended and Restated 2003 Stock Plan (the "Stock Plan").The Amendment adds restricted stock units as a type of award that the Company may grant to the Company's employees, Directors or consultants pursuant to the Stock Plan. There were no restricted stock units issued under the Stock Plan during the six months ended June 30, 2011.

Preferred Stock

Details on preferred stock at June 30, 2011, June 30, 2010 and December 31, 2010 are shown below:

	June 30,		December 31,
	2011	2010	2010
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

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Shares Outstanding	June 30, 2011	June 30, 2010	December 31, 2010
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**2,250**	2,250	2,250
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**7,861**	7,901	7,901
8.00% Series, $100 Par Value	**9,696**	9,742	9,742

There were $0.1 million and $0.1 million of total dividends declared on Preferred Stock in both the three and six months ended June 30, 2011 and June 30, 2010, respectively.

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NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at June 30, 2011, June 30, 2010 and December 31, 2010 are shown below ($ Millions):

	June 30, 2011	June 30, 2010	December 31, 2010
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Due December 3, 2038	**50.0**	50.0	50.0
Granite Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.6**	4.0	3.8
Total Long-Term Debt	**288.6**	289.0	288.8
Less: Current Portion	**0.5**	0.4	0.5
Total Long-term Debt, Less Current Portion	**$288.1**	$288.6	$ 288.3

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt at June 30, 2011 is estimated to be approximately $323 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements.

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Credit Arrangements

At June 30, 2011, June 30, 2010 and December 31, 2010, the Company had $51.3 million, $24.6 million and $66.8 million, respectively, in short-term debt outstanding through bank borrowings under its revolving credit facility which extends through October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. The total amount of credit available under the Company's revolving credit facility at June 30, 2011, June 30, 2010 and December 31, 2010 was $28.7 million, $55.4 million and $13.2 million, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of June 30, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $6.6 million, $8.5 million and $11.7 million outstanding at June 30, 2011, June 30, 2010 and December 31, 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010. There were no amounts of natural gas inventory released in June 2011 and payable in July 2011 that were recorded in Accounts Payable at June 30, 2011.There were no amounts of natural gas inventory released in June 2010 and payable in July 2010 that were recorded in Accounts Payable at June 30, 2010.

Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of June 30, 2011 there are $32.3 million of guarantees outstanding and the longest of these guarantees extends through December 31, 2012.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite. As of June 30, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.6 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10.0 million Granite notes due 2018. As of June 30, 2011, the principal amount outstanding for the 7.15% Granite notes was $10.0 million.

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NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three and six months ended June 30, 2011 and June 30, 2010 (Millions):

	Electric	Gas	Other	Non-Regulated	Total
Three Months Ended June 30, 2011					
Revenues	**$ 42.9**	**$ 25.2**	**$—**	**$ 1.4**	**$ 69.5**
Segment Profit (Loss)	**1.6**	**(3.0)**	**0.1**	**0.5**	**(0.8)**
Capital Expenditures	**4.5**	**8.8**	**1.0**	**—**	**14.3**
Three Months Ended June 30, 2010					
Revenues	$ 46.6	$ 23.7	$—	$ 1.1	$ 71.4
Segment Profit (Loss)	0.7	(3.1)	—	0.3	(2.1)
Capital Expenditures	1.0	7.5	0.4	—	8.9
Six Months Ended June 30, 2011					
Revenues	**$ 91.1**	**$ 91.1**	**$—**	**$ 2.7**	**$ 184.9**
Segment Profit (Loss)	**3.3**	**3.8**	**(0.1)**	**0.9**	**7.9**
Capital Expenditures	**9.8**	**14.0**	**1.3**	**—**	**25.1**
Segment Assets	**364.5**	**350.5**	**6.0**	**6.6**	**727.6**
Six Months Ended June 30, 2010					
Revenues	$ 97.4	$ 84.8	$—	$ 2.2	$ 184.4
Segment Profit (Loss)	2.0	1.5	0.2	0.7	4.4
Capital Expenditures	7.9	10.3	1.0	—	19.2
Segment Assets	365.7	327.8	8.1	4.0	705.6

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

Regulatory Matters

Fitchburg – Base Rate Case Filings – On January 14, 2011, Fitchburg filed a petition with the MDPU requesting approval of a comprehensive revenue decoupling proposal and for an increase in its electric and gas distribution rates. The Company's revenue decoupling proposal is modeled closely on proposals already approved by the Department for other gas and electric utilities operating in the Commonwealth of Massachusetts and is intended to facilitate the achievement of important public policy objectives of fostering energy efficiency, conservation and protecting the environment. The proposed rates are scheduled to change in conjunction with the implementation of revenue decoupling and are subject to the review and approval of the MDPU.

In its rate filing the Company made a request for an increase of $7.1 million in its annual electric distribution revenues, including the recovery of deferred emergency storm restoration costs incurred as a result of the December 2008 ice storm and subsequent restoration. The MDPU had earlier approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from the ice storm damage for future recovery in rates. The order of approval made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and

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confirmed that the MDPU would consider the subsequent ratemaking treatment of the expense as part of Fitchburg's rate case, along with the Company's rate of return. As of June 30, 2011, Fitchburg has deferred approximately $13.4 million associated with the repair of its electric distribution system for future recovery in rates.

Also in the rate filing, the Company proposed a rate-impact mitigation alternative in order to offset, in whole, the electric distribution rate increase with a corresponding decrease in its Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets, discussed above. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term.

The Company also filed a request for an increase of $4.4 million in its annual gas distribution revenues. The MDPU issued an order suspending and deferring the use of the rates for both the electric division and gas division until August 2, 2011. Hearings on the rate requests were held during April 2011, and briefs have been filed. A final decision from the MDPU is expected on August 2, 2011.

Granite State Gas Transmission, Inc. – Base Rate Case Filing – On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the Federal Energy Regulatory Commission ("FERC"), which is Granite State's first request for a rate change since its last general rate case in 1997. On July 30, 2010, the FERC ordered the rate increase to be effective on January 1, 2011, subject to refund and hearing and settlement procedures. On November 30, 2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues in the docket. The settlement provided for an increase of approximately $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

On July 26, 2011, an amendment to the rate settlement agreement was filed on behalf of Granite State and the parties to this proceeding. If approved by the FERC, the amended settlement agreement will result in an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State would also be permitted to file limited rate adjustment filings to recover the revenue requirements for future capital cost additions to transmission plant for major planned projects as stipulated in the amended settlement. The limited rate adjustment filings would be made annually on or about June 29 of each year to be effective August 1 of each year, and are projected to conclude in 2014 when these major projects will be completed. The estimated annual revenue increases for these limited rate adjustment filings of approximately $0.3 million, $0.3 million and $0.6 million would occur on August 1, 2012, August 1, 2013 and August 1, 2014, respectively.

Unitil Energy Base Rate Case Filing – On April 15, 2010, Unitil Energy filed a proposed increase of $10.1 million in annual base revenue, an increase of 6.5 percent above annual operating revenue. In addition, Unitil Energy's filing included a proposed long-term rate plan establishing future rate step adjustments for utility plant investments and enhanced reliability and vegetation management program expenditures.

On April 26, 2011, the NHPUC approved a final rate settlement which had been reached among the Company, the NHPUC Staff and the Office of Consumer Advocate, resolving all matters concerning the base rate filing. The settlement makes permanent a temporary increase of $5.2 million in annual revenue which went into effect on July 1, 2010. The settlement also provides for an additional increase of $5.0 million in annual revenue which went into effect on May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million, $1.9 million and $1.4 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, respectively, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than seven percent and a sharing of earnings with customers if its return on equity is greater than ten percent in a calendar year. The settlement provides that Unitil Energy's authorized return on equity would remain at 9.67%, and that the Company will use a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

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The settlement approved Unitil's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a current spending level of approximately $1.0 million to $3.1 million by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities Base Rate Case Filings – In May 2011, Northern Utilities filed two separate rate cases requesting approval to change its natural gas distribution base rates in New Hampshire and Maine, with the NHPUC and the MPUC, respectively.

The filings represent the first rate case in approximately 10 years for Northern's New Hampshire gas distribution operations and 28 years for its Maine gas distribution operations. In New Hampshire, the Company has requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1 percent over annual operating revenue. In Maine, the Company has requested an increase of $10.1 million in annual gas distribution base revenue or an increase of approximately 16.7 percent over current operating revenue. Both filings include a proposed capital cost recovery tracking mechanism to recover the future costs associated with Northern's cast iron and bare steel pipe replacement programs. The rate case filings are subject to regulatory review and approval with final rate orders expected in the first half of 2012. Northern has also requested temporary rates in both states. In New Hampshire, a settlement of temporary rates was reached among the Company, the NHPUC Staff and the Office of Consumer Advocate. It provides for a temporary increase of approximately $1.7 million in annual revenue to become effective as of August 1, 2011. On July 22, 2011, the NHPUC approved the temporary revenue increase as filed. In New Hampshire, once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were established, August 1, 2011. The request for temporary rates in Maine remains pending before the MPUC.

Fitchburg – Management Audit – As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 Ice Storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The Audit Report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company.

Fitchburg – Electric Operations – On November 24, 2010, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery continues through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, and Net Metering Recovery Surcharge were proposed in other proceedings. The rates were approved effective January 1, 2011, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2009 Annual Reconciliation Filing also remains pending.

Fitchburg – Gas Operations – On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax

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charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement order to the Massachusetts Supreme Judicial Court (SJC). Fitchburg believes that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. The Company filed its initial brief in this matter on January 10, 2011. This appeal remains pending before the Massachusetts SJC.

Fitchburg – Other – On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Three year energy efficiency investment plans, plans to establish smart grid pilot programs, and net metering tariffs have been approved by the MDPU. On June 16, 2011, the MDPU issued its final order with respect to the terms and conditions for purchasing supplier receivables (POR). Under POR, the electric distribution companies purchase the billing accounts receivable of competitive suppliers operating in their service territories.

On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the Order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions.

Unitil Energy – Other – In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources (DER). An order approving a settlement agreement for a time-of-use pilot program was issued on February 26, 2010. On June 11, 2010, the NHPUC issued an order on the remaining two proposed projects and cost recovery. The NHPUC denied one of the two projects, citing that the costs outweighed the benefits but found the other project to be in the public interest. On November 1, 2010 Unitil Energy filed adjustments to base distribution rates to collect actual costs associated with authorized DER projects. The first step adjustment was approved and became effective on April 1, 2011.

Unitil Energy – Billing – In early February 2011, Unitil Energy discovered that the electricity consumption of one of its larger customers, The Riverwoods Company at Exeter, had been incorrectly billed since September 10, 2004. The cause of the billing error has been determined to be a current transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused the Company to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment is calculated to be approximately $1.8 million. The Company has taken steps to correct the problem by changing its existing billing procedures for this customer. The Company has filed a petition with the NHPUC requesting a declaratory ruling confirming the time period for calculation of a refund to the customer. Statutory provisions may limit the time period for which the Company is responsible for reparations. The Company has also requested authorization to adjust certain account balances in order to correct for this over-collection, which resulted in other customers' bills being artificially lower than they should have been. The Company believes that an adjustment to the balances of these accounts is appropriate to bring them to the levels they would have been but for the over-collection, and to permit recovery from other customers of approximately $1.4 million, the amount by which they benefited as a result of the over-collection. This would limit the

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Company's responsibility of the overcharge to approximately $350,000. In the meantime, the Company has provided a refund to the customer of $611,699, which was calculated based upon the Company's understanding of the statutory limitation on reparations for such overcharges. The Company has indicated that it is willing to refund to the customer the full amount of the overcharge, provided that the Commission issues a final ruling that such payment will not run afoul of the statutory limitation on such reparations, and that the Company is authorized to adjust its account balances for the entire period in order to permit collection from other customers of the amount they were undercharged. This matter remains pending. See additional discussion on this matter below in "Legal Proceedings."

Northern Utilities – Other – On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's unaudited consolidated balance sheet at June 30, 2011 was $0.7 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. In an order issued on July 30, 2010, the MPUC approved a Settlement Agreement resolving this matter, filed on behalf of Northern Utilities, the Maine Office of the Public Advocate, and several state legislator intervenors, which was filed with the MPUC on July 6, 2010. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season. Under the Agreement, the parties agreed to support a cost recovery mechanism that will provide for the timely recovery of prudently-incurred costs of the Program. The features of this cost recovery mechanism will be finalized during Northern Utilities' next base rate case proceeding, which is underway, as described above.

Northern Utilities – Maine Sales Tax Under–Collection – As part of a routine internal financial review related to 2010, it was determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. As a result, the Company did not bill and collect sales tax from those customers as of the conversion of the customer portfolio in July 2009. The Company promptly contacted the Maine Revenue Service (MRS) to advise them of the error. A Settlement Agreement between Northern Utilities and MRS was executed on January 31, 2011. Among other things, the Settlement Agreement allowed the Company time to amend all sales tax returns for all relevant periods affected by the sales tax conversion error provided that at the time amended returns were filed that the Company would pay all additional sales tax due plus interest. The Settlement Agreement also provided a waiver from the MRS of any civil penalties for failure to pay such sales taxes at the time when they were due. Accordingly, on May 26, 2011, Northern filed amend sales tax returns and paid sales tax due of $1.0 million to the MRS pursuant to the settlement agreement. Pursuant to state law, the tax shortfall is a debt of the customer to the utility and the Company has a right to recover the sales tax from customers. On June 2, 2011, the Company reached agreement with the MPUC concerning the methodology and procedure by which customers who were incorrectly converted as exempt from Maine sales tax would be billed for their sales tax arrears. The billing and collection of the tax arrears began in June 2011 and the Company anticipates that it will recoup substantially all of the arrears as a result of the collection effort.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

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A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in the fall of 2011. The Company continues to believe the suit is without merit and will defend itself vigorously.

A civil suit was filed against Unitil Energy on June 20, 2011 in Rockingham County Superior Court in Brentwood, New Hampshire, captioned The Riverwoods Company at Exeter v. Unitil Energy Systems, Inc. The suit alleges damage claims for negligence, breach of contract and violation of the New Hampshire Consumer Protection Act, RSA chapter 358-A. Riverwoods seeks recovery of $1.2 million, representing its claim for the balance of overpayments incurred as a result of a billing error, as well as interest, fees and costs, and double or treble damages pursuant to RSA chapter 358-A. The dispute which is the subject matter of this action is also the subject of a petition filed by Unitil Energy with the NHPUC, and which is described more fully above in "Regulatory Matters."

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of June 30, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at June 30, 2011 are accrued liabilities totaling $12.0 million related to estimated future clean up costs for permanent remediation of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Also included in Environmental Obligations on the Company's Consolidated Balance Sheet at June 30, 2011 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.1 million of accrued liabilities in Other Current Liabilities on the Company's Consolidated Balance Sheet at June 30, 2011 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

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NOTE 8: INCOME TAXES

The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

The Company evaluated its tax positions at December 31, 2010 and for the current interim reporting period ended June 30, 2011 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months.

In its Federal income tax Return filings for the year ended December 31, 2008, the Company recognized net operating loss (NOL) carrybacks for the years ended December 31, 2006 and December 31, 2007 which resulted in a refund to the Company of $4.0 million, which was received in November 2009. As a result, on December 30, 2009, the Company received notice that its Federal income tax filings for the years ended December 31, 2006, December 31, 2007 and December 31, 2008 were under examination by the Internal Revenue Service (IRS). The IRS completed its examination and the Company and the IRS entered into a settlement for certain timing items deducted in previous years to be deducted in the Company's Federal income tax return filing for the year ended December 31, 2009. On March 3, 2011 the Company received notice of approval from the Joint Committee of Congress (Joint Committee) regarding the settlement between the Company and the IRS for tax years ending December 31, 2006, December 31, 2007, and December 31, 2008.

Concurrent with filing its 2009 Federal income tax return in September of 2010, the Company changed its method of tax accounting for certain construction-related costs previously capitalized as depreciable assets, to account for those expenditures as repairs expense deductions under Sections 162 and 263(a) of the Internal Revenue Code (IRC). In applying the new tax accounting method, certain costs which were previously capitalized and recognized as depreciation deductions over various useful lives for tax accounting purposes are now to be deducted in the year incurred.

The Company applied the tax accounting method change retroactively for additional deductions of $23.9 million in its Federal income tax return filing for the year ended December 31, 2009 which resulted in a 2009 NOL of $26.5 million. As a result, the Company recognized NOL carrybacks against its Federal income tax returns for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in current tax refunds of $7.5 million, which were received in 2011, and remaining unused NOL and Alternative Minimum Tax (AMT) credit carryforwards of $3.0 million and $1.4 million respectively.

According to IRC rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee and are subject to review by the IRS and attorneys of the Joint Committee. As a result, on April 1, 2011, the Company received notice that its Federal income tax return filing for the year ended December 31, 2009 is under examination by the IRS.

The Company remains subject to examination by Federal, Maine, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2008; and December 31, 2007. Income tax filings for the year ended December 31, 2010 have been extended until September 15, 2011. In addition, because of the application of the 2009 NOL; tax periods ended December 31, 2004, 2005 and 2007 are subject to examination to the extent of the application of the NOL to those periods.

In total at December 31, 2010, the Company had generated NOL carryforwards for income tax purposes of $8.5 million to offset against taxes payable in future periods. If unused, the Company's NOL carryforwards will expire in 2029 and 2030. In addition, at December 31, 2010, the Company had $1.4 million of AMT credit carryforwards to offset future AMT indefinitely.

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NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2010 as filed with the SEC on February 3, 2011 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2011	2010
Used to Determine Plan Costs		
Discount Rate	**5.35%**	5.75%
Rate of Compensation Increase	**3.50%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

The following tables provide the components of the Company's Retirement plan costs ($000's):

	Pension Plan		PBOP Plan		SERP	
Three Months Ended June 30,	2011	2010	2011	2010	2011	2010
Service Cost	**$ 735**	$ 652	**$ 479**	$ 366	**$ 71**	$ 71
Interest Cost	**1,171**	1,115	**570**	504	**57**	57
Expected Return on Plan Assets	**(1,210)**	(1,046)	**(204)**	(149)	**—**	—
Prior Service Cost Amortization	**62**	64	**432**	394	**3**	1
Transition Obligation Amortization	**—**	—	**5**	6	**—**	—
Actuarial Loss Amortization	**783**	602	**—**	—	**19**	33
Sub-total	**1,541**	1,387	**1,282**	1,121	**150**	162
Amounts Capitalized and Deferred	**(677)**	(481)	**(401)**	(237)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 864**	$ 906	**$ 881**	$ 884	**$ 150**	$162

	Pension Plan		PBOP Plan		SERP	
Six Months Ended June 30,	2011	2010	2011	2010	2011	2010
Service Cost	**$ 1,471**	$ 1,304	**$ 959**	$ 733	**$142**	$ 142
Interest Cost	**2,342**	2,229	**1,139**	1,008	**113**	114
Expected Return on Plan Assets	**(2,420)**	(2,091)	**(409)**	(299)	**—**	—
Prior Service Cost Amortization	**125**	127	**864**	789	**6**	2
Transition Obligation Amortization	**—**	—	**11**	11	**—**	—
Actuarial Loss Amortization	**1,566**	1,203	**—**	—	**39**	66
Sub-total	**3,084**	2,772	**2,564**	2,242	**300**	324
Amounts Capitalized and Deferred	**(1,180)**	(1,103)	**(634)**	(587)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,904**	$1,669	**$1,930**	$1,655	**$ 300**	$ 324

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Employer Contributions

The Company has made $7.7 million of contributions to the Pension Plan in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2011 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

As of June 30, 2011, the Company had made $26,000 of contributions to the SERP Plan in 2011. The Company presently anticipates contributing an additional $27,000 to the SERP Plan in 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Market Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2011. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of June 30, 2011 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the Consolidated Financial Statements. In the opinion of 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2010 as filed with the SEC on February 3, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended June 30, 2011.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $224,500 in value of shares have been purchased or, if sooner, on March 24, 2012.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

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The Company's repurchases are shown in the table below for the monthly periods noted:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
4/1/11 – 4/30/11	—	—	—
5/1/11 – 5/31/11	—	—	—
6/1/11 – 6/30/11	223	$25.95	223
Total	223	$25.95	223

Item 5. Other Information

On July 28, 2011, the Company issued a press release announcing its results of operations for the three- and six-month periods ended June 30, 2011. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
11	Computation in Support of Earnings Per Weighted Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated July 28, 2011 Announcing Earnings For the Quarter Ended June 30, 2011.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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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 28, 2011	/s/ Mark H. Collin
	Mark H. Collin Chief Financial Officer
Date: July 28, 2011	/s/ Laurence M. Brock
	Laurence M. Brock Chief Accounting Officer

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EXHIBIT INDEX

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER WEIGHTED AVERAGE COMMON SHARE OUTSTANDING

(Millions except common shares and per share data)

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Net Income (Loss)	**$ (0.7)**	$ (2.0)	**$ 8.0**	$ 4.5
Less: Dividend Requirements on Preferred Stock	**0.1**	0.1	**0.1**	0.1
Net Income Applicable to Common Stock	**$ (0.8)**	$ (2.1)	**$ 7.9**	$ 4.4
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**10,877**	10,820	**10,868**	10,810
Dilutive Effect of Stock Options and Restricted Stock (000's)	**—**	—	**3**	1
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**10,877**	10,820	**10,871**	10,811
Earnings Per Share – Basic and Diluted	**$ (0.08)**	$ (0.19)	**$ 0.73**	$ 0.41

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2011

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2011

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2011

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**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, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	July 28, 2011
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	July 28, 2011
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	July 28, 2011

Exhibit 99.1
PAGE 1 OF 4

For Release

UNITIL REPORTS SECOND QUARTER EARNINGS

HAMPTON, N.H., JULY 28, 2011 – Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Earnings (Loss) Applicable to Common Shareholders of ($0.8) million for the second quarter of 2011, an improvement of $1.3 million compared to the second quarter of 2010. For the six months ended June 30, 2011, the Company reported net income of $7.9 million compared to $4.4 million for the same period of 2010. Results for the second quarter and year-to-date period were driven primarily by higher natural gas and electric sales margins reflecting increased sales and higher rates, partially offset by increases in operating and interest expenses. Earnings (loss) per common share were ($0.08) and $0.73 for the three and six month periods ended June 30, 2011, respectively, compared with ($0.19) and $0.41 for the same periods of 2010.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

"Our financial results reflect strong growth in natural gas sales coupled with the successful completion of our electric base rate case in New Hampshire" said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "More and more of our customers are choosing natural gas as a local, clean and affordable energy choice. We are making investments in our gas system to meet this growing demand. We will complete our regulatory agenda to reset rates for all of our operating companies by the first quarter of 2012."

Natural gas sales margin increased $0.4 million and $4.0 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher sales volumes. Total natural gas therm sales were 18.8% and 14.6% higher in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increased sales reflect increased usage by Commercial and Industrial (C&I) customers, growth in new customers and the effect of colder weather. Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 8.5 % and 9.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

(**Continued on Next Page)**

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Hampton, New Hampshire 03842
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Electric sales margin increased $2.7 million and $4.7 million in the three and six months ended June 30, 2011 compared to the same periods in 2010, reflecting higher rates, implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric distribution utility, and higher electric sales. Total kWh sales were essentially unchanged in the three months ended June 30, 2011 compared to the same period in 2010 reflecting increased sales to Residential customers offset by lower sales to Commercial & Industrial customers. For the six months ended June 30, 2011, total kWh sales increased 2.5% compared to the same period in 2010 reflecting increased sales to all customer groups. The increased sales to Residential customers in the six month period reflect customer growth and the effect of colder weather compared to the same period in 2010. As discussed above, Heating Degree Days in the first six months of 2011 were 10% greater than in the same period in 2010. Sales to C&I customers decreased by 1.0% in the second quarter but were higher in the six month period by 1.3%. On a weather-normalized basis, total kWh sales decreased 1.4 % and increased 1.2% in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.4 million and $2.7 million in the three and six month periods ended June 30, 2011, respectively, increases of $0.3 million and $0.5 million, respectively, compared to the same periods of 2010.

Operation and Maintenance (O&M) expenses increased $0.1 million and $0.9 million for the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010. The changes in O&M expenses for the six month period reflect higher compensation and benefit costs, higher utility operating costs and higher professional fees, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement received in 2011. Higher utility operating costs in the current period include approximately $0.3 million of increased spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.5 million and $1.3 million in the three and six months ended June 30, 2011, respectively, compared to the same periods in 2010, reflecting higher depreciation on normal utility plant additions and higher amortization expense in the current year.

Local property and other taxes increased $0.5 million and $0.7 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010, reflecting higher property and payroll taxes.

Federal and State Income Taxes increased by $0.7 million and $2.2 million for the three and six month periods, respectively, due to higher pre-tax earnings in 2011 compared to 2010.

(Continued of Next Page)

Selected financial data for 2011 and 2010 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data

(Millions, except Per Share data) (Unaudited)

	Three Months Ended June 30, 2011	2010	Change	Six Months Ended June 30, 2011	2010	Change
Gas Therm Sales:						
Residential	8.0	6.6	21.2%	27.9	24.4	14.3%
Commercial/Industrial	31.9	27.0	18.1%	93.6	81.6	14.7%
Total Gas Therm Sales	**39.9**	**33.6**	**18.8%**	**121.5**	**106.0**	**14.6%**
Electric kWh Sales:						
Residential	150.7	148.3	1.6%	339.9	326.0	4.3%
Commercial/Industrial	243.4	245.8	(1.0%)	489.7	483.3	1.3%
Total Electric kWh Sales	**394.1**	**394.1**	—	**829.6**	**809.3**	**2.5%**
Gas Revenues	$ 25.2	$ 23.7	$ 1.5	$ 91.1	$ 84.8	$ 6.3
Purchased Gas	15.4	14.3	1.1	56.5	54.2	2.3
Gas Sales Margin	**9.8**	**9.4**	**0.4**	**34.6**	**30.6**	**4.0**
Electric Revenues	42.9	46.6	(3.7)	91.1	97.4	(6.3)
Purchased Electricity	27.0	33.4	(6.4)	59.1	70.1	(11.0)
Electric Sales Margin	**15.9**	**13.2**	**2.7**	**32.0**	**27.3**	**4.7**
Usource Sales Margin	**1.4**	**1.1**	**0.3**	**2.7**	**2.2**	**0.5**
Total Sales Margin:	**27.1**	**23.7**	**3.4**	**69.3**	**60.1**	**9.2**
Operation & Maintenance Expenses	12.5	12.4	0.1	24.7	23.8	0.9
Depreciation, Amortization, Taxes & Other	10.6	8.9	1.7	27.3	23.1	4.2
Interest Expense, Net	4.8	4.5	0.3	9.4	8.8	0.6
Earnings (Loss) Applicable to Common Shareholders:	**$ (0.8)**	**$ (2.1)**	**$ 1.3**	**$ 7.9**	**$ 4.4**	**$ 3.5**
Earnings (Loss) Per Share	**$ (0.08)**	**$ (0.19)**	**$ 0.11**	**$ 0.73**	**$ 0.41**	**$ 0.32**

(Continued of Next Page)

Interest Expense, Net increased $0.3 million and $0.6 million in the three and six month periods ended June 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and six month periods ended June 30, 2011 are due to lower interest income recorded on regulatory assets and the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

Also in the second quarter, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. This quarterly dividend results in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company will hold a quarterly conference call to discuss second quarter 2011 results on Thursday, July 28, 2011, at 3:00 p.m. Eastern Time. This call is being webcast by Thomson Financial and can be accessed in the Investor Relations section of Unitil Corporation's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 100,900 electric customers and 70,800 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

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

For more information please contact:

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Alec O'Meara – Media Relations
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended September 30, 2011

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Class	Outstanding at October 25, 2011
Common Stock, No par value	**10,945,747 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended September 30, 2011

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PART I. FINANCIAL INFORMATION

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

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, Inc. (Northern Utilities), a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State Gas Company and (ii) all of the outstanding capital stock of Granite State Gas Transmission, Inc. (Granite State), an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (the Acquisitions).

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,900 electric customers and 70,800 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $499.8 million at September 30, 2011. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, "Usource"), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily in the northeastern United States. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp., which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

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RATES AND REGULATION

Rate Case Activity:

Fitchburg - On January 14, 2011, Fitchburg filed a petition with the Massachusetts Department of Public Utilities (MDPU) requesting approval of a comprehensive revenue decoupling proposal and for an increase in its electric and gas distribution rates. In its rate filing the Company made a request for an increase of $7.1 million in its electric distribution rates, including the recovery of deferred emergency storm restoration costs incurred as a result of the December 2008 ice storm and subsequent restoration. The MDPU had earlier approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from the ice storm damage for future recovery in rates. The Company's filing also included a request for an increase of $4.4 million in its gas distribution rates.

On August 1, 2011, the MDPU issued its Order (the "Order") approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of the Company. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. As a result, the Company recognized a non-recurring pre-tax charge of $2.0 million in the third quarter of 2011 to charge-off previously accrued carrying costs of $1.8 million and other previously accrued expenses related to the December 2008 ice storm. The Order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State - On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the FERC. On November 30, 2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues and providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

On July 26, 2011, an amendment to the rate settlement agreement was filed on behalf of Granite State and the parties to this proceeding. The amendment was approved by the FERC on August 31, 2011. The amended settlement agreement results in an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State would also be permitted to file limited rate adjustment filings to recover the revenue requirements for future capital cost additions to transmission plant for major planned projects as stipulated in the amended settlement. The limited rate adjustment filings would be made annually on or about June 29 of each year to be effective August 1 of each year, and are projected to conclude in 2014 when these major projects will be completed. The estimated annual revenue increases for these limited rate adjustment filings of approximately $0.3 million, $0.3 million and $0.6 million would occur on August 1, 2012, August 1, 2013 and August 1, 2014, respectively.

