

UNITIL CORP
Form U5S
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Table of Contents

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM U5S

ANNUAL REPORT

For the Year Ended December 31, 2004

Filed Pursuant to the Public Utility Holding Company Act of 1935

by

UNITIL CORPORATION

6 Liberty Lane West, Hampton, New Hampshire 03842-1720

Table of Contents**TABLE OF CONTENTS**

<u>ITEMS</u>	<u>PAGE</u>
Item 1	<u>SYSTEM COMPANIES AND INVESTMENTS THEREIN</u> 1
Item 2	<u>ACQUISITIONS OR SALES OF UTILITY ASSETS</u> 2
Item 3	<u>ISSUE, SALE, PLEDGE, GUARANTEE, OR ASSUMPTION OF SYSTEM SECURITIES</u> 2
Item 4	<u>ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES</u> 3
Item 5	<u>INVESTMENTS IN SECURITIES OF NONSYSTEM COMPANIES</u> 4
Item 6	<u>OFFICERS AND DIRECTORS OF UNITIL CORPORATION AND SUBSIDIARIES</u> 4
Part II	<u>OFFICER AND DIRECTORS WITH A FINANCIAL CONNECTION</u> 6
Part III	<u>(a) COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS</u> 7
	<u>(b) OWNERSHIP OF SECURITIES</u> 15
	<u>(c) TRANSACTIONS WITH SYSTEM COMPANIES</u> 15
	<u>(d) INDEBTEDNESS TO SYSTEM COMPANIES</u> 15
	<u>(e) OTHER BENEFITS</u> 15
	<u>(f) RIGHTS TO INDEMNITY</u> 17
Item 7	<u>Part I CONTRIBUTIONS AND PUBLIC RELATIONS -to any political party</u> 18
	<u>Part II CONTRIBUTIONS AND PUBLIC RELATIONS - to any citizens group</u> 18
Item 8	<u>Part I SERVICE, SALES AND CONSTRUCTION CONTRACTS - between system companies</u> 18
	<u>Part II SERVICE, SALES AND CONSTRUCTION CONTRACTS - between any System company and any affiliate company</u> 18
	<u>Part III SERVICE, SALES AND CONSTRUCTION CONTRACTS - other</u> 18
Item 9	<u>Part I-III WHOLESAL E GENERATORS AND FOREIGN UTILITY COMPANIES</u> 19
Item 10	<u>Financial Statements Filed Pursuant to Confidential Treatment Request</u> 20
	<u>Exhibits</u> 21
	<u>Report of Independent Certified Public Accountants</u> 31
	<u>Signatures</u> 32

Table of Contents**ITEM 1.****SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF DECEMBER 31, 2004**

<u>Name of Company / Type of Business</u>	<u>Number of Common Shares Owned</u>	<u>% of Voting Power</u>	<u>Issuer Book Value (\$000 s)</u>	<u>Owner s Book Value (\$000 s)</u>
Unitil Corporation (UTL)				
Unitil Energy Systems, Inc. (UES) Electric Utility ⁽¹⁾	131,746	100%	38,940	38,940
Fitchburg Gas and Electric Light Company (FG&E) Electric Utility and Gas Utility	1,244,629	100%	42,990	42,990
Unitil Power Corp. (UPC) Wholesale Electric Power Company	100	100%	111	111
Unitil Realty Corp. (URC) Real Estate Management	100	100%	2,338	2,338
Unitil Service Corp. (USC) Service Company	100	100%	3	3
Unitil Resources, Inc. (URI) (Consolidated) Energy Brokering and Advisory Services	100	100%	42	42
Usource, Inc.				
Usource L.L.C.				

NOTES:

- ⁽¹⁾ In December 2002, Exeter & Hampton Electric Company (E&H), a wholly-owned subsidiary of Unitil, was merged with and into Concord Electric Company (CECo), also a wholly-owned subsidiary of Unitil. CECo changed its name to UES immediately following the merger.

Table of Contents**ITEM 2.****ACQUISITIONS OR SALES OF UTILITY ASSETS**

Information concerning acquisitions or sales of utility assets by System companies not reported in a certificate filed pursuant to Rule 24.

NONE

ITEM 3.**ISSUE, SALE, PLEDGE, GUARANTEE, OR ASSUMPTION OF SYSTEM SECURITIES**

Name of Issuer and Title of Issue	Name of Company Issuing, Selling, Pledging, Guaranteeing or Assuming	Brief Description of Transaction	Consideration	Authorization or Exemption
Unitil Corporation (UTL)	UTL	Issued on Various Dates, 35,310 Shares in Connection with the Company's Dividend Reinvestment and Stock Purchase Plan and its 401(k) plans.	(000 s) \$ 947	HCAR No. 35-25677, 35-26663 and 35-27207
Unitil Corporation (UTL)	UTL	On April 29, 2004, the Company issued awards for 10,700 restricted shares in conjunction with its Restricted Stock Plan. These shares vest 25% annually.	N/A	HCAR No. 35-27829
Short-term Bank Borrowings	UTL, UES, FG&E, USC, URC, UPC, URI	Bank Borrowings Made on Various Dates and Such Funds Lent to Affiliates Under the Unitil Cash Pool	(A)	HCAR No. 35-27691

(A) Maximum borrowing authority at December 31, 2004 was \$33,000,000. Borrowings outstanding at December 31, 2004 were \$25,675,000.

