LAW OFFICES
McWHIRTER, REEVES, McGLOTHLIN, DAVIDSON, RIEF & BAKAS, P.A.

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C. THOMAS DAVIDSON
STEPHEN O. DECKER
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PLEASE REPLY TO:
TALLAHASSEE

TALLAHASSEE OFFICE
117 S. GADSDEN
TALLAHASSEE, FLORIDA 32301

TELEPHONE (904) 222-2525
FAX (904) 222-5606

April 30, 1996

HAND-DELIVERED

Blanca S. Bayo, Director
Division of Records and Reporting
Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

Re: Application of City Gas Company of Florida (a division of NUI Corporation) for approval for NUI Corporation to issue and sell securities during the twelve months ending June 30, 1997
Docket No. 960547-EG

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and sixteen copies of Application of City Gas Company of Florida (A Division of NUI Corporation) for Authority for NUI Corporation to Issue and Sell Securities in the above docket.

Please acknowledge receipt of the above on the extra copy enclosed herein and return it to me. Thank you for your assistance.

Yours truly,

Joseph A. McGlothlin

JAM/jei

Enclosure

DOCUMENT NUMBER-DATE
04863 APR 30 96
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of City Gas Company of Florida (a division of NUI Corporation) for approval for NUI Corporation to issue and sell securities during the twelve months ending June 30, 1997.	)	DOCKET NO. _____
	)	FILED: April 30, 1996

APPLICATION OF CITY GAS COMPANY OF FLORIDA (A DIVISION OF NUI CORPORATION) FOR AUTHORITY FOR NUI CORPORATION TO ISSUE AND SELL SECURITIES

Pursuant to Chapter 25-8, Florida Administrative Code, and Section 366.04, Florida Statutes, City Gas Company of Florida (a division of NUI Corporation) ("City Gas"), submits this application for authority for NUI Corporation ("NUI") to issue and sell securities during the twelve months ending June 30, 1997. In support of the application, City Gas provides the following information.

1. Name and Address of Applicant: The exact name of the Applicant and the address of its principal business office is:

City Gas Company of Florida
(a Division of NUI Corporation)
955 East 25th Street
Hialeah, Florida 33013-3498

2. Date and Place of Incorporation: City Gas, a public utility since 1960, serves Brevard, Broward, Dade, and St. Lucie

DOCUMENT NUMBER-DATE
04863 APR 30 96
FPSC-RECORDS/REPORTING

Counties, and is an operating division of NUI. NUI was incorporated in 1969 under the laws of New Jersey.

NUI operates its gas utility systems in Florida, North Carolina, Maryland, Pennsylvania and New York under a common divisional management. Collectively, they comprise the "Southern Division" of NUI. NUI's other gas utility operations, which are conducted in New Jersey, comprise the "Northern Division" of NUI.

3. Persons to Receive Notices: The names and addresses of the persons authorized to receive notices and communications with respect to this application are:

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301

Michael A. Palecki
Vice President - Regulatory Affairs
Southern Division of NUI Corporation
955 E. 25th Street
Hialeah, FL 33013-3498

Robert F. Lurie
Vice President and Treasurer
NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760

4. Principal Officers: The names, titles and addresses of the principal officers of the Southern Division of NUI Corporation are as follows:

Name	Title	Address
Lyle C. Motley, Jr.	President	Hialeah, FL
Rand W. Smith	Vice President-Finance	Hialeah, FL
Richard Wall	Vice President of Operations, Florida	Hialeah, FL
Carl Smith	Vice President - Marketing	Hialeah, FL
Michael A. Palecki	Vice President - Regulatory Affairs	Hialeah, FL
James Turpin	Vice President of Operations, Penn & Southern	Reidsville, NC

5. Nature and Extent of Business: City Gas is engaged in the transmission and distribution of natural gas to approximately 97,000 customers in Dade, Broward, Brevard and St. Lucie counties. Maps of City Gas' service areas are attached as Exhibit D.

6. Brief Description of Facilities. City Gas owns approximately 2,560 miles of steel and plastic mains for the distribution of natural gas in Florida, as well as gate stations, meters and related equipment. The company also owns real property

in Dade, Broward, Brevard and St. Lucie Counties in Florida. City Gas' owned properties include a general office building in Hialeah, Florida, that serves as its headquarters; another office facility in Rockledge, Florida, and a service center in Medley, Florida, from which City Gas dispatches service crews and conducts construction and maintenance activities for its Miami division.

7. Statement of Capital Stock and Funded Debt: As of March 31, 1996, the Capital Stock of NUI consisted of (1) Common Stock, No Par Value, of which 30,000,000 shares were authorized, 9,199,586 were outstanding, and 92,731 were reacquired by NUI, and of which none were pledged by NUI, owned by affiliated corporations, or held in any fund; and (2) Preferred Stock, of which 5,000,000 shares were authorized and of which none have been issued.

As of March 31, 1996, the Funded Debt of NUI consisted of the following (of which none is reacquired, pledged, held by affiliates or held in any company fund):

Description	Outstanding
8.35% Medium-Term Notes, Series A, due February 1, 2005	$50,000,000
7.125% Medium-Term Notes, Series A, due August 1, 2002	20,000,000
6.40% Brevard County Industrial Development Revenue Bonds, due October 1, 2024:	
New Jersey Economic Development Authority Bonds:	
6.625% due October 1, 2021	8,400,000
6.75% due October 1, 2021	46,200,000
6.35% due October 1, 2022	46,500,000
Credit Agreement Indebtedness (Var. %)	30,000,000
ESOP Indebtedness, 6% due May 31, 2002	1,020,000

NUI has deposited in trust the unexpended portion of the net proceeds from the 6.40% Brevard County Industrial Development Revenue Bonds, until drawn upon for eligible expenditures. As of March 31, 1996, the total unexpended portion held in trust, including interest thereon, was $13.1 million.

As of March 31, 1996, NUI had outstanding notes payable to banks amounting to $18.2 million and available unused lines of credit amounting to $139.8 million.

8. Statement of Proposed Transactions: NUI plans to issue and sell equity securities, long-term debt obligations, and short term indebtedness during the twelve-month period ending June 30, 1997. The equity and long-term debt securities will not exceed $80 million in the aggregate.

The equity securities will be in the form of common stock and/or preferred stock.

The long-term debt securities may be in the form of medium term notes, and installment contracts and/or other obligations or arrangements underlying industrial development revenue bonds issued by political subdivisions of the states in which NUI operates gas utilities. Industrial development revenue bonds may or may not bear interest exempt from federal tax.

The issuance and/or sale of equity securities and long-term debt securities may be through either negotiated underwritten public offering at competitive bidding, direct public or private sale, sale through agents, or distributions to security holders of

NUI or affiliated companies, including sales of equity securities through employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders, directors, employees, customers and residents of the states in which NUI does business.

The short-term indebtedness will consist of borrowings under NUI's outstanding lines of credit, or through other short-term facilities.

Based on the rates applicable for comparable securities in the current market, NUI estimates that the interest rates for the long-term debt securities will be between 3% and 8%, the interest rates on the short-term indebtedness will be between 5% and 6%, and the dividend payment rate on the preferred stock will be approximately 8%. The actual interest and dividend rates on the securities will be determined by market conditions at the time the securities are issued and sold.

8. Purposes of Issues: The proceeds of industrial development revenue bonds will be used to finance specific components of NUI's construction programs in the various states in which it does business or to refund previously issued industrial

development revenue bonds at more favorable interest rates and terms.

The proceeds from the issuance of the medium term notes will be added to general funds and used for working capital requirements, and for other general business purposes, including the financing of portions of NUI's construction programs. The proceeds may be used to reacquire any of NUI's outstanding debt securities; to reimburse the treasury for expenditures against which securities have not been issued; to refund previously issued securities at more favorable interest rates and terms; and for other corporate purposes related to its gas utility business.

During periods in which interest rates on short-term indebtedness are favorable relative to the cost of alternative sources of capital, the Company finances on a short-term basis in order to take advantage of the temporary opportunity to lower its cost of service for the benefit of its ratepayers. NUI seeks authority to exceed the 5% statutory threshold of section 366.04(1), Florida Statutes, if a short-term financing strategy is advantageous for City Gas and its ratepayers. If given this authority, NUI would not exceed a 25% threshold without obtaining

additional approval. The additional short-term indebtedness for which NUI seeks authority would be used to finance portions of NUI's construction programs, pending refinancing through the issuance of equity or long-term securities at a later date depending upon prevailing market conditions.

9. A summary of City Gas' construction program is included as Exhibit C-2.

10. Facts Supporting Legality, Necessity or Appropriateness: All proceeds from the issuances for which NUI seeks authority will be used to enable NUI to perform its obligation to manage and operate its utility businesses so as to continue to provide reliable and economical service to its customers in its rapidly growing service areas. The purposes for which NUI seeks authority to issue the described securities are consistent with the proper performance by City Gas as a public utility. The issuance of the securities will enable City Gas to perform that service; is for a lawful object with the corporate purposes of the applicant; and is reasonable, necessary, and appropriate.

The names and addresses of counsel who will pass upon the legality of the proposed issues are:

Regulatory Counsel:

Joseph A. McGlothlin
Vicki Gordon Kaufman
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301

General Counsel:

James Van Horn
NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921-0760

11. A Registration Statement with respect to each public sale of securities hereunder which is subject to and not exempt from the registration requirements of the Securities Act of 1933, as amended, will be filed with the Securities and Exchange Commission, 450 Fifth Street N.W., Washington D.C. 20549.

12. There is no measure of control or ownership exercised by or over the company as to any other public utility. NUI is not a member of any holding company system.

13. The following exhibits required by Rule 25-8.003, Florida Administrative Code, and otherwise referenced herein, are attached:

Exhibit A: Copy of NUI's Articles of Incorporation

Exhibit B-1: Financial statements of NUI (Form 10K for the Fiscal Year Ended September 30, 1995 and Form 10-Q for the Quarter Ended December 31, 1995.

Exhibit B-2: City Gas Summary of Utility Plant as of March 31, 1996.

Exhibit C-1: Estimated Projected Sources and Uses of Funds for NUI for the Twelve Months Ended June 30, 1997.

Exhibit C-2: Estimated Construction Spending for City Gas Company of Florida for the Twelve Months Ended June 30, 1997.

Exhibit D: Map of City Gas service areas.

WHEREFORE, NUI Corporation D/B/A City Gas Company of Florida respectfully requests an order authorizing NUI to issue and sell the securities described herein during the twelve months ending June 30, 1997.

DATED this 30th day of April, 1996.

SOUTHERN DIVISION OF NUI CORPORATION

Michael A. Palecki

by: Michael A. Palecki
Vice President - Regulatory Affairs
955 East 25 Street
Hialeah, FL 33013-3498
305)691-8710

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Application of City Gas Company of Florida, A Division of NUI Corporation, to Issue and Sell Securities has been hand-delivered to Robert Elias, Chief, Bureau of Electric and Gas, Division of Legal Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399, on this 30th day of April, 1996.

Joseph A. McGlothlin

Joseph A. McGlothlin, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
117 S. Gadsden Street
Tallahassee, FL 32301
(904)222-2525

Attorney for City Gas Company
of Florida

Annex

AGREEMENT AND PLAN OF MERGER

by and between

NUI CORPORATION

and

PENNSYLVANIA & SOUTHERN GAS COMPANY

Dated July 27, 1993

TABLE OF CONTENTS

		Page
Parties and Recitals		1

ARTICLE 1

Definitions and Interpretation

Section 1.1	Definitions	1
Section 1.2.	Interpretation	4

ARTICLE 2

Merger of the Company into the Purchaser

Section 2.1.	The Merger	5
Section 2.2.	Effective Time of the Merger	5
Section 2.3.	Effects of the Merger	5
Section 2.4.	Closing	6

ARTICLE 3

Effects of the Merger on Purchaser and Company Common Stock; Exchange of Certificates

Section 3.1.	Effect on Purchaser and Company Common Stock	6
Section 3.2.	Dissenting Shares	7
Section 3.3.	Stock Transfer Books	7
Section 3.4.	Exchange of Shares of Company Common Stock	8

ARTICLE 4

Representations and Warranties of the Purchaser

Section 4.1.	Corporate Status	10
Section 4.2.	Capitalization of the Purchaser	10
Section 4.3.	EGC Common Stock	10

Section 4.4.	Authority; Binding Effect	
Section 4.5.	Consents	11
Section 4.6.	Information Provided	11
Section 4.7.	Absence of Material Adverse Effect	11
Section 4.8.	SEC Filings; Financial Statements	12
Section 4.9.	Litigation	12
Section 4.10.	Tax Returns and Audits	12
Section 4.11.	Certain Agreements	12
Section 4.12.	PUHCA	13
Section 4.13.	Labor Controversies	13
Section 4.14.	Insurance	13
Section 4.15.	Brokers or Finders	13
Section 4.16.	Continuity of Business Enterprise; No Plan to Repurchase Stock	13
Section 4.17	Compliance Issues	14
Section 4.18.	Exclusivity of Representations and Warranties	14

ARTICLE 5

Representations and Warranties of the Company

Section 5.1.	Corporate Status	
Section 5.2.	Subsidiaries	14
Section 5.3.	Capitalization of the Company	15
Section 5.4.	Authority; Binding Effect	15
Section 5.5.	Consents	15
Section 5.6.	Financial Statements; Regulatory Filings and Other Disclosure	16
Section 5.7.	Absence of Material Adverse Effect	16
Section 5.8.	Litigation	17
Section 5.9.	Employee Benefit Plans	17
Section 5.10.	Information Provided	17
Section 5.11.	Brokers or Finders	19
Section 5.12.	Tax Returns and Audits	19
Section 5.13.	Certain Agreements	19
Section 5.14.	PUHCA	20
Section 5.15.	Labor Controversies	21
Section 5.16.	Insurance	21
Section 5.17.	Plant, Property, Equipment and Other Assets	21
Section 5.18.	Computer Software	21
Section 5.19.	Defaults	21
Section 5.20.	Absence of Certain Changes or Events	22
Section 5.21.	Regulation as Utility	22
Section 5.22.	Compliance with Applicable Laws	22
Section 5.23.	Undisclosed Liabilities	22
Section 5.24.	Transfer of Surviving Common Stock	23
Section 5.25.	Environmental Matters	23

Section 5.26. Operating Condition 23
Section 5.27. Compliance Issues 24
Section 5.28. Exclusivity of Representations and Warranties 24

ARTICLE 6

Conduct of Business Pending the Merger

Section 6.1. General Conduct of Company Business 24
Section 6.2. No Solicitation or Negotiation 25
Section 6.3. Cash Dividends of the Purchaser 26

ARTICLE 7

Additional Covenants

Section 7.1. Preparation of Registration Statement and Proxy Statement 27
Section 7.2. Approval of Shareholders 27
Section 7.3. EGC Merger 27
Section 7.4. Access and Due Diligence 27
Section 7.5. Employee Benefits, Management and Employment Agreements 28
Section 7.6. HSR Act 29
Section 7.7. Regulatory Approvals 29
Section 7.8. Additional Agreements 29
Section 7.9. Notification of Certain Matters 29
Section 7.10. Confidentiality 30
Section 7.11. Publicity 30
Section 7.12. Agreement to Defend 30
Section 7.13. Expenses 30
Section 7.14. Letter of the Company's Accountants 30
Section 7.15. Reservation of Shares; Listing of Surviving Common Stock 31
Section 7.16. Blue Sky Permits 32
Section 7.17. Agreement by Affiliates 32
Section 7.18. Shareholder Agreements 32

ARTICLE 8

Conditions

Section 8.1. Conditions to Obligation of Each Party to Effect the Merger 32
Section 8.2. Additional Conditions to Obligations of the Company 33
Section 8.3. Additional Conditions to Obligations of the Purchaser 34

ARTICLE 9

Termination, Amendment and Waiver

Section 9.1. Termination 35
Section 9.2. Procedure and Effect of Termination 36
Section 9.3. Amendment 36
Section 9.4. Waiver 36

ARTICLE 10

General Provisions

Section 10.1. Representations and Warranties 37
Section 10.2. Notices 37
Section 10.3. Headings 38
Section 10.4. Miscellaneous 38
Section 10.5. Third-Party Beneficiaries 38
Section 10.6. Partial Invalidity 39

INDEX OF EXHIBITS AND SCHEDULES

Exhibits

Exhibit A-1 Form of Opinion of Kaye, Scholer, Fierman, Hays & Handler
Exhibit A-2 Form of Opinion of Mary Patricia Keefe, Esq.
Exhibit A-3 Form of Opinion of Other Counsel
Exhibit B-1 Form of Opinion of Montgomery, McCracken, Walker & Rhoads
Exhibit B-2 Form of Opinion of Other Counsel
Exhibit B-3 Form of Opinion of Other Counsel
Exhibit B-4 Form of Opinion of Other Counsel
Exhibit B-5 Form of Opinion of Other Counsel

Purchaser Schedules

Schedule 4.3 Encumbrances
Schedule 4.4 Third Party Consents
Schedule 4.10 Tax Returns and Audits

Company Schedules

Schedule 5.2 Subsidiaries
Schedule 5.4 Third Party Consents
Schedule 5.8 Litigation
Schedule 5.9 Benefit Plans
Schedule 5.12 Tax Returns and Audits
Schedule 5.13 Certain Agreements
Schedule 5.17 Plant, Property, Equipment and Other Assets
Schedule 5.18 Computer Software
Schedule 5.22 Compliance with Applicable Laws
Schedule 5.25 Environmental Matters
Schedule 6.1 Conduct of Business

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (the "Agreement"), dated July 27, 1993, by and between NUI CORPORATION, a New Jersey corporation (the "Purchaser"), and PENNSYLVANIA & SOUTHERN GAS COMPANY, a Delaware corporation (the "Company").