Unitil Energy - On April 26, 2011 the New Hampshire Public Utilities Commission (NHPUC) issued an order approving new base rates (Order). The Order makes permanent a temporary increase of $5.2 million in annual revenue which went into effect on July 1, 2010. The Order also provides for an additional increase of $5.0 million in annual revenue which went into effect on May 1, 2011. The Order extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases in annual revenue of $1.5 million, $1.9 million and $1.4 million to occur on May 1, 2012, May 1, 2013 and May 1, 2014, respectively, to support Unitil Energy's continued capital improvements to its distribution system. Additionally, the Order provides for an augmented vegetation management program and reliability enhancement program by Unitil Energy which would be funded in the future rate increases discussed above. Finally, the Order provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs over eight years in the form of a tariff surcharge and establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

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Northern Utilities - In May 2011, Northern Utilities filed two separate rate cases requesting approval to change its natural gas distribution base rates in New Hampshire and Maine, with the NHPUC and the Maine Public Utilities Commission (MPUC), respectively.

The filings represent the first rate case in approximately 10 years for Northern Utilities' New Hampshire gas distribution operations and 28 years for its Maine gas distribution operations. In New Hampshire, the Company has requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1 percent. In Maine, the Company has requested an increase of $10.1 million in annual gas distribution base revenue which represents an increase of approximately 16.7 percent. Both filings include an initial step increase to reflect 2011 capital spending and a proposed capital cost recovery tracking mechanism to recover the future costs associated with Northern Utilities' cast iron and bare steel pipe replacement programs. The rate case filings are subject to regulatory review and approval with final rate orders expected by the end of the first quarter of 2012. Northern Utilities has also requested temporary rates in both states. In New Hampshire, a settlement of temporary rates was reached among the Company, the NHPUC Staff and the Office of Consumer Advocate which provides for a temporary increase of approximately $1.7 million in annual revenue to become effective as of August 1, 2011. On July 22, 2011, the NHPUC approved the temporary revenue increase as filed. In New Hampshire, once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were established, August 1, 2011. Hearings on permanent rates before the NHPUC are currently scheduled for the end of March 2012.

The request for temporary rates in Maine remains pending before the MPUC. On August 3, 2011, the Maine Office of the Public Advocate filed its testimony in the rate case, recommending an increase of $7.4 million, and a number of adjustments to the initial step increase to reflect 2011 capital spending related to the proposed capital cost tracking mechanism. On September 14, 2011, the MPUC Staff submitted its Bench Analysis, which provided the Staff's view on a number of issues in the company's requested increase and proposed several modifications. The MPUC Staff did not provide a recommended revenue requirement, but indicated that its analysis showed that the required increase was less than either the Company's or Public Advocate's proposals. The Company filed its rebuttal testimony on October 5, 2011, which supports its initial requested increase with several minor adjustments. On October 25, 2011, the Company and the Maine Office of the Public Advocate along with certain other Intervenor parties to this proceeding, entered into a comprehensive settlement agreement resolving all outstanding issues in this rate case among them. The comprehensive settlement agreement supports the Company's request for a temporary annual increase in distribution revenue of $3.5 million effective November 1, 2011, a permanent annual increase in distribution revenue of $7.8 million effective January 1, 2012, and a permanent annual increase in distribution revenue of $0.8 million to recover the costs of 2011 cast iron capital spending effective May 1, 2012. Hearings before the MPUC on the comprehensive settlement agreement are scheduled for the last week of October. Deliberations for the temporary annual increase in distribution revenue are also scheduled for the last week of October. The Company expects a final decision from the MPUC by November 1, 2011 regarding the temporary annual increase in distribution revenue, and by December 31, 2011 regarding the permanent annual increases in distribution revenue.

Regulation:

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 in regards to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, in regards to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the NHPUC; Fitchburg is subject to regulation by the MDPU; and Northern Utilities is regulated by the NHPUC and the MPUC. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under cost of service regulation and subject to the rules, policies and procedures in each applicable regulatory jurisdiction. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third party suppliers. A majority of Unitil's largest commercial and industrial (C&I) customers purchase their electric and natural gas supplies from third-party suppliers. However, most residential and small customers continue to purchase their electric and natural gas supplies through Unitil's distribution utilities. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a

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pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features. For additional discussion, please refer to Unitil's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could impact the rates the Company is able to charge, the Company's authorized rate of return and the Company's ability to recover costs in its rates;
- fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates;
- customers' preferences on energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparty's obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;

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- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

RESULTS OF OPERATIONS

The following section of Management's Discussion & Analysis compares the results of operations for each of the two fiscal periods ended September 30, 2011 and September 30, 2010 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Earnings Overview

The Company's Earnings (Loss) Applicable to Common Shareholders was $6.3 million, or $0.58 per share, for the nine months ended September 30, 2011, compared to $4.3 million, or $0.40 per share, for the same period of 2010. Results for the nine month period reflect increased electric and gas sales margins and volumes across all of Unitil's distribution utilities.

For the third quarter of 2011, the Company reported a net loss of ($1.6 million), or ($0.15) per share, compared to a net loss of ($0.1) million, or ($0.01) per share, for the third quarter of 2010. During the third quarter of 2011, the Company's Massachusetts distribution utility completed its electric and natural gas rate cases which provided: a combined annual revenue increase of $7 million, electric and gas revenue decoupling mechanisms, and recovery of December 2008 ice storm costs. In the third quarter of 2011, in connection with those Massachusetts rate cases, the Company recognized a non-recurring pre-tax charge of $2.0 million, or $0.11 per share, related to the December 2008 ice storm. The conclusion of the Massachusetts rate cases provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

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Natural gas sales margin increased $0.3 million and $4.3 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting higher sales volumes. Total natural gas therm sales were 6.0% and 13.1% higher in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The increased sales reflect: increased usage by Commercial and Industrial (C&I) customers, growth in new customers and the effect of colder weather earlier in the year. Heating Degree Days in the first nine months of 2011 were 9.2% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 5.9% and 8.6% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

Electric sales margin increased $0.9 million and $5.6 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting higher rates. Total electric kilowatt hour (kWh) sales decreased 3.4% in the three months ended September 30, 2011 compared to the same period in 2010 reflecting the effect of cooler summer weather in 2011 compared to the same period in 2010. For the nine months ended September 30, 2011, total kWh sales increased 0.3% compared to the same period in 2010 reflecting higher sales to Residential customers partially offset by lower sales to C&I customers. The increased sales to Residential customers in the nine month period reflect customer growth and the effect of colder winter weather in the first quarter of 2011 compared to 2010, partially offset by the effect of cooler summer weather in 2011 compared to 2010. There were 19.8% fewer Cooling Degree Days in the third quarter of 2011 compared to the same period in 2010 while Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, total kWh sales increased 0.8% and 1.0% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

Operation and Maintenance (O&M) expenses increased $0.5 million and $1.4 million for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The changes in O&M expenses for the three month period reflect higher utility operating costs of $0.8 million and higher compensation and employee benefit costs of $0.2 million, partially offset by lower professional fees of $0.3 million and lower all other operating costs of $0.2 million. The changes in O&M expenses for the nine month period reflect higher utility operating costs of $1.8 million and higher compensation and employee benefit costs of $1.0 million, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement, lower professional fees of $0.2 million and lower all other operating costs of $0.2 million. Utility operating costs in the three and nine month periods ended September 30, 2011 include approximately $0.4 million and $0.8 million, respectively, of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.8 million and $2.1 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting normal utility plant additions and a change in depreciation rates resulting from the Company's recent base rate case in Massachusetts.

Local Property and Other Taxes increased $0.5 million and $1.2 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These increases reflect higher local property tax rates and higher levels of utility plant in service.

Federal and State Income Taxes decreased by $0.8 million for the three months ended September 30, 2011 compared to the same period in 2010 due to lower pre-tax earnings in the current period. Federal and State Income Taxes increased by $1.4 million for the nine months ended September 30, 2011 compared to the same period in 2010 due to higher pre-tax earnings in 2011 compared to the same period in 2010.

Other Non-Operating Expenses increased $0.1 million and $0.1 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010.

Interest Expense, Net increased $1.9 million and $2.5 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and nine month periods ended September 30, 2011 are due to lower interest income recorded on regulatory

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assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final Order issued by the MDPU, discussed above, the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010 and interest expense of $0.1 million recognized in the third quarter of 2011 related to the settlement with a customer regarding a billing error, as discussed below in Note 6 to the Consolidated Financial Statements.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.5 million and $4.2 million in the three and nine month periods ended September 30, 2011, respectively, increases of $0.3 million and $0.8 million, respectively, compared to the same periods of 2010. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

In 2010, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2011, March, 2011, June 2011 and September 2011 meetings, the Unitil Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three and nine months ended September 30, 2011 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Total therm sales of natural gas increased 6.0% and 13.1% in the three and nine months ended September 30, 2011 compared to the same periods in 2010. The increase in gas therm sales in the Company's utility service territories reflects increased usage by both Residential and C&I customers resulting from the addition of new customers. The increased sales also reflect the effect of colder weather earlier in the year. Heating Degree Days in the first nine months of 2011 were 9.2% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 5.9% and 8.6% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

The following table details total firm therm sales for the three and nine months ended September 30, 2011 and 2010, by major customer class:

Therm Sales (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	Change	% Change	2011	2010	Change	% Change
Residential	**2.6**	2.5	0.1	4.0%	**30.5**	26.9	3.6	13.4%
Commercial / Industrial	**20.5**	19.3	1.2	6.2%	**114.1**	100.9	13.2	13.1%
Total	**23.1**	21.8	1.3	6.0%	**144.6**	127.8	16.8	13.1%

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Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three and nine months ended September 30, 2011 and 2010:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	$ Change	% Change(1)	2011	2010	$ Change	% Change(1)
Gas Operating Revenue:								
Residential	**$ 8.0**	$ 6.7	$ 1.3	7.5%	**$ 46.8**	$ 42.5	$ 4.3	4.2%
Commercial / Industrial	**13.2**	10.7	2.5	14.3%	**65.5**	59.7	5.8	5.7%
Total Gas Operating Revenue	**$21.2**	$17.4	$ 3.8	21.8%	**$112.3**	$102.2	$10.1	9.9%
Cost of Gas Sales:								
Purchased Gas	**$12.5**	$ 8.9	$ 3.6	20.7%	**$ 68.0**	$ 61.5	$ 6.5	6.4%
Conservation & Load Management	**0.5**	0.6	(0.1)	(0.6%)	**1.5**	2.2	(0.7)	(0.7%)
Total Cost of Gas Sales	**$13.0**	$ 9.5	$ 3.5	20.1%	**$ 69.5**	$ 63.7	$ 5.8	5.7%
Gas Sales Margin	**$ 8.2**	$ 7.9	$ 0.3	1.7%	**$ 42.8**	$ 38.5	$ 4.3	4.2%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $3.8 million, or 21.8%, and $10.1 million, or 9.9%, in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. Total Gas Operating Revenues include the recovery of the approved costs of gas sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in the third quarter of 2011 reflects higher Purchased Gas revenues of $3.6 million and higher natural gas sales margins of $0.3 million, partially offset by lower C&LM revenues of $0.1 million. The increase in Total Gas Operating Revenues in the first nine months of 2011 reflects higher Purchased Gas revenues of $6.5 million and higher natural gas sales margins of $4.3 million, partially offset by lower C&LM revenues of $0.7 million.

The Purchased Gas and C&LM components of Gas Operating Revenues increased a combined $3.5 million, or 20.1%, of Total Gas Operating Revenue and $5.8 million, or 5.7%, of Total Gas Operating Revenue in the three and nine month periods ended September 30, 2011 compared to the same periods in 2010. These increases are due to higher sales of natural gas partially offset by an increase in the amount of natural gas purchased by customers directly from third-party suppliers and lower spending on energy efficiency and conservation programs. The Company recovers the costs of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $0.3 million and $4.3 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, primarily reflecting higher sales volumes.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales – Total kWh sales decreased 3.4% in the three months ended September 30, 2011 compared to the same period in 2010 reflecting the effect of cooler summer weather in 2011 compared to the same period in 2010. For the nine months ended September 30, 2011, total kWh sales increased 0.3% compared to the same period in 2010 reflecting higher sales to Residential customers partially offset by lower sales to C&I customers. The increased sales to Residential customers in the nine month period reflect customer growth and the effect of colder winter weather earlier in the year partially offset by the effect of cooler summer weather in 2011 compared to 2010. There were 19.8% fewer Cooling Degree Days in the third quarter of 2011 compared to the same period in 2010 while Heating Degree Days in the

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first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, total kWh sales increased 0.8% and 1.0% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

The following table details total kWh sales for the three and nine months ended September 30, 2011 and 2010 by major customer class:

kWh Sales (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	Change	% Change	2011	2010	Change	% Change
Residential	**190.2**	198.7	(8.5)	(4.3%)	**530.1**	524.7	5.4	1.0%
Commercial / Industrial	**276.5**	284.6	(8.1)	(2.8%)	**766.2**	767.9	(1.7)	(0.2%)
Total	**466.7**	483.3	(16.6)	(3.4%)	**1,296.3**	1,292.6	3.7	0.3%

Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three and nine month periods ended September 30, 2011 and 2010:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	$ Change	% Change(1)	2011	2010	$ Change	% Change(1)
Electric Operating Revenue:								
Residential	**$27.2**	$ 31.0	$ (3.8)	(6.6%)	**$ 76.1**	$ 82.9	$ (6.8)	(4.4%)
Commercial / Industrial	**23.3**	26.5	(3.2)	(5.6%)	**65.5**	72.0	(6.5)	(4.2%)
Total Electric Operating Revenue	**$ 50.5**	$57.5	$ (7.0)	(12.2%)	**$141.6**	$154.9	$ (13.3)	(8.6%)
Cost of Electric Sales:								
Purchased Electricity	**$31.0**	$ 39.6	$(8.6)	(15.0%)	**$ 88.0**	$ 107.1	$(19.1)	(12.3%)
Conservation & Load Management	**1.7**	1.0	0.7	1.2%	**3.8**	3.6	0.2	0.1%
Total Cost of Electric Sales	**$32.7**	$ 40.6	$(7.9)	(13.8%)	**$ 91.8**	$ 110.7	$(18.9)	(12.2%)
Electric Sales Margin	**$17.8**	$16.9	$ 0.9	1.6%	**$ 49.8**	$ 44.2	$ 5.6	3.6%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenue decreased by $7.0 million, or 12.2%, and $13.3 million, or 8.6%, in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. Total Electric Operating Revenues include the recovery of the approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The decrease in Total Electric Operating Revenues in the third quarter of 2011 reflects lower Purchased Electricity revenues of $8.6 million, partially offset by higher electric sales margin of $0.9 million and higher C&LM revenues of $0.7 million. The decrease in Total Electric Operating Revenues in the first nine months of 2011 reflects lower Purchased Electricity revenues of $19.1 million, partially offset by higher electric sales margin of $5.6 million and higher C&LM revenues of $0.2 million.

The Purchased Electricity and C&LM components of Total Electric Operating Revenues decreased a combined $7.9 million, or 13.8%, and $18.9 million, or 12.2%, of Total Electric Operating Revenues in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in

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2010. The decrease in the three month period primarily reflects lower electric kWh sales and lower electric commodity prices, partially offset by increased spending on energy efficiency and conservation programs. The decrease in the nine month period primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by increased sales and increased spending on energy efficiency and conservation programs. The Company recovers the costs of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $0.9 million and $5.6 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting higher rates. Electric sales margin also reflects the recognition of non-recurring billing adjustments of $0.2 million and $0.3 million in the three and nine month periods ended September 30, 2011, respectively, related to a customer billing error, as discussed below in Note 6 to the Consolidated Financial Statements.

Operating Revenue - Other

The following table details total Other Revenue for the three and nine months ended September 30, 2011 and 2010:

Other Revenue (000's)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	$ Change	% Change	2011	2010	$ Change	% Change
Other	**$1.5**	$1.2	$ 0.3	25.0%	**$4.2**	$3.4	$ 0.8	23.5%
Total Other Revenue	**$1.5**	$1.2	$ 0.3	25.0%	**$4.2**	$3.4	$ 0.8	23.5%

Total Other Revenue increased $0.3 million, or 25.0%, and $0.8 million, or 23.5%, in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

Operating Expenses

Purchased Gas – Purchased Gas expenses include the cost to supply interstate pipeline gas and supplemental gas resources (e.g. liquefied natural gas, propane) to meet customers' total requirements for gas. Purchased Gas increased $3.6 million and $6.5 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These increases reflect higher sales of natural gas partially offset by an increase in the amount of natural gas purchased by customers directly from third-party suppliers. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in these expenses do not affect earnings.

Purchased Electricity – Purchased Electricity expenses include the cost to supply electricity to meet customers' total requirements for electricity, as well as other electric supply related restructuring costs, including long-term power supply contract buyout costs. Purchased Electricity decreased $8.6 million and $19.1 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The decrease in the three month period primarily reflects lower electric kWh sales and lower electric commodity costs. The decrease in the nine month period primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by increased sales. The Company recovers the approved costs

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of Purchased Electricity in its rates at cost on a pass through basis and therefore changes in these expenses do not affect earnings.

Operation and Maintenance (O&M) – O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's unregulated business activities. Total O&M expenses increased $0.5 million and $1.4 million for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The changes in O&M expenses for the three month period reflect higher utility operating costs of $0.8 million and higher compensation and employee benefit costs of $0.2 million, partially offset by lower professional fees of $0.3 million and lower all other operating costs of $0.2 million. The changes in O&M expenses for the nine month period reflect higher utility operating costs of $1.8 million and higher compensation and employee benefit costs of $1.0 million, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement, lower professional fees of $0.2 million and lower all other operating costs of $0.2 million. Utility operating costs in the three and nine month periods ended September 30, 2011 include approximately $0.4 million and $0.8 million, respectively, of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Conservation & Load Management – Conservation and Load Management expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy usage. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 70% of these costs are related to electric operations and 30% to gas operations.

Total C&LM expenses increased $0.6 million, or 37.5% and decreased $0.5 million, or 8.6%, in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These approved costs are collected from customers on a pass through basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization – Depreciation and Amortization expense increased $0.8 million and $2.1 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting normal utility plant additions and a change in depreciation rates resulting from the Company's recent base rate case in Massachusetts.

Local Property and Other Taxes – Local Property and Other Taxes increased $0.5 million and $1.2 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These increases reflect higher local property tax rates and higher levels of utility plant in service.

Federal and State Income Taxes – Federal and State Income Taxes decreased by $0.8 million for the three months ended September 30, 2011 compared to the same period in 2010 due to lower pre-tax earnings in the current period. Federal and State Income Taxes increased by $1.4 million for the nine months ended September 30, 2011 compared to the same period in 2010 due to higher pre-tax earnings in 2011 compared to the same period in 2010.

Other Non-Operating Expenses (Income)

Other Non-Operating Expenses increased $0.1 million and $0.1 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010.

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Interest Expense, Net

Interest expense is presented in the consolidated financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

Interest Expense, Net (Millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2011	2010	Change	**2011**	2010	Change
Interest Expense						
Long-term Debt	**$ 5.1**	$ 5.1	$—	**$15.2**	$ 14.9	$ 0.3
Short-term Debt	**0.4**	0.3	0.1	**1.2**	1.1	0.1
Regulatory Liabilities	**0.1**	0.1	—	**0.2**	0.2	—
Subtotal Interest Expense	**5.6**	5.5	0.1	**16.6**	16.2	0.4
Interest (Income)						
Regulatory Assets	**1.2**	(0.6)	1.8	**(0.2)**	(2.3)	2.1
AFUDC[1] and Other	**(0.2)**	(0.2)	—	**(0.4)**	(0.4)	—
Subtotal Interest (Income)	**1.0**	(0.8)	1.8	**(0.6)**	(2.7)	2.1
Total Interest Expense, Net	**$ 6.6**	$ 4.7	$ 1.9	**$16.0**	$ 13.5	$ 2.5

(1) AFUDC – Allowance for Funds Used During Construction.

Interest Expense, Net increased $1.9 million and $2.5 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and nine month periods ended September 30, 2011 are due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final Order issued by the MDPU, discussed above, the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010 and interest expense of $0.1 million recognized in the third quarter of 2011 related to the settlement with a customer regarding a billing error, as discussed below in Note 6 to the Consolidated Financial Statements.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally-generated funds through bank borrowings, as needed, under its unsecured short-term bank credit facility. Periodically, the Company

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replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

The continued availability of these methods of financing, as well as the Company's choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of the Company's earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Unitil has a revolving credit agreement with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit agreement was $80.0 million at September 30, 2011, September 30, 2010 and December 31, 2010. There was $65.4 million, $46.3 and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit agreement at September 30, 2011, September 30, 2010 and December 31, 2010, respectively. The total amount of credit available under the Company's revolving credit agreement was $14.6 million, $33.7 million and $13.2 million at September 30, 2011, September 30, 2010 and December 31, 2010, respectively. The revolving credit agreement contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of September 30, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the fifth amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The fifth amendment agreement increases the maximum borrowings under the facility to $115 million, changes the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changes the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.50% of such daily amount. Also, see Credit Arrangements in Note 4.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $13.0 million, $12.3 million and $11.7 million outstanding at September 30, 2011, September 30, 2010 and December 31, 2010, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in September 2011 and payable in October 2011 that were recorded in Accounts Payable at September 30, 2011. There were no amounts of natural gas inventory released in September 2010 and payable in October 2010 that were recorded in Accounts Payable at September 30, 2010. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to generally limit these guarantees to approximately two years or less. As of September 30, 2011 there are $37.2 million of guarantees outstanding and the longest of these guarantees extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of September 30, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.5 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite

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State notes due 2018. As of September 30, 2011, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the nine months ended September 30, 2011 compared to the same period in 2010.

	Nine Months Ended September 30,	
	2011	2010
Cash Provided by Operating Activities	**$49.8**	$21.5

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $49.8 million for the first nine months of 2011 compared to $21.5 million in the same period of 2010. In the first nine months of 2011 as compared to the first nine months of 2010, net sources of cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes increased by $7.5 million, changes in working capital items increased $4.8 million, and changes in all other Operating Activities increased $16.0 million.

	Nine Months Ended September 30,	
	2011	2010
Cash (Used in) Investing Activities	**$(42.7)**	$(33.8)

Cash (Used in) Investing Activities – Cash (Used in) Investing Activities was ($42.7) million for the nine months ended September 30, 2011 compared to ($33.8) million for the same period in 2010. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions. Capital expenditures are projected to total approximately ($59.0) million for 2011.

	Nine Months Ended September 30,	
	2011	2010
Cash Provided by (Used in) Financing Activities	**$(8.1)**	$ 12.6

Cash Provided by (Used in) Financing Activities – Cash (Used in) Financing Activities was ($8.1) million for the nine months ended September 30, 2011 compared to Cash Provided by Financing Activities of $12.6 million for the same period in 2010. Short-term borrowings were reduced by ($1.4) million in the first nine months of 2011. Other sources and (uses) of cash include ($11.4) million for quarterly dividend payments, gas inventory financing of $5.1 million, repayment of long-term debt of ($0.3) million, and other of ($0.8) million. Proceeds from issuances of common stock provided a source of cash of $0.7 million.

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CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 3, 2011.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board (FASB) Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)

	September 30,		December 31,
	2011	2010	2010
Energy Supply Contract Obligations	**$ 14.9**	$ 24.3	$ 21.7
Deferred Restructuring Costs	**22.0**	25.8	25.0
Subtotal – Restructuring Related Items	**36.9**	50.1	46.7
Retirement Benefit Obligations	**47.0**	43.6	47.1
Income Taxes	**12.1**	13.2	12.7
Environmental Obligations	**17.9**	20.6	20.3
Deferred Storm Charges	**18.5**	21.0	21.0
Other	**15.0**	10.1	10.9
Total Regulatory Assets	**$147.4**	$158.6	$ 158.7
Less: Current Portion of Regulatory Assets [(1)]	**16.5**	16.6	15.7
Regulatory Assets – noncurrent	**$130.9**	$ 142.0	$ 143.0

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a

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portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an Order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg Gas and Electric Light Company (Fitchburg). Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The purpose of decoupling is to eliminate the disincentive a utility otherwise has to encourage energy efficiency programs. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on predetermined amounts approved by the MDPU. The difference between distribution revenue amounts billed to customers and the predetermined amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recovery.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulatory authorities to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans,

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earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs.

The Company's RBO may also be significantly affected by changes in key actuarial assumptions, including, anticipated rates of return on plan assets and the discount rates used in determining the Company's RBO. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the year ended December 31, 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000 in the Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $728,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for that time period would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $565,000. See Note 9 to the accompanying unaudited consolidated financial statements.

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included on the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realizability of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of September 30, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of September 30, 2011, the Company and its subsidiaries had 460 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

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As of September 30, 2011, 152 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended September 30, 2011 and September 30, 2010 were 2.24% and 2.32%, respectively. The average interest rates on the Company's short-term borrowings for the nine months ended September 30, 2011 and September 30, 2010 were 2.26% and 2.30%, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

REGULATORY MATTERS

Please refer to Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Operating Revenues				
Gas	**$ 21.2**	$ 17.4	**$ 112.3**	$ 102.2
Electric	**50.5**	57.5	**141.6**	154.9
Other	**1.5**	1.2	**4.2**	3.4
Total Operating Revenues	**73.2**	76.1	**258.1**	260.5
Operating Expenses				
Purchased Gas	**12.5**	8.9	**68.0**	61.5
Purchased Electricity	**31.0**	39.6	**88.0**	107.1
Operation and Maintenance	**13.6**	13.1	**38.3**	36.9
Conservation & Load Management	**2.2**	1.6	**5.3**	5.8
Depreciation and Amortization	**6.9**	6.1	**22.5**	20.4
Provisions (Benefit) for Taxes:				
Local Property and Other	**3.2**	2.7	**9.5**	8.3
Federal and State Income	**(1.4)**	(0.6)	**3.7**	2.3
Total Operating Expenses	**68.0**	71.4	**235.3**	242.3
Operating Income	**5.2**	4.7	**22.8**	18.2
Non-Operating Expenses (Income)	**0.2**	0.1	**0.4**	0.3
Income Before Interest Expense	**5.0**	4.6	**22.4**	17.9
Interest Expense, Net	**6.6**	4.7	**16.0**	13.5
Net Income (Loss)	**(1.6)**	(0.1)	**6.4**	4.4
Less: Dividends on Preferred Stock	**—**	—	**0.1**	0.1
Earnings (Loss) Applicable to Common Shareholders	**$ (1.6)**	$ (0.1)	**$ 6.3**	$ 4.3
Weighted Average Common Shares Outstanding – Basic (000's)	**10,887**	10,830	**10,875**	10,817
Weighted Average Common Shares Outstanding – Diluted (000's)	**10,887**	10,830	**10,877**	10,818
Earnings Per Common Share (Basic and Diluted)	**$ (0.15)**	$ (0.01)	**$ 0.58**	$ 0.40
Dividends Declared Per Share of Common Stock	**$ 0.345**	$ 0.345	**$ 1.38**	$ 1.38

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	September 30, 2011	September 30, 2010	December 31, 2010
ASSETS:			
Utility Plant:			
Electric	**$326.6**	$313.5	$ 321.5
Gas	**363.9**	348.5	360.1
Common	**30.4**	30.4	30.2
Construction Work in Progress	**41.4**	18.9	16.6
Total Utility Plant	**762.3**	711.3	728.4
Less: Accumulated Depreciation	**262.5**	247.7	251.9
Net Utility Plant	**499.8**	463.6	476.5
Current Assets:			
Cash	**7.9**	8.0	8.9
Accounts Receivable, net	**30.4**	27.2	36.9
Accrued Revenue	**35.2**	35.7	46.7
Refundable Taxes	**—**	—	7.5
Gas Inventory	**15.6**	15.9	10.6
Materials and Supplies	**3.8**	3.3	2.9
Prepayments and Other	**4.5**	3.0	3.6
Total Current Assets	**97.4**	93.1	117.1
Noncurrent Assets:			
Regulatory Assets	**130.9**	142.0	143.0
Other Noncurrent Assets	**20.6**	26.3	23.0
Total Noncurrent Assets	**151.5**	168.3	166.0
TOTAL ASSETS	**$748.7**	$725.0	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	September 30, 2011	September 30, 2010	December 31, 2010
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$181.2**	$ 183.5	$ 189.0
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**288.0**	288.5	288.3
Total Capitalization	**471.2**	474.0	479.3
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.5	0.5
Accounts Payable	**16.0**	16.0	26.5
Taxes Payable	**0.6**	0.7	—
Short-Term Debt	**65.4**	46.3	66.8
Energy Supply Contract Obligations	**21.8**	23.0	17.0
Other Current Liabilities	**22.5**	23.5	16.1
Total Current Liabilities	**126.8**	110.0	126.9
Deferred Income Taxes	**46.7**	37.2	43.8
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**6.1**	13.6	12.6
Retirement Benefit Obligations	**74.1**	67.2	74.0
Environmental Obligations	**14.4**	14.2	14.5
Other Noncurrent Liabilities	**9.4**	8.8	8.5
Total Noncurrent Liabilities	**104.0**	103.8	109.6
TOTAL CAPITALIZATION AND LIABILITIES	**$748.7**	$ 725.0	$ 759.6

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Operating Activities:		
Net Income	**$ 6.4**	$ 4.4
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**22.5**	20.4
Deferred Tax Provision (Benefit)	**2.5**	(0.9)
Changes in Working Capital Items:		
Accounts Receivable	**6.5**	6.3
Accrued Revenue	**11.5**	8.3
Taxes Refundable / Payable	**8.1**	2.4
Gas Inventory	**(5.0)**	(1.6)
Accounts Payable	**(10.5)**	(9.1)
Other Changes in Working Capital Items	**4.3**	3.8
Deferred Regulatory and Other Charges	**8.8**	(9.2)
Other, net	**(5.3)**	(3.3)
Cash Provided by Operating Activities	**49.8**	21.5
Investing Activities:		
Property, Plant and Equipment Additions	**(42.7)**	(33.8)
Cash (Used in) Investing Activities	**(42.7)**	(33.8)
Financing Activities:		
Repayment of Short-Term Debt	**(1.4)**	(18.2)
Proceeds From Issuance (Repayment of) Long-Term Debt, net	**(0.3)**	39.7
Net Increase in Gas Inventory Financing	**5.1**	2.3
Dividends Paid	**(11.4)**	(11.3)
Proceeds from Issuance of Common Stock, net	**0.7**	0.7
Other, net	**(0.8)**	(0.6)
Cash Provided by (Used in) Financing Activities	**(8.1)**	12.6
Net Increase (Decrease) in Cash	**(1.0)**	0.3
Cash at Beginning of Period	**8.9**	7.7
Cash at End of Period	**$ 7.9**	$ 8.0
Supplemental Cash Flow Information:		
Interest Paid	**$ 13.8**	$ 12.5
Income Taxes Paid (Refunded)	**$ (7.3)**	$ 1.0

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. (collectively, “Usource”) are subsidiaries of Unitil Resources.