Table of Contents**ITEM 4.****ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES**

Name of Issuer and Title of Issue	Name Of Company Acquiring, Redeeming, or Retiring Securities	Consideration (In Whole Dollars)	Extinguished (EXT) Distributed (D) or Held (H) For Further Disposition	Authorization or Exemption
Unitil Corporation (UTL)				
Common Stock, No Par Value	Unitil Service Corp.	\$ 71,234	D & H ⁽¹⁾	Rule 42
Unitil Energy Systems, Inc. (UES)				
Redeemable Preferred Stock \$100 Par Value				
8.25 % Series	UES	\$ 375,500	EXT	Rule 42
8.70 % Series	UES	\$ 215,000	EXT	Rule 42
8.75 % Series	UES	\$ 313,600	EXT	Rule 42
Fitchburg Gas and Electric Light Company (FG&E)				
Redeemable Preferred Stock \$100 Par Value				
5.125% Series	FG&E	\$ 23,700	EXT	Rule 42
8.00% Series	FG&E	\$ 3,200	EXT	Rule 42

NOTES:

⁽¹⁾ Common Stock Purchased on the Open-Market related to Board of Director Retainer Fees and Employee Length of Service Awards.

Table of Contents**ITEM 5.****INVESTMENTS IN SECURITIES OF NONSYSTEM COMPANIES AS OF DECEMBER 31, 2004**

1. Aggregate amount of Investments in persons operating in the retail service area.

Name of Company	Name of Issuer	Nature of Issuer's Business	Description of Securities	Number of Shares	Percent of Voting Power	Owner's Book Value (In Dollars)
FG&E	Massachusetts Business Development Corp.	Economic Development	Common Stock	350	None	\$ 3,500

2. Securities owned not included in 1 above.

None.

ITEM 6.**OFFICERS AND DIRECTORS OF UNITIL CORPORATION AND SUBSIDIARIES**

Part I. As of December 31, 2004:

LEGEND OF ABBREVIATIONS

CB	Chairman of the Board
D	Director
CEO	Chief Executive Officer
P	President
COO	Chief Operating Officer
CFO	Chief Financial Officer
SEVP	Senior Executive Vice President
EVP	Executive Vice President
SVP	Senior Vice President
VP	Vice President
T	Treasurer
AT	Assistant Treasurer
S	Secretary/Clerk
C	Controller

Table of Contents

<u>Name and Business Address</u>	<u>Unitil</u>	<u>UES</u>	<u>FG&E</u>	<u>USC</u>	<u>URC</u>	<u>UPC</u>	<u>URI</u>	<u>Usource</u>
Robert G. Schoenberger 6 Liberty Lane West Hampton, NH 03842	D, CB, CEO, P	D, P	D, P	D	D	D		
Michael J. Dalton 6 Liberty Lane West Hampton, NH 03842	D	D	D					
David P. Brownell 4 Evergreen Way Stratham, NH 03885	D	D	D					
Albert H. Elfner, III 53 Chestnut Street Boston, MA 02108	D	D	D					
Ross B. George 12 Treehaven Lane Austin, TX 78738	D	D	D					
Michael B. Green 250 Pleasant Street Concord, NH 03301	D	D	D					
Eben S. Moulton 55 Ferncroft Road Danvers, MA 01923	D	D	D					
M. Brian O Shaughnessy One Revere Park Rome, NY 13440	D	D	D					
Charles H. Tenney, III P.O. Box 428 Sherborn, MA 01770	D	D	D					
Edward F. Godfrey	D	D	D					

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1354 Dublin Drive

Richmond Hill, GA 31324

Sarah P. Voll

D D D

4000 Cathedral Ave, NW

Apt 652B

Washington, DC 20016

Mark H. Collin

SVP, T T D, P, T D, SVP, D, T
CFO, T T

6 Liberty Lane West

Hampton, NH 03842

George R. Gantz

SVP SVP SVP, D D

6 Liberty Lane West

Hampton, NH 03842

Thomas P. Meissner, Jr.

SVP SVP D, SVP

6 Liberty Lane West

Hampton, NH 03842

David K. Foote

SVP SVP VP D, P

6 Liberty Lane West

Hampton, NH 03842

Table of Contents

ITEM 6. (continued)

Name and Business Address	Unitil	UES	FG&E	USC	URC	UPC	URI	Usource
George E. Long, Jr. 6 Liberty Lane West Hampton, NH 03842				D, VP	D, P			
Raymond J. Morrissey 6 Liberty Lane West Hampton, NH 03842				VP			D, S	D, S
Todd R. Black 6 Liberty Lane West Hampton, NH 03842				VP			D, P	D, P
Laurence M. Brock 6 Liberty Lane West Hampton, NH 03842		C	C	VP, C	C	C	D, T, C	D, VP, T
Sandra L. Whitney 6 Liberty Lane West Hampton, NH 03842	S	S	S	S	S	S		
Charles J. Kershaw, Jr. 6 Liberty Lane West Hampton, NH 03842		AT	AT	AT	AT	AT	AT	

Part II. Each officer and director with a financial connection within the provisions of Section 17(c) of the Act are as follows:

Name of Officer or Director	Name and Location of Financial Institution	Position Held in Financial Institution	Applicable Exemption Rule
Michael B. Green	Merrimac County Savings Bank Concord, NH	Director	70(c)

Table of Contents

Part III. The disclosures made in the System companies' most recent proxy statement and annual report on Form 10-K with respect to items (a) through (f) follow:

(a) COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS' COMPENSATION

In 2004, members of the Board of Directors who are not officers of Unitil or any of its subsidiaries received an annual retainer fee of \$7,000 in cash and \$5,500 in Unitil Common Stock, as well as \$1,000 for each Board Meeting attended. Members of the Executive Committee who are not officers of Unitil or any of its subsidiaries received an annual retainer fee of \$3,000 and \$1,000 for each meeting attended. The Chairman of the Executive Committee received an annual retainer fee of \$15,000, and \$1,000 for each meeting attended. Members of the Audit Committee and Compensation Committee received an annual retainer fee of \$3,000 and \$1,000 for each meeting attended. The Chairman of the Audit Committee and the Chairman of the Compensation Committee received an annual retainer fee of \$4,000, respectively, and \$1,000 for each meeting attended. Members of the Nominating Committee do not receive an annual retainer or meeting fees. Those Directors of Unitil who also serve as Directors of FG&E and Unitil Energy and who are not officers of Unitil or any of its subsidiaries received a meeting fee of \$100 per subsidiary meeting attended and no annual retainer fee from FG&E or Unitil Energy. All Directors are entitled to reimbursement of expenses incurred in connection with attendance at meetings of the Board of Directors and any Committee on which they serve.

As part of the Company's overall support for charitable institutions, from 1999 through 2004 the Company maintained a program that provided a gift of \$1,000 annually for a total of five years to the Greater Seacoast United Way (United Way) on behalf of each Director who retired from the Board. Past retiring Directors received no financial benefit from this program. The final gift to the United Way donated on behalf of the two Directors who retired in 2001 will be made in 2005. Beginning in 2005, this program will be discontinued and there will be no new charitable gifts contributed on behalf of retiring Directors under this program. No Directors retired from the Board in 2004.

The Unitil Corporation Directors' Deferred Compensation Plan (Deferred Plan) was established in 1999 for the purpose of allowing non-employee members of the Board to defer payment of all or a specified part of compensation for services performed as a Director. The Deferred Plan is administered by the Compensation Committee and stipulates that eligible Directors may elect to defer all or a portion of their cash retainer and meeting fees. Separate accounts are maintained for each Director participant, which are an unfunded liability of the Company. Additionally, accounts are credited monthly with interest based on the current rate of 60-month Treasury bills. Funds contributed and interest credited is tax deferred until withdrawn from the Deferred Plan. Director participants may elect to withdraw funds from the Deferred Plan after a fixed period of time, upon resignation or retirement from the Board, upon death or disability, or upon a Change in Control of Unitil. The term Change in Control is defined for this purpose in substantially the same manner as in the Severance Agreements, as described later in this report. Withdrawals may be taken in cash, either in one lump sum or in a series of installments. During 2004, no Directors participated in the Deferred Plan.

Table of ContentsEXECUTIVE COMPENSATION

The table below shows the compensation Unitil and its subsidiaries has paid to its Chief Executive Officer and its four other most highly compensated officers whose total annual salary and bonus were at least \$100,000 during the year 2004.

Name and Principal Position ⁽¹⁾	Annual Compensation		Long Term Compensation				All Other Comp. (\$)
			Other	Awards		Payout	
	Year	Salary (\$)	Bonus (\$) ⁽²⁾	Annual Comp. (\$)	Restricted Stock Awards (\$) ⁽³⁾	Options (#)	
Robert G. Schoenberger							\$ 7,668 ⁽⁷⁾
Chairman of the Board,	2004	\$ 354,400	\$ 155,936 ⁽⁴⁾		\$ 109,800 ⁽⁵⁾	0 ⁽⁶⁾	
	2003	334,400	200,640		96,520	0 ⁽⁶⁾	
Chief Executive Officer & President	2002	304,000	129,200			20,000 ⁽⁶⁾	
Mark H. Collin							\$ 6,632 ⁽⁹⁾
Senior Vice President,	2004	\$ 159,000	\$ 41,976 ⁽⁴⁾		\$ 21,960 ⁽⁸⁾	0 ⁽⁶⁾	
	2003	148,000	53,280		19,304	0 ⁽⁶⁾	
Chief Financial Officer & Treasurer	2002	126,000	26,775			0 ⁽⁶⁾	
Thomas P. Meissner, Jr. ⁽¹²⁾							\$ 6,494 ⁽¹⁴⁾
Senior Vice President	2004	\$ 168,251	\$ 51,821 ⁽⁴⁾		\$ 38,430 ⁽¹³⁾	0 ⁽⁶⁾	
	2003	155,833	65,450		33,782	0 ⁽⁶⁾	
Unitil Service	2002						
George R. Gantz							\$ 5,809 ⁽¹¹⁾
Senior Vice President,	2004	\$ 167,391	\$ 44,191 ⁽⁴⁾		\$ 21,960 ⁽¹⁰⁾	0 ⁽⁶⁾	
	2003	159,420	57,391		19,304	0 ⁽⁶⁾	
Unitil Service	2002	151,109	38,533			0 ⁽⁶⁾	
Todd R. Black ⁽¹⁵⁾							\$ 5,662 ⁽¹⁷⁾
Vice President	2004	\$ 139,300	\$ 30,646 ⁽⁴⁾		\$ 13,725 ⁽¹⁶⁾	0 ⁽⁶⁾	
	2003	134,200	40,260		12,605	0 ⁽⁶⁾	
Unitil Service	2002						

NOTES:

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- (1) Officers of the Company also hold various positions with subsidiary companies. Compensation for those positions is included in the above table.
- (2) Bonus amounts reflected are comprised of the Incentive Plan cash awards. The terms of the Incentive Plan provide a cash incentive opportunity if the Company meets certain pre-established performance targets (see Other Compensation Arrangements).
- (3) Shares of restricted stock were awarded under the Restricted Stock Plan in April 2004 and May 2003. Shares vest at a rate of 25% per year following the date of the grant. All shares of restricted stock, once granted, are fully eligible for quarterly dividend payments, as well as for participation in the Dividend Reinvestment and Stock Purchase Plan. Values shown in column (f) represent the value of the award at the time of grant based on the closing price of Unitil Common Stock on the day of the grant. Actual valuation of the awards granted under the Restricted Stock Plan will be the closing price of Unitil Common Stock on the day the shares vest (see Other Compensation Arrangements).
- (4) Bonus awards payable under the terms and conditions of the Incentive Plan for 2004 had not been determined by the Compensation Committee as of the date of filing of the 2004 Proxy Statement. The Compensation Committee, at its March, 2005 meeting, determined the bonus awards shown in the above table and this information was disclosed by the Company in a Form 8-K filing with the Securities and Exchange Commission on March 14, 2005.
- (5) As of December 31, 2004, the value of Mr. Schoenberger's 7,000 unvested restricted shares was \$198,100.
- (6) No options were granted in 2002, 2003 or 2004 under the 1998 Stock Option Plan to any Option Plan participant. See Other Compensation Arrangements.
- (7) All Other Compensation for Mr. Schoenberger for the year 2004 includes a 401(k) company contribution and a Group Term Life Insurance payment valued at \$6,150 and \$1,518, respectively.
- (8) As of December 31, 2004, the value of Mr. Collin's 1,400 unvested restricted shares was \$39,620.
- (9) All Other Compensation for Mr. Collin for the year 2004 includes a 401(k) company contribution and a Group Term Life Insurance payment valued at \$6,150 and \$482, respectively.

Table of Contents

- (10) As of December 31, 2004, the value of Mr. Gantz's 1,400 unvested restricted shares was \$39,620.
- (11) All Other Compensation for Mr. Gantz for the year 2004 includes a 401(k) company contribution and a Group Term Life Insurance payment valued at \$5,022 and \$787, respectively.
- (12) Mr. Meissner became an executive officer of the Company following a management reorganization in January 2003, and the retirement of two former executive officers of the Company. Mr. Meissner assumed the title of Senior Vice President in February 2003.
- (13) As of December 31, 2004, the value of Mr. Meissner's 2,450 unvested restricted shares was \$69,335.
- (14) All Other Compensation for Mr. Meissner for the year 2004 includes a 401(k) company contribution and a Group Term Life Insurance payment valued at \$6,150 and \$344, respectively.
- (15) Mr. Black became an executive officer of the Company following a management reorganization in January 2003, and the retirement of two former executive officers of the Company.
- (16) As of December 31, 2004, the value of Mr. Black's 875 unvested restricted shares was \$24,763.
- (17) All Other Compensation for Mr. Black for the year 2004 includes a 401(k) company contribution and a Group Term Life Insurance payment valued at \$5,387 and \$275, respectively.

OTHER COMPENSATION ARRANGEMENTS

The table below provides information with respect to the value of unexercised options granted in prior years under the Key Employee Stock Option Plan (KESOP) and the value of unexercised options granted in prior years under the 1998 Stock Option Plan (Option Plan), respectively, to the named executive officers in the Summary Compensation Table and held by them as of December 31, 2004.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR (FY)

AND FY-END OPTION VALUES ^{(1) (2) (3)}

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Unexercised Options at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at FY-End (\$) Exercisable/ Unexercisable
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(a)	(b)	(c)	(d)	(e)	
Robert G. Schoenberger					
Chairman of the Board,					
Chief Executive Officer & President		exercisable unexercisable	96,321 0	exercisable unexercisable	\$ 462,750 \$ 0
Mark H. Collin					
Senior Vice President,					
Chief Financial Officer & Treasurer		exercisable unexercisable	5,000 0	exercisable unexercisable	\$ 6,500 \$ 0
Thomas P. Meissner, Jr.					
Senior Vice President,					
Unitil Service		exercisable unexercisable	3,000 0	exercisable unexercisable	\$ 3,525 \$ 0
George R. Gantz					
Senior Vice President,					
Unitil Service		exercisable unexercisable	7,500 0	exercisable unexercisable	\$ 8,813 \$ 0
Todd R. Black					
Vice President,					
Unitil Service		exercisable unexercisable	6,000 0	exercisable unexercisable	\$ 7,050 \$ 0

Table of Contents

NOTES:

- (1) All options associated with the KESOP, with the exception of Mr. Schoenberger's options, were exercised as of March 7, 1999.
- (2) Under the 1998 Stock Option Plan, the options reported were granted in March, 1999, January, 2000, and January, 2001. No options were granted in 2002, 2003 or 2004.
- (3) In April, 2004, the remaining ungranted shares in the 1998 Stock Option Plan were deregistered with the Securities & Exchange Commission.

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			
KESOP ⁽¹⁾	36,321	\$ 12.51	29,101
Restricted Stock Plan ⁽²⁾		N/A	156,200
Equity compensation plans not approved by security holders			
1998 Option Plan ⁽³⁾	107,000	\$ 27.13	
Total	143,321	\$ 23.43	185,301

NOTES:

- (1) The KESOP was approved by shareholders in July 1989. Options were granted between January 1989 and November 1997.
- (2) The Restricted Stock 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.
- (3) The 1998 Option Plan was adopted by the Board of Directors of the Company in December 1998. At the time of adoption, the 1998 Option Plan was not required, under American Stock Exchange rules, to obtain shareholder approval. Options were granted

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in March 1999, January 2000, and January 2001. On January 16, 2003, the Board of Directors terminated the Option Plan upon the recommendation of the Compensation Committee. In April 2004, the 177,500 remaining registered and ungranted shares in the Option Plan were deregistered with the Securities and Exchange Commission. The Option Plan will remain in effect solely for the purposes of the continued administration of all options currently outstanding under the Option Plan. No further grants of options will be made thereunder.