WHEREAS, the respective Boards of Directors of the Purchaser and the Company have approved the acquisition of the Company and its subsidiaries by the Purchaser;

WHEREAS, in furtherance of such acquisition, the respective Boards of Directors of the Purchaser and the Company have determined that it is advisable to merge the Company with and into the Purchaser as the surviving corporation, and have approved such merger pursuant and subject to the terms and conditions of this Agreement, with the result that each outstanding share of Company Common Stock (as hereinafter defined), not owned directly or indirectly by the Purchaser, shall be converted into the right to receive shares of Surviving Common Stock (as hereinafter defined).

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 and in the preamble to this Agreement shall have the meanings herein and therein specified for all purposes of this Agreement.

"Affiliate" of a specified Person shall mean any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the Person specified.

"Agreement" shall have the meaning set forth in the first paragraph of this Agreement.

"Antitrust Division" shall mean the federal Antitrust Division of the Department of Justice.

"Average Market Price" shall have the meaning set forth in Section 3.1(c).

FORM C 319

Exh. D.T.4

State of New Jersey

Department of State

I, the Secretary of State of the State of New Jersey

do hereby Certify that the foregoing is a true copy of

Certificate of Incorporation, Restated Certificate of Incorporation,

Certificates of Amendments and Certificate of Merger thereto of:

NUI CORPORATION(FORMERLY NATIONAL UTILITIES & INDUSTRIES CORPORATION)

S110913

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES &

INDUSTRIES CORPORATION

FILED AND RECORDED

JAN 29 1969

Robert [illegible]

SECRETARY OF STATE

LICENSE FEE	$1000—
FILING FEE	25—
RECORDING	5—
(5) CERTIFYING COPY	15—
SEC. OF STATE	
	$1043.00

SAILER & FLEMING
Counsellors at Law
47 West Grand Street
Elizabeth, N.J. 07202

420442

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

To: The Secretary of State
State of New Jersey

THE UNDERSIGNED, of the age of twenty-one years or over, for the purpose of forming a corporation pursuant to the provisions of Title 14A, Corporations, General, of the New Jersey Statutes, do hereby execute the following Certificate of Incorporation:

FIRST: The name of the corporation is National Utilities & Industries Corporation.

SECOND: The purpose or purposes for which the corporation is organized are the purposes for which corporations may be organized under the provisions of Title 14A, Corporations, General, of the New Jersey Statutes, the New Jersey Business Corporation Act, and the corporation may engage in any activity within the purposes for which corporations may be organized under said Act.

THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each.

FOURTH: The address of the corporation's initial registered office is One Elizabethtown Plaza, Elizabeth, New Jersey 07202, and the name of the corporation's initial registered agent at such address is Joseph Coughlin.

FIFTH: The number of directors constituting the initial board of directors shall be three and the names and addresses of the directors are as follows:

Names	Addresses
John Kean	One Elizabethtown Plaza, Elizabeth, N.J. 07202
John R. Sailer	47 West Grand Street, Elizabeth, N.J. 07202
Walter C. Money	One Elizabethtown Plaza, Elizabeth, N.J. 07202

3

SIXTH: The names and addresses of the incorporators are as follows:

Names	Addresses
John Kean	One Elizabethtown Plaza, Elizabeth, N.J. 07202
John R. Sailer	47 West Grand Street, Elizabeth, N.J. 07202
Walter C. Money	One Elizabethtown Plaza, Elizabeth, N.J. 07202

IN WITNESS WHEREOF, the undersigned, the incorporators of the above named corporation has hereunto signed this Certificate of Incorporation on the 28th day of January, 1969.

John Kean

John R. Sailer

Walter C. Money

C 110913

CERTIFICATE OF AGREEMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

FILED AND RECORDED

APR 16 1963

Robert J. Sheldon

SECRETARY OF STATE

LICENSE FEE $100.00

FILING FEE 20-

RECORDING 3-

CERTIFYING COPY 30-

SEC. OF STATE 2-

$155.00

HC

SAILER & FLEMING
47 West Grand Street
Elizabeth, N.J. 07202

6

28116

Amendment

CERTIFICATE OF AMENDMENT TO THE
CERTIFICATE OF INCORPORATION OF
NATIONAL UTILITIES & INDUSTRIES CORPORATION

To: The Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:9-2(4) and Section 14A:9-4(3), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation:

1. The name of the corporation is National Utilities & Industries Corporation.

2. The following amendment to the Certificate of Incorporation was approved by the directors and thereafter duly adopted by the shareholders of the corporation on the 10th day of April, 1969:

Resolved, that the Certificate of Incorporation be amended to add a SEVENTH clause and to read as follows:

"SEVENTH: The number of affirmative votes of the holders of shares of common stock having voting power that shall be necessary to, (1) amend the certificate of incorporation, (2) sell, lease, exchange or other disposition of all, or substantially all, the assets of the corporation, not in the usual and regular course of its business as conducted by such corporation, (3) consolidate or merge with or into any other corporation or corporations in accordance with any proposed plan of merger or consolidation, or (4) dissolve the business of the corporation, shall be by two-thirds of the votes cast at any meeting of shareholders at which a quorum is present."

3. The number of shares outstanding at the time of the adoption of the amendment was 26. The total number of shares entitled to vote thereon was 26.

4. The undersigned, being the only shareholder of National Utilities & Industries Corporation, consents and authorizes the foregoing amendment without a meeting of shareholders pursuant to the provisions of Section 14A:5-6(1), Corporations, General, of the New Jersey Statutes.

Name of Shareholder	Signature of Shareholder	Number of Shares Owned
John Kean		26

Dated this 10th day of April, 1969

NATIONAL UTILITIES & INDUSTRIES CORPORATION

BY: _____
John Kean, President

S100913

CERTIFICATE

OF

NATIONAL UTILITIES & INDUSTRIES

CORPORATION

FILED AND RECORDED

JUN 16 1969

Robert J. Burkhardt

SECRETARY OF STATE

LICENSE FEE	None
FILING FEE	25.00
RECORDING	2.00
CERTIFYING COPY	15.00
SEC. OF STATE	—
	$42.00

SAXER & FLEMING
47 West Grand Street
Elizabeth, New Jersey 07202

WS # 34435 9

CERTIFICATE

OF

NATIONAL UTILITIES & INDUSTRIES CORPORATION

Pursuant to Paragraph 14A:10-9(3)(a) of the New Jersey Statutes

To: The Secretary of State,
State of New Jersey

Pursuant to the provisions of paragraph 14A:10-9(3)(a), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following certificate:

1. On April 24, 1969, the undersigned corporation submitted by first-class mail to all holders of shares of common stock of Elizabethtown Gas Company a written offer to exchange shares of the undersigned corporation's common stock for the 1,040,197 outstanding shares of common stock of Elizabethtown Gas Company on the basis of two shares of the undersigned for each share of Elizabethtown Gas Company. Such written offer was made by means of a prospectus of the undersigned, dated April 22, 1969, which specified the shares to which the offer relates, prescribed the terms and conditions of such offer, including the method of acceptance thereof and the manner of exchanging such shares, and contained a statement summarizing the rights of such shareholders as provided in paragraph 14A:10-9(3)(b).

2. Within 120 days after the date of such mailing, such offer was accepted by the holders of not less than 90% of the shares of common stock of Elizabethtown Gas Company (no shares of Elizabethtown Gas Company having been held at the date of mailing by, or by a nominee for, the undersigned corporation or any subsidiary thereof).

Dated this 16th day of June, 1969

NATIONAL UTILITIES & INDUSTRIES CORPORATION

By: [signature]
(John Kean) President

Exhibit A

10

CERTIFICATE OF AMENDMENT

TO THE CERTIFICATE OF INCORPORATION OF

NATIONAL UTILITIES & INDUSTRIES

TO: Secretary of State
State of New Jersey

Pursuant to the provisions of N.J.S. 14a:9-2(4) and 14a:9-4(3) of the New Jersey Business Corporation Act, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation.

1. The name of the corporation is National Utilities & Industries Corporation.

2. The following Amendments to the Certificate of Incorporation were approved by the Directors and thereafter duly adopted by the shareholders of the corporation on the date hereof.

"FIRST: The name of the corporation is NUI Corporation".

2(a). The total number of shares entitled to vote thereon was 2,182,000.

2(b). The number of shares voting for and against such amendment is as follows:

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,717,651	31,721

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value.

At all times, each holder of common stock of the corporation shall be entitled to one vote for each share of such which is registered in the name of such holder on the books of the corporation.

The board of directors shall be empowered to issue all or in any part of such preferred stock for such consideration as may be fixed from time to time by the board of directors; provided, however, that each class and series of such preferred stock shall be designated so as to distinguish its shares from those of every other class and series. The board of directors shall have the authority to divide the authorized preferred stock of the corporation into classes and into series within any class or classes and to determine the designation, the number of shares, and the relative voting, dividends, preferences, participating, optional, conversion and other special rights, qualifications, limitations and restrictions of any such class or series. In particular, and without limitation upon the general authority granted, the board of directors shall have the authority to increase the number of shares of any class or series up to the limit of the total authorized preferred stock, whether or not the board of directors previously designated such class or series or the number of shares thereof and, with respect to any class or series which the board of directors previously determined, to decrease the number of shares to a number not less than that of the shares thereof then outstanding. Upon any such decrease or withdrawal, the affected shares shall continue to be part of the authorized preferred stock of the corporation and shall have such designation and such relative rights, dividends, preferences and limitations as they had before the board of directors first acted to include them in such class or series. The board of directors shall have the authority to change the designation or number of shares, or the relative preferences, participating, optional, conversion and other special rights, qualifications limitations and dividends of the shares of any established class or series of shares of preferred stock which has been issued."

2(c). The total number of shares entitled to vote thereon was 2,182,000.

If the shares of any class or series are entitled to vote thereon as a class, set forth below the designation and number of outstanding shares entitled to vote thereon of each such class or series. (Omit if not applicable.)

2(d). The number of shares voting for and against such amendment is as follows: (If the shares of any class or series are entitled to vote as a class, set forth

the number of shares of each such class and series voting for and against the amendment, respectively.)

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,673,560	49,068

3. These amendments to the Certificate of Incorporation shall be effective as of April 4, 1983.

NUI CORPORATION, formerly
NATIONAL UTILITIES & INDUSTRIES
CORPORATION

DATED: March 8, 1983

BY: _____
John Kean
President

UNANIMOUS CONSENT OF DIRECTORS OF
NUI CORPORATION IN LIEU OF MEETING
OF DIRECTORS PURSUANT TO N.J.S.
14A:6-7(2)

The undersigned being all the Directors of NUI Corporation, consent to and authorize adoption of the following resolution:

RESOLVED, that the Certificate of Incorporation of NUI Corporation, a New Jersey corporation be and hereby is amended to read as hereinafter set forth in full:

"FIRST: The name of the corporation shall be National Utilities & Industries Corporation."

FURTHER RESOLVED, that the proposed Amendment to the Certificate of Incorporation be submitted to Elizabethtown Gas Company, as the company's sole stockholder for its approval and adoption pursuant to its written consent.

DATED: March 8, 1983

BOARD OF DIRECTORS
NATIONAL UTILITIES & INDUSTRIES
CORPORATION, formerly
NUI CORPORATION

John Kean

C. R. Carver

Susan Treadwell Covino

CONSENT TO USE OF CORPORATE NAME

BY

NUI CORPORATION

TO NATIONAL UTILITIES & INDUSTRIES CORPORATION

NUI Corporation, a corporation duly organized under the laws of the State of New Jersey, pursuant to N.J.S. 14A:2-2(1)(b) of the New Jersey Business Corporation Act hereby consents to the use of the name NUI Corporation by National Utilities & Industries Corporation, an existing corporation amending its corporate name and hereby requests that the Secretary of State accept for recording and filing the Amendment to the Certificate of said corporation setting forth its name as above.

DATED: March 8, 1983

Signed, Sealed and
Delivered in the
Presence of or
Attested by:

NUI CORPORATION

BY: Susan Treadwell Covino
Susan Treadwell Covino
President

FILED

MAR 29 1983

JANE BURGIO
Secretary of State

CERTIFICATE OF CORRECTION

OF

[redacted] CORPORATION

(TO BE USED BY DOMESTIC AND FOREIGN CORPORATIONS)

TO: Secretary of State
State of New Jersey

The Undersigned, hereby submits for filing, a Certificate of Correction, executed in behalf of the above named Corporation, pursuant to the provisions of Section 14A:1-6(5) Corporations, General, of the New Jersey Statutes.

1. The Certificate to be corrected is:

Certificate of Amendment (Type of Certificate) — March 20, 1981 (Date Filed)

2. The inaccuracy in the Certificate is the omission of the word "stock" in the second paragraph of the Third Article. The omission of a punctuation mark and a grammatical error in verb usage is also inaccurate in the last sentence of the third paragraph of said Article.

(Indicate the inaccuracy or defect)

3. The Third Article as corrected hereby reads as follows:

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is 5,000,000 shares of common stock of the par value of $10 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value.

At all times, each holder of common stock of the corporation shall be entitled to one vote for each share of such stock which is registered in the name of such holder on the books of the corporation.

The board of directors shall be empowered to issue all or in any part of such preferred stock for such consideration as may be fixed from time to time by the board of directors; provided, however, that each class and series of such preferred stock shall be designated so as to

distinguish its shares from those of every other class and series. The board of directors shall have the authority to divide the authorized preferred stock of the corporation into classes and into series within any class or classes and to determine the designation, the number of shares, and the relative voting, dividends, preferences, participating, optional, conversion and other special rights, qualifications, limitations and restrictions of any such class or series. In particular, and without limitation upon the general authority granted, the board of directors shall have the authority to increase the number of shares of any class or series up to the limit of the total authorized preferred stock, whether or not the board of directors has previously designated such class or series or the number of shares thereof and, with respect to any class or series which the board of directors previously determined, to decrease the number of shares to a number not less than that of the shares thereof then outstanding. Upon any such decrease or withdrawal, the affected shares shall continue to be part of the authorized preferred stock of the corporation and shall have such designation and such relative rights, dividends, preferences and limitations as they had before the board of directors first acted to include them in such class or series. The board of directors shall have the authority to change the designation or number of shares, or the relative preferences, participating, optional, conversion and other special rights, qualifications, limitations and dividends of the shares of any established class or series of shares of preferred stock which have been issued."

2(c). The total number of shares entitled to vote thereon was 2,182,000.