The Company’s results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Unitil’s principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy’s customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company’s corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company’s wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. Amounts presented are in millions unless otherwise specified. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of results to be expected for the year ending December 31, 2011. For further information, please refer to Note 1 of Part II to the Consolidated Financial Statements – “Summary of Significant Accounting Policies” of the Company’s Form 10-K for the

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year ended December 31, 2010, as filed with the Securities and Exchange Commission (SEC) on February 3, 2011, for a description of the Company's Basis of Presentation.

Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an Order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg Gas and Electric Light Company (Fitchburg). Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The purpose of decoupling is to eliminate the disincentive a utility otherwise has to encourage energy efficiency programs. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on predetermined amounts approved by the MDPU. The difference between distribution revenue amounts billed to customers and the predetermined amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recovery.

Derivatives – The Company has a regulatory commission-approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission-approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of September 30, 2011, September 30, 2010 and December 31, 2010, the Company had 1.7 billion, 1.3 billion and 1.3 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

Liability Derivatives ($ millions)

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

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Fair Value Amount Offset in Regulatory Assets[1], as of:

Description	Balance Sheet Location	Fair Value September 30, 2011	Fair Value September 30, 2010	Fair Value December 31, 2010
Natural Gas Futures Contracts	Other Current Liabilities	$ 1.2	$ 1.7	$ 0.8
Natural Gas Futures Contracts	Other Noncurrent Liabilities	0.3	0.3	0.2
Total		$ 1.5	$ 2.0	$ 1.0

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:				
Natural Gas Futures Contracts	$ 0.9	$ 0.7	$1.5	$3.6
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings [2]:				
Purchased Gas	$—	$—	$ 1.0	$3.9

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

Reclassifications – Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of September 30, 2011, September 30, 2010 and December 31, 2010, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

	September 30, 2011	September 30, 2010	December 31, 2010
Allowance for Doubtful Accounts	**$2.5**	$2.6	$ 2.6

Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its consolidated financial statements.

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Recently Issued Pronouncements – In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company does not expect that the adoption of ASU 2011-04 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

NOTE 2 – DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
09/21/11	11/15/11	11/01/11	$ 0.345
06/16/11	08/15/11	08/01/11	$ 0.345
03/24/11	05/16/11	05/02/11	$ 0.345
01/18/11	02/15/11	02/01/11	$ 0.345
09/22/10	11/15/10	11/01/10	$ 0.345
06/17/10	08/16/10	08/02/10	$ 0.345
03/25/10	05/14/10	04/30/10	$ 0.345
01/14/10	02/16/10	02/02/10	$ 0.345

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol "UTL".

On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,944,675, 10,879,741 and 10,890,262 of common shares outstanding at September 30, 2011, September 30, 2010 and December 31, 2010, respectively.

Dividend Reinvestment and Stock Purchase Plan – During the first nine months of 2011, the Company sold 30,083 shares of its common stock, at an average price of $24.35 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately $732,000. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – On February 9, 2011, 24,330 restricted shares were issued in conjunction with the 2003 Restricted Stock Plan (Restricted Stock Plan) with an aggregate market value at the date of issuance of $554,237. There were 38,811 and 33,608 non-vested shares under the Restricted Stock Plan as of September 30, 2011 and 2010, respectively. The weighted average grant date fair value of these shares was $22.03 and $21.92, respectively. The compensation expense associated with the issuance of shares under the Restricted Stock Plan is being recognized over the vesting period and was $0.5 million and $0.4 million for the nine months ended September 30, 2011 and 2010, respectively. At September 30, 2011, there was approximately $1.0 million of total unrecognized compensation cost under the Restricted Stock Plan which is expected to be recognized over approximately 2.5 years. There were no forfeitures or cancellations under the Restricted Stock Plan during the nine months ended September 30, 2011.

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On March 24, 2011, the Board of Directors of the Company amended the Company's 2003 Restricted Stock Plan (the "Amendment") and restated the 2003 Restricted Stock Plan, as amended, in its entirety as the Company's Amended and Restated 2003 Stock Plan (the "Stock Plan"). The Amendment adds restricted stock units as a type of award that the Company may grant to the Company's employees, Directors or consultants pursuant to the Stock Plan. There were no restricted stock units issued under the Stock Plan during the nine months ended September 30, 2011.

Preferred Stock

Details on preferred stock at September 30, 2011, September 30, 2010 and December 31, 2010 are shown below:

	September 30, 2011	September 30, 2010	December 31, 2010
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

Shares Outstanding	September 30, 2011	September 30, 2010	December 31, 2010
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**2,250**	2,250	2,250
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**7,861**	7,901	7,901
8.00% Series, $100 Par Value	**9,696**	9,742	9,742

There were $0.1 million and $0.1 million of total dividends declared on Preferred Stock in the both the three and nine months ended September 30, 2011 and September 30, 2010, respectively.

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NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at September 30, 2011, September 30, 2010 and December 31, 2010 are shown below (millions):

	September 30,		December 31,
	2011	2010	2010
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Due December 3, 2038	**50.0**	50.0	50.0
Granite Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.5**	4.0	3.8
Total Long-Term Debt	**288.5**	289.0	288.8
Less: Current Portion	**0.5**	0.5	0.5
Total Long-term Debt, Less Current Portion	**$288.0**	$288.5	$ 288.3

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt at September 30, 2011 is estimated to be approximately $338 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements.

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Credit Arrangements

At September 30, 2011, September 30, 2010 and December 31, 2010, the Company had $65.4 million, $46.3 million and $66.8 million, respectively, in short-term debt outstanding through bank borrowings under its revolving credit facility which extends through October 8, 2013. The borrowing limit under the revolving credit facility was $80.0 million at September 30, 2011, September 30, 2010 and December 31, 2010. The total amount of credit available under the Company's revolving credit facility at September 30, 2011, September 30, 2010 and December 31, 2010 was $14.6 million, $33.7 million and $13.2 million, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of September 30, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the fifth amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The fifth amendment agreement increases the maximum borrowings under the facility to $115 million, changes the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changes the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.50% of such daily amount.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $13.0 million, $12.3 million and $11.7 million outstanding at September 30, 2011, September 30, 2010 and December 31, 2010, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in September 2011 and payable in October 2011 that were recorded in Accounts Payable at September 30, 2011. There were no amounts of natural gas inventory released in September 2010 and payable in October 2010 that were recorded in Accounts Payable at September 30, 2010. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to generally limit these guarantees to approximately two years or less. As of September 30, 2011 there are $37.2 million of guarantees outstanding and the longest of these guarantees extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of September 30, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.5 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite State notes due 2018. As of September 30, 2011, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three and nine months ended September 30, 2011 and September 30, 2010 (millions):

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Three Months Ended September 30, 2011	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 50.5**	**$ 21.2**	**$—**	**$ 1.5**	**$ 73.2**
Segment Profit (Loss)	**2.3**	**(4.2)**	**(0.1)**	**0.4**	**(1.6)**
Capital Expenditures	**6.7**	**9.9**	**1.0**	**—**	**17.6**
Three Months Ended September 30, 2010					
Revenues	$ 57.5	$ 17.4	$—	$ 1.2	$ 76.1
Segment Profit (Loss)	3.0	(3.4)	(0.1)	0.4	(0.1)
Capital Expenditures	6.0	7.5	1.1	—	14.6
Nine Months Ended September 30, 2011					
Revenues	**$ 141.6**	**$112.3**	**$—**	**$ 4.2**	**$ 258.1**
Segment Profit (Loss)	**5.6**	**(0.4)**	**(0.2)**	**1.3**	**6.3**
Capital Expenditures	**16.5**	**23.9**	**2.3**	**—**	**42.7**
Segment Assets	**368.9**	**367.5**	**6.4**	**5.9**	**748.7**
Nine Months Ended September 30, 2010					
Revenues	$154.9	$ 102.2	$—	$ 3.4	$260.5
Segment Profit (Loss)	5.0	(1.9)	0.1	1.1	4.3
Capital Expenditures	13.9	17.8	2.1	—	33.8
Segment Assets	368.6	344.8	6.9	4.7	725.0

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

Regulatory Matters

Fitchburg – Base Rate Case Filings – On January 14, 2011, Fitchburg filed a petition with the MDPU requesting approval of a comprehensive revenue decoupling proposal and for an increase in its electric and gas distribution rates. In its rate filing the Company made a request for an increase of $7.1 million in its electric distribution rates, including the recovery of deferred emergency storm restoration costs incurred as a result of the December 2008 ice storm and subsequent restoration. The MDPU had earlier approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from the ice storm damage for future recovery in rates. The Company's filing also included a request for an increase of $4.4 million in its gas distribution rates.

On August 1, 2011, the Massachusetts Department of Public Utilities ("MDPU") issued its Order (the "Order") approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of the Company. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The Order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State Gas Transmission, Inc. – Base Rate Case Filing – On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the FERC. On November 30,

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2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues and providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

On July 26, 2011, an amendment to the rate settlement agreement was filed on behalf of Granite State and the parties to this proceeding. The amendment was approved by the FERC on August 31, 2011. The amended settlement agreement results in an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State would also be permitted to file limited rate adjustment filings to recover the revenue requirements for future capital cost additions to transmission plant for major planned projects as stipulated in the amended settlement. The limited rate adjustment filings would be made annually on or about June 29 of each year to be effective August 1 of each year, and are projected to conclude in 2014 when these major projects will be completed. The estimated annual revenue increases for these limited rate adjustment filings of approximately $0.3 million, $0.3 million and $0.6 million would occur on August 1, 2012, August 1, 2013 and August 1, 2014, respectively.

Unitil Energy Base Rate Case Filing – On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue which went into effect on July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue which went into effect on May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million, $1.9 million and $1.4 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, respectively, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than seven percent and a sharing of earnings with customers if its return on equity is greater than ten percent in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a current spending level of approximately $1.0 million to $3.1 million by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities Base Rate Case Filings – In May 2011, Northern Utilities filed two separate rate cases requesting approval to change its natural gas distribution base rates in New Hampshire and Maine, with the NHPUC and the MPUC, respectively.

The filings represent the first rate case in approximately 10 years for Northern Utilities' New Hampshire gas distribution operations and 28 years for its Maine gas distribution operations. In New Hampshire, the Company has requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1 percent. In Maine, the Company has requested an increase of $10.1 million in annual gas distribution base revenue which represents an increase of approximately 16.7 percent. Both filings include an initial step increase to reflect 2011 capital spending and a proposed capital cost recovery tracking mechanism to recover the future costs associated with Northern Utilities' cast iron and bare steel pipe replacement programs. The rate case filings are subject to regulatory review and approval with final rate orders expected by the end of the first quarter of 2012. Northern Utilities has also requested temporary rates in both

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states. In New Hampshire, a settlement of temporary rates was reached among the Company, the NHPUC Staff and the Office of Consumer Advocate which provides for a temporary increase of approximately $1.7 million in annual revenue to become effective as of August 1, 2011. On July 22, 2011, the NHPUC approved the temporary revenue increase as filed. In New Hampshire, once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were established, August 1, 2011. Hearings on permanent rates before the NHPUC are currently scheduled for the end of March 2012.

The request for temporary rates in Maine remains pending before the MPUC. On August 3, 2011, the Maine Office of the Public Advocate filed its testimony in the rate case, recommending an increase of $7.4 million, and a number of adjustments to the initial step increase to reflect 2011 capital spending related to the proposed capital cost tracking mechanism. On September 14, 2011, the MPUC Staff submitted its Bench Analysis, which provided the Staff's view on a number of issues in the company's requested increase and proposed several modifications. The MPUC Staff did not provide a recommended revenue requirement, but indicated that its analysis showed that the required increase was less than either the Company's or Public Advocate's proposals. The Company filed its rebuttal testimony on October 5, 2011, which supports its initial requested increase with several minor adjustments. On October 25, 2011, the Company and the Maine Office of the Public Advocate along with certain other Intervenor parties to this proceeding, entered into a comprehensive settlement agreement resolving all outstanding issues in this rate case among them. The comprehensive settlement agreement supports the Company's request for a temporary annual increase in distribution revenue of $3.5 million effective November 1, 2011, a permanent annual increase in distribution revenue of $7.8 million effective January 1, 2012, and a permanent annual increase in distribution revenue of $0.8 million to recover the costs of 2011 cast iron capital spending effective May 1, 2012. Hearings before the MPUC on the comprehensive settlement agreement are scheduled for the last week of October. Deliberations for the temporary annual increase in distribution revenue are also scheduled for the last week of October. The Company expects a final decision from the MPUC by November 1, 2011 regarding the temporary annual increase in distribution revenue, and by December 31, 2011 regarding the permanent annual increases in distribution revenue.

Fitchburg – Management Audit – As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 ice storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The audit report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company. On September 1, 2011 the MDPU issued its Order with respect to the audit, accepting the majority of Jacob's audit report, and requiring the company to implement the remaining recommendations, as well as provide biannual status updates as to the company's implementation progress. On September 30, 2011, the company filed its first implementation status report with the MDPU.

Fitchburg – Electric Operations – On November 24, 2010, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery continues through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, and Net Metering Recovery Surcharge were proposed in other proceedings. The rates were approved effective January 1, 2011, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2009 Annual Reconciliation Filing also remains pending.

Fitchburg – Gas Operations – On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed to the Massachusetts Supreme Judicial Court (SJC) and is seeking to reverse and vacate the MDPU's order. Fitchburg believes that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. The appeal has been fully briefed and oral argument before the SJC was held on September 7, 2011. A decision from the SJC is anticipated by the end of the year.

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Fitchburg – Other – On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Three year energy efficiency investment plans, plans to establish smart grid pilot programs, and net metering tariffs have been approved by the MDPU. On June 16, 2011, the MDPU issued its final order with respect to the terms and conditions for purchasing supplier receivables (POR). Under POR, the electric distribution companies purchase the billing accounts receivable of competitive suppliers operating in their service territories.

On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the Order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. The filing remains pending before the MDPU.

Unitil Energy – Other – In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources (DER). An order approving a settlement agreement for a time-of-use pilot program was issued on February 26, 2010. On June 11, 2010, the NHPUC issued an order on the remaining two proposed projects and cost recovery. The NHPUC denied one of the two projects, citing that the costs outweighed the benefits but found the other project to be in the public interest. On November 1, 2010 Unitil Energy filed adjustments to base distribution rates to collect actual costs associated with authorized DER projects. The first step adjustment was approved and became effective on April 1, 2011.

Unitil Energy – Billing – In August 2011, the Company and one of its larger customers in New Hampshire settled a lawsuit filed by the customer in June 2011 regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused the Company to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million (Distribution and Other Delivery Charges - $0.5 million; Supply Charges - $1.3 million). As a result of the settlement, the Company reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized non-recurring charges of $0.3 million and $0.4 million for distribution charges plus interest in the three and nine months ended September 30, 2011, respectively.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service territory were underbilled from October 2004 through January 2011 for supply charges. Accordingly, the Company has requested authorization from the NHPUC to process the billing correction. The Company's request remains pending before the NHPUC. See additional discussion on this matter below in "Legal Proceedings."

Northern Utilities – Other – On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the

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acquisition date and the remaining amount on the Company's unaudited consolidated balance sheet at September 30, 2011 was $0.8 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. In an order issued on July 30, 2010, the MPUC approved a Settlement Agreement resolving this matter, filed on behalf of Northern Utilities, the Maine Office of the Public Advocate, and several state legislator intervenors, which was filed with the MPUC on July 6, 2010. Under the Agreement, Northern Utilities is proceeding with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season. Under the Agreement, the parties agreed to support a cost recovery mechanism that will provide for the timely recovery of prudently-incurred costs of the Program. The features of this cost recovery mechanism will be finalized during Northern Utilities' current base rate case proceeding, which is underway, as described above.

Northern Utilities – Maine Sales Tax Under-Collection – As part of a routine internal financial review related to 2010, it was determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. As a result, the Company did not bill and collect sales tax from those customers as of the conversion of the customer portfolio in July 2009. The Company promptly contacted the Maine Revenue Service (MRS) to advise them of the error. A Settlement Agreement between Northern Utilities and MRS was executed on January 31, 2011. Among other things, the Settlement Agreement allowed the Company time to amend all sales tax returns for all relevant periods affected by the sales tax conversion error provided that at the time amended returns were filed that the Company would pay all additional sales tax due plus interest. The Settlement Agreement also provided a waiver from the MRS of any civil penalties for failure to pay such sales taxes at the time when they were due. Accordingly, on May 26, 2011, Northern filed amend sales tax returns and paid sales tax due of $1.0 million to the MRS pursuant to the settlement agreement. Pursuant to state law, the tax shortfall is a debt of the customer to the utility and the Company has a right to recover the sales tax from customers. On June 2, 2011, the Company reached agreement with the MPUC concerning the methodology and procedure by which customers who were incorrectly converted as exempt from Maine sales tax would be billed for their sales tax arrears. The billing and collection of the tax arrears began in June 2011 and the Company has collected substantially all of the arrears as a result of the collection effort.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

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A civil suit was filed against Unitil Energy on June 20, 2011 in Rockingham County Superior Court in Brentwood, New Hampshire, captioned The Riverwoods Company at Exeter v. Unitil Energy Systems, Inc. The suit alleged damage claims for negligence, breach of contract and violation of the New Hampshire Consumer Protection Act, RSA chapter 358-A. Riverwoods sought recovery of $1.2 million, representing its claim for the balance of overpayments incurred as a result of a billing error, as well as interest, fees and costs, and double or treble damages pursuant to RSA chapter 358-A. On August 29, 2011, the Company and the customer settled the pending lawsuit. The Company paid the customer an additional $1.5 million, consisting of the remaining amount of overcharges plus interest. The lawsuit has been withdrawn. The dispute which was the subject matter of this action is also the subject of a petition filed by Unitil Energy with the NHPUC, and which is described more fully above in "Regulatory Matters."

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 6 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2010 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 3, 2011.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of September 30, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at September 30, 2011 are accrued liabilities totaling $12.0 million related to estimated future cleanup costs for permanent remediation of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Also included in Environmental Obligations on the Company's Consolidated Balance Sheet at September 30, 2011 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.1 million of accrued liabilities in Other Current Liabilities on the Company's Consolidated Balance Sheet at September 30, 2011 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

NOTE 8: INCOME TAXES

The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

The Company filed its tax returns for the year ended December 31, 2010 with the Internal Revenue Service (IRS) in September 2011. As a result, the Company generated net operating loss (NOL) carryforwards for income tax purposes of $9.5 million. In total for tax periods ended before December 31, 2010, the Company had generated Federal NOL carryforward deductions for income tax purposes of $4.3 million to offset against taxes payable in future periods. If unused, the Company's NOL carryforward

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deductions will expire in 2029 and 2030. In addition, at December 31, 2010, the Company had $1.4 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT indefinitely.

In its Federal income tax return filings for the year ended December 31, 2009, the Company recognized NOL carrybacks against its Federal taxable income for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in current tax refunds of $7.5 million, which were received in 2011.

According to Internal Revenue Code (IRC) rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its Federal income tax return filing for the year ended December 31, 2009 is under examination by the IRS. The IRS is currently performing fieldwork as part of their audit procedures. Currently, the Company believes that the ultimate resolution of this examination will not result in a material adverse effect to the Company's financial position or results of operations. In addition, because of the application of the 2009 NOL; tax periods ended December 31, 2004, 2005 and 2007 are subject to examination to the extent of the application of the NOL to those periods.

On March 3, 2011 the Company received notice of approval from the Joint Committee regarding the settlement between the Company and the IRS for tax years ending December 31, 2006, December 31, 2007, and December 31, 2008, which were previously under examination. As a result of the settlement, in November 2010, the Company paid $1.7 million and $0.2 million in taxes and interest, respectively, principally for certain timing items deducted in previous years which were subsequently deducted in the 2009 Federal income tax returns.

The Company evaluated its tax positions at December 31, 2010 and for the current interim reporting period ended September 30, 2011 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2010; December 31, 2009; December 31, 2008; and December 31, 2007.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2010 as filed with the SEC on February 3, 2011 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2011	2010
Used to Determine Plan Costs		
Discount Rate	**5.35%**	5.75%
Rate of Compensation Increase	**3.50%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

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The following tables provide the components of the Company's Retirement plan costs ($000's):

Three Months Ended September 30,	Pension Plan 2011	Pension Plan 2010	PBOP Plan 2011	PBOP Plan 2010	SERP 2011	SERP 2010
Service Cost	**$ 735**	$ 653	**$ 479**	$ 366	**$ 71**	$ 71
Interest Cost	**1,171**	1,114	**570**	504	**57**	56
Expected Return on Plan Assets	**(1,210)**	(1,045)	**(204)**	(150)	**—**	—
Prior Service Cost Amortization	**62**	63	**432**	395	**3**	—
Transition Obligation Amortization	**—**	—	**5**	5	**—**	—
Actuarial Loss Amortization	**783**	601	**—**	—	**19**	34
Sub-total	**1,541**	1,386	**1,282**	1,120	**150**	161
Amounts Capitalized and Deferred	**(128)**	(522)	**(248)**	(231)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,413**	$ 864	**$ 1,034**	$ 889	**$ 150**	$ 161

Nine Months Ended September 30,	Pension Plan 2011	Pension Plan 2010	PBOP Plan 2011	PBOP Plan 2010	SERP 2011	SERP 2010
Service Cost	**$ 2,206**	$ 1,957	**$ 1,438**	$ 1,099	**$ 214**	$ 213
Interest Cost	**3,513**	3,343	**1,709**	1,512	**170**	170
Expected Return on Plan Assets	**(3,630)**	(3,136)	**(613)**	(449)	**—**	—
Prior Service Cost Amortization	**187**	190	**1,296**	1,184	**8**	2
Transition Obligation Amortization	**—**	—	**16**	16	**—**	—
Actuarial Loss Amortization	**2,349**	1,804	**—**	—	**59**	100
Sub-total	**4,625**	4,158	**3,846**	3,362	**451**	485
Amounts Capitalized and Deferred	**(1,309)**	(1,625)	**(882)**	(818)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 3,316**	$ 2,533	**$ 2,964**	$ 2,544	**$ 451**	$ 485

Employer Contributions

The Company has made $8.8 million of contributions to the Pension Plan in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2011 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

As of September 30, 2011, the Company had made $40,000 of contributions to the SERP Plan in 2011. The Company presently anticipates contributing an additional $13,000 to the SERP Plan in 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Market Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2011. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of September 30, 2011 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

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There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the Consolidated Financial Statements. In the opinion of 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2010 as filed with the SEC on February 3, 2011.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended September 30, 2011.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $224,500 in value of shares have been purchased or, if sooner, on March 24, 2012.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

The Company's repurchases are shown in the table below for the monthly periods noted:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
7/1/11 – 7/31/11	—	—	—
8/1/11 – 8/31/11	—	—	—
9/1/11 – 9/30/11	194	$26.21	194
Total	194	$26.21	194

Item 5. Other Information

On October 27, 2011, the Company issued a press release announcing its results of operations for the three- and nine-month periods ended September 30, 2011. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
11	Computation in Support of Earnings Per Weighted Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated October 27, 2011 Announcing Earnings For the Quarter Ended September 30, 2011.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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SIGNATURES

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

	UNITIL CORPORATION (Registrant)
Date: October 27, 2011	/s/ Mark H. Collin Mark H. Collin Chief Financial Officer
Date: October 27, 2011	/s/ Laurence M. Brock Laurence M. Brock Chief Accounting Officer

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EXHIBIT INDEX

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER WEIGHTED AVERAGE COMMON SHARE OUTSTANDING

(Millions except common shares and per share data)

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	**2011**	2010
Net Income (Loss)	**$ (1.6)**	$ (0.1)	**$ 6.4**	$ 4.4
Less: Dividend Requirements on Preferred Stock	**—**	—	**0.1**	0.1
Net Income Applicable to Common Stock	**$ (1.6)**	$ (0.1)	**$ 6.3**	$ 4.3
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**10,887**	10,830	**10,875**	10,817
Dilutive Effect of Stock Options and Restricted Stock (000's)	**—**	—	**2**	1
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**10,887**	10,830	**10,877**	10,818
Earnings Per Share – Basic and Diluted	**$ (0.15)**	$ (0.01)	**$ 0.58**	$ 0.40

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2011

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2011

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2011

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Unitil Corporation (the "Company") on Form 10-Q for the period ending September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	October 27, 2011
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	October 27, 2011
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	October 27, 2011

Unitil

Exhibit 99.1
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For Release

UNITIL REPORTS THIRD QUARTER EARNINGS

HAMPTON, N.H., OCTOBER 27, 2011 – Unitil Corporation (NYSE: UTL) (www.unitil.com) today reported net income of $6.3 million, or $0.58 per share, for the nine months ended September 30, 2011, compared to $4.3 million, or $0.40 per share, for the same period of 2010. Results for the nine month period reflect increased electric and gas sales margins and volumes across all of Unitil's distribution utilities.

For the third quarter of 2011, the Company reported a net loss of ($1.6 million), or ($0.15) per share, compared to a net loss of ($0.1) million, or ($0.01) per share, for the third quarter of 2010. During the third quarter of 2011, the Company's Massachusetts distribution utility completed its electric and natural gas rate cases which provided: a combined annual revenue increase of $7 million, electric and gas revenue decoupling mechanisms, and recovery of December 2008 ice storm costs. In the third quarter of 2011, in connection with those Massachusetts rate cases, the Company recognized a non-recurring pre-tax charge of $2.0 million, or $0.11 per share, related to the December 2008 ice storm. The conclusion of the Massachusetts rate cases provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

"The two primary highlights from the third quarter are the final resolution of all regulatory issues regarding the 2008 ice storm and the continued strong increase in gas sales", said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "We fully expect to complete our regulatory agenda to reset rates for all of our operating companies by the first quarter of 2012."

Natural gas sales margin increased $0.3 million and $4.3 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting higher sales volumes. Total natural gas therm sales were 6.0% and 13.1% higher in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The increased sales reflect:

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increased usage by Commercial and Industrial (C&I) customers, growth in new customers and the effect of colder weather earlier in the year. Heating Degree Days in the first nine months of 2011 were 9.2% greater than in the same period in 2010. On a weather-normalized basis, natural gas sales increased 5.9% and 8.6% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

Electric sales margin increased $0.9 million and $5.6 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting higher rates. Total electric kilowatt hour (kWh) sales decreased 3.4% in the three months ended September 30, 2011 compared to the same period in 2010 reflecting the effect of cooler summer weather in 2011 compared to the same period in 2010. For the nine months ended September 30, 2011, total kWh sales increased 0.3% compared to the same period in 2010 reflecting higher sales to Residential customers partially offset by lower sales to C&I customers. The increased sales to Residential customers in the nine month period reflect customer growth and the effect of colder winter weather earlier in the year, partially offset by the effect of cooler summer weather in 2011 compared to 2010. There were 19.8% fewer Cooling Degree Days in the third quarter of 2011 compared to the same period in 2010 while Heating Degree Days in the first quarter of 2011 were 6% greater than in the same period in 2010. On a weather-normalized basis, total kWh sales increased 0.8% and 1.0% in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010.

Usource, the Company’s non-regulated energy brokering business, recorded revenues of $1.5 million and $4.2 million in the three and nine month periods ended September 30, 2011, respectively, increases of $0.3 million and $0.8 million, respectively, compared to the same periods of 2010.