The Restricted Stock Plan

In January, 2003, the Board of Directors adopted the Unitil Corporation Restricted Stock Plan (the Restricted Stock Plan). The Restricted Stock Plan was approved by the shareholders of the Company at the 2003 Annual

Table of Contents

Meeting of Shareholders. Issuances of shares under the Restricted Stock Plan are subject to the approval of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935. The Company applied for and received such approval in April, 2004, prior to the initial vesting of the first set of awards granted in May, 2003.

The objectives of the Restricted Stock Plan are to optimize the profitability and growth of the Company through incentives that are consistent with the Company's goals thereby linking the personal interests of participants to those of the Company's shareholders, to attract and retain employees and directors of outstanding ability, and to promote teamwork among participants. The Compensation Committee is charged with the administration of the Restricted Stock Plan. Persons eligible to participate in the Restricted Stock Plan include all employees, directors and consultants of the Company, its subsidiaries and its affiliates.

Awards under the Restricted Stock Plan are granted in the form of restricted shares of the Company's Common Stock. Awards under the Restricted Stock Plan may vary each year based on the achievement of annual performance objectives that correlate with the annual performance objectives as defined by the Incentive Plan. The Restricted Stock Plan provides awards of restricted shares of Company Common Stock that are tied to achievement of the Company's strategic goals. Annual performance objectives are established each year by the Compensation Committee. The percentage of the target award that a Restricted Stock Plan participant receives is also based upon subjective evaluations by the Compensation Committee, such as management's performance in capitalizing on unplanned opportunities and responding to unforeseen problems. Target grant awards have been established that vary based upon the grade level of each participant's position in the Company. Actual awards can be less than or greater than the target grant depending upon actual results achieved.

Awards vest fully over a period of four (4) years (the Period of Restriction) at a rate of 25% each year. The restricted shares may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated during the Period of Restriction. 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. Subject to restrictions under applicable law or as may be imposed by the Company, restricted shares underlying each Award made under the Restricted Stock Plan shall become freely transferable by the Participant at the end of the applicable Period of Restriction.

Participants holding restricted shares granted under the Restricted Stock Plan shall have all the rights of a shareholder of the Company, including the right to vote the restricted shares prior to vesting. Any cash dividends paid on the Restricted Shares prior to vesting may be credited to the participant's account, and may be subject to such restrictions as the Compensation Committee may determine to be appropriate and as are set forth in the particular Award Agreement.

Awards may be grossed-up to offset the participant's tax obligation in connection with the award. This gross-up feature is intended to prevent a participant from having to sell a portion of the shares granted in the award or previous awards in order to pay the taxes on the award, which would be a direct contradiction to one of the stated objectives of the Restricted Stock Plan, which is to encourage stock ownership in the Company. The Compensation Committee will take into account the value of the gross-up feature and reduce the size of the awards accordingly.

Upon the occurrence of a Change in Control of Unitil, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges, any restrictions and transfer limitations imposed on Restricted Shares will immediately lapse. The term Change in Control is defined for this purpose in substantially the same manner as in Severance Agreements, described later in this report.

The 1998 Stock Option Plan

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In December, 1998, the Board of Directors adopted the Unitil Corporation 1998 Stock Option Plan (Option Plan). The purpose of the Option Plan was to provide an incentive to key employees and directors of Unitil and its affiliates who were in a position to contribute materially to the long-term success of Unitil and/or its affiliates, to increase their interest in the welfare of Unitil and its affiliates, and to attract and retain employees and directors of outstanding ability. The Company had originally intended to grant stock options under the Option

Table of Contents

Plan each year through March 1, 2004, to certain employees and directors, for the purchase of up to 350,000 shares of Unitil Common Stock.

On January 16, 2003, the Board of Directors terminated the Option Plan upon the recommendation of the Compensation Committee. The Compensation Committee also recommended that the Company adopt the Restricted Stock Plan to replace the Option Plan. (See Restricted Stock Plan, above.) The Option Plan remains in effect solely for the purpose of the continued administration of all options currently outstanding under the Option Plan. No further grants of options will be made thereunder. In April, 2004, the remaining ungranted shares in the Option Plan were deregistered with the SEC.

Stock options granted under the Option Plan entitle the holders of those options to purchase up to the number of shares of common stock specified in the grant at a price established by the Committee. All grants were issued at 100% of market value at the time of the grant. Each option grant has a vesting period of three years and each grant expires ten years after the date of grant. Currently, all options still outstanding under the Option Plan are fully vested.

The Compensation Committee is charged with the administration of the Option Plan. The Option Plan authorizes the Compensation Committee to provide in the award agreements that the participant's right to exercise the options provided for therein will be accelerated upon the occurrence of a Change in Control of Unitil. The term Change in Control is defined for this purpose in substantially the same manner as in the Severance Agreements. All of the award agreements entered into with participants in the Option Plan to date contain such a Change in Control provision.

Grants were made to certain management employees in March, 1999, January, 2000, and January, 2001. No grants have been made to any Option Plan participant since 2001.