If the shares of any class or series are entitled to vote thereon as a class, set forth below the designation and number of outstanding shares entitled to vote thereon of each such class or series. (Omit if not applicable.)

2(d). The number of shares voting for and against such amendment is as follows: (If the shares of any class or series are entitled to vote as a class, set forth the number of shares of each such class and series voting for and against the amendment, respectively.)

Number of Shares Voting For Amendment	Number of Shares Voting Against Amendment
1,673,560	49,068

Dated this 27th day of April, 1983.

MUI Corporation
(Corporate Name)

BY: [signature]
(Signature)

John Kean, President
(Type or Print Name and Title)

* May be executed by the Chairman of the Board, or the President or the Vice-President.

S11093

FILED

APR 27 1983

JANE BURGIO

Secretary of State

DEPARTMENT OF STATE

83 APR 27 P4:23

CERTIFICATE OF AMENDMENT

TO THE CERTIFICATE OF INCORPORATION

OF NUI CORPORATION

FILED

JUL 13 1984

JANE BURGIO
Secretary of State

TO: Secretary of State of New Jersey

Pursuant to the provisions of N.J.S. 14A:9-2(4) and 14A:9-4(3), the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation:

1. The name of the corporation is NUI Corporation.

2. The following Amendment to the first paragraph of Article Third of the Certificate of Incorporation was approved by the Directors and thereafter duly adopted by the shareholders of the Corporation on March 13, 1984.

THIRD:

"The aggregate number of shares which the Corporation shall have authority to issue is 15,000,000 shares of common stock of the par value of $10 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value.

At all times, each holder of common stock of the corporation shall be entitled to one vote for each share of such stock which is registered in the name of such holder on the books of the corporation.

The board of directors shall be empowered to issue all or in any part of such preferred stock for such consideration as may be fixed from time to time by the board of directors; provided, however, that each class and series of such preferred stock shall be designated so as to distinguish its shares from those of every other class and series. The board of directors shall have the authority to divide the authorized preferred stock of the corporation into classes and into series within any class or classes and to determine the designation, the number of shares, and the relative voting, dividends, preferences, participating, optional, conversion and other special rights, qualifications, limitations and restrictions of any such class or series. In particular, and without limitation upon the general authority granted, the board of directors shall have the

S110913

authority to increase the number of shares of any class or series up to the limit of the total authorized preferred stock, whether or not the board of directors previously designated such class or series or the number of shares thereof and, with respect to any class or series which the board of directors previously determined, to decrease the number of shares to a number not less than that of the shares thereof then outstanding. Upon any such decrease or withdrawal, the affected shares shall continue to be part of the authorized preferred stock of the corporation and shall have such designation and such relative rights, dividends preferences and limitations as they had before the board of directors first acted to include them in such class or series. The board of directors shall have the authority to change the designation or number of shares, or the relative preferences, participating, optional, conversion and other special rights, qualifications, limitations and dividends of the shares of any established class or series of shares of preferred stock which have been issued."

3. The date of the adoption of the Amendment by the shareholders was March 13, 1984.

4. The total number of shares outstanding as of January 13, 1984 and entitled to vote thereon was 2,216,077.

5. The number of shares which voted for the Amendment was 1,591,353 of 1,663,035 which voted at the meeting.

DATED: May 22, 1984

HUI CORPORATION

JOHN KEAN, PRESIDENT

ADB

FILED

MAR 27 1987

JANE BURGIO
Secretary of State
035 4966

CERTIFICATE

OF

NUI CORPORATION

Pursuant to the provisions of N.J.S. 14A:7-15.1 of the New Jersey Business Corporation Act, the undersigned Corporation executes the following Certificate.

1. The name of the Corporation is NUI Corporation.

2. The division that is the subject of this Certificate (the "Division") was approved by resolution of the Corporation's Board of Directors at a meeting held on March 10, 1987, at which a quorum was present and acting throughout.

3. The Division will not adversely affect the rights or preferences of the holders of outstanding shares of any class or series of capital stock of the Corporation and will not increase the number of authorized but unissued shares.

4. Pursuant to the Division, the Corporation's Common Stock, $10.00 par value, of which 2,411,664 shares were issued and outstanding or held in treasury as of the close of business on the record date, March 23, 1987, shall be split three-for-two into 3,617,496 shares of Common Stock, $7.00 par value.

5. In connection with the Division, the Corporation's Board of Directors has duly adopted the following amendment of the first sentence of Article THIRD of the Corporation's Certificate of Incorporation, as amended:

S 110913

"The aggregate number of shares which the corporation shall have authority to issue is 15,000,000 shares of common stock of the par value of $7.00 each and 5,000,000 shares of preferred stock which shall be issued with par value or with no par value."

6. The Division shall be effective as of April 15, 1987.

NUI CORPORATION

Dated: March 23, 1987

By: _____
John Kean
President

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NUI CORPORATION

TO: THE SECRETARY OF STATE
STATE OF NEW JERSEY

Pursuant to the provisions of Section 14A:9-5 of the New Jersey Business Corporation Act, the undersigned corporation hereby executes the following amended and restated Certificate of Incorporation:

1. The name of the corporation is NUI Corporation.

2. The following amended and restated Certificate of Incorporation was approved by the Directors and thereafter duly adopted by the Shareholders of the Corporation on March 12, 1991.

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NUI CORPORATION

ARTICLE I

The name of the Company is:

NUI CORPORATION

ARTICLE II

The address of its registered office in the State of New Jersey is 550 Route 202-206, Bedminster, New Jersey 07921 and the name of its registered agent at that address is Joseph P. Coughlin, Secretary.

ARTICLE III

There are nine (9) Directors of the Company. Their names and addresses are:

John Kean	550 Route 202-206 Bedminster, New Jersey 07921
John W. Atherton, Jr.	Route 550 Route 202-206 Bedminster, New Jersey 07921
Calvin R. Carver	550 Route 202-206 Bedminster, New Jersey 07921
James J. Forese	550 Route 202-206 Bedminster, New Jersey 07921
Robert W. Kean, Jr.	550 Route 202-206 Bedminster, New Jersey 07921
Jack Langer	550 Route 202-206 Bedminster, New Jersey 07921
W. Emlen Roosevelt	550 Route 202-206 Bedminster, New Jersey 07921
R.V. Whisnand	550 Route 202-206 Bedminster, New Jersey 07921
John Winthrop	550 Route 202-206 Bedminster, New Jersey 07921

ARTICLE IV

The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful activity for which corporations may be organized under the New Jersey Business Corporation Act.

ARTICLE V

The total number of shares of stock which the Company shall have authority to issue consists of 30,000,000 shares of common stock and 5,000,000 shares of preferred stock. Shares of the Company shall not be subject to preemptive rights unless otherwise determined by the Board of Directors pursuant to the authority granted by the provisions of Article VI.

ARTICLE VI

The relative rights, preferences and limitations of a share of each class shall be as follows:

(a) Common Stock.

Each holder of a common stock shall be entitled upon all matters voted upon by the Shareholders to one vote for each share of common stock standing in such shareholder's name.

The common stock is subject to all the powers, rights, privileges, preferences and priorities of the preferred stock as are stated and expressed herein and as shall be stated and expressed in any resolution or resolutions adopted by the Board of Directors pursuant to authority expressly granted to and vested in it by the provisions of this Article VI.

(b) Preferred Stock.

The Board of Directors is authorized subject to limitations prescribed by law and the provisions of this paragraph to provide for the issuance of additional shares of preferred stock, in one or more series and, by filing a certificate pursuant to the applicable law of New Jersey, to

establish from time to time the number of shares to be included in each such series and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(1) The number of shares constituting such series and the distinctive designation of such series;

(2) The dividend rate on the shares of such series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of such series;

(3) Whether the shares of such series shall have voting rights in addition to any voting rights that may be provided by law and, if so, the terms of such voting rights;

(4) Whether the shares of such series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustments of the conversion rate in such events as the Board of Directors shall determine;

(5) Whether or not the shares of such series shall be redeemable, and, if so, the terms and conditions of redemption, including the date or dates upon or after which the shares of such series shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether the shares of such series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(7) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of such series;

(8) Any other relative rights, preferences and limitations of such series.

ARTICLE VII

(a) Except as otherwise fixed pursuant to Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation, or to elect additional Directors under specified circumstances, the Board of Directors shall consist of not less than eight (8) nor more than twenty-five (25) persons; provided, however, that the authorized number of Directors may be changed to any number between eight (8) and twenty-five (25) from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

(b) The Directors (other than those who may be elected by the holders of any class or series of preferred stock having a preference over common stock as to dividends or upon liquidation) shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, one class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1992, another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1993, and another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1994, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of the Shareholders of the Company, the successors to the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of Shareholders held in the third year following the year of their election. The election of Directors need not be by ballot.

(c) Except as otherwise fixed pursuant to the provisions of Article VI relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation to elect Directors under specified circumstances, newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum of the Board of Directors. If any applicable provision of New Jersey law expressly confers power on Shareholders to fill such a directorship at a special meeting of Shareholders, such a directorship may be filled at such a meeting only by the affirmative vote of at least 75 percent of the then-outstanding shares of the voting stock, voting together as a single class (it being understood that for all purposes of this Article VII and Article XI, each share of the voting stock shall have the number of votes granted to it pursuant to Article VI or any resolution or resolutions of the Board of Directors pursuant to authority expressly granted to and vested in it by the provisions of Article VI). Any Director elected in accordance with the two preceding sentences shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified. No decrease in the number of authorized Directors constituting the entire Board of Directors shall shorten the term of any incumbent Director.

(d) Subject to the rights of the holders of any class or series of preferred stock having preference over the common stock as to dividends or upon liquidation or to elect Directors under specified circumstances, any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative

ARTICLE VIII

[illegible] required or permitted to be taken by the Shareholders of the Company must be effected at an annual or special meeting of Shareholders of the Company or may be taken without a meeting if all the Shareholders entitled to vote thereon consent thereto in writing.

ARTICLE IX

Except as otherwise required by law and subject to the rights of the holders of any class or any series of preferred stock having a preference over the common stock as to dividends or upon liquidation, special meetings of Shareholders of the Company may be called only by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

ARTICLE X

(a) A Director or officer of the Company shall not be personally liable to the Company or its Shareholders for monetary damages for breach of fiduciary duty as Director or officer, as the case may be, except to the extent that such exemption from liability or limitation of liability is not permitted under the New Jersey Business Corporation Act as currently in effect or as subsequently amended. No amend-

[illegible] to or repeal of this Article X and to [illegible] repeal or termination of indemnification of any law pursuant to the exemption from or limitation of liability provided for in this Article X shall apply to or have any effect on any liability or alleged liability of any Director or officer for or with respect to any acts or omissions of that director or officer occurring prior to such amendment, repeal or termination of effectiveness.

(b)(1) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that such person or anyone for whom such person is the legal representative, is or was a Director or officer of the Company or is or was serving at the request of the Company as a Director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Company to the fullest extent authorized by the New Jersey Business Corporation Act or any other law, as the same exists or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit

his or her heirs, executors and administrators; provided, however, that, except as provided in this paragraph (b), the Company shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Company. The right to indemnification conferred in this paragraph (b) shall be a contract right and shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the New Jersey Business Corporation Act requires, the payment of such expenses incurred by a Director or officer in his capacity as a Director or officer of the Company (and not in any other capacity in which service was or is rendered by such person while a Director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Company of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced unless is shall ultimately be determined that such Director or officer is entitled to be idemnified under this Section or otherwise. The Company may, by action of its Board of Directors, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under subparagraph (b)(1) is not paid in full by the Company within 30 days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or part, the claimant shall be entitled to be paid also the expense (including, without limitation, reasonable attorney fees) of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses

incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the New Jersey Business Corporation Act for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including its Board of Directors, independent legal counsel, or its Shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in the New Jersey Business Corporation Act nor an actual determination by the Company (including its Board of Directors, independent legal counsel, or its Shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this paragraph (b) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, by-law, agreement, vote of Shareholders or disinterested Directors or otherwise.

(4) Insurance. The Company may maintain insurance, at its expense, to protect itself and any Director, officer, employee or agent of the Company or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the New Jersey Business Corporation Act.

ARTICLE XI

(a) The Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon Shareholders herein are granted subject to this reservation. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the voting stock required by law or this Certificate of Incorporation, the affirmative vote of the holders of at least 75 percent of all of the then-outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend or repeal Articles VI, VII, VIII, IX, X or this Article XI, or any provision thereof, or any provision of the By-Laws of the Company which is to the same effect as the aforesaid Articles.

(b) Except as set forth in the final sentence of this subsection (b), the By-Laws of the Company may be altered, amended or repealed by the affirmative vote of a majority of the entire Board of Directors then in office. The By-Laws of the Company may also be altered, amended or repealed by the Shareholders, but only by an affirmative vote of the holders of at least 75 percent of all the then-outstanding shares of the voting stock, voting together as a single class. Any By-Law may provide that it may only be altered, amended or repealed by the affirmative vote of the holders of at least 75 percent of all the then-outstanding shares of the voting stock, voting together as a single class, in which event such By-Law may only be altered, amended or repealed by such vote.

3. The date of the adoption of the amended and restated Certificate of Incorporation by the Shareholders was March 12, 1991.

4. The total number of shares outstanding as of February 4, 1991 and entitled to vote thereon was 6,247,001.

5. The number of shares which voted for the amended and restated Certificate of Incorporation was 3,8[illegible] 4,727,618 votes cast.

NUI CORPORATION

Dated: March 12, 1991

JOHN KEAN, PRESIDENT

MGB

FILED

APR 19 1994

LONNA R. HOOKS
Secretary of State

0914522

CERTIFICATE OF MERGER

OF

ELIZABETHTOWN GAS COMPANY

WITH AND INTO

NUI CORPORATION

To the Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:10-5.1 of the New Jersey Business Corporation Act (the "NJBCA"), the undersigned corporation hereby certifies that:

1. The name of the surviving corporation is NUI Corporation, which is a corporation organized under the laws of the State of New Jersey ("NUI") and the name of the merged corporation is Elizabethtown Gas Company, which is a corporation organized under the laws of the State of New Jersey and a wholly-owned subsidiary of NUI ("EGC").

2. NUI will continue its existence as the surviving corporation under its current name and certificate of incorporation pursuant to the provisions of the NJBCA.

3. Annexed hereto and made a part hereof is the Plan of Merger and Liquidation, dated July 27, 1993, of EGC with and into NUI (the "Plan of Merger") which was approved by the Board of Directors of NUI on July 27, 1993.

4. Pursuant to Section 14A:10-5 1(1) of the NJBCA, no vote of the shareholders of either NUI or EGC was required in connection with the aforesaid Plan of Merger.

5. The number of outstanding shares of common stock, no par value, of EGC (the only outstanding capital stock of EGC) is 1,040,164 shares, all of which are owned by NUI.

DOC #221129014

6420837500 5-110913

IN WITNESS WHEREOF, the undersigned corporation has caused this Certificate of Merger to be executed in its name by a duly authorized officer as of the 19th. day of April, 1994.

NUI CORPORATION

By: _____
Bernard F. Lenihan
Vice President

PLAN OF MERGER AND LIQUIDATION

of

ELIZABETHTOWN GAS COMPANY

with and into

NUI CORPORATION

PLAN OF MERGER AND LIQUIDATION OF ELIZABETHTOWN GAS COMPANY WITH AND INTO NUI CORPORATION (the Plan"), dated July 27, 1993, by and between NUI CORPORATION, a New Jersey corporation (the "Parent"), and ELIZABETHTOWN GAS COMPANY, a New Jersey corporation (the "Company").