Operation and Maintenance (O&M) expenses increased $0.5 million and $1.4 million for the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010. The changes in O&M expenses for the three month period reflect higher utility operating costs of $0.8 million and higher compensation and employee benefit costs of $0.2 million, partially offset by lower professional fees of $0.3 million and lower all other operating costs of $0.2 million. The changes in O&M expenses for the nine month period reflect higher utility operating costs of $1.8 million and higher compensation and employee benefit costs of $1.0 million, partially offset by a reduction of $1.0 million associated with the proceeds from an insurance settlement, lower professional fees of $0.2 million and lower all other operating costs of $0.2 million. Utility operating costs in the three and nine month periods ended September 30, 2011 include approximately $0.4 million and $0.8 million, respectively, of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

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Selected financial data for 2011 and 2010 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data

(Millions, except Per Share data)(Unaudited)

	Three Months Ended Sept. 30,			Nine Months Ended Sept. 30,		
	2011	2010	Change	2011	2010	Change
Gas Therm Sales:						
Residential	2.6	2.5	4.0%	30.5	26.9	13.4%
Commercial/Industrial	20.5	19.3	6.2%	114.1	100.9	13.1%
Total Gas Therm Sales	**23.1**	**21.8**	**6.0%**	**144.6**	**127.8**	**13.1%**
Electric kWh Sales:						
Residential	190.2	198.7	(4.3%)	530.1	524.7	1.0%
Commercial/Industrial	276.5	284.6	(2.8%)	766.2	767.9	(0.2%)
Total Electric kWh Sales	**466.7**	**483.3**	**(3.4%)**	**1,296.3**	**1,292.6**	**0.3%**
Gas Revenues	$ 21.2	$ 17.4	$ 3.8	$ 112.3	$ 102.2	$ 10.1
Purchased Gas	13.0	9.5	3.5	69.5	63.7	5.8
Gas Sales Margin	**8.2**	**7.9**	**0.3**	**42.8**	**38.5**	**4.3**
Electric Revenues	50.5	57.5	(7.0)	141.6	154.9	(13.3)
Purchased Electricity	32.7	40.6	(7.9)	91.8	110.7	(18.9)
Electric Sales Margin	**17.8**	**16.9**	**0.9**	**49.8**	**44.2**	**5.6**
Usource Sales Margin	**1.5**	**1.2**	**0.3**	**4.2**	**3.4**	**0.8**
Total Sales Margin:	**27.5**	**26.0**	**1.5**	**96.8**	**86.1**	**10.7**
Operation & Maintenance Expenses	13.6	13.1	0.5	38.3	36.9	1.4
Depreciation, Amortization, Taxes & Other	8.9	8.3	0.6	36.2	31.4	4.8
Interest Expense, Net	6.6	4.7	1.9	16.0	13.5	2.5
Earnings (Loss) Applicable to Common Shareholders:	**$ (1.6)**	**$ (0.1)**	**$ (1.5)**	**$ 6.3**	**$ 4.3**	**$ 2.0**
Earnings (Loss) Per Share	**$ (0.15)**	**$ (0.01)**	**$(0.14)**	**$ 0.58**	**$ 0.40**	**$ 0.18**

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Depreciation and Amortization expense increased $0.8 million and $2.1 million in the three and nine months ended September 30, 2011, respectively, compared to the same periods in 2010, reflecting normal utility plant additions and a change in depreciation rates resulting from the Company's recent base rate case in Massachusetts.

Local Property and Other Taxes increased $0.5 million and $1.2 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. These increases reflect higher local property tax rates and higher levels of utility plant in service.

Federal and State Income Taxes decreased by $0.8 million for the three months ended September 30, 2011 compared to the same period in 2010 due to lower pre-tax earnings in the current period. Federal and State Income Taxes increased by $1.4 million for the nine months ended September 30, 2011 compared to the same period in 2010 due to higher pre-tax earnings in 2011 compared to the same period in 2010.

Interest Expense, Net increased $1.9 million and $2.5 million in the three and nine month periods ended September 30, 2011, respectively, compared to the same periods in 2010. The increases in the three and nine month periods ended September 30, 2011 are due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final Order issued by the MDPU, discussed above, and the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

Also in the third quarter, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. This quarterly dividend results in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company will hold a quarterly conference call to discuss third quarter 2011 results on Thursday, October 27, 2011, at 3:00 p.m. Eastern Time. This call is being webcast by Thomson Financial and can be accessed in the Investor Relations section of Unitil Corporation's website, www.unitil.com.

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About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 100,900 electric customers and 70,800 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

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

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UNITED STATES
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 March 31, 2012

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 April 23, 2012
Common Stock, no par value	**10,990,496 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended March 31, 2012

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PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service areas in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, New Hampshire;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, Inc. (Northern Utilities), which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers in their service areas.

In addition, Unitil is the parent company of Granite State Gas Transmission, Inc. (Granite State) an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $512.2 million at March 31, 2012. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, Usource), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily in the northeastern United States. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp. (Unitil Realty), which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

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RATES AND REGULATIONS

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the NHPUC; Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the MPUC. Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service areas, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 13% of Unitil's total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

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CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company’s future operations, are forward-looking statements.

These statements include declarations regarding the Company’s beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue,” or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company’s authorized rate of return, the Company’s cost of service and the Company’s ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparties’ obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance and energy used under multi-year energy brokering contracts; and

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- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

RESULTS OF OPERATIONS

The following section of MD&A compares the results of operations for each of the two fiscal periods ended March 31, 2012 and March 31, 2011 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Earnings Overview

The Company's Earnings Applicable to Common Shareholders (Earnings) were $9.0 million for the first quarter of 2012, an increase of $0.3 million over the first quarter of 2011. Earnings per common share (EPS) were $0.83 for the first quarter of 2012, an improvement of $0.02 per share over the first quarter of 2011.

The Company estimates that the mild winter weather negatively impacted earnings by $1.6 million, or $0.15 per share, in the first quarter of 2012. According to the National Oceanic and Atmospheric Administration, the northeast region of the United States, in which Unitil's service areas are located, experienced its warmest first quarter period in 2012 as compared to normal temperatures in the 118 years of record keeping. Based on weather data collected in the Company's service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011.

Natural gas sales margin was $27.3 million in the three months ended March 31, 2012, an increase of $2.5 million compared to the same period in 2011. In the first quarter of 2012, natural gas sales margin was positively affected by increased base rates and decoupling revenues from recently completed rate cases and the growth in new natural gas customers. Sales margin was negatively affected by lower therm unit sales which decreased 11.3% in the three months ended March 31, 2012 compared to the same period in 2011, reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 13% of the Company's total therm sales of natural gas are decoupled and changes in these sales do not affect sales margin. Weather-normalized therm unit sales of natural gas are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Electric sales margin was $16.1 million in the three months ended March 31, 2012, reflecting higher base rates and decoupling revenues from recently completed rate cases, offset by lower electric kilowatt-hour (kWh) sales. Total electric kWh sales decreased 4.8% compared to the first quarter of 2011, primarily reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. Weather-normalized kWh sales are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Operation and Maintenance (O&M) expenses increased $1.2 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase in O&M expenses in the first quarter of 2012

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compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. The other changes in O&M expenses reflect higher employee compensation and benefit costs of $0.7 million, lower professional fees of $0.3 million and lower utility operating expenses of $0.2 million. Utility operating costs in the first quarter of 2012 include approximately $0.3 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting normal utility plant additions and amortization of previously deferred storm charges, partially offset by changes in depreciation rates resulting from the Company's recently completed rate cases.

Local Property and Other Taxes increased by $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Interest Expense, net increased $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting higher short-term borrowings.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.3 million in the first quarter of 2012, on par with revenues of $1.3 million in the first quarter of 2011.

In 2011, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012 and March, 2012 meetings, Unitil's Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three months ended March 31, 2012 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Unitil's total therm sales of natural gas decreased 11.3% in the three months ended March 31, 2012 compared to the same period in 2011, reflecting decreases of 14.6% and 10.2% in sales to Residential and Commercial and Industrial (C&I) customers, respectively. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder winter weather in the first quarter of 2012 compared to 2011. Based on weather data collected in the Company's service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011. Approximately 13% of the Company's total therm sales of natural gas are decoupled and changes in these sales do not affect sales margin. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. Weather-normalized therm unit sales of natural gas are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

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The following table details total firm therm sales for the three months ended March 31, 2012 and 2011, by major customer class:

Therm Sales (millions)

	Three Months Ended March 31, 2012	2011	Change	% Change
Residential	**17.0**	19.9	(2.9)	(14.6%)
Commercial/Industrial	**55.4**	61.7	(6.3)	(10.2%)
Total	**72.4**	81.6	(9.2)	(11.3%)

Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three months ended March 31, 2012 and 2011:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31, 2012	2011	$ Change	% Change(1)
Gas Operating Revenue:				
Residential	**$27.3**	$ 28.0	$ (0.7)	(1.1%)
Commercial / Industrial	**36.9**	37.9	(1.0)	(1.5%)
Total Gas Operating Revenue	**$ 64.2**	$65.9	$(1.7)	(2.6%)
Cost of Gas Sales:				
Purchased Gas	**$ 36.5**	$ 40.5	$ (4.0)	(6.1%)
Conservation & Load Management	**0.4**	0.6	(0.2)	(0.3%)
Total Cost of Gas Sales	**$ 36.9**	$ 41.1	$ (4.2)	(6.4%)
Gas Sales Margin	**$27.3**	$ 24.8	$ 2.5	3.8%

(1) Represents change as a percent of Total Gas Operating Revenue.

Unitil analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. Unitil believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margin was $27.3 million in the three months ended March 31, 2012, an increase of $2.5 million compared to the same period in 2011. In the first quarter of 2012, natural gas sales margin was positively affected by increased base rates and decoupling revenues from recently completed rate cases and the growth in new natural gas customers. Sales margin was negatively affected by lower therm unit sales, discussed above.

The decrease in Total Gas Operating Revenues of $1.7 million in the first quarter of 2012 reflects lower cost of sales of $4.2 million, including lower Purchased Gas costs of $4.0 million and C&LM revenues of $0.2 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $2.5 million.

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Electric Sales, Revenues and Margin

Kilowatt-hour Sales – In the first quarter of 2012, Unitil's total electric kWh sales decreased 4.8% compared to the first quarter of 2011. Sales to Residential and C&I customers decreased 5.2% and 4.5%, respectively, in the first quarter of 2012 compared to the same period in 2011, primarily reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. As discussed above, based on weather data collected in the Company's service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. Weather-normalized kWh sales are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

The following table details total kWh sales for the three months ended March 31, 2012 and 2011 by major customer class:

kWh Sales (millions)

	Three Months Ended March 31,			
	2012	2011	Change	% Change
Residential	**179.4**	189.2	(9.8)	(5.2%)
Commercial/Industrial	**235.3**	246.3	(11.0)	(4.5%)
Total	**414.7**	435.5	(20.8)	(4.8%)

Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three months ended March 31, 2012 and 2011:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2012	2011	$ Change	% Change(1)
Electric Operating Revenue:				
Residential	**$27.7**	$ 27.0	$ 0.7	1.5%
Commercial / Industrial	**21.0**	21.2	(0.2)	(0.4%)
Total Electric Operating Revenue	**$ 48.7**	$ 48.2	$ 0.5	1.0%
Cost of Electric Sales:				
Purchased Electricity	**$31.1**	$ 31.2	$ (0.1)	(0.2%)
Conservation & Load Management	**1.5**	0.9	0.6	1.2%
Total Cost of Electric Sales	**$32.6**	$ 32.1	$ 0.5	1.0%
Electric Sales Margin	**$16.1**	$16.1	$—	—

(1) Represents change as a percent of Total Electric Operating Revenue.

Unitil analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and Conservation & Load Management (C&LM) in Operating Expenses. Unitil believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

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Electric sales margin was $16.1 million in the three months ended March 31, 2012, reflecting higher base rates and decoupling revenues from recently completed rate cases, offset by lower kWh sales.

The increase in Total Electric Operating Revenues of $0.5 million in the first quarter of 2012 reflects higher cost of sales of $0.5 million, including lower Purchased Electricity costs of $0.1 million and higher C&LM revenues of $0.6 million, which are tracked costs that are passed through directly to customers.

Operating Revenue - Other

The following table details total Other Operating Revenue for the three months ended March 31, 2012 and 2011:

Other Operating Revenue (Millions)

	Three Months Ended March 31,			
	2012	2011	$ Change	% Change
Other	**$1.3**	$1.3	$ —	—
Total Other Operating Revenue	**$1.3**	$1.3	$ —	—

Total Other Operating Revenue, which is comprised of revenues from the Company's non-regulated energy brokering business, Usource, was about the same in the three month period ended March 31, 2012 compared to the same period in 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

Operating Expenses

Purchased Gas – Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $4.0 million, or 9.9%, in the three month period ended March 31, 2012 compared to the same period in 2011. The decrease in Purchased Gas reflects lower sales of natural gas. The Company recovers the approved costs of Purchased Gas through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Purchased Electricity – Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $0.1 million, or 0.3%, in the three month period ended March 31, 2012 compared to the same period in 2011, reflecting lower kWh sales. The Company recovers the approved costs of Purchased Electricity through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Operation and Maintenance – O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. O&M expenses increased $1.2 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase in O&M expenses in the first quarter of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. The other changes in O&M expenses reflect higher employee compensation and benefit costs of $0.7 million, lower professional fees of $0.3 million and lower utility operating expenses of $0.2 million. Utility operating costs in the first quarter of 2012 include approximately $0.3 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

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Conservation & Load Management – C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. In the first quarter of 2012, approximately 80% of these costs were related to electric operations and 20% to gas operations.

Total C&LM expenses increased by $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization – Depreciation and Amortization expense increased by $0.4 million, or 5.1%, in the three months ended March 31, 2012 compared to the same period in 2011, reflecting normal utility plant additions and amortization of previously deferred storm charges, partially offset by changes in depreciation rates resulting from the Company's recently completed rate cases.

Local Property and Other Taxes – Local Property and Other Taxes increased by $0.4 million, or 12.1%, in the three months ended March 31, 2012 compared to the same period in 2011. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes – Federal and State Income Taxes decreased by $0.1 million for the three months ended March 31, 2012 compared to the same period in 2011.

Other Non-Operating Expenses

Other Non-operating Expenses in the three month period ended March 31, 2012 were flat compared to the same period in 2011.

Interest Expense, Net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass-through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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Interest Expense, Net (millions)	Three Months Ended March 31, 2012	2011	Change
Interest Expense			
Long-term Debt	**$ 5.1**	$ 5.1	$—
Short-term Debt	**0.5**	0.4	0.1
Regulatory Liabilities	**—**	0.1	(0.1)
Subtotal Interest Expense	**5.6**	5.6	—
Interest (Income)			
Regulatory Assets	**(0.6)**	(0.9)	0.3
AFUDC and Other	**(0.1)**	(0.1)	—
Subtotal Interest (Income)	**(0.7)**	(1.0)	0.3
Total Interest Expense, Net	**$ 4.9**	$ 4.6	$ 0.3

Interest Expense, Net increased $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting higher short-term borrowings.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company’s utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company’s revolving credit facility. At March 31, 2012, March 31, 2011 and December 31, 2011, all of the Company’s subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at March, 31, 2012. There were $77.6 million, $50.6 million and $87.9 million in short-term debt outstanding through bank borrowings under the revolving credit facility at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company’s ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company’s ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of March 31, 2012, March 31, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also “Credit Arrangements” in Note 4.)

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The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of March 31, 2012, there were approximately $31.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were $6.3 million, $1.8 million and $14.9 million outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2012, which is payable in April 2012, is $0.3 million and recorded in Accounts Payable at March 31, 2012. The amount of natural gas inventory released in March 2011, which was payable in April 2011, is $1.7 million and recorded in Accounts Payable at March 31, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of March 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.2 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the three months ended March 31, 2012 compared to the same period in 2011.

	Three Months Ended March 31,	
	2012	2011
Cash Provided by Operating Activities	**$30.4**	$ 36.4

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $30.4 million in 2012, a decrease of $6.0 million compared to 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $22.6 million in 2012 compared to $21.1 million in 2011, representing an increase of $1.5 million. Working capital changes in Current Assets and Liabilities resulted in a $13.5 million net source of cash in 2012 compared to a $17.3 million net source of cash in 2011, representing a decrease of $3.8 million. Deferred Regulatory and Other Charges resulted in a ($4.2) million use of cash in 2012 compared to a ($2.5) million use of cash in 2011. All Other, net operating activities resulted in a use of cash of ($1.5) million in 2012 compared to a source of cash of $0.5 million in 2011.

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	Three Months Ended March 31, 2012	2011
Cash (Used in) Investing Activities	**$(9.1)**	$ (10.8)

Cash (Used in) Investing Activities – Cash Used in Investing Activities was ($9.1) million for 2012 compared to ($10.8) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions.

	Three Months Ended March 31, 2012	2011
Cash (Used in) Financing Activities	**$(20.6)**	$(27.9)

Cash (Used in) Financing Activities – Cash Used in Financing Activities was ($20.6) million in 2012 compared to ($27.9) million in 2011. In 2012, uses of cash in financing activities included repayment of short-term debt of ($10.3) million, a decrease in gas inventory financing of ($6.5) million, regular quarterly dividend payments on common and preferred stock of ($3.8) million and repayment of long-term debt of ($0.1) million. Sources of cash in 2012 are from the issuance of common stock of $0.3 million. All other financing activities resulted in a net use of cash of ($0.2) million.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company’s financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company’s Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 1, 2012.

Regulatory Accounting – The Company’s principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company’s natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

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Regulatory Assets consist of the following (millions)

	March 31, 2012	March 31, 2011	December 31, 2011
Energy Supply Contracts	**$ 10.7**	$ 19.5	$ 12.9
Deferred Restructuring Costs	**21.1**	24.0	21.8
Subtotal – Restructuring Related Items	**31.8**	43.5	34.7
Retirement Benefits	**55.1**	46.9	55.3
Income Taxes	**11.2**	12.9	10.9
Environmental	**17.1**	18.9	17.5
Deferred Storm Charges	**26.8**	21.1	22.4
Other	**16.2**	10.6	17.8
Total Regulatory Assets	**$158.2**	$153.9	$ 158.6
Less: Current Portion of Regulatory Assets (1)	**16.8**	14.3	18.8
Regulatory Assets – noncurrent	**$141.4**	$139.6	$ 139.8

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued

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Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the years ended December 31, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2011 and 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $909,000 and $728,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $705,000 and $565,000, respectively. (See Note 9 to the accompanying unaudited consolidated financial statements).

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the unaudited consolidated statements of earnings.

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Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of March 31, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's unaudited consolidated financial statements below.

Refer to "Recently Issued Pronouncements in Note 1 of the Notes of unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of March 31, 2012, the Company and its subsidiaries had 458 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of March 31, 2012, 150 of the Company's employees were represented by labor unions. There are 115 union employees covered by three separate collective bargaining agreements, which expire on May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

In addition, 35 union employees were covered by a separate collective bargaining agreement, which expired on March 31, 2012. The Company and the relevant labor union have prepared a Memorandum of Understanding outlining the terms of a new collective bargaining agreement, which will expire on March 31, 2017, and the labor union has approved such terms. Such terms include discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to execute the final document in the second quarter of 2012.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended March 31, 2012 and March 31, 2011 were 2.05% and 2.29%, respectively. The average interest rate on the Company's short-term borrowings for the twelve months ended December 31, 2011 was 2.2%.

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COMMODITY PRICE RISK

Although Unitil's three distribution utilities are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for the reconciliation and collection of approved Purchased Electric and Purchased Gas costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

REGULATORY MATTERS

Please refer to Note 6 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Millions, except common shares and per share data)
(UNAUDITED)

	Three Months Ended March 31,	
	2012	**2011**
Operating Revenues		
Gas	**$ 64.2**	$ 65.9
Electric	**48.7**	48.2
Other	**1.3**	1.3
Total Operating Revenues	**114.2**	115.4
Operating Expenses		
Purchased Gas	**36.5**	40.5
Purchased Electricity	**31.1**	31.2
Operation and Maintenance	**13.4**	12.2
Conservation & Load Management	**1.9**	1.5
Depreciation and Amortization	**8.3**	7.9
Provisions for Taxes:		
Local Property and Other	**3.7**	3.3
Federal and State Income	**5.3**	5.4
Total Operating Expenses	**100.2**	102.0
Operating Income	**14.0**	13.4
Other Non-Operating Expense	**0.1**	0.1
Income Before Interest Expense	**13.9**	13.3
Interest Expense, Net	**4.9**	4.6
Net Income	**9.0**	8.7
Less: Dividends on Preferred Stock	**—**	—
Earnings Applicable to Common Shareholders	**$ 9.0**	$ 8.7
Weighted Average Common Shares Outstanding – Basic (000's)	**10,917**	10,860
Weighted Average Common Shares Outstanding – Diluted (000's)	**10,921**	10,861
Earnings Per Common Share (Basic and Diluted)	**$ 0.83**	$ 0.81
Dividends Declared Per Share of Common Stock	**$ 0.69**	$ 0.69

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	March 31, 2012	March 31, 2011	December 31, 2011
ASSETS:			
Utility Plant:			
Electric	**$339.6**	$ 325.1	$ 333.3
Gas	**390.0**	362.3	382.3
Common	**29.9**	30.7	29.8
Construction Work in Progress	**21.0**	13.9	28.3
Total Utility Plant	**780.5**	732.0	773.7
Less: Accumulated Depreciation	**268.3**	256.0	263.0
Net Utility Plant	**512.2**	476.0	510.7
Current Assets:			
Cash	**8.2**	6.6	7.5
Accounts Receivable, Net	**47.9**	45.7	44.2
Accrued Revenue	**37.4**	33.9	56.6
Gas Inventory	**6.8**	0.7	14.8
Materials and Supplies	**3.9**	3.4	3.6
Prepayments and Other	**5.0**	4.4	4.5
Total Current Assets	**109.2**	94.7	131.2
Noncurrent Assets:			
Regulatory Assets	**141.4**	139.6	139.8
Other Noncurrent Assets	**20.4**	26.4	18.5
Total Noncurrent Assets	**161.8**	166.0	158.3
TOTAL	**$783.2**	$ 736.7	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	March 31, 2012	March 31, 2011	December 31, 2011
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$ 193.6**	$ 190.5	$ 191.7
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**287.7**	288.2	287.8
Total Capitalization	**483.3**	480.7	481.5
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.5	0.5
Accounts Payable	**18.7**	22.5	26.4
Short-Term Debt	**77.6**	50.6	87.9
Energy Supply Contract Obligations	**12.6**	9.1	21.1
Taxes Payable	**0.4**	0.1	1.0
Other Current Liabilities	**22.4**	21.1	17.5
Total Current Liabilities	**132.2**	103.9	154.4
Deferred Income Taxes	**52.1**	48.7	46.3
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**4.0**	10.4	4.2
Retirement Benefit Obligations	**89.5**	70.3	91.2
Environmental Obligations	**14.5**	14.5	14.5
Other Noncurrent Liabilities	**7.6**	8.2	8.1
Total Noncurrent Liabilities	**115.6**	103.4	118.0
TOTAL	**$ 783.2**	$ 736.7	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Operating Activities:		
Net Income	**$ 9.0**	$ 8.7
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**8.3**	7.9
Deferred Tax Provision	**5.3**	4.5
Changes in Working Capital Items:		
Accounts Receivable	**(3.7)**	(8.8)
Accrued Revenue	**19.2**	12.8
Taxes Refundable / Payable	**(0.6)**	7.6
Gas Inventory	**8.0**	9.9
Accounts Payable	**(7.7)**	(4.0)
Other Changes in Working Capital Items	**(1.7)**	(0.2)
Deferred Regulatory and Other Charges	**(4.2)**	(2.5)
Other, net	**(1.5)**	0.5
Cash Provided by Operating Activities	**30.4**	36.4
Investing Activities:		
Property, Plant and Equipment Additions	**(9.1)**	(10.8)
Cash (Used in) Investing Activities	**(9.1)**	(10.8)
Financing Activities:		
Repayment of Short-Term Debt	**(10.3)**	(16.2)
Repayment of Long-Term Debt	**(0.1)**	(0.1)
Net Decrease in Gas Inventory Financing	**(6.5)**	(7.8)
Dividends Paid	**(3.8)**	(3.8)
Proceeds from Issuance of Common Stock	**0.3**	0.3
Other, net	**(0.2)**	(0.3)
Cash (Used in) Financing Activities	**(20.6)**	(27.9)
Net Increase (Decrease) in Cash	**0.7**	(2.3)
Cash at Beginning of Period	**7.5**	8.9
Cash at End of Period	**$ 8.2**	$ 6.6
Supplemental Cash Flow Information:		
Interest Paid	**$ 3.1**	$ 3.1
Income Taxes Paid (Refunded)	**$ 0.6**	$ (6.9)

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

The Company's results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts, and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts, and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third –party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of results to be expected for the year ending December 31, 2012. For further information, please refer to Note 1 of Part II to the Consolidated Financial Statements – "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (SEC) on February 1, 2012, for a description of the Company's Basis of Presentation.

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Derivatives – The Company has a regulatory approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of March 31, 2012, March 31, 2011 and December 31, 2011, the Company had 1.5 billion, 1.3 billion and 1.6 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets[1], as of:

		Fair Value		
Description	**Balance Sheet Location**	**March 31, 2012**	**March 31, 2011**	**December 31, 2011**
Natural Gas Futures Contracts	Other Current Liabilities	$ 1.8	$ 0.4	$ 1.7
Natural Gas Futures Contracts	Other Noncurrent Liabilities	0.2	—	0.6
Total		$ 2.0	$ 0.4	$ 2.3

(1) The current portion of Regulatory Assets are recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

	Three Months Ended March 31,	
(millions)	**2012**	**2011**
Amount of Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	$ 1.3	$0.1
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings [2]:		
Purchased Gas	$1.6	$0.7

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

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Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of March 31, 2012, March 31, 2011 and December 31, 2011, which are included in Accounts Receivable, Net on the accompanying unaudited consolidated balance sheets, were as follows:

(Millions)	March 31,		December 31,
	2012	2011	2011
Allowance for Doubtful Accounts	**$2.6**	$3.0	$ 2.3

Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its unaudited consolidated financial statements.

Reclassifications – Based on the Company's analysis certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Recently Issued Pronouncements – There are no recently issued pronouncements applicable to the Company that have not already been adopted.

NOTE 2 – DIVIDENDS DECLARED PER SHARE

As shown in the table below, the Company declared two quarterly dividends on its common stock in the first quarter of 2012; one which was paid in the first quarter of 2012 and the other which is payable in the second quarter of 2012. The Company typically declares quarterly dividends twice in the first quarter, once in the second quarter and once in the third quarter.

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
03/22/12	05/15/12	05/01/12	$0.345
01/17/12	02/15/12	02/01/12	$0.345
09/21/11	11/15/11	11/01/11	$0.345
06/16/11	08/15/11	08/01/11	$0.345
03/24/11	05/16/11	05/02/11	$0.345
01/18/11	02/15/11	02/01/11	$0.345

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol, "UTL."

On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of

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Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,989,389, 10,925,136 and 10,954,065 of common shares outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively.

Dividend Reinvestment and Stock Purchase Plan – During the first quarter of 2012, the Company sold 9,724 shares of its common stock, at an average price of $27.19 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately $264,000. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – The Company maintains the Unitil Corporation Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors from the Company's, its subsidiaries' and its affiliates' employees, directors and consultants to receive an award of shares of Company common stock (including restricted shares) or of restricted stock units. 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 Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock 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 for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

Outstanding awards of restricted shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on restricted shares underlying the award may be credited to a participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. 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 Stock Plan was 177,500 as of March 31, 2012, and was increased on April 19, 2012 to 677,500. The maximum aggregate number of shares or restricted stock units 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 an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

On February 3, 2012, 25,600 restricted shares were issued in conjunction with the Stock Plan with an aggregate market value at the date of issuance of $720,896. There were 53,780 and 49,089 non-vested shares under the Stock Plan as of March 31, 2012 and 2011, respectively. The weighted average grant date fair value of these shares was $24.78 and $22.17, respectively. The compensation expense associated with the issuance of shares under the Stock Plan is being recognized over the vesting period and was $0.3 million and $0.1 million for the three months ended March 31, 2012 and 2011, respectively. At March 31, 2012, there was approximately $1.5 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.9 years. There were no forfeitures or cancellations under the Stock Plan during the three months ended March 31, 2012.

There were no restricted stock units issued under the Stock Plan during the three months ended March 31, 2012.

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Preferred Stock

Details on preferred stock at March 31, 2012, March 31, 2011 and December 31, 2011 are shown below:

(Amounts in Millions)

	March 31, 2012	March 31, 2011	December 31, 2011
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

There were 2,250, 2,250 and 2,250 shares of Unitil Energy's 6.00% Series Preferred Stock outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. There were 7,861, 7,901 and 7,861 shares of Fitchburg's 5.125% Series Preferred Stock outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. There were 9,696, 9,742 and 9,696 shares of Fitchburg's 8.00% Series Preferred Stock outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively.

There was less than $0.1 million of total dividends declared on Preferred Stock in each of the three month periods ended March 31, 2012 and March 31, 2011, respectively.

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NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at March 31, 2012, March 31, 2011 and December 31, 2011 are shown below ($ Millions):

	March 31, 2012	March 31, 2011	December 31, 2011
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0	50.0
Granite State Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.2**	3.7	3.3
Total Long-Term Debt	**288.2**	288.7	288.3
Less: Current Portion	**0.5**	0.5	0.5
Total Long-term Debt, Less Current Portion	**$287.7**	$288.2	$ 287.8

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt at March 31, 2012 is estimated to be

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approximately $336 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements.