The Key Employee Stock Option Plan

The Key Employee Stock Option Plan (KESOP) was adopted by the Board of Directors on January 17, 1989, and approved by the Company's shareholders on July 11, 1989. The KESOP authorized the Compensation Committee to provide in the award agreements that the participant's right to exercise the options provided for therein will be accelerated upon the occurrence of a Change in Control of Unitil. The term Change in Control is defined for this purpose in substantially the same manner as in the Severance Agreements, described later in this report. Award agreements entered into with participants in the KESOP contain such a Change in Control provision. Award agreements also provide that, upon the exercise of an option on or after a Change in Control, Unitil shall pay to the optionee, within five business days, a lump sum cash amount equal to the economic benefit of the optionee's outstanding options and associated dividend equivalents that the optionee would have received had the option remained unexercised until the day preceding the expiration of the grant.

Upon the exercise of any option by an employee and upon payment of the option price for shares of Unitil Common Stock as to which the option was granted (the Primary Shares), Unitil will cause to be delivered to such employee (i) the Primary Shares and (ii) the number of shares of Unitil Common Stock (the Dividend Equivalent Shares) equal to the dollar amount of dividends which would have been paid on the Primary Shares (and previously accrued Dividend Equivalent Shares) had they been outstanding, divided by the fair market value of Unitil Common Stock determined as of the record date for each dividend. All options granted under the KESOP, excluding Mr. Schoenberger's options, described below, were granted in 1989 with an expiration date of 1999. All such options were exercised prior to March 7, 1999.

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In accordance with the terms of Mr. Schoenberger's 1997 employment agreement, on November 3, 1997, 25,000 options to purchase shares of Company stock were granted to Mr. Schoenberger under the KESOP. The options granted to Mr. Schoenberger became exercisable on November 3, 1998. In 1998, the Compensation Committee extended the expiration date of Mr. Schoenberger's options until November 3, 2007. As of December 31, 2004, Mr. Schoenberger's options are the only options outstanding under the KESOP and Mr. Schoenberger is the only participant in the KESOP.

Table of Contents**Non-Equity Compensation Plan Benefit Information****The Incentive Plans**

The Company has had in place, since December, 1998, a Management Incentive Plan and an Employee Incentive Plan to provide cash incentive payments that are tied directly to achievement of the Company's strategic goals. Annual goals are established each year by the Compensation Committee and payment of awards is made in the first quarter of the year following achievement of the goals. Target incentive payments have been established that vary based upon the grade level of each position. Actual awards can be less than or greater than the target payout depending upon actual results achieved.

The Retirement Plan

Unitil maintains a tax-qualified defined benefit pension plan and related trust agreement (the Retirement Plan) that provides retirement annuities for eligible employees of Unitil and its subsidiaries. Since the Retirement Plan is a defined benefit plan, no amounts were contributed or accrued specifically for the benefit of any officer of Unitil under the Retirement Plan. Directors of Unitil who are not and have not been officers of Unitil or any of its subsidiaries are not eligible to participate in the Retirement Plan.

The table below sets forth the estimated annual benefits (exclusive of Social Security payments) payable to participants in the specified compensation and years of service classifications, assuming continued active service until retirement. The average annual earnings used to compute the annual benefits are subject to a \$205,000 limit.

PENSION PLAN TABLE**ANNUAL PENSION**

Average Annual Earnings Used for Computing Pension	15 Years of Service	20 Years of Service	25 Years of Service	30 Years of Service	35 Years of Service	40 Years of Service
\$100,000	30,000	40,000	45,000	50,000	52,250	55,000
125,000	37,500	50,000	56,250	62,500	65,625	68,750
150,000	45,000	60,000	67,500	75,000	78,750	82,500
200,000	60,000	80,000	90,000	100,000	105,000	110,000
250,000	75,000	100,000	112,500	125,000	131,250	137,500

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The present formula for determining annual benefits under the Retirement Plan's life annuity option is (i) 2% of average annual salary (average annual salary during the five consecutive years out of the last twenty years of employment that give the highest average salary) for each of the first twenty years of benefit service, plus (ii) 1% of average annual salary for each of the next ten years of benefit service and (iii) 1/2% of average annual salary for each year of benefit service in excess of thirty, minus (iv) 50% of age 65 annual Social Security benefit (as defined in the Retirement Plan), and (v) any benefit under another Unitil retirement plan of a former employer for which credit for service is given under the Retirement Plan. A participant is eligible for early retirement at an actuarially reduced pension upon the attainment of age 55 with at least 15 years of service with Unitil or one of its subsidiaries. A participant is 100% vested in his benefit under the Retirement Plan after five years of service with Unitil or one of its subsidiaries. As of January 1, 2005, Messrs. Schoenberger, Collin, Meissner, Gantz and Black had 7, 16, 11, 20 and 6 credited years of service, respectively, under the Retirement Plan.

The Supplemental Executive Retirement Plan

Unitil also maintains a Supplemental Executive Retirement Plan (SERP), a non-qualified defined benefit plan. SERP provides for supplemental retirement benefits to executives selected by the Board of Directors. At the present time, Messrs. Schoenberger, Collin and Meissner are eligible for SERP benefits upon attaining normal

Table of Contents

or early retirement eligibility. Annual benefits are based on a participant's final average earnings less the participant's benefits payable under the Retirement Plan, less other retirement income payable to such participant by Unitil or any previous employer and less income that a participant receives as a primary Social Security benefit. Early retirement benefits are available to a participant, with the approval of the Board of Directors, if the participant has attained age 55 and completed 15 years of service. Should a participant elect to begin receiving early retirement benefits under SERP prior to attaining age 60, the benefits are reduced by 5% for each year that commencement of benefits precedes attainment of age 60. If a participant terminates employment for any reason prior to retirement, the participant will not be entitled to any benefits. Under the SERP, at his present salary level, Mr. Schoenberger would be entitled to receive an annual benefit of \$106,305, assuming normal retirement at age 65 and that his projected final average earnings are equal to the average of his respective three consecutive years of highest compensation prior to retirement. At their present salary levels, Messrs. Collin and Meissner would be entitled to an annual benefit of \$0 under SERP, assuming normal retirement at age 65 and that their projected final average earnings are equal to the average of their respective three consecutive years of highest compensation prior to retirement.