WHEREAS, the respective Boards of Directors of the Parent and Pennsylvania & Southern Gas Company, a Delaware corporation ("PSGS") have approved the merger of PSGS into the Parent (the "PSGS Merger");

WHEREAS, in connection with the PSGS Merger, the Parent and PSGS have executed and delivered an Agreement and Plan of Merger, dated July 27, 1993, by and between the Parent and PSGS (the "Merger Agreement");

WHEREAS, the Merger Agreement provides that at the effective time of the PSGS Merger or immediately thereafter, the Company shall be merged into the Parent;

WHEREAS, pursuant to Section 14A:10-5.1 of the New Jersey Business Corporation Act (the "NJBCA"), the Board of Directors of the Parent has approved the Plan;

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, the following shall constitute the Plan:

ARTICLE I

MERGER OF THE COMPANY INTO THE PARENT

1.1. The Merger. At the Effective Time (as defined below), subject to the terms and conditions of this Plan, and in accordance with the NJBCA, the Company shall be merged with and into the Parent (the "Merger"), the separate existence of the Company (except as may be continued by operation of law) shall cease and the Parent shall continue as the surviving corporation (the "Surviving Corporation"). The Merger shall have the effects set forth herein and the effects set forth in the applicable provisions of the NJBCA.

1.2. Effective Time of the Merger. At the effective time of the PSGS Merger or immediately thereafter, the Parent shall cause the Merger to be consummated by filing with the Secretary of State of the State of New Jersey a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the NJBCA. The time of such filing or the

other time, if any, set forth in the certificate of merger is referred to herein as the "Effective Time".

1.3. Effects of the Merger. (a) At the Effective Time, the separate existence of the Company shall cease and the Company shall be merged with and into the Parent as the Surviving Corporation.

(b) At the Effective Time, the Articles of Incorporation and By-Laws of the Parent as in effect immediately prior to the Effective Time of the Merger shall be the Articles of Incorporation and By-Laws of the Surviving Corporation until further amended thereafter in accordance with applicable law.

(c) At the Effective Time, the Board of the Parent shall constitute the Board of the Surviving Corporation and the officers of the Parent shall constitute the officers of the Surviving Corporation.

(d) From and after the Effective Time, the Merger shall have all the effects provided by applicable law.

1.4. Effect on Parent and Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or the Parent or the holder of any of the following securities:

(a) Each share of Common Stock, no par value, of Parent issued and outstanding immediately prior to the Effective Time shall remain unchanged.

(b) Each share of Common Stock, par value $10 per share, of the Company ("Company Common Stock"), issued and outstanding immediately prior to the Effective Time or which immediately prior to the Effective Time is owned directly or indirectly in the treasury of the Company shall be cancelled and retired, and no payment shall be made with respect thereto.

ARTICLE 2

PLAN OF LIQUIDATION

2.1. Plan of Liquidation. This Plan shall also constitute a plan of liquidation of the Company within the meaning of Section 332 of the Internal Revenue Code of 1986, as amended (the "Code") and the approval of the Merger by the Board of Directors of the Parent shall also constitute the adoption of this plan of liquidation. The Merger shall also constitute the complete liquidation of the Company and the distribution of all of its property to the Parent in cancellation of all of the Company's stock, each within the meaning of Section 332 of the Code.

ARTICLE 3

CONDITIONS

3.1. Conditions to Effect the Merger. The consummation of the Merger shall be subject to the fulfillment of the following conditions:

(a) The conditions to the obligation of the Parent to effect the PSGS Merger pursuant to the Merger Agreement shall have been satisfied or waived by the Parent; and

(b) The PSGS Merger as contemplated by the Merger Agreement shall have been consummated.

ARTICLE 4

TERMINATION AND AMENDMENT

4.1. Termination. This Plan shall be terminated automatically at any time prior to the Effective Time if the Merger Agreement is terminated.

4.2. Effect of Termination. In the event of termination of this Plan as provided in Section 4.1, this Plan shall be of no further force or effect and there shall be no liability on the part of any party with respect thereto.

4.3. Amendment. This Plan may not be amended except by an instrument in writing approved by the Board of Directors of the Parent.

ARTICLE 5

GENERAL PROVISIONS

5.1. Headings. The headings contained in this Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of this Plan.

5.2. Governing Law. This Plan shall be governed by the internal laws of the State of New Jersey (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters.

5.3. Third-Party Beneficiaries. This Plan is not intended to confer upon any person or entity other than the Parent and the Company any rights or remedies hereunder.

CERTIFICATE OF MERGER

OF

PENNSYLVANIA & SOUTHERN GAS COMPANY

WITH AND INTO

NUI CORPORATION

MG13

FILED

APR 19 1994

LONNA R. HOOKS
Secretary of State

6914525

To the Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:10-7 of the New Jersey Business Corporation Act (the "NJBCA"), the undersigned corporations hereby certify that:

1. The name of the surviving corporation is NUI Corporation, which is a corporation organized under the laws of the State of New Jersey ("NUI"), and the name of the merged corporation is Pennsylvania & Southern Gas Company, which is a corporation organized under the laws of the State of Delaware ("PSGS").

2. NUI will continue its existence as the surviving corporation under its current name and current certificate of incorporation pursuant to the provisions of the NJBCA.

3. Annexed hereto and made a part hereof is the Agreement and Plan of Merger, dated July 27, 1993, by and between PSGS and NUI (the "Plan of Merger") as approved by the Board of Directors of each of said corporations on July 27, 1993 and by the stockholders of PSGS on February 10, 1994.

4. The number of shares of PSGS common stock, par value of $1.25 per share, entitled to vote on the Plan of Merger was 235,857, of which 197, 545 shares voted for the Plan of Merger and 1,270 shares voted against the Plan of Merger.

5. The Plan of Merger was approved by the Board of Directors of NUI. Pursuant to Section 14A:10-3(4) of the NJBCA, no vote of the shareholders of NUI was required in connection with the Plan of Merger.

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6. The applicable provisions of the laws of the State of Delaware relating to the merger of PSGS with and into NUI ursuant to the Plan of Merger, upon compliance with filing and recording requirements thereof, will have been complied with.

IN WITNESS WHEREOF, each of the undersigned corporations has caused this Certificate of Merger to be executed in its name by a duly authorized officer as of the 19th. day of April, 1994.

PENNSYLVANIA & SOUTHERN GAS COMPANY

By: _____
Lyle C. Motley, Jr.
President and Chief Executive Officer

NUI CORPORATION

By: _____
Bernard F. Lenihan
Vice President

AC #32128999

"Board" shall mean the Board of Directors of the Company, the Purchaser or the Surviving Corporation, as the context requires.

"Certificate" or "Certificates" shall mean each certificate or certificates which immediately prior to the Effective Time represented outstanding shares of Company Common Stock.

"Closing" shall have the meaning set forth in Section 2.4.

"Closing Date" shall have the meaning set forth in Section 2.4.

"Code" shall mean the federal Internal Revenue Code of 1986, as amended.

"Company" shall have the meaning set forth in the first paragraph of this Agreement.

"Company Common Stock" shall mean the common stock, par value of $1.25 per share, of the Company.

"Company Plans" shall have the meaning set forth in Section 5.9(a).

"Company Reports" shall have the meaning set forth in Section 5.6.

"DGCL" shall mean the General Corporation Law of the State of Delaware.

"Dissenting Shares" and "Dissenting Shareholder" shall have the respective meanings set forth in Section 3.2(a).

"Effective Time" shall have the meaning set forth in Section 2.2.

"EGC" shall mean Elizabethtown Gas Company, a New Jersey corporation and a wholly-owned subsidiary of the Purchaser.

"EGC Common Stock" shall mean the common stock, no par value, of EGC.

"EGC Merger" shall have the meaning set forth in Section 2.1.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" shall mean the federal Securities Exchange Act of 1934.

"Exchange Agent" shall mean that bank or trust company authorized by the Purchaser to receive the shares of Surviving Common Stock to be issued in the Merger pursuant to Section 3.4(a).

"FERC" shall mean the Federal Energy Regulatory Commission.

"FTC" shall mean the Federal Trade Commission.

"Governmental Entity" shall mean any United States federal, state or local government (including the District of Columbia), governmental or regulatory authority, governmental or regulatory body, governmental or regulatory agency or any court or other judicial authority.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"ISRA" shall mean the New Jersey Industrial Site Recovery Act.

"Letter of Intent" shall mean the Letter of Intent, dated June 24, 1993, between the Company and the Purchaser.

"Licensed Software" shall have the meaning set forth in Section 5.18.

"Material Adverse Effect" with respect to a Person shall mean a material adverse effect on the business, financial (or other) condition, results of operations or prospects of such Person.

"Merger" shall have the meaning set forth in Section 2.1.

"Merger Consideration" shall have the meaning set forth in Section 3.1(c).

"NJBCA" shall mean the New Jersey Business Corporation Act.

"NJPUL" shall mean the New Jersey Public Utility Law.

"NYSE" shall mean the New York Stock Exchange, Inc.

"Officer" and "Officers" shall have the respective meanings set forth in Section 7.5(d).

"Owned Software" shall have the meaning set forth in Section 5.18.

"Person" shall mean any individual, corporation, association, company, partnership, joint venture, joint-stock company, trust, unincorporated organization, Governmental Entity or other entity.

"Plans" shall mean any bonus, deferred compensation, pension, profit-sharing, retirement, insurance, stock purchase, stock option, or other fringe benefit plan, arrangement, understanding or practice, or any other employee benefit plan (as defined in section 3(3) of ERISA), whether formal or informal.

"Proxy Statement" shall have the meaning set forth in Section 5.10.

"Public Utility Laws" shall mean the Pennsylvania, North Carolina, Maryland and New York public utility laws applicable to the transactions contemplated hereby.

"PUHCA" shall mean the federal Public Utility Holding Company Act of 1935.

"Purchaser" shall have the meaning set forth in the first paragraph of this Agreement.

"Purchaser Common Stock" shall mean the common stock, no par value, of the Purchaser.

"Purchaser Reports" shall have the meaning set forth in Section 4.8.

"Registration Statement" shall have the meaning set forth in Section 5.10.

"SEC" shall mean the federal Securities and Exchange Commission.

"Securities Act" shall mean the federal Securities Act of 1933.

"Shareholders Meeting" shall have the meaning set forth in Section 7.2.

"Subsidiary" of any corporation, partnership or other entity (each, a "Parent") shall mean any other corporation, partnership or other entity in which the Parent, one or more Subsidiaries of the Parent or the Parent and one or more other Subsidiaries of the Parent own capital stock or other indicia of ownership representing fifty percent or more of the capital stock or other indicia of ownership of such corporation, partnership or other entity.

"Surviving Common Stock" shall mean the common stock, no par value, of the Surviving Corporation.

"Surviving Corporation" shall have the meaning set forth in Section 2.1.

"Tax" shall include all federal, state, local and foreign net income, gross income, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, excise, stamp, occupation, property, custom duty and other taxes, governmental charges or like assessments or fees of any kind whatsoever, together with interest and any penalty, addition to tax or additional amount imposed thereon of any nature whatsoever.

"Third-Party Beneficiary" shall have the meaning set forth in Section 10.5.

1.2. Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". Whenever the words "transactions contemplated

hereby" are used in this Agreement, they shall be deemed to include the EGC Merger. Whenever the words "to the best knowledge" are used in this Agreement, they shall mean (a) in the case of the Company, the best knowledge of the Executive Committee of the Company's Board and the officers of the Company identified in paragraphs (c) and (d) of Section 7.5 and (b) in the case of the Purchaser, the best knowledge of the Executive Committee of the Purchaser's Board and the President and any Vice President of the Purchaser. Where the context so requires, the masculine gender shall be construed to include the female and the neuter gender, and the singular shall be construed to include the plural and the plural the singular.

ARTICLE 2

MERGER OF THE COMPANY INTO THE PURCHASER

2.1. The Merger. At the Effective Time, subject to the terms and conditions of this Agreement and in accordance with the DGCL and the NJBCA, the Company shall be merged with and into the Purchaser (the "Merger"), the separate existence of the Company (except as may be continued by operation of law) shall cease and the Purchaser shall continue as the surviving corporation (the "Surviving Corporation"). At the Effective Time or immediately thereafter on the day of the Effective Time, EGC shall be merged with and into the Surviving Corporation (the "EGC Merger"). The Merger shall have the effects set forth herein and the effects set forth in the applicable provisions of the DGCL and the NJBCA.

2.2. Effective Time of the Merger. At the Closing or as soon as practical thereafter, the parties shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware, a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the DGCL, and by filing with the Secretary of State of the State of New Jersey a certificate of merger relating to the Merger, in such form as required by, and executed in accordance with, the NJBCA. The time of the later of such filings or the other time, if any, set forth in the certificates of merger is referred to herein as the "Effective Time".

2.3. Effects of the Merger. (a) At the Effective Time, the separate existence of the Company shall cease and the Company shall be merged with and into the Purchaser as the Surviving Corporation. At the Effective Time or immediately thereafter, EGC shall be merged with and into the Surviving Corporation.

(b) At the Effective Time, the Articles of Incorporation and By-Laws of the Purchaser as in effect immediately prior to the Effective Time of the Merger shall be the Articles of Incorporation and By-Laws of the Surviving Corporation until further amended thereafter in accordance with applicable law.

(c) At the Effective Time, the Board of the Purchaser shall constitute the Board of the Surviving Corporation and the officers of the Purchaser shall constitute the officers of the Surviving Corporation.

(d) From and after the Effective Time, the Merger shall have all the effects provided by applicable law.

(e) At the effective time of the EGC Merger, (i) the Articles of Incorporation and By-Laws of the Surviving Corporation as in effect immediately prior to the EGC Merger shall be the Articles of Incorporation and By-Laws of the surviving corporation of the EGC Merger until further amended thereafter in accordance with applicable law, (ii) the Board of the Surviving Corporation shall constitute the Board of the surviving corporation of the EGC Merger and (iii) the officers of the Surviving Corporation shall constitute the officers of the surviving corporation of the EGC Merger.

2.4. Closing. The Company and the Purchaser shall communicate and consult with each other with respect to the fulfillment of the various conditions to their obligations under this Agreement. The exchange of the certificates, opinions and other documents contemplated in connection with the consummation of the Merger (the "Closing") shall take place at the offices of the Purchaser, on (a) the fifth business day after which all of the conditions to the Closing have been satisfied or waived or (b) such other place or date as may be agreed upon by the parties. The date on which the Closing occurs is referred to herein as the "Closing Date". In the event that at the Closing no party exercises any right it may have to terminate this Agreement and no condition to the obligations of the parties exists that has not been satisfied or waived, the parties shall (i) deliver to each other the certificates, opinions and other documents required to be delivered under Article 8 and (ii) at the Closing or as soon thereafter as possible, consummate the Merger by filing the documents contemplated by Section 2.2.

ARTICLE 3

EFFECTS OF THE MERGER ON PURCHASER AND COMPANY COMMON STOCK; EXCHANGE OF CERTIFICATES

3.1. Effect on Purchaser and Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company or the Purchaser or the holder of any of the following securities:

(a) Each share of Purchaser Common Stock issued and outstanding immediately prior to the Effective Time shall remain unchanged.

(b) Each share of Company Common Stock which immediately prior to the Effective Time is owned directly or indirectly in the treasury of the Company, by any direct or indirect Subsidiary of the Company or by the Purchaser or any direct or indirect Subsidiary of the Purchaser shall be cancelled and retired, and no payment shall be made with respect thereto.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Company Common Stock to be cancelled pursuant to Section 3.1(b) and Dissenting Shares) shall be converted into the right to receive the

number of shares of Surviving Common Stock, or fraction thereof rounded to the nearest .0001 of a share of Surviving Common Stock, equal to the number determined by dividing (i) $71.50 by (ii) the arithmetic average of the daily closing price per share of Purchaser Common Stock for the twenty trading days immediately prior to the Closing Date as reported on the composite tape of the NYSE (the "Average Market Price"); provided, that if the applicable number of shares of Surviving Common Stock to be exchanged for each share of Company Common Stock in the Merger is equal to or greater than 3.0 shares, the number of shares of Surviving Common Stock exchanged for each share of Company Common Stock in the Merger shall be equal to 3.0 shares, provided, further, that if the applicable number of shares of Surviving Common Stock to be exchanged for each share of Company Common Stock in the Merger is equal to or less than 2.4 shares, the number of shares of Surviving Common Stock exchanged for each share of Company Common Stock in the Merger shall be equal to 2.4 shares (the "Merger Consideration"). In the event that during the period commencing on the date of this Agreement and ending on the Closing Date, the Purchaser takes any of the following actions: (i) pays a dividend or makes a distribution on Purchaser Common Stock, in each case, in shares of Purchaser Common Stock; (ii) subdivides the outstanding shares of Purchaser Common Stock into a greater number of shares, or (iii) combines the outstanding shares of Purchaser Common Stock into a smaller number of shares, the maximum and minimum number of shares of Purchaser Common Stock issuable as Merger Consideration, as set forth in the first and second provisos, respectively, of the immediately preceding sentence of this Section 3.1(c), shall on the effective date of such action, each be adjusted by multiplying such number by a fraction (A) the numerator of which shall be the number of shares of Purchaser Common Stock outstanding immediately following such action and (B) the denominator of which shall be the number of shares of Purchaser Common Stock outstanding immediately prior to such action.