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at March, 31, 2012, $80.0 million at March 31, 2011 and $115.0 million at December 31, 2011. There were $77.6 million, $50.6 million and $87.9 million in short-term debt outstanding through bank borrowings under the revolving credit facility at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. The total amount of credit available under the Company's revolving credit facility was $37.4 million, $29.4 million and $27.1 million at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of March 31, 2012, March 31, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were $6.3 million, $1.8 million and $14.9 million outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2012, which is payable in April 2012, is $0.3 million and recorded in Accounts Payable at March 31, 2012. The amount of natural gas inventory released in March 2011, which was payable in April 2011, is $1.7 million and recorded in Accounts Payable at March 31, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of March 31, 2012, there were approximately $31.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of March 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.2 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite State notes due 2018. As of March 31, 2012, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

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NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three months ended March 31, 2012 and March 31, 2011:

Three Months Ended March 31, 2012 (Millions)	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 48.7**	**$ 64.2**	**$—**	**$ 1.3**	**$ 114.2**
Segment Profit (Loss)	**1.2**	**7.6**	**(0.1)**	**0.3**	**9.0**
Identifiable Segment Assets	**378.5**	**392.0**	**6.2**	**6.5**	**783.2**
Capital Expenditures	**5.3**	**3.1**	**0.7**	**—**	**9.1**
Three Months Ended March 31, 2011 (Millions)					
Revenues	$ 48.2	$ 65.9	$—	$ 1.3	$ 115.4
Segment Profit	1.7	6.8	(0.2)	0.4	8.7
Identifiable Segment Assets	369.0	355.4	6.4	5.9	736.7
Capital Expenditures	5.3	5.2	0.3	—	10.8

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

Regulatory Matters

Fitchburg – Increase in Base Rates Approved – On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State – Increase in Base Rates Approved – On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file incremental annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $1.6 million has been expended and is being recovered in the 2011 approved rates. The annual rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for these rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

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Unitil Energy – Increase in Base Rates Approved – On April 26, 2011, the New Hampshire Public Utilities Commission (NHPUC) approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Unitil Energy filed its first step adjustment filing on February 29, 2012 for implementation on May 1, 2012, which includes rate increases to recover the increased spending for its vegetation management program and reliability enhancement program discussed above. The adjustment filing remains pending.

Northern Utilities – Increase in Base Rates Approved, Settlement Reached – In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and Maine Public Utilities Commission (MPUC) requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

On March 22, 2012, Northern Utilities, the Staff of the NHPUC and the Office of Consumer Advocate agreed to a settlement agreement providing for a $3.7 million permanent increase in annual revenues, effective May 1, 2012. Previously, on July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. A hearing was held on March 29, 2012, and the NHPUC issued an order approving the settlement agreement on April 24, 2012. Permanent rates will be reconciled back to August 1, 2011.

Fitchburg – Management Audit – On September 1, 2011, the MDPU issued its order with respect to a comprehensive independent management audit of Fitchburg's management practices, undertaken as a result of the MDPU's investigation of Fitchburg's response to the December 2008 ice storm. The audit report found Fitchburg's management practices to be comprehensive, sound and in-line with industry

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practice. The MDPU accepted the majority of the audit report, and required the Company to implement several of the report's recommendations, as well as provide semi-annual status updates as to the Company's implementation progress. The Company filed status reports with the MDPU on September 30, 2011 and March 30, 2012.

Fitchburg – Electric Operations – On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for transition and transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter remains pending. Final orders on Fitchburg's 2009 and 2010 annual reconciliation filings also remain pending.

Fitchburg – Gas Operations – On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The SJC ordered instead, a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg – Storm Cost Deferral Petition – On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. This matter remains pending before the MDPU.

Fitchburg – Service Quality – On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

Unitil Energy – 2011 Storm Costs – On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012. The increase would allow the Company to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. The NHPUC Staff audited the costs and filed a memorandum with the NHPUC recommending that the costs be recovered by the Company over a five year period with carrying costs of 4.52%, subject to a full reconciliation of all costs recovered. Unitil Energy accepts and supports the Staff recommendation. On April 24, 2012, the NHPUC issued an order approving the recommendation of the Staff.

Unitil Energy – Billing Adjustment – In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

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As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for supply-related charges. Accordingly, the Company has requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. The Company's request remains pending before the NHPUC.

Unitil Energy – Annual Rate Reconciliation Filing – On July 29, 2011, the NHPUC approved Unitil Energy's annual reconciliation and rate filing under its restructuring plan, for rates effective August 1, 2011, including reconciliation of prior year costs and revenues.

Northern Utilities – Cast Iron Pipe Replacement Program – On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the Program by the end of the 2024 construction season.

Unitil Corporation – FERC Audit – On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in August, 2012.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service areas in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion above in Regulatory Matters.

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NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations including laws and regulations related to pipeline safety. The Company believes it is in substantial compliance with applicable environmental, health and safety laws and regulations, and the Company believes that as of March 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify and that affect our operations.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts, including alternatives for re-use of the site. Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at March 31, 2012 are accrued liabilities totaling $12.0 million related to estimated future cleanup costs for permanent remediation of the Sawyer Passway site. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Also included in Environmental Obligations on the Company's Consolidated Balance Sheet at March 31, 2012 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.2 million of accrued liabilities in Other Current Liabilities on the Company's Consolidated Balance Sheet at March 31, 2012 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify.

NOTE 8: INCOME TAXES

The Company bills its customers for sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

As of December 31, 2011, the Company had recorded cumulative federal and state net operating loss (NOL) carryforward assets of $11.7 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2011, the Company had $1.4 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

According to Internal Revenue Code rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income

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tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS is currently performing field work as part of their audit procedures. In addition, because of the application of the 2009 NOL, tax periods ended December 31, 2004, 2005 and 2007 are subject to examination to the extent of the application of the NOL to those periods. The Company believes that the ultimate resolution of this examination will not have a material impact on the Company's consolidated financial position or results of operations.

The Company evaluated its tax positions at December 31, 2011 and for the current interim reporting period ended March 31, 2012 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2008; December 31, 2009; and December 31, 2010.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 9 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2011 as filed with the SEC on February 1, 2012 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2012	2011
Used to Determine Plan Costs		
Discount Rate	**4.60%**	5.35%
Rate of Compensation Increase	**3.00%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan		PBOP Plan		SERP	
Three Months Ended March 31,	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Service Cost	**$ 807**	$ 735	**$ 517**	$ 479	**$ 72**	$ 71
Interest Cost	**1,158**	1,171	**576**	570	**53**	57
Expected Return on Plan Assets	**(1,347)**	(1,210)	**(174)**	(204)	**—**	—
Prior Service Cost Amortization	**47**	62	**432**	432	**3**	3
Transition Obligation Amortization	**—**	—	**5**	5	**—**	—
Actuarial Loss Amortization	**904**	783	**32**	—	**16**	19
Sub-total	**1,569**	1,541	**1,388**	1,282	**144**	150
Amounts Capitalized and Deferred	**(557)**	(503)	**(420)**	(234)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,012**	$ 1,038	**$ 968**	$ 1,048	**$ 144**	$ 150

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Employer Contributions

As of March 31, 2012, the Company had made $4.8 million of contributions to its Pension Plan in 2012. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

As of March 31, 2012, the Company had made $13,000 of contributions to the SERP Plan in 2012. The Company presently anticipates contributing an additional $40,000 to the SERP Plan in 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Commodity Price Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2012. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of March 31, 2012 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the unaudited Consolidated Financial Statements. The Company believes, 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2011 as filed with the SEC on February 1, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities by the Company during the fiscal quarter ended March 31, 2012.

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Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table shows purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)) of shares of the Company's common stock during the fiscal quarter ended March 31, 2012.

	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)(3)
1/1/12 – 1/31/12	—	—	—	$ 7,155
2/1/12 – 2/29/12	—	—	—	$ 7,155
3/1/12 – 3/31/12	229	$27.06	229	$ 200,800
Total	229		229	

(1) All purchases were made pursuant to the Company's 2011 Trading Plan (as defined below).

(2) On March 24, 2011, the Company adopted a written trading plan under Rule 10b5-1 (the 2011 Trading Plan) under the Exchange Act to facilitate the repurchase of shares of its common stock on the open market in connection with its Employee Length of Service Awards and the stock portion of its Directors' annual retainer. On March 29, 2011, the Company filed a Current Report on Form 8-K announcing, among other things, that it had adopted the 2011 Trading Plan. The 2011 Trading Plan provided for the repurchase of up to $224,500 worth of shares of the Company's common stock during its term. The 2011 Trading Plan became effective on March 24, 2011 and terminated on March 24, 2012 (that is, the 2011 Trading Plan terminated during the period covered by the table above).

(3) On March 22, 2012, the Company adopted a new written trading plan under Rule 10b5-1 (the 2012 Trading Plan) under the Exchange Act to facilitate the repurchase of shares of its common stock on the open market in connection with its Employee Length of Service Awards and the stock portion of its Directors' annual retainer. On March 26, 2012, the Company filed a Current Report on Form 8-K announcing that it had adopted the 2012 Trading Plan. The 2012 Trading Plan provides for the repurchase of up to $200,800 worth of shares of the Company's common stock during its term. The 2012 Trading Plan became effective on March 22, 2012 and will terminate on March 22, 2013. The Company may suspend or terminate the 2012 Trading Plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act or other applicable securities laws.

Item 5. Other Information

On April 25, 2012, the Company issued a press release announcing its results of operations for the three-month period ended March 31, 2012. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
10.1	Unitil Corporation Second Amended and Restated 2003 Stock Plan	Incorporated by reference to Appendix 1 to the Registrant's Proxy Statement filed on Schedule 14A dated March 13, 2012
11	Computation in Support of Earnings Per Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated April 25, 2012 Announcing Earnings For the Quarter Ended March 31, 2012.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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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: April 25, 2012	/s/ Mark H. Collin Mark H. Collin Chief Financial Officer
Date: April 25, 2012	/s/ Laurence M. Brock Laurence M. Brock Chief Accounting Officer

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EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING
(Millions, except for per share data)
(UNAUDITED)

	Three Months Ended March 31,	
	2012	2011
Net Income	**$ 9.0**	$ 8.7
Less: Dividend Requirements on Preferred Stock	**—**	—
Net Income Applicable to Common Stock	**$ 9.0**	$ 8.7
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**10,917**	10,860
Dilutive Effect of Stock Options and Restricted Stock (000's)	**4**	1
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**10,921**	10,861
Earnings Per Share – Basic	**$ 0.83**	$ 0.81
Earnings Per Share – Diluted	**$ 0.83**	$ 0.81

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2012

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2012

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2012

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**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 March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	April 25, 2012
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	April 25, 2012
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	April 25, 2012

Unitil

Exhibit 99.1

For Release

UNITIL REPORTS FIRST QUARTER EARNINGS

HAMPTON, N.H., APRIL 25, 2012 — Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Earnings Applicable to Common Shareholders (Earnings) of $9.0 million for the first quarter of 2012, an increase of $0.3 million over the first quarter of 2011. Earnings per common share (EPS) were $0.83 for the first quarter of 2012, an improvement of $0.02 per share over the first quarter of 2011.

"Earnings in the first quarter were up slightly year over year, reflecting the phase-in of new rates but also an abnormally warm winter," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. The Company estimates that the mild winter weather negatively impacted earnings by $1.6 million, or $0.15 per share, in the first quarter of 2012. According to the National Oceanic and Atmospheric Administration, the northeast region of the United States, in which Unitil's service areas are located, experienced its warmest first quarter period in 2012 as compared to normal temperatures in the 118 years of record keeping. Based on weather data collected in the Company's service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011.

Natural gas sales margin was $27.3 million in the three months ended March 31, 2012, an increase of $2.5 million compared to the same period in 2011. In the first quarter of 2012, natural gas sales margin was positively affected by increased base rates and decoupling revenues from recently completed rate cases and the growth in new natural gas customers. Sales margin was negatively affected by lower therm unit sales which decreased 11.3% in the three months ended March 31, 2012 compared to the same period in 2011, reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 13% of the Company's total therm sales of natural gas are decoupled and changes in these sales do not affect sales margin. Weather-normalized therm unit sales of natural gas are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

(Continued on Next Page)

6 Liberty Lane West
Hampton, New Hampshire 03842
www.unitil.com
Ph: 603-772-0775 Fax: 603-773-6605

Electric sales margin was $16.1 million in the three months ended March 31, 2012, reflecting higher base rates and decoupling revenues from recently completed rate cases, offset by lower electric kilowatt-hour (kWh) sales. Total electric kWh sales decreased 4.8% compared to the first quarter of 2011, primarily reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. Weather-normalized kWh sales are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Selected financial data for 2012 and 2011 is presented in the following table:

Unitil Corporation - Condensed Financial Data

	(Millions, except Per Share Data) (Unaudited) Three Months Ended March 31,		
	2012	2011	Change
Gas Therm Sales:			
Residential	17.0	19.9	(14.6%)
Commercial/Industrial	55.4	61.7	(10.2%)
Total Gas Therm Sales	**72.4**	**81.6**	**(11.3%)**
Electric kWh Sales:			
Residential	179.4	189.2	(5.2%)
Commercial/Industrial	235.3	246.3	(4.5%)
Total Electric kWh Sales	**414.7**	**435.5**	**(4.8%)**
Gas Revenues	**$ 64.2**	**$ 65.9**	**$ (1.7)**
Purchased Gas	36.9	41.1	(4.2)
Gas Sales Margin	**27.3**	**24.8**	**2.5**
Electric Revenues	**48.7**	**48.2**	**0.5**
Purchased Electricity	32.6	32.1	0.5
Electric Sales Margin	**16.1**	**16.1**	—
Usource™ Sales Margin	**1.3**	**1.3**	—
Total Sales Margin	**44.7**	**42.2**	**2.5**
Operation & Maintenance Expenses	13.4	12.2	1.2
Depreciation, Amortization, Taxes & Other	17.4	16.7	0.7
Interest Expense, Net	4.9	4.6	0.3
Earnings Applicable to Common Shareholders	**$ 9.0**	**$ 8.7**	**$ 0.3**
Earnings Per Share	**$ 0.83**	**$ 0.81**	**$ 0.02**

(Continued on Next Page)

Usource, the Company’s non-regulated energy brokering business, recorded revenues of $1.3 million in the first quarter of 2012, on par with revenues of $1.3 million in the first quarter of 2011.

Operation & Maintenance (O&M) expenses increased $1.2 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase in O&M expenses in the first quarter of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. The other changes in O&M expenses reflect higher employee compensation and benefit costs of $0.7 million, lower professional fees of $0.3 million and lower utility operating expenses of $0.2 million. Utility operating costs in the first quarter of 2012 include approximately $0.3 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting normal utility plant additions and amortization of previously deferred storm charges, partially offset by changes in depreciation rates resulting from the Company’s recently completed rate cases.

Local property and other taxes increased by $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Interest Expense, net increased $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting higher short-term borrowings.

At its January 2012 and March 2012 meetings, Unitil’s Board of Directors declared quarterly dividends on the Company’s common stock of $0.345 per share. These quarterly dividends result in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil’s common stock.

The Company’s results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

(Continued on Next Page)

The Company will hold a quarterly conference call to discuss first quarter 2012 results on Wednesday, April 25, 2012, at 2:00 p.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,400 electric customers and 71,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

Forward-Looking Statements

This press release contains forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of energy commodities and transmission capacity and Unitil's ability to recover energy commodity costs in its rates; customers' preferred energy sources; severe storms and Unitil's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; Unitil's ability to retain its existing customers and attract new customers; Unitil's energy brokering customers' performance under multi-year energy brokering contracts; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission, including those appearing under the caption "Risk Factors" in Unitil's Annual Report on Form 10-K for the year ended December 31, 2011. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend, to update these forward-looking statements.

For more information please contact:

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Phone: 603-773-6499
Email: chong@unitil.com

Alec O'Meara – Media Relations
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UNITED STATES
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, 2012

Commission File Number 1-8858

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

New Hampshire (State or other jurisdiction of incorporation or organization)	**02-0381573** (I.R.S. Employer Identification No.)
6 Liberty Lane West, Hampton, New Hampshire (Address of principal executive office)	**03842-1720** (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 20, 2012
Common Stock, No par value	**13,759,247 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended June 30, 2012

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PART I. FINANCIAL INFORMATION

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

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service areas in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, New Hampshire;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, Inc. (Northern Utilities), which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers in their service areas.

In addition, Unitil is the parent company of Granite State Gas Transmission, Inc. (Granite State) an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $520 million at June 30, 2012. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, Usource), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to commercial and industrial customers primarily in the northeastern United States. As an energy broker and advisor, Usource assists its clients with the procurement and contracting for electricity and natural gas in competitive energy markets. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp. (Unitil Realty), which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy

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Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service areas, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 13% of Unitil's total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company's authorized rate of return, the Company's cost of service and the Company's ability to recover costs in its rates;

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- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company's ability to recover energy commodity costs in its rates;
- customers' preferred energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparties' obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;
- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance and energy used under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

RESULTS OF OPERATIONS

The following section of Management's Discussion & Analysis compares the results of operations for each of the two fiscal periods ended June 30, 2012 and June 30, 2011 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions between years may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

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On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering, including 360,000 shares of common stock pursuant to the underwriters' option to purchase additional shares of common stock. The Company used the net proceeds of approximately $65.6 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations and Earnings reflect a higher number of average shares outstanding year over year.

Earnings Overview

The Company's Earnings (Loss) Applicable to Common Shareholders was a net loss of ($0.4) million, or ($0.03) per share, for the second quarter of 2012, an improvement of $0.4 million, or $0.05 per share, compared to the second quarter of 2011. For the six months ended June 30, 2012, the Company reported Earnings of $8.6 million, or $0.74 per share, compared to $7.9 million, or $0.73 per share, for the same period of 2011. Results for the second quarter and year-to-date period were driven primarily by higher natural gas and electric sales margins reflecting higher rates, partially offset by lower sales volumes and increases in operating expenses.

The Company estimates that the mild weather in the winter and early spring negatively impacted earnings by about $2.0 million, or $0.17 per share, in the first six months of 2012. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first six months of 2012 compared to the same period in 2011.

Natural gas sales margins were $12.6 million and $39.9 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $2.8 million and $5.3 million compared to the same periods in 2011. Natural gas sales margins were favorably affected by increased base rates and decoupling revenues from recently completed rate cases, and the growth in new gas customers. Partially offsetting these increases were lower gas therm sales volumes, which decreased 7.8% and 10.1% in the three and six month periods ended June 30, 2012 compared to the same periods in 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder weather in the first six months of 2012 compared to 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 1.3% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $17.5 million and $33.6 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $1.6 million compared to the same three and six-month periods in 2011. The increases in electric sales margins reflect higher base rates and decoupling revenues from recently completed rate cases, partially offset by lower electric kilowatt-hour (kWh) sales volumes. Total kWh sales decreased 2.7% and 3.8% in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. The decreases in kWh sales primarily reflect the effect of milder weather in the first six months of 2012 compared to 2011. Weather-normalized kWh sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 2.0% higher, respectively, compared to the same periods in 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Operation and Maintenance (O&M) expenses increased $2.4 million and $3.6 million for the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011. The increase in the three month period reflects higher utility operating costs of $1.4 million, higher professional fees of $0.8 million and higher employee compensation and benefit costs of $0.2 million. The increase in O&M expenses in the first six months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the six month period include higher utility operating costs of $1.2 million, higher employee compensation and benefit costs of $0.9 million, and higher professional fees of $0.5 million. Utility operating costs in the three and six months ended June 30, 2012 include

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approximately $1.2 million and $1.5 million, respectively, of spending on vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $1.0 million and $1.4 million in the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $0.5 million and $0.9 million in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes increased by $0.3 million and $0.2 million for the three and six month periods, respectively, due to higher pre-tax earnings in 2012 compared to 2011.

Interest Expense, Net decreased $0.2 million and increased $0.1 million in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting normal fluctuations in short-term borrowings and interest income.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.3 million and $2.6 million in the three and six month periods ended June 30, 2012, respectively, resulting in decreases of $0.1 million compared to the same three and six-month periods in 2011, reflecting the mild weather in 2012. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

In 2011, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012, March, 2012 and June 2012 meetings, the Unitil Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three and six months ended June 30, 2012 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Total natural gas therm sales volumes decreased 7.8% and 10.1% in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. Sales to residential customers decreased 18.8% and 15.8%, respectively, in the three and six months ended June 30, 2012 compared to the same periods in 2011. Sales to commercial and industrial (C&I) customers decreased 5.0% and 8.4%, respectively, in the three and six months ended June 30, 2012 compared to the same periods in 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder weather in the first six months of 2012 compared to 2011. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first six months of 2012 compared to the same period in 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 1.3% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

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The following table details total firm therm sales for the three and six months ended June 30, 2012 and 2011, by major customer class:

Therm Sales (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change	% Change	2012	2011	Change	% Change
Residential	**6.5**	8.0	(1.5)	(18.8%)	**23.5**	27.9	(4.4)	(15.8%)
Commercial / Industrial	**30.3**	31.9	(1.6)	(5.0%)	**85.7**	93.6	(7.9)	(8.4%)
Total	**36.8**	39.9	(3.1)	(7.8%)	**109.2**	121.5	(12.3)	(10.1%)

Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three and six months ended June 30, 2012 and 2011:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	$ Change	% Change(1)	2012	2011	$ Change	% Change(1)
Gas Operating Revenue:								
Residential	**$ 9.6**	$ 10.8	$ (1.2)	(4.8%)	**$36.9**	$ 38.8	$ (1.9)	(2.1%)
Commercial / Industrial	**13.1**	14.4	(1.3)	(5.1%)	**50.0**	52.3	(2.3)	(2.5%)
Total Gas Operating Revenue	**$22.7**	$25.2	$ (2.5)	(9.9%)	**$86.9**	$ 91.1	$ (4.2)	(4.6%)
Cost of Gas Sales:								
Purchased Gas	**$ 9.4**	$ 15.0	$ (5.6)	(22.2%)	**$45.9**	$55.5	$ (9.6)	(10.5%)
Conservation & Load Management	**0.7**	0.4	0.3	1.2%	**1.1**	1.0	0.1	0.1%
Total Cost of Gas Sales	**$10.1**	$ 15.4	$ (5.3)	(21.0%)	**$47.0**	$56.5	$ (9.5)	(10.4%)
Gas Sales Margin	**$12.6**	$ 9.8	$ 2.8	11.1%	**$39.9**	$ 34.6	$ 5.3	5.8%

(1) Represents change as a percent of Total Gas Operating Revenue.

The Company analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The Company believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margins were $12.6 million and $39.9 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $2.8 million and $5.3 million compared to the same periods in 2011. Natural gas sales margins were favorably affected by increased base rates and decoupling revenues from recently completed rate cases, and the growth in new gas customers. Partially offsetting these increases were lower gas therm sales volumes, discussed above.

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The decrease in Total Gas Operating Revenues of $2.5 million in the second quarter of 2012 reflects lower cost of sales of $5.3 million, including lower Purchased Gas costs of $5.6 million and higher C&LM costs of $0.3 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $2.8 million.

The decrease in Total Gas Operating Revenues of $4.2 million in the six months ended June 30, 2012 reflects lower cost of sales of $9.5 million, including lower Purchased Gas costs of $9.6 million and higher C&LM costs of $0.1 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $5.3 million.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales – Total kWh sales decreased 2.7% and 3.8% in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. Sales to residential customers decreased 3.6% and 4.5%, respectively, in the three and six months ended June 30, 2012 compared to the same periods in 2011. Sales to commercial and industrial (C&I) customers decreased 2.2% and 3.3%, respectively, in the three and six months ended June 30, 2012 compared to the same periods in 2011. The decreases in kWh sales primarily reflect the effect of milder weather in the first six months of 2012 compared to 2011. As discussed above, there were 20% fewer Heating Degree Days in the first six months of 2012 compared to the same period in 2011. Weather-normalized kWh sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 2.0% higher, respectively, compared to the same periods in 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company’s Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

The following table details total kWh sales for the three and six months ended June 30, 2012 and 2011 by major customer class:

kWh Sales (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	Change	% Change	2012	2011	Change	% Change
Residential	**145.2**	150.7	(5.5)	(3.6%)	**324.6**	339.9	(15.3)	(4.5%)
Commercial / Industrial	**238.1**	243.4	(5.3)	(2.2%)	**473.4**	489.7	(16.3)	(3.3%)
Total	**383.3**	394.1	(10.8)	(2.7%)	**798.0**	829.6	(31.6)	(3.8%)

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Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three and six month periods ended June 30, 2012 and 2011:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	$ Change	% Change(1)	2012	2011	$ Change	% Change(1)
Electric Operating Revenue:								
Residential	**$23.4**	$ 22.0	$ 1.4	3.2%	**$51.1**	$ 48.9	$ 2.2	2.5%
Commercial / Industrial	**21.4**	20.9	0.5	1.2%	**42.4**	42.2	0.2	0.2%
Total Electric Operating Revenue	**$ 44.8**	$ 42.9	$ 1.9	4.4%	**$93.5**	$ 91.1	$ 2.4	2.7%
Cost of Electric Sales:								
Purchased Electricity	**$25.7**	$ 25.8	$ (0.1)	(0.2%)	**$ 56.8**	$ 57.0	$ (0.2)	(0.2%)
Conservation & Load Management	**1.6**	1.2	0.4	0.9%	**3.1**	2.1	1.0	1.1%
Total Cost of Electric Sales	**$27.3**	$ 27.0	$ 0.3	0.7%	**$ 59.9**	$ 59.1	$ 0.8	0.9%
Electric Sales Margin	**$17.5**	$ 15.9	$ 1.6	3.7%	**$33.6**	$ 32.0	$ 1.6	1.8%

(1) Represents change as a percent of Total Electric Operating Revenue.

The Company analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The Company believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

Electric sales margins were $17.5 million and $33.6 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $1.6 million compared to the same three and six-month periods in 2011. The increases in electric sales margins reflect higher base rates and decoupling revenues from recently completed rate cases, partially offset by lower electric kWh sales volumes, discussed above.

The increase in Total Electric Operating Revenues of $1.9 million in the second quarter of 2012 reflects higher cost of sales of $0.3 million, including lower Purchased Electricity costs of $0.1 million and higher C&LM costs of $0.4 million, which are tracked costs that are passed through directly to customers. Also contributing to the increase in Total Electric Operating Revenue were higher electric base revenues of $1.6 million.

The increase in Total Electric Operating Revenues of $2.4 million in the six months ended June 30, 2012 reflects higher cost of sales of $0.8 million, including lower Purchased Electricity costs of $0.2 million and higher C&LM costs of $1.0 million, which are tracked costs that are passed through directly to customers. Also contributing to the increase in Total Electric Operating Revenue were higher electric base revenues of $1.6 million.

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Operating Revenue - Other

The following table details total Other Revenue for the three and six months ended June 30, 2012 and 2011:

Other Revenue (000's)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2012	2011	$ Change	% Change	2012	2011	$ Change	% Change
Other	**$1.3**	$1.4	$ (0.1)	(7.1%)	**$2.6**	$2.7	$ (0.1)	(3.7%)
Total Other Revenue	**$1.3**	$1.4	$ (0.1)	(7.1%)	**$2.6**	$2.7	$ (0.1)	(3.7%)

Total Other Operating Revenue is comprised of revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues decreased $0.1 million in each of the three and six month periods ended June 30, 2012 compared to the same periods in 2011, reflecting the mild weather in 2012. As an energy broker and advisor, Usource assists business customers with the procurement and contracting for electricity and natural gas in competitive energy markets. Usource does not take title to the energy but solicits energy bids from qualified competitive energy suppliers on behalf of its clients. Usource's revenues reflect fees that it charges for its services, which are paid by the transacting supplier, typically over the term of the energy contract.

Operating Expenses

Purchased Gas – Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $5.6 million, or 37.3%, and $9.6 million, or 17.3%, in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. These decreases reflect lower wholesale natural gas prices and a decline in sales of natural gas compared to the prior period. The Company recovers the approved costs of Purchased Gas through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Purchased Electricity – Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $0.1 million, or 0.4%, and $0.2 million, or 0.4%, in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. The decreases reflect lower kWh sales and an increase in the amount of electricity purchased by customers directly from third-party suppliers. The Company recovers the approved costs of Purchased Electricity through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Operation and Maintenance (O&M) – O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's unregulated business activities. Total O&M expenses increased $2.4 million and $3.6 million for the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011. The increase in the three month period reflects higher utility operating costs of $1.4 million, higher professional fees of $0.8 million and higher employee compensation and benefit costs of $0.2 million. The increase in O&M expenses in the first six months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the six month period include higher utility operating costs of $1.2 million, higher employee compensation and benefit costs of $0.9 million, and higher professional fees of $0.5 million. Utility operating costs in the three and six months ended June 30, 2012 include approximately $1.2 million and $1.5 million, respectively, of spending on vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

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Conservation & Load Management – C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. In the second quarter of 2012, approximately 70% of these costs were related to electric operations and 30% to gas operations.

Total C&LM expenses increased $0.7 million, or 43.8% and $1.1 million, or 35.5%, in the three and six month periods ended June 30, 2012 compared to the same periods in 2011. These approved costs are collected from customers on a pass through basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization – Depreciation and Amortization expense increased $1.0 million, or 13.0%, and $1.4 million, or 9.0%, in the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes – Local Property and Other Taxes increased $0.5 million, or 16.7%, and $0.9 million, or 14.3%, in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes – Federal and State Income Taxes increased by $0.3 million and $0.2 million for the three and six month periods, respectively, due to higher pre-tax earnings in 2012 compared to 2011.

Other Non-Operating Expenses (Income)

Other Non-Operating Expenses decreased $0.1 million each of the three and six month periods ended June 30, 2012 compared to the same periods in 2011.