Table of Contents**(b) OWNERSHIP OF SECURITIES**

NAME	DIRECTOR OF	SHARES OF UNITIL COMMON STOCK BENEFICIALLY OWNED
		on February 14, 2005 ⁽¹⁾
Robert G. Schoenberger	UTL, UES, USC, UPC, FG&E, URC	116,700 ₍₄₎₍₅₎₍₆₎₍₇₎₍₈₎
Michael J. Dalton	UTL, UES, FG&E	41,650 ₍₃₎
Albert H. Elfner, III	UTL, UES, FG&E	6,117
Dr. Robert V. Antonucci	UTL, UES, FG&E	0 ₍₂₎
Ross B. George	UTL, UES, FG&E	4,600
Charles H. Tenney III	UTL, UES, FG&E	3,947
M. Brian O Shaughnessy	UTL, UES, FG&E	2,806
Edward F. Godfrey	UTL, UES, FG&E	1,626
Eben S. Moulton	UTL, UES, FG&E	2,562
Dr. Sarah P. Voll	UTL, UES, FG&E	1,209
David P. Brownell	UTL, UES, FG&E	2,205
Michael B. Green	UTL, UES, FG&E	1,055

NOTES:

Except as otherwise noted, each of the persons named above has held his present position (or another executive position with the same employer) for more than the past five (5) years.

- (1) Based on information furnished to Unitil by the nominees and continuing Directors. No Director standing for election, no Director whose term is continuing, and no officer beneficially owns more than one percent of the total outstanding shares.
- (2) Dr. Antonucci was first elected by the Board of Directors in December, 2004.
- (3) Included are 8,588 shares held by a member of Mr. Dalton's family. He has no voting rights or investment power with respect to, and no beneficial interest in, such shares.
- (4) Included are 2,923 shares that are held in trust for Mr. Schoenberger under the terms of the 401(k). Mr. Schoenberger has voting power only with respect to the shares credited to his account. For further information regarding the 401(k), see Other Compensation Arrangements Tax-Qualified Savings and Investment Plan, below.
- (5) Included are 36,780 options that Mr. Schoenberger has the right to purchase pursuant to the exercise of those options under the terms of the 1989 Key Employee Stock Option Plan (KESOP). For further information regarding the KESOP, see Other Compensation Arrangements below.

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- (6) Included are 60,000 fully-vested options that Mr. Schoenberger has the right to purchase upon the exercise of those options under the terms of the 1998 Stock Option Plan. See Other Compensation Arrangements, below. Mr. Schoenberger was granted 20,000 options in March, 1999, 20,000 options in January, 2000, and 20,000 options in January, 2001, all of which vested at a rate of 25% in year one, 25% in year two, and 50% in year three, following the dates of the respective grants.
- (7) Included are 7,000 shares of unvested restricted stock granted under the terms and conditions of the Restricted Stock Plan (see Other Compensation Arrangements, below). Shares granted under the Restricted Stock Plan vest at a rate of 25% per year, following the date of the grant.
- (8) Included are 8,368 shares owned by a trust of which Mr. Schoenberger is Co-Trustee with shared voting and investment power.

(c) TRANSACTIONS WITH SYSTEM COMPANIES - None

(d) INDEBTEDNESS TO SYSTEM COMPANIES - None

(e) OTHER BENEFITS

Table of Contents

Severance Agreements

Unitil and certain subsidiaries maintain severance agreements (the Severance Agreements) with certain management employees, including Executive Officers. The Severance Agreements are intended to help assure continuity in the management and operation of Unitil and its subsidiaries in the event of a Change in Control. Each Severance Agreement becomes effective only upon the occurrence of a Change in Control of Unitil. A Change in Control is defined as the occurrence of any of the following: (1) Unitil receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five percent or more of the outstanding common stock of Unitil; (2) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than Unitil or a wholly-owned subsidiary of Unitil, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of the outstanding common stock of Unitil (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock); (3) the shareholders of Unitil approve (i) any consolidation or merger of Unitil in which Unitil is not the continuing or surviving corporation or pursuant to which shares of common stock of Unitil would be converted into cash, securities or other property (except where Unitil shareholders before such transaction will be the owners of more than 75% of all classes of voting stock of the surviving entity), or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Unitil; or (4) there shall have been a change in a majority of the members of the Board of Directors of Unitil within a 25-month period unless the election or nomination for election by the Unitil's shareholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 25-month period. If an employee's stipulated compensation and benefits, position, responsibilities and other conditions of employment are reduced during the thirty-six month period following a Change in Control, the employee is entitled to a severance benefit.