3.2. Dissenting Shares. (a) Notwithstanding any provision of this Agreement other than Section 3.2(b) to the contrary, any shares ("Dissenting Shares") of Company Common Stock held by a holder who has demanded and perfected his or her right to receive payment for the fair value of his or her shares in accordance with Section 262 of the DGCL (a "Dissenting Shareholder"), and as of the Effective Time has not effectively withdrawn or lost his or her right to receive payment for the fair value of his or her shares, shall not be converted into or represent a right to receive the Merger Consideration as otherwise provided in this Article 3, but the holder thereof shall only be entitled to such rights as are granted by Section 262 of the DGCL.

(b) Notwithstanding the provisions of Section 3.2(a), if any holder of shares of Company Common Stock who demands the right to receive payment for the fair value of his or her shares under the DGCL shall effectively withdraw or lose (through failure to perfect or otherwise) his or her right to receive payment for the fair value of his or her shares of Company Common Stock, then as of the Effective Time or the occurrence of such event, whichever last occurs, such holder's shares of Company Common Stock shall automatically be converted into and represent only the right to receive the Merger Consideration as otherwise provided in this Article 3.

3.3. Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of shares of Company Common Stock thereafter on the records of the Company. If, after the Effective Time,

Certificates are presented to the Surviving Corporation, they shall be cancelled and exchanged for the Merger Consideration as provided in this Article 3 (unless such Certificates represent Dissenting Shares).

3.4. Exchange of Shares of Company Common Stock. (a) At the Effective Time, the Surviving Corporation shall cause to be deposited with the Exchange Agent that number of shares of Surviving Common Stock to be issued in the Merger as contemplated by Section 3.1(c). The Exchange Agent shall agree to hold such shares in trust and deliver such shares as contemplated by Section 3.1 and upon such additional terms as may be agreed upon by the Exchange Agent, the Company and the Purchaser prior to the Effective Time.

(b) As promptly as practicable after the Effective Time, the Surviving Corporation shall mail or cause the Exchange Agent to mail to each holder of outstanding Company Common Stock of record as of the Effective Time (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the shares of Company Common Stock shall pass, only upon proper delivery of the Certificates representing such shares of Company Common Stock to the Exchange Agent and shall be in such form and have such other provisions as the Purchaser and the Company may reasonably specify) and (ii) instructions for use in effecting the exchange of the Certificates for payment therefor as hereinabove provided. Upon surrender to the Exchange Agent of a Certificate, together with such letter of transmittal duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor certificates registered in the name of such holder representing the number of whole shares of Surviving Common Stock into which any shares of Company Common Stock previously represented by the surrendered Certificate shall have been converted at the Effective Time (plus a check payable to such holder representing the payment of cash in lieu of fractional shares of Surviving Common Stock determined as set forth in Section 3.4(e)). Until surrendered as contemplated by the preceding sentence, each Certificate (other than Certificates representing shares of Company Common Stock cancelled pursuant to Section 3.1(b) and Dissenting Shares) that immediately prior to the Effective Time shall have represented any shares of Company Common Stock shall be deemed at and after the Effective Time to represent only the right to receive upon such surrender, the certificates of Surviving Common Stock contemplated by the preceding sentence, and such Certificate shall then be cancelled. No interest will be paid or accrued on the cash payable, if any, upon the surrender of the Certificate.

(c) If any certificates representing shares of Surviving Common Stock is to be paid to or issued in a name other than the Person in whose name the Certificate surrendered is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the Person requesting such payment shall (i) pay transfer or other Taxes required by reason of the issuance of a certificate representing shares of Surviving Common Stock in any name to a Person other than the registered holder of the Certificate surrendered or (ii) establish to the satisfaction of the Surviving Corporation that such Tax has been paid or is not applicable.

(d) Any instruments remaining with the Exchange Agent eighteen months following the Effective Time shall be returned to the Surviving Corporation, after which time

former shareholders of the Company, subject to applicable law, shall look only to the Surviving Corporation for payment of the Merger Consideration due hereunder, without interest thereon.

(e) No certificates or scrip representing fractional shares of Surviving Common Stock shall be issued upon the surrender for exchange of Certificates. No dividend or distribution of the Surviving Corporation shall relate to any fractional share and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of the Surviving Corporation. In lieu of any fractional share of Surviving Common Stock, there shall be paid to each holder of shares of Company Common Stock entitled to a fractional share of Surviving Common Stock an amount of cash, without interest, determined by multiplying such fraction by the Average Market Price. No such payment shall be made to the holder of any unsurrendered Certificates until such Certificates shall be surrendered as provided herein.

(f) No dividends or other distributions declared after the Effective Time with respect to Surviving Common Stock and payable to the holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered Certificates with respect to which the shares of Surviving Common Stock shall have been issued in the Merger until such Certificates shall be surrendered as provided herein, but (i) upon such surrender there shall be paid to the shareholder in whose name certificates representing Surviving Common Stock shall be issued the amount of dividends theretofore paid with respect to such whole shares of Surviving Common Stock as of any record date subsequent to the Effective Time and (ii) at the appropriate payment date, or as soon as practicable thereafter, there shall be paid to such shareholder the amount of dividends with a record date on or after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole shares of Surviving Common Stock, subject in any case to any applicable escheat laws. No interest shall be payable with respect to the payment of such dividends on surrender of outstanding Certificates.

(g) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, the Surviving Corporation will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration deliverable in respect thereof in accordance with this Article 3. When authorizing such issuance of the Merger Consideration in exchange therefor, the Board of the Surviving Corporation may, in its reasonable discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to give the Surviving Corporation a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against the Surviving Corporation with respect to the Certificate alleged to have been lost, stolen or destroyed.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Company as follows:

4.1. Corporate Status. Each of the Purchaser and EGC is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New Jersey and has the corporate power and authority to carry on its business as now being conducted. Each of the Purchaser and EGC is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the businesses conducted, by it require such qualification, except for such failures to be qualified or to be in good standing, if any, which when taken together with all such other failures of the Purchaser and EGC have not had and, so far as can be reasonably foreseen at this time, will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole. The Purchaser has previously delivered to the Company complete and correct copies of its Articles of Incorporation, as amended, and By-Laws, as amended.

4.2. Capitalization of the Purchaser. The authorized capital stock of the Purchaser consists of 15,000,000 shares of Purchaser Common Stock and 5,000,000 shares of preferred stock. As of June 30, 1993, (a) 8,167,525 shares of Purchaser Common Stock were issued and outstanding, (b) 49,539 shares of Purchaser Common Stock were held in the treasury of the Purchaser or owned by any Subsidiary of the Purchaser and (c) 266,674 shares of Purchaser common stock were reserved for issuance pursuant to Purchaser's employee benefit plans (including stock option plans) and the Purchaser's dividend reinvestment and stock purchase plan. There are no issued or outstanding shares of preferred stock of the Purchaser. All outstanding shares of Purchaser Common Stock are validly issued, fully paid and nonassessable. The shares of Surviving Common Stock to be issued in the Merger pursuant to Article 3 will, at the Effective Time, be duly authorized, and when issued pursuant to this Agreement, will be validly issued, fully paid and nonassessable and will not have been issued in violation of any preemptive rights. Except for this Agreement and as disclosed in this Section 4.2, there are no outstanding subscriptions, securities, options, warrants, rights or other agreements or commitments to which the Purchaser or any Subsidiary is a party that (i) calls for the issuance, sale or disposition of any shares of capital stock of the Purchaser or any Subsidiary or any securities convertible into, or other rights to acquire, any shares of capital stock of the Purchaser or any Subsidiary, other than the obligations and commitments of any Subsidiary to issue shares of its capital stock to the Purchaser, or (ii) relates to the voting of such capital stock, securities or rights.

4.3. EGC Common Stock. All of the outstanding shares of EGC Common Stock are owned by the Purchaser free and clear of all liens, claims, agreements or encumbrances except as set forth on Schedule 4.3 hereto.

4.4. Authority; Binding Effect. The Purchaser has the corporate power to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Purchaser and EGC (except on the date hereof, for any corporate action required under the NJBCA in connection with the EGC Merger). Assuming the filings, consents and approvals contemplated by this Agreement are obtained or made, neither the Purchaser nor EGC is subject to or obligated under any provision of (a) its Articles of Incorporation, as amended, or its By-Laws, as amended, (b) except as set forth on Schedule 4.4 hereto, any contract, agreement, license, franchise, permit or other instrument or (c) any law, statute, ordinance, rule, regulation, order, judgment, decree or injunction, which would be breached or violated by the Purchaser's execution, delivery and performance of this Agreement or the performance of the transactions contemplated hereby other than, with respect to the foregoing clauses (b) and (c), such breaches and violations which in the aggregate (i) will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole or will be cured, waived or terminated prior to the Effective Time and (ii) will not impair the ability of the Purchaser or EGC to perform its obligations hereunder and under the other instruments and documents required or contemplated by this Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes the valid and binding agreement of the Purchaser enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, reorganization or affecting creditors' rights generally and except to the extent that injunctive or other equitable relief is within the discretion of a court.

4.5. Consents. Other than in connection or in compliance with (a) the HSR Act, (b) the filing with the SEC of (i) the Registration Statement and (ii) reports under the Exchange Act, (c) filings under state securities laws, (d) the filing of a certificate of merger with the Secretary of State of the State of Delaware, the filing of certificates of merger with the Secretary of State of the State of New Jersey and appropriate documents with the relevant authorities of other states in which the Company, the Purchaser or EGC is qualified to do business, (e) the DGCL, (f) the Public Utility Laws, (g) the Delaware anti-takeover laws applicable to the Merger, (h) the NJBCA, (i) the NJPUL, (j) the PUHCA, (k) ISRA, (l) environmental laws of the States of North Carolina, Pennsylvania, Maryland and New York, (m) statutes and regulations administered by FERC and (n) the transfer of EGC's franchises and the Company's franchises to the Purchaser, no consent, license, permit, approval, order or authorization of, or filing with, any Governmental Entity is required to be obtained or made by the Purchaser or any Subsidiary, in connection with the execution, delivery or performance by the Purchaser and EGC of this Agreement and the instruments and documents required to be executed by them pursuant hereto or the consummation by Purchaser and EGC of the transactions contemplated hereby, other than those which the failure to obtain or make would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.6. Information Provided. None of the information supplied by the Purchaser or any of its Subsidiaries, included or incorporated by reference in the Registration Statement or the Proxy Statement will, (a) at the date the Registration Statement or any post-effective amendment thereof becomes effective, (b) at the date the Proxy Statement is mailed to the shareholders of the Company, (c) at the date of the Shareholders Meeting of the Company and (d) at all other times subsequent to such effectiveness, mailings or meetings up to and including the Effective Time,

contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

4.7. Absence of Material Adverse Effect. Except as disclosed in the Purchaser Reports, or except as contemplated by this Agreement, since September 30, 1992, there has not been any Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.8. SEC Filings; Financial Statements. The Purchaser has heretofore delivered to the Company, and made available to the Company the Exhibits to, (a) the Purchaser's Annual Reports on Form 10-K for the fiscal years ended September 30, 1992, 1991 and 1990, (b) the Purchaser's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993 and December 31, 1992 and (c) each prospectus, definitive proxy statement, report and other filing filed by the Purchaser with the SEC since September 30, 1992 and prior to the date hereof (collectively, the "Purchaser Reports") pursuant to the Securities Act or the Exchange Act. Since September 30, 1992, the Purchaser has filed with the SEC all reports and registration statements and all other filings required to be filed by it with the SEC pursuant to the Securities Act and the Exchange Act. As of their respective dates, the Purchaser Reports did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited and unaudited consolidated financial statements of the Purchaser and its consolidated Subsidiaries, included in the Purchaser Reports have been prepared in conformity with generally accepted accounting principles in all material respects and fairly present, in all material respects, the consolidated financial position of the Purchaser and its consolidated Subsidiaries as of the dates thereof and the results of their operations and their cash lows for each of the periods then ended of the Purchaser and its consolidated Subsidiaries subject where appropriate to normal year end adjustments.

4.9. Litigation. As of the date hereof, except as described in the Purchaser Reports, (a) there is no action, suit, proceeding or, to the best knowledge of the Purchaser, investigation pending and to the best knowledge of the Purchaser, there is no action, suit, proceeding or investigation threatened against or affecting the Purchaser or any Subsidiary of the Purchaser, or any of their respective properties before any Governmental Entity, which, individually or in the aggregate, if adversely determined, would result in any Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and (b) neither the Purchaser nor any Subsidiary of the Purchaser is subject to any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator which has a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.10. Tax Returns and Audits. Each of the Purchaser and its Subsidiaries has duly filed all federal income tax returns required to be filed by it and has duly filed all other federal, state, local and foreign Tax returns and reports required to be filed by it, except where the failure so to file such other federal, state, local and foreign Tax returns and reports would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole, and has duly paid or made adequate provision on its books in accordance with generally accepted accounting principles for the payment of all Taxes which have been incurred or are due and payable, except where the failure so to pay would not have a Material Adverse Effect on the

Purchaser and its Subsidiaries taken as a whole. As of the date of this Agreement and except as disclosed in the Purchaser Reports or Schedule 4.10 hereto, (a) there are no pending audits, examinations or proposed audits or examinations of any Tax returns filed by the Purchaser or any of its Subsidiaries except where the outcome of such audits or examinations would not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and (b) neither the Purchaser nor any of its Subsidiaries have given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which the Purchaser or any of its Subsidiaries may be liable. As of the date of this Agreement, the consolidated federal income tax returns of the Purchaser and its Subsidiaries have been audited by the Internal Revenue Service (or the appropriate statute of limitations has expired) for all fiscal years through and including September 30, 1986. All deficiencies asserted or proposed as a result of any examinations or audits of any Tax returns have been paid or adequately provided for on the books of the Purchaser or one of its Subsidiaries in accordance with generally accepted accounting principles or will not have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole.

4.11. Certain Agreements. Except as disclosed in the Purchaser Reports, as of the date of this Agreement, neither the Purchaser nor any Subsidiary, is a party to any oral or written contract, agreement, understanding or commitment (except those entered into in the ordinary course of business) having a material effect on the Purchaser and its Subsidiaries taken as a whole.

4.12. PUHCA. The Purchaser is exempt from all provisions of the PUHCA, other than Section 9(a)(2) thereof.

4.13. Labor Controversies. There are no controversies which would have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, pending or, to the best knowledge of the Purchaser, threatened between the Purchaser or any of its Subsidiaries, and any representatives of any of their employees and, to the best knowledge of the Purchaser, there are no material organizational efforts presently being made involving any of the presently unorganized employees of the Purchaser or any of its Subsidiaries. Each of the Purchaser and its Subsidiaries, has, to the best knowledge of the Purchaser, complied in all material respects with all laws relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment or withholding of social security and similar Taxes, and no Person has, to the best knowledge of the Purchaser, asserted that the Purchaser or its Subsidiaries is liable in any material amount for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing.

4.14. Insurance. The Purchaser and its Subsidiaries, have maintained, and are now maintaining with what they reasonably believe are financially responsible insurance companies, insurance on their tangible assets and their business in such amounts and against such risks and losses as is customary for companies engaged in the industries in which the Purchaser and its Subsidiaries, conduct their businesses.