Interest Expense, Net

Interest expense is presented in the consolidated financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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Interest Expense, Net (Millions)	Three Months Ended June 30, 2012	2011	Change	Six Months Ended June 30, 2012	2011	Change
Interest Expense						
Long-term Debt	**$ 5.1**	$ 5.1	$—	**$10.1**	$ 10.2	$ (0.1)
Short-term Debt	**0.4**	0.3	0.1	**0.9**	0.8	0.1
Regulatory Liabilities	**0.1**	0.1	—	**0.1**	0.1	—
Subtotal Interest Expense	**5.6**	5.5	0.1	**11.1**	11.1	—
Interest (Income)						
Regulatory Assets	**(0.8)**	(0.6)	(0.2)	**(1.3)**	(1.5)	0.2
AFUDC[1] and Other	**(0.2)**	(0.1)	(0.1)	**(0.3)**	(0.2)	(0.1)
Subtotal Interest (Income)	**(1.0)**	(0.7)	(0.3)	**(1.6)**	(1.7)	0.1
Total Interest Expense, Net	**$ 4.6**	$ 4.8	$ (0.2)	**$ 9.5**	$ 9.4	$ 0.1

(1) AFUDC – Allowance for Funds Used During Construction.

Interest Expense, Net decreased $0.2 million and increased $0.1 million in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting normal fluctuations in short-term borrowings and interest income.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering), including 360,000 shares of common stock pursuant to the underwriters' option to purchase additional shares of common stock. The Company's net increase to Common Equity and Cash proceeds from the Offering, including the over-allotment, were approximately $65.6 million and were used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At June 30, 2012, June 30, 2011 and December 31, 2011, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the proceeds of the Company's public equity offering in May 2012.

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The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of June 30, 2012, June 30, 2011 and December 31, 2011:

Revolving Credit Facility (Millions)	June 30, 2012	June 30, 2011	December 31, 2011
Limit	$115.0 (1)	$ 80.0	$ 115.0
Outstanding	$ 5.0	$51.3	$ 87.9
Available	$ 110.0	$28.7	$ 27.1

(1) Effective July 24, 2012, the Revolving Credit Facility borrowing limit was reduced to $60 million.

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of June 30, 2012, June 30, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also "Credit Arrangements" in Note 4.)

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of June 30, 2012, there were approximately $20.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were $8.0 million, $6.6 million and $14.9 million outstanding at June 30, 2012, June 30, 2011 and December 31, 2011, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in June 2012 and payable in July 2012 that were recorded in Accounts Payable at June 30, 2012. There were no amounts of natural gas inventory released in June 2011 and payable in July 2011 that were recorded in Accounts Payable at June 30, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of June 30, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.1 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

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Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the six months ended June 30, 2012 compared to the same period in 2011.

	Six Months Ended June 30,	
	2012	2011
Cash Provided by Operating Activities	**$52.9**	$46.6

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $52.9 million in 2012, an increase of $6.3 million compared to 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $31.0 million in 2012 compared to $28.1 million in 2011, representing an increase of $2.9 million. Working capital changes in Current Assets and Liabilities resulted in a $29.5 million net source of cash in 2012 compared to a $22.4 million net source of cash in 2011, representing an increase of $7.1 million. Deferred Regulatory and Other Charges resulted in a ($1.7) million use of cash in 2012 compared to a ($0.6) million use of cash in 2011. All Other, net operating activities resulted in a use of cash of ($5.9) million in 2012 compared to a use of cash of ($3.3) million in 2011.

	Six Months Ended June 30,	
	2012	2011
Cash (Used in) Investing Activities	**$(23.9)**	$(25.1)

Cash (Used in) Investing Activities – Cash Used in Investing Activities was ($23.9) million for 2012 compared to ($25.1) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions.

	Six Months Ended June 30,	
	2012	2011
Cash (Used in) Financing Activities	**$(29.7)**	$(24.6)

Cash (Used in) Financing Activities – Cash Used in Financing Activities was ($29.7) million in 2012 compared to ($24.6) million in 2011. Sources of cash in 2012 are from the issuance of common stock of $66.0 million, including the Company's equity offering in May 2012 and common stock issued in connection with its Dividend Reinvestment and Stock Purchase Plan and its 401(k) Plan. In 2012, uses of cash included repayment of short-term debt of ($82.9) million, a decrease in gas inventory financing of ($4.5) million, regular quarterly dividend payments on common and preferred stock of ($7.6) million and repayment of long-term debt of ($0.2) million. All other financing activities resulted in a net use of cash of ($0.5) million.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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

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reporting period. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 1, 2012.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board (FASB) Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)

	June 30, 2012	June 30, 2011	December 31, 2011
Energy Supply Contract Obligations	**$ 8.5**	$ 17.2	$ 12.9
Deferred Restructuring Costs	**21.2**	23.7	21.8
Subtotal – Restructuring Related Items	**29.7**	40.9	34.7
Retirement Benefit Obligations	**55.1**	46.9	55.3
Income Taxes	**10.8**	12.0	10.9
Environmental Obligations	**16.9**	18.4	17.5
Deferred Storm Charges	**26.2**	20.9	22.4
Other	**16.0**	12.4	17.8
Total Regulatory Assets	**$154.7**	$151.5	$ 158.6
Less: Current Portion of Regulatory Assets (1)	**14.9**	15.4	18.8
Regulatory Assets – noncurrent	**$139.8**	$ 136.1	$ 139.8

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

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Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change

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in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the year ended December 31, 2011, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 in the Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2011, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $909,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for 2011 would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $705,000. (See Note 9 to the accompanying unaudited consolidated financial statements).

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the unaudited consolidated statements of earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of June 30, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's unaudited consolidated financial statements below.

Refer to "Recently Issued Pronouncements in Note 1 of the Notes of unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of June 30, 2012, the Company and its subsidiaries had 462 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of June 30, 2012, 148 of the Company's employees were represented by labor unions. There are 76 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

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There are 35 union employees who were covered by a separate collective bargaining agreement which expired on March 31, 2012. The Company and the relevant labor union have prepared a Memorandum of Understanding outlining the terms of a new collective bargaining agreement, which will expire on March 31, 2017, and the labor union has approved such terms. Such terms include discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to execute the final agreement in the third quarter of 2012.

There are 37 union employees who were covered by a separate collective bargaining agreement which expired on May 31, 2012. The Company and the relevant labor union have prepared a Memorandum of Understanding outlining the terms of a new collective bargaining agreement, which will expire on May 31, 2018, and the labor union has approved such terms. Such terms include discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to execute the final agreement in the third quarter of 2012.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended June 30, 2012 and June 30, 2011 were 2.02% and 2.23%, respectively. The average interest rates on the Company's short-term borrowings for the six months ended June 30, 2012 and June 30, 2011 were 2.04% and 2.27%, respectively. The average interest rate on the Company's short-term borrowings for the twelve months ended December 31, 2011 was 2.2%.

COMMODITY PRICE RISK

Although Unitil's three distribution utilities are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for the reconciliation and collection of approved Purchased Electric and Purchased Gas costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

REGULATORY MATTERS

Please refer to Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements - Unaudited

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

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Operating Revenues				
Gas	**$ 22.7**	$ 25.2	**$ 86.9**	$ 91.1
Electric	**44.8**	42.9	**93.5**	91.1
Other	**1.3**	1.4	**2.6**	2.7
Total Operating Revenues	**68.8**	69.5	**183.0**	184.9
Operating Expenses				
Purchased Gas	**9.4**	15.0	**45.9**	55.5
Purchased Electricity	**25.7**	25.8	**56.8**	57.0
Operation and Maintenance	**14.9**	12.5	**28.3**	24.7
Conservation & Load Management	**2.3**	1.6	**4.2**	3.1
Depreciation and Amortization	**8.7**	7.7	**17.0**	15.6
Provisions (Benefit) for Taxes:				
Local Property and Other	**3.5**	3.0	**7.2**	6.3
Federal and State Income	**—**	(0.3)	**5.3**	5.1
Total Operating Expenses	**64.5**	65.3	**164.7**	167.3
Operating Income	**4.3**	4.2	**18.3**	17.6
Non-Operating Expenses	**—**	0.1	**0.1**	0.2
Income Before Interest Expense	**4.3**	4.1	**18.2**	17.4
Interest Expense, Net	**4.6**	4.8	**9.5**	9.4
Net Income (Loss)	**(0.3)**	(0.7)	**8.7**	8.0
Less: Dividends on Preferred Stock	**0.1**	0.1	**0.1**	0.1
Earnings (Loss) Applicable to Common Shareholders	**$ (0.4)**	$ (0.8)	**$ 8.6**	$ 7.9
Weighted Average Common Shares Outstanding – Basic (000's)	**12,331**	10,877	**11,624**	10,868
Weighted Average Common Shares Outstanding – Diluted (000's)	**12,331**	10,877	**11,627**	10,871
Earnings Per Common Share (Basic and Diluted)	**$ (0.03)**	$ (0.08)	**$ 0.74**	$ 0.73
Dividends Declared Per Share of Common Stock	**$ 0.345**	$ 0.345	**$ 1.035**	$ 1.035

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	June 30, 2012	June 30, 2011	December 31, 2011
ASSETS:			
Utility Plant:			
Electric	**$ 345.9**	$ 326.5	$ 333.3
Gas	**393.4**	366.7	382.3
Common	**30.6**	30.4	29.8
Construction Work in Progress	**23.1**	21.2	28.3
Total Utility Plant	**793.0**	744.8	773.7
Less: Accumulated Depreciation	**273.0**	260.6	263.0
Net Utility Plant	**520.0**	484.2	510.7
Current Assets:			
Cash	**6.8**	5.8	7.5
Accounts Receivable, net	**31.7**	32.9	44.2
Accrued Revenue	**30.7**	26.0	56.6
Gas Inventory	**9.1**	8.3	14.8
Materials and Supplies	**4.1**	3.9	3.6
Prepayments and Other	**6.0**	5.3	4.5
Total Current Assets	**88.4**	82.2	131.2
Noncurrent Assets:			
Regulatory Assets	**139.8**	136.1	139.8
Other Noncurrent Assets	**20.1**	25.1	18.5
Total Noncurrent Assets	**159.9**	161.2	158.3
TOTAL ASSETS	**$ 768.3**	$ 727.6	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	June 30, 2012	June 30, 2011	December 31, 2011
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$254.7**	$ 186.3	$ 191.7
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**287.6**	288.1	287.8
Total Capitalization	**544.3**	476.4	481.5
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.5	0.5
Accounts Payable	**15.9**	15.8	26.4
Short-Term Debt	**5.0**	51.3	87.9
Energy Supply Contract Obligations	**12.7**	15.5	21.1
Taxes Payable	**0.1**	0.4	1.0
Other Current Liabilities	**20.2**	17.3	17.5
Total Current Liabilities	**54.4**	100.8	154.4
Deferred Income Taxes	**51.8**	48.1	46.3
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**3.8**	8.3	4.2
Retirement Benefit Obligations	**91.1**	72.1	91.2
Environmental Obligations	**14.5**	14.5	14.5
Other Noncurrent Liabilities	**8.4**	7.4	8.1
Total Noncurrent Liabilities	**117.8**	102.3	118.0
TOTAL CAPITALIZATION AND LIABILITIES	**$768.3**	$ 727.6	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Operating Activities:		
Net Income	**$ 8.7**	$ 8.0
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**17.0**	15.6
Deferred Tax Provision	**5.3**	4.5
Changes in Working Capital Items:		
Accounts Receivable	**12.5**	4.0
Accrued Revenue	**25.9**	20.7
Gas Inventory	**5.7**	2.3
Accounts Payable	**(10.5)**	(10.7)
Taxes Payable	**(0.9)**	7.9
Other Changes in Working Capital Items	**(3.2)**	(1.8)
Deferred Regulatory and Other Charges	**(1.7)**	(0.6)
Other, net	**(5.9)**	(3.3)
Cash Provided by Operating Activities	**52.9**	46.6
Investing Activities:		
Property, Plant and Equipment Additions	**(23.9)**	(25.1)
Cash (Used in) Investing Activities	**(23.9)**	(25.1)
Financing Activities:		
Repayment of Short-Term Debt	**(82.9)**	(15.5)
Repayment of Long-Term Debt, net	**(0.2)**	(0.2)
Net Decrease in Gas Inventory Financing	**(4.5)**	(1.2)
Dividends Paid	**(7.6)**	(7.6)
Proceeds from Issuance of Common Stock, net	**66.0**	0.5
Other, net	**(0.5)**	(0.6)
Cash (Used in) Financing Activities	**(29.7)**	(24.6)
Net Decrease in Cash	**(0.7)**	(3.1)
Cash at Beginning of Period	**7.5**	8.9
Cash at End of Period	**$ 6.8**	$ 5.8
Supplemental Cash Flow Information:		
Interest Paid	**$ 10.8**	$ 10.8
Income Taxes Paid (Refunded)	**$ 0.6**	$ (7.3)

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions between years may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts, and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts, and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and six months ended June 30, 2012 are not necessarily indicative of results to be expected for the year ending December 31, 2012. For further information, please refer to Note 1 of Part II to the

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Consolidated Financial Statements – "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (SEC) on February 1, 2012, for a description of the Company's Basis of Presentation.

Fair Value – The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

Derivatives – The Company has a regulatory commission-approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission-approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of June 30, 2012, June 30, 2011 and December 31, 2011, the Company had 1.8 billion, 1.5 billion and 1.6 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

Liability Derivatives ($ millions)

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair

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value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount Offset in Regulatory Assets(1), as of:

Description	Balance Sheet Location	Fair Value June 30, 2012	Fair Value June 30, 2011	Fair Value December 31, 2011
Natural Gas Futures Contracts	Other Current Liabilities	**$ 1.4**	$ 0.5	$ 1.7
Natural Gas Futures Contracts	Other Noncurrent Liabilities	**0.1**	0.1	0.6
Total		**$ 1.5**	$ 0.6	$ 2.3

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:				
Natural Gas Futures Contracts	**$0.1**	$0.5	**$1.4**	$0.6
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings (2):				
Purchased Gas	**$0.6**	$ 0.3	**$2.2**	$ 1.0

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of June 30, 2012, June 30, 2011 and December 31, 2011, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

	June 30, 2012	June 30, 2011	December 31, 2011
Allowance for Doubtful Accounts	**$2.9**	$2.8	$ 2.3

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Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its consolidated financial statements.

Recently Issued Pronouncements – There are no recently issued pronouncements applicable to the Company that have not already been adopted.

NOTE 2 – DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
6/6/12	08/15/12	08/01/12	$ 0.345
03/22/12	05/15/12	05/01/12	$ 0.345
01/17/12	02/15/12	02/01/12	$ 0.345
09/21/11	11/15/11	11/01/11	$ 0.345
06/16/11	08/15/11	08/01/11	$ 0.345
03/24/11	05/16/11	05/02/11	$ 0.345
01/18/11	02/15/11	02/01/11	$ 0.345

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol "UTL".

The Company had 13,758,805, 10,934,630 and 10,954,065 of common shares outstanding at June 30, 2012, June 30, 2011 and December 31, 2011, respectively.

Unitil Corporation Common Stock Offering – On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering), including 360,000 shares of common stock pursuant to the underwriters' option to purchase additional shares of common stock. The Company's net increase to Common Equity and Cash proceeds from the Offering, including the over-allotment, were approximately $65.6 million and were used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

Dividend Reinvestment and Stock Purchase Plan – During the first six months of 2012, the Company sold 19,919 shares of its common stock, at an average price of $26.53 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) Plan resulting in net proceeds of approximately $528,400. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – The Company maintains the Unitil Corporation Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors from the Company's, its subsidiaries' and its affiliates' employees, directors and consultants to receive an award of shares of Company common stock (including restricted shares) or of restricted stock units. The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock Plan, amend the terms and

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conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

Outstanding awards of restricted shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on restricted shares underlying the award may be credited to a participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. 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 Stock Plan is 677,500. The maximum aggregate number of shares or restricted stock units 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 an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

On February 3, 2012, 25,600 restricted shares were issued in conjunction with the Stock Plan with an aggregate market value at the date of issuance of $720,896. There were 44,898 and 43,993 non-vested shares under the Stock Plan as of June 30, 2012 and 2011, respectively. The weighted average grant date fair value of these shares was $24.95 and $22.11, respectively. The compensation expense associated with the issuance of shares under the Stock Plan is being recognized over the vesting period and was $1.0 million and $0.4 million for the six months ended June 30, 2012 and 2011, respectively. At June 30, 2012, there was approximately $0.9 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.8 years. There were 779 restricted shares forfeited and there were no cancellations under the Stock Plan during the six months ended June 30, 2012.

There were no restricted stock units issued under the Stock Plan during the six months ended June 30, 2012.

Preferred Stock

Details on preferred stock at June 30, 2012, June 30, 2011 and December 31, 2011 are shown below:

	June 30,		December 31,
	2012	**2011**	**2011**
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

Shares Outstanding	June 30,		December 31,
	2012	**2011**	**2011**
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**2,250**	2,250	2,250
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**7,823**	7,861	7,861
8.00% Series, $100 Par Value	**9,654**	9,696	9,696

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There were $0.1 million and $0.1 million of total dividends declared on Preferred Stock in the both the three and six months ended June 30, 2012 and June 30, 2011, respectively.

NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at June 30, 2012, June 30, 2011 and December 31, 2011 are shown below ($ Millions):

	June 30, 2012	June 30, 2011	December 31, 2011
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	$ **20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Due December 3, 2038	**50.0**	50.0	50.0
Granite Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.1**	3.6	3.3
Total Long-Term Debt	**288.1**	288.6	288.3
Less: Current Portion	**0.5**	0.5	0.5
Total Long-term Debt, Less Current Portion	**$287.6**	$ 288.1	$ 287.8

Fair Value of Long-Term Debt – Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be

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estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data.) In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

(Millions)	June 30, 2012	June 30, 2011	December 31, 2011
Estimated Fair Value of Long-Term Debt	$341.6	$323.0	$ 338.7

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the proceeds of the Company's public equity offering in May 2012.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of June 30, 2012, June 30, 2011 and December 31, 2011:

Revolving Credit Facility (Millions)	June 30, 2012	June 30, 2011	December 31, 2011
Limit	$115.0	$ 80.0	$ 115.0
Outstanding	$ 5.0	$51.3	$ 87.9
Available	$ 110.0	$28.7	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of June 30, 2012, June 30, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were $8.0 million, $6.6 million and $14.9 million outstanding at June 30, 2012, June 30, 2011 and December 31, 2011, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in June 2012 and payable in July 2012 that were recorded in Accounts Payable at June 30, 2012. There were no amounts of natural gas inventory released in June 2011 and payable in July 2011 that were recorded in Accounts Payable at June 30, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

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Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of June 30, 2012, there were approximately $20.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of June 30, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.1 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three and six months ended June 30, 2012 and June 30, 2011 (Millions):

Three Months Ended June 30, 2012	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 44.8**	**$ 22.7**	**$—**	**$ 1.3**	**$ 68.8**
Segment Profit (Loss)	**1.4**	**(2.2)**	**0.1**	**0.3**	**(0.4)**
Capital Expenditures	**4.1**	**10.0**	**0.7**	**—**	**14.8**
Three Months Ended June 30, 2011					
Revenues	$ 42.9	$ 25.2	$—	$ 1.4	$ 69.5
Segment Profit (Loss)	1.6	(3.0)	0.1	0.5	(0.8)
Capital Expenditures	4.5	8.8	1.0	—	14.3
Six Months Ended June 30, 2012					
Revenues	**$ 93.5**	**$ 86.9**	**$—**	**$ 2.6**	**$ 183.0**
Segment Profit	**2.6**	**5.4**	**—**	**0.6**	**8.6**
Capital Expenditures	**9.4**	**13.1**	**1.4**	**—**	**23.9**
Segment Assets	**377.7**	**380.2**	**3.4**	**7.0**	**768.3**
Six Months Ended June 30, 2011					
Revenues	$ 91.1	$ 91.1	$—	$ 2.7	$ 184.9
Segment Profit (Loss)	3.3	3.8	(0.1)	0.9	7.9
Capital Expenditures	9.8	14.0	1.3	—	25.1
Segment Assets	364.5	350.5	6.0	6.6	727.6

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

Regulatory Matters

Fitchburg – Increase in Base Rates Approved – On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of

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previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State – Increase in Base Rates Filed – Granite State has in place a FERC approved rate settlement agreement under which it is permitted to file incremental annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $1.6 million has been expended and is being recovered in the 2011 approved rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. This matter remains pending.

Unitil Energy – Increase in Base Rates Approved – On April 26, 2011, the New Hampshire Public Utilities Commission (NHPUC) approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provided for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year.

Unitil Energy filed its first step adjustment filing for $1.47 million on February 29, 2012 for implementation on May 1, 2012, which included rate increases to recover the increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities – Increase in Base Rates Approved, Settlement Reached – In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and Maine Public Utilities Commission (MPUC) requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively. The Maine rate case was approved in November 2011, and provided for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

On March 22, 2012, Northern Utilities, the Staff of the NHPUC and the Office of Consumer Advocate agreed to a settlement agreement providing for a $3.7 million permanent increase in annual revenues, effective May 1, 2012. A hearing was held on March 29, 2012, and the NHPUC issued an order approving the settlement agreement on April 24, 2012. Permanent rates were reconciled back to August 1, 2011.

Fitchburg – Electric Operations – On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for transition and transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter, as well as Fitchburg's 2009 and 2010 annual reconciliation filings, were approved by Order on April 25, 2012.

Fitchburg – Gas Operations – On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The SJC ordered instead, a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

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The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg – Storm Cost Deferral Petition – On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Fitchburg – Service Quality – On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

Unitil Energy – 2011 Storm Costs – On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012. The increase would allow the Company to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. The NHPUC Staff audited the costs and filed a memorandum with the NHPUC recommending that the costs be recovered by the Company over a five year period with carrying costs of 4.52%, subject to a full reconciliation of all costs recovered. Unitil Energy accepts and supports the Staff recommendation. On April 24, 2012, the NHPUC issued an order approving the recommendation of the Staff.

Unitil Energy – Billing Adjustment – In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for supply-related charges. Accordingly, the Company has requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. The Company's request remains pending before the NHPUC.

Unitil Energy – Annual Rate Reconciliation Filing – On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Northern Utilities – Cast Iron Pipe Replacement Program – On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the Program by the end of the 2024 construction season.

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Unitil Corporation – FERC Audit – On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in September, 2012.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service areas in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations including laws and regulations related to pipeline safety. The Company believes it is in substantial compliance with applicable environmental, health and safety laws and regulations, and the Company believes that as of June 30, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify and that affect our operations.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts, including alternatives for re-use of the site. Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at June 30, 2012 are accrued liabilities totaling $12.0 million related to estimated future cleanup costs for permanent remediation of the Sawyer Passway site. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

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Also included in Environmental Obligations on the Company's Consolidated Balance Sheet at June 30, 2012 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.3 million of accrued liabilities in Other Current Liabilities on the Company's Consolidated Balance Sheet at June 30, 2012 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify.

NOTE 8: INCOME TAXES

The Company bills its customers for sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

As of December 31, 2011, the Company had recorded cumulative federal and state net operating loss (NOL) carryforward assets of $11.7 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2011, the Company had $1.4 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

According to Internal Revenue Code rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the Internal Revenue Service (IRS) and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS has performed all fieldwork procedures and the Company and the IRS have entered into a settlement, pending approval of the Joint Committee, for certain timing items, originally reported in 2009, to be deducted in future periods. The result of the settlement agreement did not have a material impact on the Company's consolidated financial position or results of operations.

The Company evaluated its tax positions at December 31, 2011 and for the current interim reporting period ended June 30, 2012 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2008; December 31, 2009; and December 31, 2010.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2011 as filed with the SEC on February 1, 2012 for additional information regarding these plans.

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The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2012	2011
Used to Determine Plan Costs		
Discount Rate	**4.60%**	5.35%
Rate of Compensation Increase	**3.00%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

The following tables provide the components of the Company's Retirement plan costs ($000's):

	Pension Plan		PBOP Plan		SERP	
Three Months Ended June 30,	2012	2011	2012	2011	2012	2011
Service Cost	**$ 807**	$ 735	**$ 517**	$ 479	**$72**	$ 71
Interest Cost	**1,158**	1,171	**576**	570	**53**	57
Expected Return on Plan Assets	**(1,347)**	(1,210)	**(174)**	(204)	**—**	—
Prior Service Cost Amortization	**47**	62	**432**	432	**3**	3
Transition Obligation Amortization	**—**	—	**5**	5	**—**	—
Actuarial Loss Amortization	**904**	783	**32**	—	**16**	19
Sub-total	**1,569**	1,541	**1,388**	1,282	**144**	150
Amounts Capitalized and Deferred	**(725)**	(677)	**(560)**	(401)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 844**	$ 864	**$ 828**	$ 881	**$ 144**	$150

	Pension Plan		PBOP Plan		SERP	
Six Months Ended June 30,	2012	2011	2012	2011	2012	2011
Service Cost	**$ 1,613**	$ 1,471	**$1,033**	$ 959	**$ 144**	$ 142
Interest Cost	**2,317**	2,342	**1,151**	1,139	**106**	113
Expected Return on Plan Assets	**(2,695)**	(2,420)	**(348)**	(409)	**—**	—
Prior Service Cost Amortization	**94**	125	**864**	864	**6**	6
Transition Obligation Amortization	**—**	—	**11**	11	**—**	—
Actuarial Loss Amortization	**1,808**	1,566	**65**	—	**32**	39
Sub-total	**3,137**	3,084	**2,776**	2,564	**288**	300
Amounts Capitalized and Deferred	**(1,281)**	(1,180)	**(980)**	(634)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,856**	$ 1,904	**$1,796**	$ 1,930	**$ 288**	$ 300

Employer Contributions

As of June 30, 2012, the Company had made $6.3 million of contributions to its Pension Plan in 2012. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

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As of June 30, 2012, the Company had made $26,000 of contributions to the SERP Plan in 2012. The Company presently anticipates contributing an additional $27,000 to the SERP Plan in 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the “Interest Rate Risk” and “Market Risk” sections of Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of June 30, 2012. Based upon this evaluation, the Company’s Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of June 30, 2012 that the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company’s internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company’s internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the Consolidated Financial Statements. In the opinion of 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company’s Form 10-K for the year-ended December 31, 2011 as filed with the SEC on February 1, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities by the Company during the fiscal quarter ended June 30, 2012.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table shows purchases made by or on behalf of the Company or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)) of shares of the Company’s common stock during the fiscal quarter ended June 30, 2012.

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	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)(3)
4/1/12 – 4/30/12	—	—	—	$ 200,800
5/1/12 – 5/31/12	—	—	—	$ 200,800
6/1/12 – 6/30/12	237	$26.50	237	$ 194,520
Total	237		237	

(1) All purchases were made pursuant to the Company's 2011 Trading Plan (as defined below).

(2) On March 22, 2012, the Company adopted a written trading plan under Rule 10b5-1 (the 2012 Trading Plan) under the Exchange Act to facilitate the repurchase of shares of its common stock on the open market in connection with its Employee Length of Service Awards and the stock portion of its Directors' annual retainer. On March 26, 2012, the Company filed a Current Report on Form 8-K announcing that it had adopted the 2012 Trading Plan. The 2012 Trading Plan provides for the repurchase of up to $200,800 worth of shares of the Company's common stock during its term. The 2012 Trading Plan became effective on March 22, 2012 and will terminate on March 22, 2013. The Company may suspend or terminate the 2012 Trading Plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act or other applicable securities laws.

Item 5. Other Information

Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the proceeds of the Company's public equity offering in May 2012.

On July 25, 2012, the Company issued a press release announcing its results of operations for the three- and six-month periods ended June 30, 2012. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
11	Computation in Support of Earnings Per Weighted Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated July 25, 2012 Announcing Earnings For the Quarter Ended June 30, 2012.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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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 25, 2012	/s/ Mark H. Collin
	Mark H. Collin Chief Financial Officer
Date: July 25, 2012	/s/ Laurence M. Brock
	Laurence M. Brock Chief Accounting Officer

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EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER WEIGHTED AVERAGE COMMON SHARE OUTSTANDING
(Millions except common shares and per share data)
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	**2012**	2011
Net Income (Loss)	**$ (0.3)**	**$ (0.7)**	**$ 8.7**	$ 8.0
Less: Dividend Requirements on Preferred Stock	**0.1**	**0.1**	**0.1**	0.1
Net Income Applicable to Common Stock	**$ (0.4)**	**$ (0.8)**	**$ 8.6**	$ 7.9
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**12,331**	**10,877**	**11,624**	10,868
Dilutive Effect of Stock Options and Restricted Stock (000's)	**—**	**—**	**3**	3
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**12,331**	**10,877**	**11,627**	10,871
Earnings Per Share – Basic and Diluted	**$ (0.03)**	**$ (0.08)**	**$ 0.74**	$ 0.73

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2012

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2012

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2012

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**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, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	July 25, 2012
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	July 25, 2012
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	July 25, 2012

Exhibit 99.1

For Release

UNITIL REPORTS SECOND QUARTER EARNINGS

HAMPTON, N.H., JULY 25, 2012 — Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Earnings (Loss) Applicable to Common Shareholders of ($0.4) million, or ($0.03) per share, for the second quarter of 2012, an improvement of $0.4 million, or $0.05 per share, compared to the second quarter of 2011. For the six months ended June 30, 2012, the Company reported Earnings of $8.6 million, or $0.74 per share, compared to $7.9 million, or $0.73 per share, for the same period of 2011. Results for the second quarter and year-to-date period were driven primarily by higher natural gas and electric sales margins reflecting higher rates, partially offset by lower sales volumes and increases in operating expenses.

"Our earnings continue to reflect the phase-in of new rates offset by unusually mild weather in the first six months of 2012," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. The Company estimates that the mild weather in the winter and early spring negatively impacted earnings by about $2.0 million, or $0.17 per share, in the first six months of 2012. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first six months of 2012 compared to the same period in 2011.