The severance benefit is a lump sum cash amount equal to (i) the present value of three years' base salary and bonus; (ii) the present value of the additional amount the employee would have received under the Retirement Plan if the employee had continued to be employed for such thirty-six month period; (iii) the present value of contributions that would have been made by Unitil or its subsidiaries under the 401(k) if the employee had been employed for such thirty-six month period; and (iv) the economic benefit on any outstanding Unitil stock options and associated dividend equivalents, if applicable, assuming such options remained unexercised until the day preceding the expiration of the grant, including the spread on any stock options that would have been granted under the Option Plan if the employee had been employed for such thirty-six month period. Each Severance Agreement also provides for the continuation of all employee benefits for a period of thirty-six months, commencing with the month in which the termination occurred. In addition, pursuant to each Severance Agreement, Unitil is required to make an additional payment to the employee sufficient on an after-tax basis to satisfy any additional individual tax liability incurred under Section 280G of the Internal Revenue Code of 1986, as amended, with respect to such payments.

Employment Agreement

The Company entered into an employment agreement (the 2003 Agreement) with Mr. Schoenberger on November 1, 2003. The 2003 Agreement is the third such consecutive agreement between Mr. Schoenberger and the Company. The Company entered into an initial employment agreement with Mr. Schoenberger when he joined the Company on November 1, 1997, and then again on November 1, 2000. Upon the expiration of the second employment agreement on October 31, 2003, the Company entered into the 2003 Agreement with Mr. Schoenberger. The term of the 2003 Agreement is for three years with an expiration date of October 31, 2006. Under the terms of the 2003 Agreement, Mr. Schoenberger's base salary shall initially be payable at the rate of \$334,500 per year, which is subject to annual review by the Board of Directors for discretionary periodic increases in accordance with the Company's compensation policies. Mr. Schoenberger is entitled to continued participation in the Company's SERP, Executive Supplemental Life Insurance Program and all other employee benefit plans made available by the Company. The 2003 Agreement provides that Mr. Schoenberger shall participate in the Management Incentive Plan, the Stock Option Plan and the Restricted Stock Plan or any similar plan that may be established by the Company.

Table of Contents

The 2003 Agreement also provides that the Severance Agreement entered into on February 6, 1998, by and between Mr. Schoenberger and the Company shall remain in effect. The 2003 Agreement also provides that the Company, by action of the Board, may terminate Mr. Schoenberger's employment for any reason. If Mr. Schoenberger's employment is terminated by the Company during the term of the 2003 Agreement for any reason other than cause, death or disability, or if Mr. Schoenberger terminates his employment because of a constructive termination, the Company shall pay Mr. Schoenberger a combination of (i) base pay at the rate in effect on the date of employment termination, (ii) an annual amount equal to the average of the annual bonus amounts received by Mr. Schoenberger in the two calendar years preceding the year in which termination occurs, and (iii) benefits, in each case for a period of two years following the date of termination. If during such two-year period Mr. Schoenberger shall secure full-time employment, the Company's obligation to provide benefits shall cease. All such payments described above will be made in accordance with the Company's regular payroll policies.

(f) RIGHTS TO INDEMNITY

Unitil Corporation (the Corporation) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the person's having served as, or by reason of the person's alleged acts or omissions while serving as a director, officer, employee or agent of the Corporation, or while serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement or otherwise actually and reasonably incurred by him in connection with the action, suit or proceeding, if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, said indemnification to be to the full extent permitted by law under the circumstances, including, without limitation, by all applicable provisions of the New Hampshire Business Corporation Act (the Act).

Any indemnification under this Article shall be made by the Corporation with respect to Directors or other persons after a determination that the person to be indemnified has met the standards of conduct set forth in the Act, such determination to be made by the Board of Directors, by majority vote of a quorum, or by other persons authorized to make such a determination under the Act.

The right of indemnification arising under this Article is adopted for the purpose of inducing persons to serve and to continue to serve the Corporation without concern that their service may expose them to personal financial harm. It shall be broadly construed, applied and implemented in light of this purpose. It shall not be exclusive of any other right to which any such person is entitled under any agreement, vote of the stockholders or the Board of Directors, statute, or as a matter of law, or otherwise, nor shall it be construed to limit or confine in any respect the power of the Board of Directors to grant indemnity pursuant to any applicable statutes or laws of The State of New Hampshire. The provisions of this Article are separable, and, if any provision or portion hereof shall for any reason be held inapplicable, illegal or ineffective, this shall not affect any other right of indemnification existing under this Article or otherwise. As used herein, the term person includes heirs, executors, administrators or other legal representatives. As used herein, the terms Director and officer include persons elected or appointed as officers by the Board of Directors, persons elected as Directors by the stockholders or by the Board of Directors, and persons who serve by vote or at the request of the Corporation as directors, officers or trustees of another organization in which the Corporation has any direct or indirect interest as a shareholder, creditor or otherwise.

The Corporation may purchase and maintain insurance on behalf of any person who was or is a Director, officer or employee of the Corporation or any of its subsidiaries, or who was or is serving at the request of the Corporation as a fiduciary of any employee benefit plan of the Corporation or any subsidiary, against any liability asserted against, and incurred by, such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the Act. The obligation to indemnify and reimburse such person under this Article, if applicable, shall be reduced by the amount of any such insurance proceeds paid to such person, or the representatives or successors of such person.

Table of Contents

Unitil maintains a tax-qualified defined benefit pension plan and related trust agreement (the Retirement Plan), which provides retirement annuities for eligible employees of Unitil and its subsidiaries. Since the Retirement Plan is a defined benefit plan, no amounts were contributed or accrued specifically for the benefit of any officer of Unitil under the Retirement Plan. Directors of Unitil who are not and have not been officers of Unitil or any of its subsidiaries are not eligible to participate in the Retirement Plan.

ITEM 7.

CONTRIBUTIONS AND PUBLIC RELATIONS

Part I. Payments to any political party, candidate for public office or holder of such office, or any committee or agent thereof.