4.15. Brokers or Finders. No broker, finder or investment banker is entitled to any brokerage, finder's fee or other commission or fee in connection with the transactions

contemplated hereby based on arrangements made by or on behalf of the Purchaser or any Subsidiary of the Purchaser.

4.16. Continuity of Business Enterprise; No Plan to Repurchase Stock. The Purchaser presently plans and intends for the Surviving Corporation either (i) to continue the Company's historic business after the Merger or (ii) to use a significant portion of the Company's historic business assets in a business. There is no present plan or intention on the part of the Purchaser or the Surviving Corporation to redeem or repurchase the Surviving Common Stock to be issued to the Company's shareholders in connection with the Merger.

4.17. Compliance Issues. There are no suits, claims or proceedings before any Governmental Entity, past or on-going which taken individually or in the aggregate would be grounds for a Governmental Entity to refuse, deny or materially delay the issuance or approval of any license, permit, consent or other authorization necessary to consummate the Merger.

4.18. Exclusivity of Representations and Warranties. Except for the representations and warranties contained in this Article 4, the Purchaser makes no other representations or warranties, express or implied, and the Purchaser hereby disclaims any such representations or warranties, whether by the Purchaser, any Subsidiary of the Purchaser, or any of their respective officers, directors, employees, agents or representatives, or any other Person, with respect to this Agreement and the transactions contemplated hereby, notwithstanding the delivery or disclosure to the Company or any Subsidiary of the Company or any of their respective directors, officers, employees, agents or representatives, or any other Person, of any documentation or other information by the Purchaser, any Subsidiary of the Purchaser, or any of their respective directors, officers, employees, agents or representatives, or any other Person, with respect to any one or more of the foregoing.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Purchaser as follows:

5.1. Corporate Status. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its businesses as they are now being conducted. The Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the businesses conducted, by it require such qualification, except for such failures to be qualified or to be in good standing which when taken together with all such other failures of the Company and its Subsidiaries have not had and, so far as can reasonably be foreseen at this time, will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. The Company has previously delivered to the Purchaser complete and correct copies of its Articles of Incorporation, as amended, and By-Laws, as amended.

5.2. Subsidiaries. Each Subsidiary of the Company is listed on Schedule 5.2 hereto. Each Subsidiary of the Company is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the corporate power to carry on its businesses as they are now being conducted. Each Subsidiary of the Company is duly qualified as a foreign corporation to do business, and is in good standing, in each jurisdiction where the properties owned, leased or operated, or the business conducted, by it require such qualification, except for such failures to be qualified or to be in good standing which when taken together with all such other failures of the Company and its Subsidiaries have not had and, so far as can reasonably be foreseen at this time, will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. All of the outstanding shares of the capital stock of each of the Subsidiaries of the Company have been validly issued, and are fully paid and nonassessable. All of the outstanding shares of common stock of each of the Subsidiaries of the Company are owned by the Company, directly or indirectly through one or more other Subsidiaries, free and clear of all liens, pledges, claims and other encumbrances.

5.3. Capitalization of the Company. The authorized capital stock of the Company consists of 300,000 shares of Company Common Stock. As of June 30, 1993, (a) 235,857 shares of Company Common Stock were issued and outstanding and (b) no shares of Company Common Stock were held in the treasury of the Company or owned by any Subsidiary of the Company. As of such date no other shares of Company Common Stock were reserved for any other Plan of the Company or any of its Subsidiaries or any other shareholder or employee benefit plan (including stock option plans). There are no issued or outstanding preferred stock, bonds, debentures, notes or other indebtedness or other securities having the right to vote on any matters, including the Merger, on which the Company's shareholders may vote in connection with the Merger. All outstanding shares of Company Common Stock are validly issued, fully paid and nonassessable. Except for this Agreement, there are no outstanding subscriptions, securities, options, warrants, rights or other agreements, understandings or commitments to which the Company or any Subsidiary is a party that (i) calls for the issuance, sale or disposition of any shares of capital stock of the Company or any Subsidiary or any securities convertible into, or other rights to acquire, any shares of capital stock of the Company or any Subsidiary, or (ii) relates to the voting of such capital stock, securities or rights.

5.4. Authority; Binding Effect. The Company has the corporate power to execute and deliver this Agreement and, subject to approval of this Agreement and the Merger by the shareholders of the Company, to perform its obligations hereunder. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company (except, on the date hereof, for the approval of this Agreement by the shareholders of the Company). Assuming the filings, consents and approvals contemplated by this Agreement are obtained or made, neither the Company nor any of its Subsidiaries is subject to or obligated under any provision of (a) its Articles of Incorporation (or comparable charter documents) or By-Laws, (b) except as set forth on Schedule 5.4 hereto, any contract, agreement, license, franchise, permit or other instrument or (c) any law, statute, ordinance, rule, regulation, order, judgment, decree or injunction, which would be breached or violated by the Company's execution, delivery and performance of this Agreement or the performance of the transactions contemplated hereby, other than, with respect to the foregoing clauses (b) and (c), such breaches and violations which in the aggregate (i) will not have a Material Adverse Effect on the Company and its Subsidiaries

taken as a whole or will be cured, waived or terminated prior to the Effective Time and (ii) will not impair the ability of the Company to perform its obligations hereunder and under the other instruments and documents required or contemplated by this Agreement. This Agreement has been duly executed and delivered by the Company and constitutes the valid and binding agreement of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable laws relating to bankruptcy, insolvency, reorganization or affecting creditors' rights generally and except to the extent that injunctive or other equitable relief is within the discretion of a court.

5.5. Consents. Other than in connection or in compliance with (a) the HSR Act, (b) the filing with the SEC of the Registration Statement, (c) filings under state securities laws, (d) the filing of a certificate of merger with the Secretary of State of the State of Delaware, the filing of certificates of merger with the Secretary of State of the State of New Jersey and appropriate documents with the relevant authorities of other states in which the Company, the Purchaser or EGC is qualified to do business, (e) the DGCL, (f) the Public Utility Laws, (g) the Delaware anti-takeover laws applicable to the Merger, (h) the NJBCA, (i) the NJPUL, (j) the PUHCA, (k) ISRA, (l) environmental laws of the States of North Carolina, Pennsylvania, Maryland and New York, (m) statutes and regulations administered by FERC and (n) the transfer of the Company's franchises to the Purchaser, no consent, license, permit, approval, order or authorization of, or filing with, any Governmental Entity is required to be obtained or made by the Company or any Subsidiary in connection with the execution, delivery or performance by the Company of this Agreement and the instruments and documents required to be executed by it pursuant hereto or the consummation by the Company and its Subsidiaries of the transactions contemplated hereby, other than those which the failure to obtain or make would not have a Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.6. Financial Statements; Regulatory Filings and Other Disclosure. The Company has heretofore delivered to the Purchaser (a) the audited consolidated financial statements of the Company and its consolidated Subsidiaries at and for each of the years ended September 30, 1992, 1991 and 1990, (b) the unaudited consolidated financial statements of the Company and its consolidated Subsidiaries for the quarters ended December 31, 1992 and March 31, 1993, (c) the Company's and each of its Subsidiaries Annual Reports to its shareholders for the fiscal years ended September 30, 1992, 1991 and 1990, (d) copies of all materials distributed to the shareholders of the Company since September 30, 1992 and (e) filings by the Company or any of its Subsidiaries with state regulatory authorities since September 30, 1989 (items (a) through (e) collectively to be known as, the "Company Reports"). As of their respective dates, the Company Reports did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The audited and unaudited consolidated financial statements of the Company and its consolidated Subsidiaries included in the Company Reports have been prepared in conformity with generally accepted accounting principles, in all material respects, and fairly present, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the results of their operations and their cash flows for each of the periods then ended of the Company and its consolidated Subsidiaries subject where appropriate to normal year end adjustments.

5.7. Absence of Material Adverse Effect. Since September 30, 1992, there has not been any Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.8. Litigation. As of the date hereof, except as set forth on Schedule 5.8 hereto, (a) there is no action, suit, proceeding or, to the best knowledge of the Company, investigation pending and, to the best knowledge of the Company, there is no action, suit, proceeding or investigation threatened against or affecting the Company or any of its Subsidiaries, or any of their respective properties before any Governmental Entity, which, individually or in the aggregate, if adversely determined, would result in any Material Adverse Effect on the Company and its Subsidiaries taken as a whole and (b) neither the Company nor any of its Subsidiaries is subject to any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator which has a Material Adverse Effect on the Company and the Subsidiaries of the Company taken as a whole.

5.9. Employee Benefit Plans. (a) Except as set forth on Schedule 5.9 hereto, neither the Company nor any of its Subsidiaries, maintains or contributes to any Plan, whether formal or informal, and there are no agreements, understandings or commitments to create any such Plan or to modify or change any existing Plan of the Company or any of its Subsidiaries (collectively, "Company Plans"), except as disclosed to Purchaser in writing prior to the date hereof. None of the Company Plans is a funded "welfare benefit plan" within the meaning of Section 419 of the Code or a "multiple employer plan" within the meaning of the Code or ERISA. Except as set forth on Schedule 5.9 hereto, the Company does not now, and has not for the five calendar years preceding the date hereof contributed to, a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA.

(b) The Company has heretofore delivered to the Purchaser true, correct and complete copies of (i) all documents which comprise the most current version of each of the Company Plans, including any related trust agreements, insurance contracts and drafts of proposed amendments, (ii) the three most recent Annual Reports (Form 5500 Series) and accompanying schedules as filed for each of the Company Plans for which such a report is required, (iii) the most current Summary Plan Description, if available (and any summary of material modifications) for each Company Plan, (iv) the three most recent audited financial statements for each of the Company Plans for which such a statement is required or was prepared, (v) the three most recent actuarial reports for each of the Company Plans for which such a report is required or was prepared and (vi) the most recent determination, if any, issued by the Internal Revenue Service with respect to each Company Plan's qualified status under Section 401(a) of the Code. Since the date of the documents delivered, there has not been any material change in the assets and liabilities of any of the Company Plans or any change in their terms and operations which could reasonably be expected to affect or alter the tax status or materially affect the cost of maintaining such Company Plan.

(c) Except as heretofore disclosed to the Purchaser's counsel, the Company and its Subsidiaries have each performed and complied in all material respects with all of their obligations under and with respect to the Company Plans and each of the Company Plans has, at all times, in form and operation complied in all material respects with its terms, and, where

applicable, the requirements of ERISA and the Code, and has not incurred any federal income or excise tax liability.

(d) Except as heretofore disclosed to the Purchaser's counsel, each Company Plan which is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) has received a determination from the Internal Revenue Service that it is qualified pursuant to Section 401(a) of the Code and nothing has occurred since the date of any such determination to cause the loss of such qualification.

(e) None of the Company Plans has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code), and there is no unpaid contribution due prior to the date hereof with respect to any such Company Plan that is required to have been made under the terms of such Company Plan, Section 412 of the Code or Part 3 of Subtitle B of Title I of ERISA. No "reportable event" (as defined in Section 4043(b) of ERISA) has occurred with respect to any Company Plan. The actuarial present value (based on the actuarial assumptions used in the most recent actuarial valuation) of vested and nonvested "benefit liabilities," (as defined in Section 4001(a)(16) of ERISA) of each Company Plan that is subject to Title IV of ERISA, determined as of the most recent valuation date for each such Company Plan, using the actuarial method and assumptions used in the most recent actuarial valuation, did not exceed the aggregate fair market value of the assets of such Company Plan on such date, and no event has occurred since such date that would materially increase or decrease the value of such assets or liabilities.

(f) Neither the Company nor any of its Subsidiaries has any obligation to provide health or other non-pension related benefits to former employees, except as specifically required by law or as set forth on Schedule 5.9 hereto. The Company has satisfied all requirements imposed upon it to provide "continuous coverage" to such employees pursuant to the Consolidated Omnibus Budget Reconciliation Act.

(g) Neither the Company nor any of its Subsidiaries nor any other "disqualified person" or "party in interest" (as defined in Section 4975 of the Code and Section 3(14) of ERISA, respectively) has engaged in any "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) with respect to any Company Plan, nor have there been any fiduciary violations under ERISA which could subject any such Company Plan (or its related trust), or the Company or any of its Subsidiaries (or any officer, director, employee, agent or representative thereof) to the penalty or Tax under Section 502(i) of ERISA or Sections 4971 and 4975 of the Code.

(h) As of the date of this Agreement (i) no filing, application or other matter with respect to any of the Company Plans is pending with the Internal Revenue Service, Pension Benefit Guaranty Corporation, United States Department of Labor or any other Governmental Entity and (ii) there is no action, suit or claim pending, other than routine claims for benefits, against or in any manner relating to any Company Plan.

(i) Neither the Company nor any of its Subsidiaries has incurred any liability or taken any action or has any knowledge of any action or event that could cause either of them to

incur any liability under Section 412 of the Code or Title IV of ERISA with respect to any "single-employer plan" (as defined in Section 4001(a)(15) of ERISA).

(j) Except as set forth in Section 7.5, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, (i) entitle any current or former employee of the Company or any of its Subsidiaries to severance pay, unemployment compensation or any similar payment, (ii) accelerate the time of payment or vesting or increase the amount of any compensation due to any such employee or former employee, or (iii) directly or indirectly result in any payment made or to be made to or on behalf of any Person to constitute a "parachute payment" within the meaning of Section 280G of the Code.

5.10. Information Provided. None of the information supplied by the Company or any of its Subsidiaries included or incorporated by reference in the Registration Statement on Form S-4 (or such other form as shall be applicable to the registration of Purchaser Common Stock to be issued in connection with the Merger) to be filed by the Purchaser with the SEC under the Securities Act in order to register thereunder the shares of Purchaser Common Stock to be issued in connection with the Merger, including any amendments thereof (the "Registration Statement"), or the Proxy Statement contained therein to be used by the Company in soliciting proxies of its shareholders with respect to the Merger, including any amendments thereof or supplements thereto (the "Proxy Statement"), will, (i) at the date the Registration Statement is any post-effective amendment thereof becomes effective, (ii) at the date the Proxy Statement is mailed to the shareholders of the Company, (iii) at the date of the Shareholders Meeting of the Company and (iv) at all other times subsequent to such effectiveness, mailings or meeting up to and including the Effective Time, contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

5.11. Brokers or Finders. No broker, finder or investment banker is entitled to any brokerage, finder's fee or other commission or fee in connection with the Merger based upon arrangements made by or on behalf of the Company, except for a fee payable to Berwind Financial Group, Inc. pursuant to an agreement which has been delivered to the Purchaser prior to the date of this Agreement.

5.12. Tax Returns and Audits. Each of the Company and its Subsidiaries has duly filed all federal income tax returns required to be filed by it and has duly filed all other federal, state, local and foreign Tax returns and reports required to be filed by it, except where the failure so to file such other federal, state, local and foreign Tax returns and reports would not have a Material Adverse Effect on the Company and its Subsidiaries, taken as a whole, and has duly paid or made adequate provision on its books in accordance with generally accepted accounting principles for the payment of all Taxes which have been incurred or are due and payable, except where the failure so to pay would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as set forth on Schedule 5.12 hereto, (a) there are no pending audits, examinations or proposed audits or examinations of any Tax returns filed by the Company or any of its Subsidiaries except where the outcome of such audits or examinations would not have a Material Adverse Effect on the Company and its Subsidiaries

taken as a whole and (b) neither the Company nor any of its Subsidiaries have given or been requested to give waivers or extensions of any statute of limitations relating to the payment of Taxes for which the Company or any of its Subsidiaries may be liable. As of the date of this Agreement, the consolidated federal income tax returns of the Company and its Subsidiaries have been audited by the Internal Revenue Service (or the appropriate statute of limitations has expired) for all fiscal years through and including September 30, 1989. All deficiencies asserted or proposed as a result of any examinations or audits of any Tax returns have been paid or adequately provided for on the books of the Company or one of its Subsidiaries in accordance with generally accepted accounting principles or will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Except as set forth on Schedule 5.12 hereto, neither the Company nor any of its Subsidiaries (i) is a party to any agreement providing for the allocation, payment or sharing of Taxes among the Company, its Subsidiaries or any third parties, (ii) has any net operating loss carryovers, net capital loss carryovers or any other items the use of which, by deduction or credit or otherwise, would or may be limited by Section 382 of the Code, (iii) has filed any consent to the application of Section 341(f) of the Code with respect to any of its property, (iv) has an application pending with respect to any Tax requesting permission for a change in accounting method, (v) is required to make any adjustments to income pursuant to Section 481 of the Code or (vi) owns or leases any real property or otherwise holds any interest in real property that would or may subject the parties hereto or the Surviving Corporation to a transfer or gains tax as a result of the Merger.