On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering, including 360,000 shares of common stock pursuant to the underwriters' option to purchase additional shares of common stock. The Company used the net proceeds of approximately $65.6 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations and Earnings reflect a higher number of average shares outstanding year over year.

(Continued on Next Page)

Natural gas sales margins were $12.6 million and $39.9 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $2.8 million and $5.3 million compared to the same periods in 2011. Natural gas sales margins were favorably affected by increased base rates and decoupling revenues from recently completed rate cases, and the growth in new gas customers. Partially offsetting these increases were lower gas therm sales volumes, which decreased 7.8% and 10.1% in the three and six month periods ended June 30, 2012 compared to the same periods in 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder weather in the first six months of 2012 compared to 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 1.3% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $17.5 million and $33.6 million in the three and six months ended June 30, 2012, respectively, resulting in increases of $1.6 million compared to the same three and six-month periods in 2011. The increases in electric sales margins reflect higher base rates and decoupling revenues from recently completed rate cases, partially offset by lower electric kilowatt-hour (kWh) sales volumes. Total kWh sales decreased 2.7% and 3.8% in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011. The decreases in kWh sales primarily reflect the effect of milder weather in the first six months of 2012 compared to 2011. Weather-normalized kWh sales (excluding decoupled sales) in the three and six month periods ended June 30, 2012 are estimated to be 3.2% and 2.0% higher, respectively, compared to the same periods in 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.3 million and $2.6 million in the three and six month periods ended June 30, 2012, respectively, resulting in decreases of $0.1 million compared to the same three and six-month periods in 2011, reflecting the mild weather in 2012.

(Continued on Next Page)

Selected financial data for 2012 and 2011 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data

(Millions, except Per Share data)(Unaudited)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Change	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	Change
Gas Therm Sales:						
Residential	6.5	8.0	(18.8%)	23.5	27.9	(15.8%)
Commercial/Industrial	30.3	31.9	(5.0%)	85.7	93.6	(8.4%)
Total Gas Therm Sales	**36.8**	**39.9**	**(7.8%)**	**109.2**	**121.5**	**(10.1%)**
Electric kWh Sales:						
Residential	145.2	150.7	(3.6%)	324.6	339.9	(4.5%)
Commercial/Industrial	238.1	243.4	(2.2%)	473.4	489.7	(3.3%)
Total Electric kWh Sales	**383.3**	**394.1**	**(2.7%)**	**798.0**	**829.6**	**(3.8%)**
Gas Revenues	$ 22.7	$ 25.2	$ (2.5)	$ 86.9	$ 91.1	$ (4.2)
Purchased Gas	10.1	15.4	(5.3)	47.0	56.5	(9.5)
Gas Sales Margin	**12.6**	**9.8**	**2.8**	**39.9**	**34.6**	**5.3**
Electric Revenues	44.8	42.9	1.9	93.5	91.1	2.4
Purchased Electricity	27.3	27.0	0.3	59.9	59.1	0.8
Electric Sales Margin	**17.5**	**15.9**	**1.6**	**33.6**	**32.0**	**1.6**
Usource Sales Margin	**1.3**	**1.4**	**(0.1)**	**2.6**	**2.7**	**(0.1)**
Total Sales Margin:	**31.4**	**27.1**	**4.3**	**76.1**	**69.3**	**6.8**
Operation & Maintenance Expenses	14.9	12.5	2.4	28.3	24.7	3.6
Depreciation, Amortization, Taxes & Other	12.3	10.6	1.7	29.7	27.3	2.4
Interest Expense, Net	4.6	4.8	(0.2)	9.5	9.4	0.1
Earnings (Loss) Applicable to Common Shareholders:	**$ (0.4)**	**$ (0.8)**	**$ 0.4**	**$ 8.6**	**$ 7.9**	**$ 0.7**
Earnings (Loss) Per Share	**$ (0.03)**	**$ (0.08)**	**$ 0.05**	**$ 0.74**	**$ 0.73**	**$ 0.01**

(Continued on Next Page)

Operation and Maintenance (O&M) expenses increased $2.4 million and $3.6 million for the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011. The increase in O&M expenses in the first six months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the six month period include higher utility operating costs of $1.2 million, higher employee compensation and benefit costs of $0.9 million, and higher professional fees of $0.5 million. Utility operating costs in the six months ended June 30, 2012 include approximately $1.5 million of spending on vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $1.0 million and $1.4 million in the three and six months ended June 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $0.5 million and $0.9 million in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Interest Expense, Net decreased $0.2 million and increased $0.1 million in the three and six month periods ended June 30, 2012, respectively, compared to the same periods in 2011, reflecting normal fluctuations in short-term borrowings and interest income.

Also in the second quarter, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. This quarterly dividend results in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions between years may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

(Continued on Next Page)

The Company will hold a quarterly conference call to discuss second quarter 2012 results on Wednesday, July 25, 2012, at 2:00 p.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,400 electric customers and 71,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

Forward-Looking Statements

This press release contains forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of energy commodities and transmission capacity and Unitil's ability to recover energy commodity costs in its rates; customers' preferred energy sources; severe storms and Unitil's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; Unitil's ability to retain its existing customers and attract new customers; Unitil's energy brokering customers' performance under multi-year energy brokering contracts; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission, including those appearing under the caption "Risk Factors" in Unitil's Annual Report on Form 10-K for the year ended December 31, 2011. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend to update these forward-looking statements.

For more information please contact:

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Email: chong@unitil.com

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended September 30, 2012

Commission File Number 1-8858

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

New Hampshire (State or other jurisdiction of incorporation or organization)	**02-0381573** (I.R.S. Employer Identification No.)
6 Liberty Lane West, Hampton, New Hampshire (Address of principal executive office)	**03842-1720** (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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

Class	Outstanding at October 19, 2012
Common Stock, No par value	**13,769,825 Shares**

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
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PART I. FINANCIAL INFORMATION

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

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service areas in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, New Hampshire;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, Inc. (Northern Utilities), which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers in their service areas.

In addition, Unitil is the parent company of Granite State Gas Transmission, Inc. (Granite State) an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $535.1 million at September 30, 2012. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, Usource), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to commercial and industrial customers primarily in the northeastern United States. As an energy broker and advisor, Usource assists its clients with the procurement and contracting for electricity and natural gas in competitive energy markets. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp. (Unitil Realty), which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with

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regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service areas, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 13% of Unitil's total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company's authorized rate of return, the Company's cost of service and the Company's ability to recover costs in its rates;

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- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparties’ obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance and energy used under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company’s control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

RESULTS OF OPERATIONS

The following section of Management’s Discussion & Analysis compares the results of operations for each of the two fiscal periods ended September 30, 2012 and September 30, 2011 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report.

The Company’s results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

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On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering. The Company used the net proceeds of approximately $65.7 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations and Earnings reflect a higher number of average shares outstanding year over year.

Earnings Overview

The Company's Earnings Applicable to Common Shareholders was $0.5 million, or $0.03 per share, for the third quarter of 2012, an improvement of $2.1 million, or $0.18 per share, compared to the third quarter of 2011. For the nine months ended September 30, 2012, the Company reported Earnings of $9.1 million, or $0.74 per share, compared to $6.3 million, or $0.58 per share, for the same period of 2011. Results were positively affected by higher natural gas and electric sales margins due to higher distribution rates and new customer growth, and reflect the effect on sales of fluctuations in seasonal weather conditions year over year. The Company estimates that the mild weather in the winter and early spring of 2012 negatively impacted earnings by about $2.0 million, or $0.17 per share. Additionally, in the third quarter of 2011, in connection with rate cases in Massachusetts, the Company recognized a non-recurring pre-tax charge of $2.0 million, or $0.11 per share, related to accrued carrying charges that were disallowed for rate recovery.

Natural gas sales margins were $11.2 million in the three months ended September 30, 2012, or an increase of $3.0 million compared to the third quarter of 2011, reflecting higher distribution rates from recently completed rate cases, new customer growth and a corresponding increase in gas therm sales of 3.0%. Natural gas sales margins were $51.1 million in the nine month period ended September 30, 2012, or an increase of $8.3 million compared to the same nine month period in 2011, reflecting higher distribution rates from recently completed rate cases and new customer growth, but negatively impacted by lower gas therm sales primarily due to mild winter weather earlier in the year. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first nine months of 2012 compared to the same period in 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 5% and 2% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $19.1 million in the three months ended September 30, 2012, or an increase of $1.3 million compared to the third quarter of 2011, reflecting higher electric distribution rates and an increase in kilowatt hour (kWh) sales primarily driven by new customer growth and an increase in usage during the summer. There were 19% more Cooling Degree Days in the third quarter of 2012 compared to the same period in 2011. In the nine month period ended September 30, 2012, electric sales margins were $52.7 million, or an increase of $2.9 million compared to the same period in 2011, reflecting higher electric distribution rates and new customer growth, but negatively impacted by lower electric kWh sales primarily due to mild winter weather earlier in the year. Weather-normalized electric kWh sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 2% lower and 1% higher, respectively, compared to the same period in 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Operation and Maintenance (O&M) expenses increased $0.8 million and $4.4 million for the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011. The increase in the three month period reflects higher utility operating costs of $1.1 million and higher employee compensation and benefit costs of $0.1 million, partially offset by lower professional fees of $0.4 million. The increase in O&M expenses in the first nine months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the nine month period include higher utility operating costs of $2.3 million, higher employee compensation and benefit costs of $1.0 million, and higher professional fees of $0.1 million. Utility operating costs in the three and nine months ended September 30, 2012 include approximately $1.0 million and $2.5 million, respectively, of spending on new vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

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Depreciation and Amortization expense increased $2.0 million and $3.4 million in the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $0.3 million and $1.2 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes increased by $1.4 million and $1.6 million for the three and nine month periods, respectively, due to higher pre-tax earnings in 2012 compared to 2011.

Interest Expense, Net decreased $2.2 million and $2.1 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, primarily reflecting a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.5 million and $4.1 million for the three and nine month periods ended September 30, 2012, on par with the same periods in 2011.

In 2011, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012, March, 2012, June 2012 and September 2012 meetings, the Unitil Board of Directors declared quarterly dividends on the Company's common stock of $0.345 per share.

A more detailed discussion of the Company's results of operations for the three and nine months ended September 30, 2012 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Total natural gas therm sales volumes increased 3.0% in the three month period ended September 30, 2012 compared to the same period in 2011, reflecting increased usage by C&I customers in their operations. In the nine months ended September 30, 2012, gas therm sales decreased 8.0% compared to the same period in 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder weather in the first nine months of 2012 compared to 2011. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first nine months of 2012 compared to the same period in 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 5% and 2% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

The following table details total firm therm sales for the three and nine months ended September 30, 2012 and 2011, by major customer class:

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Therm Sales (millions)

	Three Months Ended September 30, 2012	2011	Change	% Change	Nine Months Ended September 30, 2012	2011	Change	% Change
Residential	**2.5**	2.6	(0.1)	(3.8%)	**26.0**	30.5	(4.5)	(14.8%)
Commercial / Industrial	**21.3**	20.5	0.8	3.9%	**107.0**	114.1	(7.1)	(6.2%)
Total	**23.8**	23.1	0.7	3.0%	**133.0**	144.6	(11.6)	(8.0%)

Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three and nine months ended September 30, 2012 and 2011:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended September 30, 2012	2011	$ Change	% Change(1)	Nine Months Ended September 30, 2012	2011	$ Change	% Change(1)
Gas Operating Revenue:								
Residential	**$ 7.4**	$ 8.0	$(0.6)	(2.8%)	**$ 44.3**	$ 46.8	$ (2.5)	(2.2%)
Commercial / Industrial	**12.9**	13.2	(0.3)	(1.4%)	**62.9**	65.5	(2.6)	(2.3%)
Total Gas Operating Revenue	**$20.3**	$ 21.2	$(0.9)	(4.2%)	**$107.2**	$112.3	$ (5.1)	(4.5%)
Cost of Gas Sales:								
Purchased Gas	**$ 8.6**	$12.5	$(3.9)	(18.4%)	**$ 54.5**	$ 68.0	$(13.5)	(12.0%)
Conservation & Load Management	**0.5**	0.5	—	—	**1.6**	1.5	0.1	0.1%
Total Cost of Gas Sales	**$ 9.1**	$ 13.0	$(3.9)	(18.4%)	**$ 56.1**	$ 69.5	$ (13.4)	(11.9%)
Gas Sales Margin	**$11.2**	$ 8.2	$ 3.0	14.2%	**$ 51.1**	$ 42.8	$ 8.3	7.4%

(1) Represents change as a percent of Total Gas Operating Revenue.

The Company analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The Company believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margins were $11.2 million in the three months ended September 30, 2012, or an increase of $3.0 million compared to the third quarter of 2011, reflecting higher distribution rates from recently completed rate cases, new customer growth and a corresponding increase in gas therm sales of 3.0%. Natural gas sales margins were $51.1 million in the nine month period ended September 30, 2012, or an increase of $8.3 million compared to the same nine month period in 2011, reflecting higher distribution rates from recently completed rate cases and new customer growth, but negatively impacted by lower gas therm sales of 8.0%, discussed above.

The decrease in Total Gas Operating Revenues of $0.9 million in the third quarter of 2012 reflects lower costs of sales of $3.9 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $3.0 million.

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The decrease in Total Gas Operating Revenues of $5.1 million in the nine months ended September 30, 2012 reflects lower costs of sales of $13.4 million, including lower Purchased Gas costs of $13.5 million and higher C&LM costs of $0.1 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $8.3 million.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales – Total kWh sales increased 0.5% in the three month period ended September 30, 2012 compared to the same period in 2011, reflecting warmer summer weather in 2012 compared to 2011 and customer growth. There were 19% more Cooling Degree Days in the third quarter of 2012 compared to the same period in 2011. Total kWh sales decreased 2.3% in the nine months ended September 30, 2012 compared to the same period in 2011. The decreases in kWh sales in the nine month period primarily reflect the effect of milder weather in the first nine months of 2012 compared to 2011. As discussed above, there were 20% fewer Heating Degree Days in the first nine months of 2012 compared to the same period in 2011. Weather-normalized kWh sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 2% lower and 1% higher, respectively, compared to the same periods in 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

The following table details total kWh sales for the three and nine months ended September 30, 2012 and 2011 by major customer class:

kWh Sales (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	Change	% Change	2012	2011	Change	% Change
Residential	**198.2**	190.2	8.0	4.2%	**522.8**	530.1	(7.3)	(1.4%)
Commercial / Industrial	**270.7**	276.5	(5.8)	(2.1%)	**744.1**	766.2	(22.1)	(2.9%)
Total	**468.9**	466.7	2.2	0.5%	**1,266.9**	1,296.3	(29.4)	(2.3%)

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Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three and nine month periods ended September 30, 2012 and 2011:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2012	2011	$ Change	% Change(1)	2012	2011	$ Change	% Change(1)
Electric Operating Revenue:								
Residential	**$27.4**	$27.2	$ 0.2	0.4%	**$ 78.5**	$ 76.1	$ 2.4	1.7%
Commercial / Industrial	**22.1**	23.3	(1.2)	(2.4%)	**64.5**	65.5	(1.0)	(0.7%)
Total Electric Operating Revenue	**$ 49.5**	$50.5	$ (1.0)	(2.0%)	**$143.0**	$141.6	$ 1.4	1.0%
Cost of Electric Sales:								
Purchased Electricity	**$28.3**	$ 31.0	$(2.7)	(5.4%)	**$ 85.1**	$ 88.0	$(2.9)	(2.0%)
Conservation & Load Management	**2.1**	1.7	0.4	0.8%	**5.2**	3.8	1.4	1.0%
Total Cost of Electric Sales	**$ 30.4**	$ 32.7	$ (2.3)	(4.6%)	**$ 90.3**	$ 91.8	$(1.5)	(1.0%)
Electric Sales Margin	**$19.1**	$ 17.8	$ 1.3	2.6%	**$ 52.7**	$ 49.8	$ 2.9	2.0%

(1) Represents change as a percent of Total Electric Operating Revenue.

The Company analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The Company believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

Electric sales margins were $19.1 million in the three months ended September 30, 2012, or an increase of $1.3 million compared to the third quarter of 2011, reflecting higher electric distribution rates and an increase in kWh sales primarily driven by new customer growth and an increase in usage during the summer. In the nine month period ended September 30, 2012, electric sales margins were $52.7 million, or an increase of $2.9 million compared to the same period in 2011, reflecting higher electric distribution rates and new customer growth, but negatively impacted by lower electric kWh sales, discussed above.

The decrease in Total Electric Operating Revenues of $1.0 million in the third quarter of 2012 reflects lower cost of sales of $2.3 million, including lower Purchased Electricity costs of $2.7 million and higher C&LM costs of $0.4 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher electric base revenues of $1.3 million.

The increase in Total Electric Operating Revenues of $1.4 million in the nine months ended September 30, 2012 reflects higher electric base revenues of $2.9 million. These higher electric base revenues were partially offset by lower cost of sales of $1.5 million, including lower Purchased Electricity costs of $2.9 million and higher C&LM costs of $1.4 million, which are tracked costs that are passed through directly to customers.

Operating Revenue - Other

The following table details total Other Revenue for the three and nine months ended September 30, 2012 and 2011:

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Other Revenue (000's)

	Three Months Ended September 30, 2012	2011	$ Change	% Change	Nine Months Ended September 30, 2012	2011	$ Change	% Change
Other	**$1.5**	$1.5	$ —	—	**$4.1**	$4.2	$ (0.1)	(2.4%)
Total Other Revenue	**$1.5**	$1.5	$ —	—	**$4.1**	$4.2	$ (0.1)	(2.4%)

Total Other Operating Revenue is comprised of revenues from the Company's non-regulated energy brokering business, Usource. For the three months ended September 30, 2012 Usource's revenues were on par with same period in 2011. Usource's revenues decreased $0.1 million in the nine month period ended September 30, 2012 compared to the same period in 2011. As an energy broker and advisor, Usource assists business customers with the procurement and contracting for electricity and natural gas in competitive energy markets. Usource does not take title to the energy but solicits energy bids from qualified competitive energy suppliers on behalf of its clients. Usource's revenues reflect fees that it charges for its services, which are paid by the transacting supplier, typically over the term of the energy contract.

Operating Expenses

Purchased Gas – Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $3.9 million, or 31.2%, and $13.5 million, or 19.9%, in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011. These decreases reflect lower wholesale natural gas prices and a decline in sales of natural gas compared to the prior period. The Company recovers the approved costs of Purchased Gas through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Purchased Electricity – Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $2.7 million, or 8.7%, and $2.9 million, or 3.3%, in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011. The decreases reflect an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower kWh sales for the year-to-date period. The Company recovers the approved costs of Purchased Electricity through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Operation and Maintenance (O&M) – O&M expense includes electric and gas utility operating costs, and the operating cost of the Company's unregulated business activities. Total O&M expenses increased $0.8 million and $4.4 million for the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011. The increase in the three month period reflects higher utility operating costs of $1.1 million and higher employee compensation and benefit costs of $0.1 million, partially offset by lower professional fees of $0.4 million. The increase in O&M expenses in the first nine months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the nine month period include higher utility operating costs of $2.3 million, higher employee compensation and benefit costs of $1.0 million, and higher professional fees of $0.1 million. Utility operating costs in the three and nine months ended September 30, 2012 include approximately $1.0 million and $2.5 million, respectively, of spending on new vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Conservation & Load Management – C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are

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designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. In the third quarter of 2012, approximately 80% of these costs were related to electric operations and 20% to gas operations.

Total C&LM expenses increased $0.4 million, or 18.2% and $1.5 million, or 28.3%, in the three and nine month periods ended September 30, 2012 compared to the same periods in 2011. These approved costs are collected from customers on a pass through basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization – Depreciation and Amortization expense increased $2.0 million, or 29.0%, and $3.4 million, or 15.1%, in the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes – Local Property and Other Taxes increased $0.3 million and $1.2 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes – Federal and State Income Taxes increased by $1.4 million and $1.6 million for the three and nine month periods, respectively, due to higher pre-tax earnings in 2012 compared to 2011.

Other Non-Operating Expenses (Income)

Other Non-Operating Expenses decreased $0.1 million and $0.2 million in the three and nine month periods ended September 30, 2012 compared to the same periods in 2011.

Interest Expense, Net

Interest expense is presented in the consolidated financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

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Interest Expense, Net (Millions)	Three Months Ended September 30, 2012	2011	Change	Nine Months Ended September 30, 2012	2011	Change
Interest Expense						
Long-term Debt	**$ 5.1**	$ 5.1	$—	**$15.2**	$ 15.2	$—
Short-term Debt	**0.2**	0.4	(0.2)	**1.2**	1.2	—
Regulatory Liabilities	**—**	0.1	(0.1)	**0.2**	0.2	—
Subtotal Interest Expense	**5.3**	5.6	(0.3)	**16.6**	16.6	—
Interest (Income)						
Regulatory Assets	**(0.7)**	1.2	(1.9)	**(2.1)**	(0.2)	(1.9)
AFUDC[1] and Other	**(0.2)**	(0.2)	—	**(0.6)**	(0.4)	(0.2)
Subtotal Interest (Income)	**(0.9)**	1.0	(1.9)	**(2.7)**	(0.6)	(2.1)
Total Interest Expense, Net	**$ 4.4**	$6.6	$ (2.2)	**$13.9**	$ 16.0	$ (2.1)

(1) AFUDC – Allowance for Funds Used During Construction.

Interest Expense, Net decreased $2.2 million and $2.1 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, primarily reflecting a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering were approximately $65.7 million and were used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At September 30, 2012, September 30, 2011 and December 31, 2011, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the proceeds of the Company's public equity offering in May 2012.

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The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of September 30, 2012, September 30, 2011 and December 31, 2011:

Revolving Credit Facility (millions)	September 30, 2012	September 30, 2011	December 31, 2011
Limit	**$ 60.0**	$ 80.0	$ 115.0
Outstanding	**$24.1**	$65.4	$ 87.9
Available	**$35.9**	$ 14.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of September 30, 2012, September 30, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also "Credit Arrangements" in Note 4.)

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of September 30, 2012, there were approximately $20.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were obligations of $10.6 million, $13.0 million and $14.9 million outstanding at September 30, 2012, September 30, 2011 and December 31, 2011, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in September 2012 and payable in October 2012 that were recorded in Accounts Payable at September 30, 2012. There were no amounts of natural gas inventory released in September 2011 and payable in October 2011 that were recorded in Accounts Payable at September 30, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of September 30, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.0 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their

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operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the nine months ended September 30, 2012 compared to the same period in 2011.

	Nine Months Ended September 30,	
	2012	2011
Cash Provided by Operating Activities	**$61.9**	$49.8

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $61.9 million in 2012, an increase of $12.1 million compared to 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $40.0 million in 2012 compared to $31.4 million in 2011, representing an increase of $8.6 million. Working capital changes in Current Assets and Liabilities resulted in a $26.4 million net source of cash in 2012 compared to a $14.9 million net source of cash in 2011, representing an increase of $11.5 million. Deferred Regulatory and Other Charges resulted in a $3.6 million source of cash in 2012 compared to an $8.8 million source of cash in 2011. All Other, net operating activities resulted in a use of cash of ($8.1) million in 2012 compared to a use of cash of ($5.3) million in 2011.

	Nine Months Ended September 30,	
	2012	2011
Cash (Used in) Investing Activities	**$(47.4)**	$(42.7)

Cash (Used in) Investing Activities – Cash Used in Investing Activities was ($47.4) million for 2012 compared to ($42.7) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions.

	Nine Months Ended September 30,	
	2012	2011
Cash (Used in) Financing Activities	**$(12.5)**	$(8.1)

Cash (Used in) Financing Activities – Cash Used in Financing Activities was ($12.5) million in 2012 compared to ($8.1) million in 2011. Sources of cash in 2012 are from the issuance of common stock of $66.5 million, including the Company's equity offering in May 2012 and common stock issued in connection with its Dividend Reinvestment and Stock Purchase Plan and its 401(k) Plan. In 2012, uses of cash included net repayment of short-term debt of ($63.8) million, a decrease in net gas inventory financing of ($1.8) million, regular quarterly dividend payments on common and preferred stock of ($12.4) million and repayment of long-term debt of ($0.3) million. All other financing activities resulted in a net use of cash of ($0.7) million.

Critical Accounting Policies

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company 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

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reporting period. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. 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 accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 1, 2012.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board (FASB) Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)

	September 30,		December 31,
	2012	2011	2011
Energy Supply Contract Obligations	**$ 6.4**	$ 14.9	$ 12.9
Deferred Restructuring Costs	**20.2**	22.0	21.8
Subtotal – Restructuring Related Items	**26.6**	36.9	34.7
Retirement Benefit Obligations	**55.2**	47.0	55.3
Income Taxes	**10.6**	12.1	10.9
Environmental Obligations	**16.7**	17.9	17.5
Deferred Storm Charges	**25.4**	18.5	22.4
Other	**14.6**	15.0	17.8
Total Regulatory Assets	**$149.1**	$ 147.4	$ 158.6
Less: Current Portion of Regulatory Assets (1)	**12.2**	16.5	18.8
Regulatory Assets – noncurrent	**$136.9**	$130.9	$ 139.8

(1) Reflects amounts included in Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB

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Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change

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in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the year ended December 31, 2011, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 in the Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2011, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $909,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for 2011 would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $705,000. (See Note 9 to the accompanying unaudited consolidated financial statements).

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the unaudited consolidated statements of earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of September 30, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's unaudited consolidated financial statements below. Refer to "Recently Issued Pronouncements in Note 1 of the Notes of unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of September 30, 2012, the Company and its subsidiaries had 464 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of September 30, 2012, 153 of the Company's employees were represented by labor unions. There are 79 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

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There are 35 union employees who are covered by a separate collective bargaining agreement which expires on March 31, 2017. The agreement includes discreet salary adjustments, established work practices and uniform benefit packages.

There are 39 union employees who were covered by a separate collective bargaining agreement which expired on May 31, 2012. The Company and the relevant labor union have prepared a Memorandum of Understanding outlining the terms of a new collective bargaining agreement, which will expire on May 31, 2018, and the labor union has approved such terms. Such terms include discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to execute the final agreement in the fourth quarter of 2012.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of 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 issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $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. The average interest rates on the Company's short-term borrowings for the three months ended September 30, 2012 and September 30, 2011 were 2.02% and 2.24%, respectively. The average interest rates on the Company's short-term borrowings for the nine months ended September 30, 2012 and September 30, 2011 were 2.03% and 2.26%, respectively. The average interest rate on the Company's short-term borrowings for the twelve months ended December 31, 2011 was 2.2%.