5.13. Certain Agreements. Except as disclosed on Schedule 5.13 hereto, as of the date of this Agreement, none of the Company or any of its Subsidiaries is a party to any oral or written (a) employment, severance or collective bargaining agreement or consulting agreement not terminable on 60 days or less notice, (b) agreement, understanding or commitment with any executive officer or other employee of the Company or any of its Subsidiaries, (i) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company or any of its Subsidiaries of the nature of the transactions contemplated hereby or (ii) providing severance benefits or other benefits after the termination of employment of such executive officer or employee regardless of the reason for such termination of employment, (c) agreement, plan, arrangement, understanding or commitment under which any Person may receive payments subject to the Tax imposed by Section 4999 of the Code, (d) agreement, plan, understanding or commitment, including any stock option plan, incentive compensation plan, "phantom stock" plan, stock appreciation right plan, restricted stock plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of the transactions contemplated hereby, or the value of any of the benefits of which will be calculated on the basis of the transactions contemplated hereby, (e) agreement, trust, escrow account or bond to secure or provide for the payment of any amounts to any officers, employees or directors of the Company or any of its Subsidiaries, (f) franchise agreements or other authority of any Person authorizing the Company or any of its Subsidiaries to operate as a public utility or a public service company, (g) contracts for the purchase, sale or transportation of gas or (h) any (i) agreement, contract, indenture or other instrument, understanding or commitment relating to the borrowing of money or the guarantee of any obligation for the borrowing of money, in each case in excess of $15,000 or (ii) other agreement, contract, understanding or commitment having or reasonably foreseeable as

having in the future a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.14. PUHCA. The Company is not subject to the provisions of the PUHCA.

5.15. Labor Controversies. There are no controversies which would have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole, pending or, to the best knowledge of the Company, threatened between the Company or any of its Subsidiaries and any employees or any representatives of any of their employees and, to the best knowledge of the Company, there are no material organizational efforts presently being made involving any of the presently unorganized employees of the Company or any of its Subsidiaries. Each of the Company and its Subsidiaries has, to the best knowledge of the Company, complied in all material respects with all laws relating to the employment of labor, including any provisions thereof relating to wages, hours, collective bargaining and the payment or withholding of social security and similar Taxes, and no Person has, to the best knowledge of the Company, asserted that the Company or any of its Subsidiaries is liable in any material amount for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing.

5.16. Insurance. The Company and its Subsidiaries have each maintained, and are now maintaining with what they reasonably believe are financially responsible insurance companies, insurance on their tangible assets and their businesses in such amounts and against such risks and losses as is customary for companies engaged in the industries in which the Company and its Subsidiaries conduct their businesses. All claims known to the Company or any of its Subsidiaries which the Company or such Subsidiary is obligated, under the terms of any insurance contract or otherwise, to report to one or more insurers have been duly and timely reported.

5.17. Plant, Property, Equipment and Other Assets. Schedule 5.17 hereto lists any real and personal property which has a replacement value of $25,000 or more owned or leased by the Company or any of its Subsidiaries. Each of the Company and its Subsidiaries has good, clear and marketable or insurable title to all the properties and assets listed on Schedule 5.17 hereto or acquired after the date hereof free and clear of all claims, liens, pledges, charges, security interests or other encumbrances of any nature whatsoever except (a) statutory liens securing payments not yet due and (b) such imperfections or irregularities of title, claims, liens, pledges, charges, security interests or other encumbrances as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties, or as do not materially impair the marketability thereof. The Company or one of its Subsidiaries is the lessee of all leases listed on Schedule 5.17 hereto or acquired after the date hereof and is in possession of the properties purported to be leased thereunder and each such lease is valid without default thereunder by the lessee or, to the best knowledge of the Company, the lessor.

5.18. Computer Software. Schedule 5.18 hereto lists all computer software programs used by the Company or any of its Subsidiaries other than any such programs the unavailability for use of which by the Company or such Subsidiary would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole. Schedule 5.18 hereto sets

forth whether each computer software program listed thereon is owned by the Company or such Subsidiary (the "Owned Software"), or licensed by the Company or such Subsidiary from a third party (the "Licensed Software"). The Owned Software is owned by the Company or such Subsidiary free and clear of any claim, lien, pledge, charge, security interest or other encumbrance of any nature. The Licensed Software is used pursuant to certain agreements, true and correct copies of which have been provided to the Purchaser prior to the execution of this Agreement. There are no infringement suits, actions or proceedings pending or, to the best knowledge of the Company, threatened against the Company or any of its Subsidiaries with respect to any of the Owned Software.

5.19. Defaults. The Company and its Subsidiaries are not in default under or in violation of any provision of their respective Articles of Incorporation or By-laws or any franchise, indenture, mortgage, deed of trust, loan agreement, or any other agreement, understanding or commitment of any kind to which any of them is a party or by which any of them is bound or to which any of their properties is subject which default, or defaults in the aggregate, has or could have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.20. Absence of Certain Changes or Events. Since the date of the most recent audited financial statements included in the Company Reports, the Company and its Subsidiaries have conducted their respective businesses only in the ordinary course, and there has not been: (a) any damage, destruction or loss, whether covered by insurance or not, that has or could have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (b) any material adverse change in or affecting the businesses, properties, financial position or results of operations of the Company or any of its Subsidiaries which could have a Material Adverse Effect upon the Company and its Subsidiaries taken as a whole; (c) any change in the capital stock or any increase in the long-term debt of the Company or any of its Subsidiaries or (d) any action that, after the execution of this Agreement, is prohibited by Section 6.1.

5.21. Regulation as Utility. The Company and its Subsidiaries operate and are regulated as a public utility only in the States of Pennsylvania, New York, Maryland and North Carolina. The Company is also subject to regulation by the Federal Energy Regulatory Commission. Except as stated in this Section 5.21, neither the Company nor its Subsidiaries are subject to regulation as a public utility or public service company (or similar designation) by any jurisdiction.

5.22. Compliance with Applicable Laws. Except as set forth in Schedule 5.22 hereto, the businesses of the Company and its Subsidiaries are not being conducted in violation of any law, statute, ordinance, rule, regulation, judgment, decree, order or injunction of any Governmental Entity, except for possible violations which individually or in the aggregate do not, and, insofar as reasonably can be foreseen, in the future will not have Material Adverse Effect on the Company and its Subsidiaries taken as a whole. No investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the best knowledge of the Company, threatened, nor has any Governmental Entity indicated an intention to conduct the same, other than those the outcome of which will not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.23. Undisclosed Liabilities. The Company and its Subsidiaries have no obligations or liabilities of any nature, whether absolute, accrued, contingent or otherwise, of a nature required by generally accepted accounting principles to be recognized or disclosed in consolidated financial statements of the Company and its Subsidiaries, which are not reflected in the Company Reports.

5.24. Transfer of Surviving Common Stock. To the best knowledge of the Company, there is no present intention on the part of any shareholder of the Company who holds 1% or more of the Company Common Stock, to sell, transfer or otherwise dispose of the shares of Surviving Common Stock to be received by such shareholder as Merger Consideration.

5.25. Environmental Matters. Except as set forth in Schedule 5.25 hereto, (a) neither the Company nor any of its Subsidiaries has disposed of or arranged for the disposal of any hazardous substances, other than in conformity with applicable laws and regulations, except to the extent that such disposals do not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (b) to the best knowledge of the Company, neither the Company nor any of its Subsidiaries has been designated a potentially liable party for remedial action or response costs nor is under investigation or review by any Governmental Entity in connection with any facility, location, site or other property under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, the Toxic Substance Control Act, the Clean Water Act, the Clean Air Act or comparable state statutes, except to the extent that any such designation does not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (c) to the best knowledge of the Company, the Company and its Subsidiaries' use, generation, processing, production, storage and disposal of hazardous substances is and has been in conformity with applicable laws and regulations; (d) to the best knowledge of the Company, no property currently or previously owned, leased or operated by the Company or any of its Subsidiaries has been used for the treatment, storage or disposal of hazardous substances, or as a landfill or other waste disposal site, except to the extent that such use does not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; (e) to the best knowledge of the Company, underground storage tanks are not and have not been located on or under any property owned, leased or operated by the Company or any of its Subsidiaries, except to the extent that such storage tanks do not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole; and (f) to the best knowledge of the Company, there are no hazardous substances that may pose any material risk to safety, health or the environment on, under or about any property currently or previously owned, leased or operated by the Company or any of its Subsidiaries. For the purposes of this Section 5.25, "hazardous substances" shall mean those substances defined or listed by the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Federal Resource Conservation and Recovery Act, as amended, the Toxic Control Substance Act, the Clean Water Act, the Clean Air Act or comparable state statutes, and regulations thereunder.

5.26. Operating Condition. The Company and its Subsidiaries each (and, upon consummation of the Merger and receipt of the consents, licenses, permits, approvals, orders and authorizations contemplated by Section 5.5, the Surviving Corporation and its Subsidiaries will) own or lease all assets, real and personal, and hold all permits, franchises, licenses and other

approvals or authorizations necessary to carry on the business and operations of each of the Company and its Subsidiaries in substantially the same manner as such business and operations are carried on currently other than those assets, permits, franchises, licenses and other approvals or authorizations the failure of which to so own, lease or hold would not have a Material Adverse Effect on the Company and its Subsidiaries taken as a whole.

5.27. Compliance Issues. There are no suits, claims or proceedings before any Governmental Entity, past or on-going, which taken individually or in the aggregate would be grounds for a Governmental Entity to refuse, deny or materially delay the issuance or approval of any consent, license, permit, order or other authorization necessary to consummate the Merger.

5.28. Exclusivity of Representations and Warranties. Except for the representations and warranties contained in this Article 5, the Company makes no other representations or warranties, express or implied, and the Company hereby disclaims any such representations or warranties, whether by the Company, any Subsidiary of the Company or any of their respective officers, directors, employees, agents or representatives, or any other Person, with respect to this Agreement and the transactions contemplated hereby, notwithstanding the delivery or disclosure to the Purchaser or any of its directors, officers, employees, agents or representatives, or any other Person, of any documentation or other information by the Company, any Subsidiary of the Company or any of their respective directors, officers, employees, agents or representatives, or any other Person, with respect to any one or more of the foregoing.

ARTICLE 6

CONDUCT OF BUSINESS PENDING THE MERGER

6.1. General Conduct of Company Business. Except as expressly set forth in this Agreement, during the period from the date of this Agreement to the Effective Time, the Company and each of its Subsidiaries will conduct its operations in the ordinary and usual course of business and consistent with past practice, and the Company and each of its Subsidiaries will use its best efforts to preserve intact its business organizations, to keep available the services of its officers and employees and to maintain satisfactory relationships with customers, suppliers, distributors and others having business relationships with it. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, prior to the Effective Time, none of the Company nor any of its Subsidiaries will, without the prior written consent of the Purchaser:

(a) Amend its Articles of Incorporation (or comparable charter documents) or By-Laws;

(b) Issue, sell, transfer, distribute, pledge or otherwise encumber or dispose of any shares of capital stock, any options, warrants or rights of any kind to acquire any shares of capital stock or any securities which are convertible into or exchangeable for any shares of capital stock of the Company or any of its Subsidiaries;

(c) (i) Split, combine, recapitalize or reclassify any shares of its capital stock, (ii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any shares of its capital stock or (iii) redeem or otherwise acquire any shares of the capital stock of the Company or any of its Subsidiaries, except (i) any Subsidiary of the Company may declare and pay dividends to the Company or any other Subsidiary of the Company and (ii) the Company may declare and pay to holders of shares of Company Common Stock regular quarterly dividends of not more than $0.44 per share on its customary quarterly dividend declaration and payment dates;

(d) (i) except as set forth on Schedule 6.1 hereto, adopt, enter into or amend any bonus, profit sharing, compensation, stock option, warrant, pension, retirement, deferred compensation, employment, consulting, indemnification, severance, termination or other employee benefit plan, agreement, trust fund or arrangement for the benefit or welfare of any officer, director or employee or (ii) agree to any increase in the compensation (including bonuses) payable or to become payable to any officer, director or employee;

(e) purchase or otherwise acquire by merger, consolidation, acquisition of securities or assets or otherwise, (i) any corporation, partnership, association or other business entity, organization or division thereof or (ii) any assets or properties which, in the case of either clause (i) or clause (ii), would be material, in the aggregate, to the Company and its Subsidiaries taken as a whole;

(f) sell, lease, mortgage, pledge, grant a security interest in or lien on, or otherwise dispose of or encumber any of its assets or properties which are material, in the aggregate, to the Company and its Subsidiaries taken as a whole;

(g) settle or compromise any litigation or regulatory proceeding involving the payment or expenditure of, or an agreement, understanding or commitment to pay over time, an amount in cash, notes or other property, over any amount paid by insurance, in excess of $10,000;

(h) except for (i) short-term indebtedness incurred in the ordinary course of business consistent with past practices and (ii) bank line of credit borrowings that shall not exceed $12,500,000 at any time, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities or guarantee any debt securities of others;

(i) enter into any agreement, understanding or commitment which has a term of more than one year, unless such agreement, understanding or commitment may be terminated by the Company and, after the Effective Time of the Merger, the Surviving Corporation at any time upon no more than thirty (30) days notice without any penalty or payment of any kind; or

(j) Agree, whether in writing or otherwise, to do any of the foregoing.

6.2. No Solicitation or Negotiation. (a) From the date hereof until this Agreement shall have been terminated in accordance with its terms, neither the Company nor any Affiliate of the Company, nor any officer, director, employee, shareholder, representative or

agent of the Company or any Affiliate of the Company, shall, directly or indirectly, solicit or initiate or participate in any way in discussions or negotiations with, or provide any information or assistance to, or enter into an agreement or understanding with any Person or group of Persons (other than the Purchaser) concerning any acquisition, merger, consolidation, liquidation, dissolution, disposition or other transaction that would result in the transfer to any such Person or group of Persons (other than in the ordinary course of business) of all or any substantial part of the business or assets of, or all or any substantial equity interest in, the Company or any of its subsidiaries. The Company shall provide prompt notice to the Purchaser of any such discussions or negotiations.

(b) If at any time from the date hereof and prior to the termination of this Agreement, any Person or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) other than the Purchaser shall have (i) commenced a tender offer for 30% or more of the outstanding shares of the Company Common Stock, the acceptance of which has been recommended by the Board of the Company, or (ii) entered into an agreement, understanding for, or effected, a merger or other business combination with the Company, the acquisition of 30% or more of the outstanding shares of the Company Common Stock or the acquisition of all or any substantial part of the business or assets of the Company, then, at the Purchaser's request, the Company shall (A) pay to the Purchaser (immediately upon submission by the Purchaser of an invoice therefor) in New York Clearing House funds by certified or official bank check payable to the order of the Purchaser the sum of $500,000 plus all of the actual expenses of the Purchaser and its Subsidiaries (including legal fees and expenses) incurred in connection with the negotiation, preparation, execution and delivery of the Letter of Intent, the negotiation, preparation, execution and delivery of this Agreement, and any other actions taken in connection with the transactions contemplated hereby, including due diligence and actions relating to regulatory and other approvals and (B) pay to the Purchaser, not later than the consummation of such tender offer or the closing of such merger, business combination or any such acquisition, as the case may be, in New York Clearing House funds by certified or official bank check payable to the order of the Purchaser the sum of $500,000.