COMMODITY PRICE RISK

Although Unitil's three distribution utilities are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for the reconciliation and collection of approved Purchased Electric and Purchased Gas costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

REGULATORY MATTERS

Please refer to Note 6 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements—Unaudited

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Operating Revenues				
Gas	**$ 20.3**	$ 21.2	**$ 107.2**	$ 112.3
Electric	**49.5**	50.5	**143.0**	141.6
Other	**1.5**	1.5	**4.1**	4.2
Total Operating Revenues	**71.3**	73.2	**254.3**	258.1
Operating Expenses				
Purchased Gas	**8.6**	12.5	**54.5**	68.0
Purchased Electricity	**28.3**	31.0	**85.1**	88.0
Operation and Maintenance	**14.4**	13.6	**42.7**	38.3
Conservation & Load Management	**2.6**	2.2	**6.8**	5.3
Depreciation and Amortization	**8.9**	6.9	**25.9**	22.5
Provisions (Benefit) for Taxes:				
Local Property and Other	**3.5**	3.2	**10.7**	9.5
Federal and State Income	**—**	(1.4)	**5.3**	3.7
Total Operating Expenses	**66.3**	68.0	**231.0**	235.3
Operating Income	**5.0**	5.2	**23.3**	22.8
Non-Operating Expenses	**0.1**	0.2	**0.2**	0.4
Income Before Interest Expense	**4.9**	5.0	**23.1**	22.4
Interest Expense, Net	**4.4**	6.6	**13.9**	16.0
Net Income (Loss)	**0.5**	(1.6)	**9.2**	6.4
Less: Dividends on Preferred Stock	**—**	—	**0.1**	0.1
Earnings (Loss) Applicable to Common Shareholders	**$ 0.5**	$ (1.6)	**$ 9.1**	$ 6.3
Weighted Average Common Shares Outstanding – Basic (000's)	**13,707**	10,887	**12,318**	10,875
Weighted Average Common Shares Outstanding – Diluted (000's)	**13,709**	10,887	**12,321**	10,877
Earnings Per Common Share (Basic and Diluted)	**$ 0.03**	$ (0.15)	**$ 0.74**	$ 0.58
Dividends Declared Per Share of Common Stock	**$ 0.345**	$ 0.345	**$ 1.38**	$ 1.38

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	September 30, 2012	September 30, 2011	December 31, 2011
ASSETS:			
Utility Plant:			
Electric	**$348.2**	$326.6	$ 333.3
Gas	**398.4**	363.9	382.3
Common	**30.6**	30.4	29.8
Construction Work in Progress	**35.8**	41.4	28.3
Total Utility Plant	**813.0**	762.3	773.7
Less: Accumulated Depreciation	**277.9**	262.5	263.0
Net Utility Plant	**535.1**	499.8	510.7
Current Assets:			
Cash	**9.5**	7.9	7.5
Accounts Receivable, net	**30.7**	30.4	44.2
Accrued Revenue	**34.6**	35.2	56.6
Gas Inventory	**12.3**	15.6	14.8
Materials and Supplies	**3.6**	3.8	3.6
Prepayments and Other	**4.3**	4.5	4.5
Total Current Assets	**95.0**	97.4	131.2
Noncurrent Assets:			
Regulatory Assets	**136.9**	130.9	139.8
Other Noncurrent Assets	**17.0**	20.6	18.5
Total Noncurrent Assets	**153.9**	151.5	158.3
TOTAL ASSETS	**$ 784.0**	$ 748.7	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions)
(UNAUDITED)

	September 30, 2012	September 30, 2011	December 31, 2011
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	**$250.9**	$ 181.2	$ 191.7
Preferred Stock	**2.0**	2.0	2.0
Long-Term Debt, Less Current Portion	**287.5**	288.0	287.8
Total Capitalization	**540.4**	471.2	481.5
Current Liabilities:			
Long-Term Debt, Current Portion	**0.5**	0.5	0.5
Accounts Payable	**17.1**	16.0	26.4
Short-Term Debt	**24.1**	65.4	87.9
Energy Supply Contract Obligations	**13.4**	21.8	21.1
Taxes Payable	**0.5**	0.6	1.0
Other Current Liabilities	**21.4**	22.5	17.5
Total Current Liabilities	**77.0**	126.8	154.4
Deferred Income Taxes	**51.7**	46.7	46.3
Noncurrent Liabilities:			
Energy Supply Contract Obligations	**3.6**	6.1	4.2
Retirement Benefit Obligations	**88.9**	74.1	91.2
Environmental Obligations	**14.5**	14.4	14.5
Other Noncurrent Liabilities	**7.9**	9.4	8.1
Total Noncurrent Liabilities	**114.9**	104.0	118.0
TOTAL CAPITALIZATION AND LIABILITIES	**$784.0**	$ 748.7	$ 800.2

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Millions)
(UNAUDITED)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Operating Activities:		
Net Income	**$ 9.2**	$ 6.4
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**25.9**	22.5
Deferred Tax Provision	**4.9**	2.5
Changes in Working Capital Items:		
Accounts Receivable	**13.5**	6.5
Accrued Revenue	**22.0**	11.5
Gas Inventory	**2.5**	(5.0)
Accounts Payable	**(9.3)**	(10.5)
Taxes Refundable / Payable	**(0.5)**	8.1
Other Changes in Working Capital Items	**(1.8)**	4.3
Deferred Regulatory and Other Charges	**3.6**	8.8
Other, net	**(8.1)**	(5.3)
Cash Provided by Operating Activities	**61.9**	49.8
Investing Activities:		
Property, Plant and Equipment Additions	**(47.4)**	(42.7)
Cash (Used in) Investing Activities	**(47.4)**	(42.7)
Financing Activities:		
Repayment of Short-Term Debt, net	**(63.8)**	(1.4)
Repayment of Long-Term Debt, net	**(0.3)**	(0.3)
Net Increase (Decrease) in Gas Inventory Financing	**(1.8)**	5.1
Dividends Paid	**(12.4)**	(11.4)
Proceeds from Issuance of Common Stock, net	**66.5**	0.7
Other, net	**(0.7)**	(0.8)
Cash (Used in) Financing Activities	**(12.5)**	(8.1)
Net Increase (Decrease) in Cash	**2.0**	(1.0)
Cash at Beginning of Period	**7.5**	8.9
Cash at End of Period	**$ 9.5**	$ 7.9
Supplemental Cash Flow Information:		
Interest Paid	**$ 13.5**	$ 13.8
Income Taxes Paid (Refunded)	**$ 0.7**	$ (7.3)

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), 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). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts, and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts, and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of results to be expected for the year ending December 31, 2012. For further information, please refer to Note 1 of Part II

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to the Consolidated Financial Statements – “Summary of Significant Accounting Policies” of the Company’s Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission (SEC) on February 1, 2012, for a description of the Company’s Basis of Presentation.

Fair Value – The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

Derivatives – The Company has a regulatory commission-approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission-approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of September 30, 2012, September 30, 2011 and December 31, 2011, the Company had 2.1 billion, 1.7 billion and 1.6 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair

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value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount Offset in Regulatory Assets[1], as of:

(millions) Description	Balance Sheet Location	Fair Value September 30, 2012	Fair Value September 30, 2011	Fair Value December 31, 2011
Natural Gas Futures Contracts	Other Current Liabilities	**$ 1.0**	$ 1.2	$ 1.7
Natural Gas Futures Contracts	Other Noncurrent Liabilities	**0.2**	0.3	0.6
Total		**$ 1.2**	$ 1.5	$ 2.3

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's unaudited Consolidated Balance Sheets.

(millions)	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:				
Natural Gas Futures Contracts	**$(0.3)**	$ 0.9	**$1.1**	$1.5
Amount of Loss Reclassified into unaudited Consolidated Statements of Earnings [2]:				
Purchased Gas	**$—**	$—	**$2.2**	$ 1.0

(2) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

The Allowance for Doubtful Accounts as of September 30, 2012, September 30, 2011 and December 31, 2011, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

	September 30, 2012	September 30, 2011	December 31, 2011
Allowance for Doubtful Accounts	**$2.7**	$2.5	$ 2.3

Subsequent Events – The Company has evaluated all events or transactions through the date of this filing. During this period, the Company did not have any material subsequent events that impacted its consolidated financial statements.

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Recently Issued Pronouncements – There are no recently issued pronouncements applicable to the Company that have not already been adopted.

NOTE 2 – COMMON DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
9/19/12	11/15/12	11/01/12	$ 0.345
6/6/12	08/15/12	08/01/12	$ 0.345
03/22/12	05/15/12	05/01/12	$ 0.345
01/17/12	02/15/12	02/01/12	$ 0.345
09/21/11	11/15/11	11/01/11	$ 0.345
06/16/11	08/15/11	08/01/11	$ 0.345
03/24/11	05/16/11	05/02/11	$ 0.345
01/18/11	02/15/11	02/01/11	$ 0.345

As of September 30, 2012, September 30, 2011 and December 31, 2011, the Company had $4.8 million, $3.8 million and $0.0 million, respectively, of common dividends payable recorded in Other Current Liabilities on its unaudited Consolidated Balance Sheets.

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades under the symbol "UTL".

The Company had 13,769,376, 10,944,675 and 10,954,065 of common shares outstanding at September 30, 2012, September 30, 2011 and December 31, 2011, respectively.

Unitil Corporation Common Stock Offering – On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering were approximately $65.7 million and were used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

Dividend Reinvestment and Stock Purchase Plan – During the first nine months of 2012, the Company sold 30,490 shares of its common stock, at an average price of $26.70 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) Plan resulting in net proceeds of approximately $814,200. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan – The Company maintains the Unitil Corporation Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors from the Company's, its subsidiaries' and its affiliates' employees, directors and consultants to receive an award of shares of Company common stock, including restricted shares (RS), or of restricted stock units (RSU). The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's

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administration as they apply to participants; and, subject to the provisions of the Stock 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 for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

Outstanding awards of restricted shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on restricted shares underlying the award may be credited to a participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. 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 Stock Plan is 677,500. The maximum aggregate number of shares or restricted stock units 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 an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

On February 3, 2012, 25,600 restricted shares were issued in conjunction with the Stock Plan with an aggregate market value at the date of issuance of $720,896. There were 53,942 and 52,362 non-vested shares under the Stock Plan as of September 30, 2012 and 2011, respectively. The weighted average grant date fair value of these shares was $24.67 and $22.21, respectively. The compensation expense associated with the issuance of shares under the Stock Plan is being recognized over the vesting period and was $1.1 million and $0.5 million for the nine months ended September 30, 2012 and 2011, respectively. At September 30, 2012, there was approximately $0.8 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.6 years. There were 779 restricted shares forfeited and there were no cancellations under the Stock Plan during the nine months ended September 30, 2012.

There were no RSUs issued under the Stock Plan during the nine months ended September 30, 2012. On October 1, 2012, there were 5,470 fully-vested RSUs issued to members of the Company's Board of Directors. These restricted stock units will earn dividend equivalents and will generally be settled by payment to each Director as soon as practicable following the Director's separation from service to the Company. The restricted stock units will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the restricted stock units and (ii) cash in an amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the restricted stock units.

Preferred Stock

Details on preferred stock at September 30, 2012, September 30, 2011 and December 31, 2011 are shown below:

	September 30, 2012	September 30, 2011	December 31, 2011
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**$0.2**	$0.2	$ 0.2
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**0.8**	0.8	0.8
8.00% Series, $100 Par Value	**1.0**	1.0	1.0
Total Preferred Stock	**$2.0**	$2.0	$ 2.0

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Shares Outstanding	September 30, 2012	September 30, 2011	December 31, 2011
Preferred Stock			
Unitil Energy Preferred Stock, Non-Redeemable, Non-Cumulative:			
6.00% Series, $100 Par Value,	**2,250**	2,250	2,250
Fitchburg Preferred Stock, Redeemable, Cumulative:			
5.125% Series, $100 Par Value	**7,823**	7,861	7,861
8.00% Series, $100 Par Value	**9,654**	9,696	9,696

There were $0.1 million and $0.1 million of total dividends declared on Preferred Stock in the nine months ended September 30, 2012 and September 30, 2011, respectively.

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NOTE 4 – LONG-TERM DEBT, CREDIT ARRANGEMENTS AND GUARANTEES

Long-Term Debt

Details on long-term debt at September 30, 2012, September 30, 2011 and December 31, 2011 are shown below ($ Millions):

	September 30,		December 31,
	2012	2011	2011
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**19.0**	19.0	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Due December 3, 2038	**50.0**	50.0	50.0
Granite Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**3.0**	3.5	3.3
Total Long-Term Debt	**288.0**	288.5	288.3
Less: Current Portion	**0.5**	0.5	0.5
Total Long-term Debt, Less Current Portion	**$287.5**	$ 288.0	$ 287.8

Fair Value of Long-Term Debt – Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets,

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inputs other than quoted prices that are directly observable, and inputs derived principally from market data.) In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

(Millions)	September 30, 2012	September 30, 2011	December 31, 2011
Estimated Fair Value of Long-Term Debt	$343.6	$338.0	$ 338.7

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the proceeds of the Company's public equity offering in May 2012.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of September 30, 2012, September 30, 2011 and December 31, 2011:

Revolving Credit Facility (millions)	September 30, 2012	September 30, 2011	December 31, 2011
Limit	$ 60.0	$ 80.0	$ 115.0
Outstanding	$ 24.1	$65.4	$ 87.9
Available	$35.9	$ 14.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of September 30, 2012, September 30, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There were obligations of $10.6 million, $13.0 million and $14.9 million outstanding at September 30, 2012, September 30, 2011 and December 31, 2011, respectively, related to these asset management agreements. There were no amounts of natural gas inventory released in September 2012 and payable in October 2012 that were recorded in Accounts Payable at September 30, 2012. There were no amounts of natural gas inventory released in September 2011 and payable in October 2011 that were recorded in Accounts Payable at September 30, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

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Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of September 30, 2012, there were approximately $20.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of September 30, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.0 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three and nine months ended September 30, 2012 and September 30, 2011 (Millions):

Three Months Ended September 30, 2012	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$ 49.5**	**$ 20.3**	**$—**	**$ 1.5**	**$ 71.3**
Segment Profit (Loss)	**2.5**	**(2.4)**	**—**	**0.4**	**0.5**
Capital Expenditures	**6.1**	**16.8**	**0.6**	**—**	**23.5**
Three Months Ended September 30, 2011					
Revenues	$ 50.5	$ 21.2	$—	$ 1.5	$ 73.2
Segment Profit (Loss)	2.3	(4.2)	(0.1)	0.4	(1.6)
Capital Expenditures	6.7	9.9	1.0	—	17.6
Nine Months Ended September 30, 2012					
Revenues	**$ 143.0**	**$ 107.2**	**$—**	**$ 4.1**	**$ 254.3**
Segment Profit	**5.1**	**3.0**	**—**	**1.0**	**9.1**
Capital Expenditures	**15.5**	**29.9**	**2.0**	**—**	**47.4**
Segment Assets	**377.9**	**394.1**	**5.8**	**6.2**	**784.0**
Nine Months Ended September 30, 2011					
Revenues	$ 141.6	$ 112.3	$—	$ 4.2	$258.1
Segment Profit (Loss)	5.6	(0.4)	(0.2)	1.3	6.3
Capital Expenditures	16.5	23.9	2.3	—	42.7
Segment Assets	368.9	367.5	6.4	5.9	748.7

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

Regulatory Matters

Fitchburg – Increase in Base Rates Approved – On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of

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previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State – Increase in Base Rates Filed – Granite State has in place a FERC approved rate settlement agreement under which it is permitted to file incremental annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $1.6 million has been expended and is being recovered in the 2011 approved rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. On July 27 the FERC accepted the tariffs as proposed.

Unitil Energy – Increase in Base Rates Approved – On April 26, 2011, the New Hampshire Public Utilities Commission (NHPUC) approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provided for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year.

Unitil Energy filed its first step adjustment filing for $1.47 million on February 29, 2012 for implementation on May 1, 2012, which included rate increases to recover the increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities – Increase in Base Rates Approved, Settlement Reached – In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and Maine Public Utilities Commission (MPUC) requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively. The Maine rate case was settled with the Office of Public Advocate and approved by the MPUC in November 2011. It provided for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

On March 22, 2012, Northern Utilities, the Staff of the NHPUC and the Office of Consumer Advocate agreed to a settlement agreement providing for a $3.7 million permanent increase in annual revenues, effective May 1, 2012. The NHPUC issued an order approving the settlement agreement on April 24, 2012. Permanent rates were reconciled back to August 1, 2011.

Fitchburg – Electric Operations – On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for transition and transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter, as well as Fitchburg's 2009 and 2010 annual reconciliation filings, was approved by Order on April 25, 2012.

Fitchburg – Gas Operations – On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The SJC ordered instead, a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

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The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg – Storm Cost Deferral Petition – On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Fitchburg – Service Quality – On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

Unitil Energy – 2011 Storm Costs – On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012. The increase would allow the Company to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. The NHPUC Staff audited the costs and filed a memorandum with the NHPUC recommending that the costs be recovered by the Company over a five year period with carrying costs of 4.52%, subject to a full reconciliation of all costs recovered. The Company accepted the Staff recommendation. On April 24, 2012, the NHPUC issued an order approving the recommendation of the Staff.

Unitil Energy – Billing Adjustment – In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for supply-related charges. Accordingly, the Company requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. A settlement agreement between Unitil Energy, the Office of Consumer Advocate and the NHPUC Staff has been filed with the NHPUC. The settlement provides for recovery by the Company from its under-billed customers of approximately $1.4 million of the amount it had reimbursed the large customer. The settlement is pending approval before the NHPUC.

Unitil Energy – Annual Rate Reconciliation Filing – On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Northern Utilities – Cast Iron Pipe Replacement Program – On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the Program by the end of the 2024 construction season.

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Unitil Corporation – FERC Audit – On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in the fourth quarter of 2012.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service areas in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 5 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2011 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 1, 2012.

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations including laws and regulations related to pipeline safety. The Company believes it is in substantial compliance with applicable environmental, health and safety laws and regulations, and the Company believes that as of September 30, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify and that affect our operations.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution of a former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts, including alternatives for re-use of the site. Included in Environmental Obligations on the Company's unaudited Consolidated Balance Sheet at September 30, 2012 are accrued liabilities totaling $12.0 million related to estimated future cleanup costs for permanent remediation of the Sawyer Passway site. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

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Also included in Environmental Obligations on the Company's Consolidated Balance Sheet at September 30, 2012 are accrued liabilities totaling $2.5 million associated with Northern Utilities' environmental remediation obligations for former MGP sites. In addition to the amounts noted above, there are $0.3 million of accrued liabilities in Other Current Liabilities on the Company's Consolidated Balance Sheet at September 30, 2012 associated with Northern Utilities' environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations. It is possible that other developments, such as increased stringent federal, state or local environmental health and safety laws and regulations, could result in increased compliance costs that we cannot currently quantify.

NOTE 8: INCOME TAXES

The Company bills its customers for sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

The Company filed its tax returns for the year ended December 31, 2011 with the Internal Revenue Service (IRS) in September 2012 in which it recognized a net operating loss (NOL) of $12.4 million for income tax purposes principally due to bonus depreciation deductions allowed in the period. In total for tax periods ended before December 31, 2011, the Company has generated federal and state NOL carryforward assets for income tax purposes of $9.3 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, for periods ended before December 31, 2011, the Company had $1.5 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future taxes payable indefinitely.

According to Internal Revenue Code rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS has performed all fieldwork procedures and the Company and the IRS have entered into a settlement, pending approval of the Joint Committee, for certain timing items, originally reported in 2009, to be deducted in future periods. The result of the settlement agreement did not have a material impact on the Company's consolidated financial position or results of operations. The settlement has been submitted to the Joint Committee where approval is pending.

The Company evaluated its tax positions at December 31, 2011 and for the current interim reporting period ended September 30, 2012 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2010; and December 31, 2011.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2011 as filed with the SEC on February 1, 2012 for additional information regarding these plans.

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The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2012	2011
Used to Determine Plan Costs		
Discount Rate	**4.60%**	5.35%
Rate of Compensation Increase	**3.00%**	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017

The following tables provide the components of the Company's Retirement plan costs ($000's):

	Pension Plan		PBOP Plan		SERP	
Three Months Ended September 30,	2012	2011	2012	2011	2012	2011
Service Cost	**$ 807**	$ 735	**$ 517**	$ 479	**$ 72**	$ 71
Interest Cost	**1,158**	1,171	**576**	570	**53**	57
Expected Return on Plan Assets	**(1,347)**	(1,210)	**(174)**	(204)	—	—
Prior Service Cost Amortization	**47**	62	**432**	432	**3**	3
Transition Obligation Amortization	—	—	**5**	5	—	—
Actuarial Loss Amortization	**904**	783	**32**	—	**16**	19
Sub-total	**1,569**	1,541	**1,388**	1,282	**144**	150
Amounts Capitalized and Deferred	**(703)**	(874)	**(571)**	(683)	—	—
Net Periodic Benefit Cost Recognized	**$ 866**	$ 667	**$ 817**	$ 599	**$ 144**	$ 150

	Pension Plan		PBOP Plan		SERP	
Nine Months Ended September 30,	2012	2011	2012	2011	2012	2011
Service Cost	**$ 2,420**	$ 2,206	**$ 1,550**	$ 1,438	**$217**	$ 214
Interest Cost	**3,475**	3,513	**1,727**	1,709	**158**	170
Expected Return on Plan Assets	**(4,042)**	(3,630)	**(521)**	(613)	—	—
Prior Service Cost Amortization	**141**	187	**1,296**	1,296	**9**	8
Transition Obligation Amortization	—	—	**16**	16	—	—
Actuarial Loss Amortization	**2,712**	2,349	**97**	—	**47**	59
Sub-total	**4,706**	4,625	**4,165**	3,846	**431**	451
Amounts Capitalized and Deferred	**(1,984)**	(2,055)	**(1,551)**	(1,317)	—	—
Net Periodic Benefit Cost Recognized	**$2,722**	$ 2,570	**$ 2,614**	$2,529	**$431**	$451

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Employer Contributions

As of September 30, 2012, the Company had made $9.4 million of contributions to its Pension Plan in 2012. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

As of September 30, 2012, the Company had made $2.2 million and $40,000 of contributions to the PBOP Plan and the SERP, respectively, in 2012. The Company presently anticipates contributing an additional $13,000 to the SERP in 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Market Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2012. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of September 30, 2012 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f) during the fiscal quarter covered by this Form 10-Q that have affected, or are reasonably likely to affect, the Company's internal controls over financial reporting.

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. Certain specific matters are discussed in Notes 6 and 7 to the Consolidated Financial Statements. In the opinion of 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2011 as filed with the SEC on February 1, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities by the Company during the fiscal quarter ended September 30, 2012.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table shows purchases made by or on behalf of the Company or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act)) of shares of the Company's common stock during the fiscal quarter ended September 30, 2012.

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	Total Number of Shares Purchased (1)	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
7/1/12 – 7/31/12	—	—	—	$ 194,520
8/1/12 – 8/31/12	—	—	—	$ 194,520
9/1/12 – 9/30/12	228	$26.27	228	$ 188,531
Total	228		228	

(1) All purchases were made pursuant to the Company's 2012 Trading Plan (as defined below).

(2) On March 22, 2012, the Company adopted a written trading plan under Rule 10b5-1 (the 2012 Trading Plan) under the Exchange Act to facilitate the repurchase of shares of its common stock on the open market in connection with its Employee Length of Service Awards and the stock portion of its Directors' annual retainer. On March 26, 2012, the Company filed a Current Report on Form 8-K announcing that it had adopted the 2012 Trading Plan. The 2012 Trading Plan provides for the repurchase of up to $200,800 worth of shares of the Company's common stock during its term. The 2012 Trading Plan became effective on March 22, 2012 and will terminate on March 22, 2013. The Company may suspend or terminate the 2012 Trading Plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act or other applicable securities laws.

Item 5. Other Information

On October 24, 2012, the Company issued a press release announcing its results of operations for the three- and nine-month periods ended September 30, 2012. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
10.1	Employment Agreement between Unitil Corporation and Robert G. Schoenberger	Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated September 19, 2012.
11	Computation in Support of Earnings Per Weighted Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated October 24, 2012 Announcing Earnings For the Quarter Ended September 30, 2012.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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SIGNATURES

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

	UNITIL CORPORATION
	(Registrant)
Date: October 24, 2012	/s/ Mark H. Collin
	Mark H. Collin Chief Financial Officer
Date: October 24, 2012	/s/ Laurence M. Brock
	Laurence M. Brock Chief Accounting Officer

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EXHIBIT 11

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER WEIGHTED AVERAGE COMMON SHARE OUTSTANDING

(Millions except common shares and per share data)

(UNAUDITED)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net Income (Loss)	**$ 0.5**	**$ (1.6)**	**$ 9.2**	$ 6.4
Less: Dividend Requirements on Preferred Stock	—	—	**0.1**	0.1
Net Income Applicable to Common Stock	**$ 0.5**	**$ (1.6)**	**$ 9.1**	$ 6.3
Weighted Average Number of Common Shares Outstanding – Basic (000's)	**13,707**	**10,887**	**12,318**	10,875
Dilutive Effect of Stock Options and Restricted Stock (000's)	**2**	—	**3**	2
Weighted Average Number of Common Shares Outstanding – Diluted (000's)	**13,709**	**10,887**	**12,321**	10,877
Earnings Per Share – Basic and Diluted	**$ 0.03**	**$ (0.15)**	**$ 0.74**	$ 0.58

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2012

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2012

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2012

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Unitil Corporation (the “Company”) on Form 10-Q for the period ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, 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 and President	October 24, 2012
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	October 24, 2012
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	October 24, 2012

Exhibit 99.1

UNITIL REPORTS THIRD QUARTER EARNINGS

HAMPTON, N.H., OCTOBER 24, 2012 — Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Earnings Applicable to Common Shareholders of $0.5 million, or $0.03 per share, for the third quarter of 2012, an improvement of $2.1 million, or $0.18 per share, compared to the third quarter of 2011. For the nine months ended September 30, 2012, the Company reported Earnings of $9.1 million, or $0.74 per share, compared to $6.3 million, or $0.58 per share, for the same period of 2011. Results were positively affected by higher natural gas and electric sales margins due to higher distribution rates and new customer growth, and reflect the effect on sales of fluctuations in seasonal weather conditions year over year.

"We are pleased to see continued customer growth in both our natural gas and electric businesses," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "We expect to add over 2,000 natural gas customers this year, which is up over 75% from last year. This growth, coupled with the recent resetting of distribution rates for our businesses, has resulted in strong period over period financial results for the Company."

Natural gas sales margins were $11.2 million in the three months ended September 30, 2012, or an increase of $3.0 million compared to the third quarter of 2011, reflecting higher distribution rates from recently completed rate cases, new customer growth and a corresponding increase in gas therm sales of 3.0%. Natural gas sales margins were $51.1 million in the nine month period ended September 30, 2012, or an increase of $8.3 million compared to the same nine month period in 2011, reflecting higher distribution rates from recently completed rate cases and new customer growth, but negatively impacted by lower gas therm sales primarily due to mild winter weather earlier in the year. Based on weather data collected in the Company's service areas, there were 20% fewer Heating Degree Days in the first nine months of 2012 compared to the same period in 2011. Weather-normalized gas therm sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 5% and 2% higher, respectively, compared to the same periods in 2011. Approximately 13% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

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Electric sales margins were $19.1 million in the three months ended September 30, 2012, or an increase of $1.3 million compared to the third quarter of 2011, reflecting higher electric distribution rates and an increase in kilowatt hour (kWh) sales primarily driven by new customer growth and an increase in usage during the summer. There were 19% more Cooling Degree Days in the third quarter of 2012 compared to the same period in 2011. In the nine month period ended September 30, 2012, electric sales margins were $52.7 million, or an increase of $2.9 million compared to the same period in 2011, reflecting higher electric distribution rates and new customer growth, but negatively impacted by lower electric kWh sales primarily due to mild winter weather earlier in the year. Weather-normalized electric kWh sales (excluding decoupled sales) in the three and nine month periods ended September 30, 2012 are estimated to be approximately 2% lower and 1% higher, respectively, compared to the same period in 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $1.5 million and $4.1 million for the three and nine month periods ended September 30, 2012, on par with the same periods in 2011.

Operation and Maintenance (O&M) expenses increased $0.8 million and $4.4 million for the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011. The increase in the three month period reflects higher utility operating costs of $1.1 million and higher employee compensation and benefit costs of $0.1 million, partially offset by lower professional fees of $0.4 million. The increase in O&M expenses in the first nine months of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. Other changes in O&M expenses in the nine month period include higher utility operating costs of $2.3 million, higher employee compensation and benefit costs of $1.0 million, and higher professional fees of $0.1 million. Utility operating costs in the three and nine months ended September 30, 2012 include approximately $1.0 million and $2.5 million, respectively, of spending on new vegetation management and electric reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $2.0 million and $3.4 million in the three and nine months ended September 30, 2012, respectively, compared to the same periods in 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

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Selected financial data for 2012 and 2011 is presented in the following table:

Unitil Corporation – Condensed Consolidated Financial Data

(Millions, except Per Share data) (Unaudited)

	Three Months Ended Sept. 30, 2012	Three Months Ended Sept. 30, 2011	Change	Nine Months Ended Sept. 30, 2012	Nine Months Ended Sept. 30, 2011	Change
Gas Therm Sales:						
Residential	2.5	2.6	(3.8%)	26.0	30.5	(14.8%)
Commercial/Industrial	21.3	20.5	3.9%	107.0	114.1	(6.2%)
Total Gas Therm Sales	**23.8**	**23.1**	**3.0%**	**133.0**	**144.6**	**(8.0%)**
Electric kWh Sales:						
Residential	198.2	190.2	4.2%	522.8	530.1	(1.4%)
Commercial/Industrial	270.7	276.5	(2.1%)	744.1	766.2	(2.9%)
Total Electric kWh Sales	**468.9**	**466.7**	**0.5%**	**1,266.9**	**1,296.3**	**(2.3%)**
Gas Revenues	$ 20.3	$ 21.2	$ (0.9)	$ 107.2	$ 112.3	$ (5.1)
Purchased Gas	9.1	13.0	(3.9)	56.1	69.5	(13.4)
Gas Sales Margin	**11.2**	**8.2**	**3.0**	**51.1**	**42.8**	**8.3**
Electric Revenues	49.5	50.5	(1.0)	143.0	141.6	1.4
Purchased Electricity	30.4	32.7	(2.3)	90.3	91.8	(1.5)
Electric Sales Margin	**19.1**	**17.8**	**1.3**	**52.7**	**49.8**	**2.9**
Usource Sales Margin	**1.5**	**1.5**	**—**	**4.1**	**4.2**	**(0.1)**
Total Sales Margin:	**31.8**	**27.5**	**4.3**	**107.9**	**96.8**	**11.1**
Operation & Maintenance Expenses	14.4	13.6	0.8	42.7	38.3	4.4
Depreciation, Amortization, Taxes & Other	12.5	8.9	3.6	42.2	36.2	6.0
Interest Expense, Net	4.4	6.6	(2.2)	13.9	16.0	(2.1)
Earnings (Loss) Applicable to Common Shareholders:	**$ 0.5**	**$ (1.6)**	**$ 2.1**	**$ 9.1**	**$ 6.3**	**$ 2.8**
Earnings (Loss) Per Share	**$ 0.03**	**$ (0.15)**	**$0.18**	**$ 0.74**	**$ 0.58**	**$ 0.16**

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Local Property and Other Taxes increased $0.3 million and $1.2 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Interest Expense, Net decreased $2.2 million and $2.1 million in the three and nine month periods ended September 30, 2012, respectively, compared to the same periods in 2011, reflecting a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery, and lower short term borrowings and interest rates in 2012 compared to 2011.

On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering. The Company used the net proceeds of approximately $65.7 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations reflect a higher number of average shares outstanding year over year.

Also in the third quarter, the Unitil Corporation Board of Directors declared the regular quarterly dividend on the Company's common stock of $0.345 per share. This quarterly dividend results in a current effective annual dividend rate of $1.38 per share representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

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The Company will hold a quarterly conference call to discuss second quarter 2012 results on Wednesday, October 24, 2012, at 2:00 p.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,400 electric customers and 71,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

Forward-Looking Statements

This press release contains forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of energy commodities and transmission capacity and Unitil's ability to recover energy commodity costs in its rates; customers' preferred energy sources; severe storms and Unitil's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; Unitil's ability to retain its existing customers and attract new customers; Unitil's energy brokering customers' performance under multi-year energy brokering contracts; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission, including those appearing under the caption "Risk Factors" in Unitil's Annual Report on Form 10-K for the year ended December 31, 2011. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend to update these forward-looking statements.

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