(c) The Company acknowledges that the agreements contained in the immediately preceding paragraph are an integral part of the transactions contemplated hereby, and that, without these agreements, the Purchaser would not have executed this Agreement; accordingly, if the Company fails to pay promptly the amounts set forth in the immediately preceding paragraph when due, the Company shall in addition thereto pay to the Purchaser all costs and expenses (including fees and disbursements of counsel) incurred in collecting such amounts (or any unpaid portion thereof) from the date such payment was required to be made until the date such payment is received by Purchaser at the prime rate as in effect from time to time during such period of Citibank, N.A.

6.3. Cash Dividends of the Purchaser. Prior to the Effective Time, the Purchaser will not, without the prior written consent of the Company, declare, set aside or pay any cash dividend in respect of any shares of Purchaser Common Stock, except that the Purchaser may declare and pay to holders of shares of Purchaser Common Stock regular quarterly dividends of not more than $0.50 per share on its customary quarterly dividend declaration and payment dates.

ARTICLE 7

ADDITIONAL COVENANTS

7.1. Preparation of Registration Statement and Proxy Statement. As promptly as practicable after the date of this Agreement, the Purchaser and the Company shall prepare the Proxy Statement. The Purchaser shall prepare and file the Registration Statement with the SEC, and shall use its reasonable best efforts to respond to any comments of the SEC and to cause the Registration Statement to be declared effective. The Purchaser shall notify the Company promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments of or supplements to the Registration Statement or the Proxy Statement or for additional information. The Purchaser and the Company will supply each other with copies of all correspondence between the Purchaser and the Company or any of their representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Registration Statement, the Proxy Statement or the transactions contemplated hereby. If at any time prior to the Effective Time any event shall occur that should be set forth in an amendment of or a supplement to the Registration Statement or the Proxy Statement, the Purchaser and the Company will prepare promptly and the Purchaser will file such an amendment or supplement with the SEC. The Company will not mail the Proxy Statement, or any amendment thereof or supplement thereto, to its shareholders unless it has first obtained the consent of the Purchaser to such mailing.

7.2. Approval of Shareholders. The Company, acting through its Board, shall, in accordance with applicable law: (a) duly call, give notice of, convene and hold an annual or special meeting of its shareholders (the "Shareholders Meeting") as promptly as practicable but in no event later than December 15, 1993, for the purpose of, among other things, considering and taking action upon this Agreement and the Merger; (b) include in the Proxy Statement the recommendation of its Board that shareholders vote in favor of the approval and adoption of this Agreement and the Merger and (c) use its reasonable best efforts to obtain the necessary approval of this Agreement and the Merger by its shareholders. The Purchaser agrees that, at the Shareholders Meeting, any shares of Company Common Stock then owned by the Purchaser and any Subsidiary or Affiliate of the Purchaser will be voted in favor of adoption and approval of this Agreement and the Merger.

7.3. EGC Merger. The Purchaser will take all required corporate action and the Purchaser and the Company will use their respective reasonable best efforts to obtain all required consents and approval so that on the day of the Effective Time at or after the time of consummation of the Merger, EGC will be merged with and into the Surviving Corporation pursuant to the NJBCA in a transaction which will constitute a complete liquidation under Section 332 of the Code. The Surviving Corporation shall be the surviving corporation in the EGC Merger. Upon the effectiveness of the EGC Merger, all outstanding shares of the EGC Common Stock shall be cancelled.

7.4. Access and Due Diligence. Each of the Purchaser and the Company will afford the other and its representatives reasonable access to all books, records, contracts,

facilities and personnel of the Purchaser and its Subsidiaries or the Company and its Subsidiaries, as the case may be, so that the other may conduct a due diligence investigation, including: analysis and review of financial statements and projections, mortgages and indentures, contracts and agreements, accounting methods, auditors' work papers, assets, liabilities, operations, business plans and prospects.

7.5. Employee Benefits, Management and Employment Agreements. (a) For at least five years after the Effective Time, the Surviving Corporation shall (i) maintain the Company's Retirement Plan and Employee Savings Plan as presently in effect or provide benefits comparable in type and amount to participants in such Plans, and (ii) provide benefits to each officer and other employee of the Company and its Subsidiaries for so long as such officer or other employee is employed during such period by the Surviving Corporation which, in the aggregate, are at least comparable to those currently provided by the Company and its Subsidiaries.

(b) For at least three years after the Effective Time, the Company will retain its independent identity as a division of the Surviving Corporation with its own division board of directors.

(c) At or prior to the Effective Time, the Purchaser shall enter into an employment agreement with Lyle C. Motley, Jr., President and Chief Executive Officer of the Company. Pursuant to such employment agreement, the Surviving Corporation shall agree to employ Mr. Motley for a period of three years, commencing on the Closing Date on the basis of Mr. Motley's title, duties and salary structure as of June 23, 1993. Such employment agreement shall provide that in the event that (i) Mr. Motley terminates his employment because the Surviving Corporation requests Mr. Motley to relocate or Mr. Motley's title or duties are downgraded from his title or duties on June 23, 1993 or (ii) the Surviving Corporation terminates Mr. Motley's employment without cause, the Surviving Corporation shall pay to Mr. Motley the salary payments payable to Mr. Motley under the terms of such employment agreement from the date of such termination through the remainder of such three-year period.

(d) At or prior to the Effective Time, the Purchaser shall enter into employment agreements with (i) James W. Carl, Vice President of the Company, (ii) James K. Turpin, Vice President of the Company, (iii) Bernard L. Smith, Treasurer and Assistant Secretary of the Company, and (iv) Donna S. Scrivens, Secretary of the Company (individually, an "Officer" and collectively, the "Officers"). Pursuant to such employment agreements, the Surviving Corporation shall agree to employ the Officers for a period of two years, commencing on the Closing Date on the basis of the Officers' respective titles, duties and salary structure as of June 23, 1993. Each such employment agreement shall provide that in the event the Surviving Corporation terminates the Officer's employment without cause, the Surviving Corporation shall pay to such Officer the salary payments payable to such Officer under the terms of such employment agreement from the date of such termination through the remainder of such two-year period. Each such employment agreement shall further provide that in the event that the Officer terminates his or her employment because the Surviving Corporation requests the Officer to relocate or the Officer's title or duties are downgraded from such Officer's title or duties on June 23, 1993, the Surviving Corporation shall pay to such Officer an amount equal to the greater of

(A) the salary payments payable to such Officer under the terms of such employment agreement for a period of one year following the date of such termination and (B) one month's salary (at the then current salary) for each year such Officer was employed by the Surviving Corporation (including employment by the Company prior to the Closing Date); provided, however, that in no event shall such payment exceed the salary payments payable to such Officer under the terms of such employment agreement from the date of such termination through the remainder of such two-year period.

(e) In the event the Surviving Corporation terminates without cause the employment of any other employee of the Company during the first year following the Closing Date, the Surviving Corporation shall pay to such employee an amount equal to one week's salary (at the then current salary) for each year such employee was employed by the Surviving Corporation (including employment by the Company prior to the Closing Date).

7.6. HSR Act. The Company and the Purchaser shall, as soon as practicable after the date of this Agreement, file Notification and Report Forms under the HSR Act with the FTC and the Antitrust Division and shall use their respective reasonable best efforts to respond as promptly as practicable to all inquiries received from the FTC or the Antitrust Division for additional information or documentation.

7.7. Regulatory Approvals. As soon as practicable after the date hereof, the Company and the Purchaser will cooperate in the preparation and filing of all materials necessary and desirable to obtain the approval of the transactions contemplated hereby or the disclaimer of jurisdiction with respect thereto by any regulatory body that has jurisdiction over the transactions contemplated hereby.

7.8. Additional Agreements. Subject to the terms and conditions herein provided, each of the parties agrees to use its reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective on or prior to December 31, 1993 the transactions contemplated hereby, including using its reasonable best efforts to obtain all necessary waivers, consents and approvals and effect all necessary registrations and filings, and make all submissions of information requested by Governmental Entities. If at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary or desirable action.

7.9. Notification of Certain Matters. The Company shall give prompt notice to the Purchaser, and the Purchaser shall give prompt notice to the Company, of (a) any information that indicates that any representation or warranty contained herein was not true and correct in any material respect as of the date hereof or will not be true and correct in any material respect as of the Effective Time and (b) the occurrence of any event which will result, or has a reasonable prospect of resulting, in the failure to satisfy a condition specified in Sections 8.1, 8.2 or 8.3, as the case may be.

7.10. Confidentiality. All information provided to the Purchaser and its Subsidiaries, or their Affiliates, representatives or agents by or on behalf of the Company or its Subsidiaries or their Affiliates, representatives or agents concerning the Company and its Subsidiaries shall be governed by the Confidentiality Letter, dated February 17, 1993, from the Purchaser to the Company. All information provided to the Company and its Subsidiaries or their Affiliates, representatives or agents by or on behalf of the Purchaser or its Subsidiaries, or their Affiliates, representatives or agents concerning the Purchaser and its Subsidiaries shall be governed by the Confidentiality Letter, dated July 7, 1993, from the Company to the Purchaser.

7.11. Publicity. So long as this Agreement is in effect, no party hereto will issue any press release or make any other public announcement relating to this Agreement or the transactions contemplated hereby without the prior consent of the other, except that any party hereto may make any disclosure required to be made by it under applicable law (including the federal securities laws) if it determines in good faith that it is appropriate to do so and gives prior notice to the other party hereto, using its best efforts, given any time constraints, to reach the other party hereto and discuss such disclosure with the other party.

7.12. Agreement to Defend. In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of this Agreement or any of the transactions contemplated hereby or seeks damages in connection therewith, the parties agree to cooperate and use their best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order of the type referred to in Section 8.1(c) is issued with respect to or in any such action, suit or other proceeding, to use their best efforts to have such injunction or other order lifted.

7.13. Expenses. Subject to the provisions of Section 6.2, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, including legal and auditing fees, the fees of their respective brokers, finders or investment bankers and printing expenses.

7.14. Letter of the Company's Accountants. The Company shall cause to be delivered to the Purchaser a letter of the Company's independent auditors, dated a date within two business days before the date as of which the Registration Statement becomes effective and addressed to the Purchaser, in form and substance reasonably satisfactory to the Purchaser, to the effect that:

(a) they are public accountants, independent with respect to the Company and its Subsidiaries within the meaning of the Securities Act and the Exchange Act and the applicable published rules and regulations thereunder;

(b) the financial statements of the Company audited by them and included or incorporated by reference in the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and of the published rules and regulations thereunder; and

(c) at the request of the Company, they have carried out procedures to a specified date not more than five business days prior to the date as of when the Registration Statement becomes effective, which do not constitute an audit in accordance with generally accepted auditing standards, of the financial statements of the Company and its consolidated Subsidiaries as follows: (i) read the unaudited financial statements of the Company and its consolidated Subsidiaries included or incorporated by reference in the Registration Statement, (ii) read the unaudited financial statements of the Company and its consolidated Subsidiaries for the period from the date of the most recent financial statements included or incorporated by reference in the Registration Statement through the date of the latest available interim financial statements, (iii) read the minutes of the meetings of shareholders and the Board of the Company and any committee thereof, and its consolidated Subsidiaries from the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement to such date not more than five business days prior to the date as of when the Registration Statement becomes effective and (iv) consulted with certain officers of the Company responsible for financial and accounting matters as to whether any of the changes or decreases referred to below has occurred, and, based on such procedures, nothing has come to their attention which would cause them to believe that (A) any unaudited financial statements of the Company and its consolidated Subsidiaries included or incorporated by reference in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act or the Exchange Act and of the published rules and regulations thereunder; (B) such unaudited financial statements are not fairly presented in all material respects in conformity with generally accepted accounting principles (except as permitted by Form 10-Q of the SEC); (C) as of such date not more than five business days prior to the date as of when the Registration Statement becomes effective, there was, except as set forth in such letter, any (I) change in the capital stock, treasury stock or long-term debt of the Company or its Subsidiaries or (II) any decrease in capital in excess of par value, retained earnings, consolidated net assets, net current assets or investments of the Company in each case as compared with the amounts shown in the most recent balance sheet of the Company included or incorporated by reference in the Registration Statement or (D) for the period from the date of the most recent balance sheet of the Company included or incorporated by reference in the Registration Statement to the end of the month immediately preceding the date as of when the Registration Statement becomes effective, unless the Registration Statement becomes effective within the first ten calendar days of a month, in which case, to the end of the next to last calendar month prior to the calendar month in which the Registration Statement became effective, there were, except as set forth in such letter, any decreases, as compared with the corresponding period in the preceding year, in consolidated revenues or in the total or per share amounts of income before extraordinary items, income before income taxes or net income of the Company.

7.15. Reservation of Shares; Listing of Surviving Common Stock. Prior to the Closing the Purchaser shall reserve for issuance, out of its authorized but unissued Purchaser Common Stock, such number of shares of Purchaser Common Stock (which shall become Surviving Common Stock at the Effective Time) as may be issuable upon consummation of the Merger. The Purchaser will cause to be prepared and submitted to the NYSE a listing application covering the shares of Surviving Common Stock issuable in connection with the

Merger and will use its reasonable best efforts to obtain, prior to the Effective Time, approval for the listing of such shares of Surviving Common Stock upon official notice of issuance.

7.16. Blue Sky Permits. The Purchaser will use its reasonable best efforts to obtain, prior to the effective date of the Registration Statement, all necessary state securities law or "Blue Sky" permits and approvals required to carry out the Merger and the issuance of the Merger Consideration, provided that neither the Purchaser nor the Surviving Corporation shall be required to qualify as a foreign corporation or to consent to the service of process under the laws of any state except Pennsylvania, Maryland, New York and North Carolina.

7.17. Agreement by Affiliates. The Company will cause to be delivered to the Purchaser, at or prior to the Effective Time, a written agreement, in form and substance reasonably satisfactory to the Purchaser, from any Person that counsel for the Company may deem to be an "affiliate" of the Company within the meaning of such term as used in Rule 145 under the Securities Act, to the effect that no disposition of Surviving Common Stock received in the Merger will be made by such Persons except within the limits and in accordance with the applicable provisions of said Rule 145, as amended from time to time, or except in a transaction which, in the opinion of counsel reasonably satisfactory to the Surviving Corporation, is exempt from registration under the Securities Act.

7.18. Shareholder Agreements. The Company will cause to be delivered to the Purchaser, on or prior to the date of filing of the Registration Statement with the SEC, a written agreement, in form and substance reasonably satisfactory to the Purchaser, from shareholders of the Company who, immediately prior to the date of filing of the Registration Statement with the SEC, hold in the aggregate not less than 50% of the outstanding shares of Company Common Stock, pursuant to which such shareholders shall agree for a period of one year from the Closing Date not to sell, transfer or otherwise voluntarily dispose of an aggregate number of shares of Surviving Common Stock received by such shareholders in the Merger which have a value (determined using the Average Market Price) equal to not less than 50% of the aggregate Merger Consideration (assuming for purposes of this Section that there will be no Dissenting Shareholders).

ARTICLE 8

CONDITIONS

8.1. Conditions to Obligation of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) This Agreement and the Merger shall have been duly approved and adopted by the requisite vote of the shareholders of the Company in accordance with applicable law;

(b) The waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated;

(c) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which restricts or prohibits the consummation of the Merger and, in any such case, remains in full force and effect on the Closing Date.

(d) The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC; and

(e) The NYSE shall have approved the listing, upon official notice of issuance, of the shares of Surviving Common Stock issuable upon consummation of the Merger.

8.2. Additional Conditions to Obligations of the Company. The obligations of the Company to effect the Merger are also subject to the following conditions unless waived by the Company:

(a) The representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the date hereof and (having been deemed to have been made again at and as of the Closing Date) shall be true in all material respects as of the Closing Date (except for such changes therein permitted by this Agreement). The obligations of the Purchaser under this Agreement required to be performed by it at or prior to the Closing Date shall have been duly performed and complied with in all material respects as of the Closing Date. At the Closing Date, the Company shall have received a certificate, dated the Closing Date and duly executed by the President or any Executive Vice President of the Purchaser, to the effect that the conditions set forth in this Section 8.2(a) have been satisfied;

(b) All permits, authorizations, consents and approvals of any Governmental Entity required to be obtained by the Company, any of its Subsidiaries, the Purchaser or any of its Subsidiaries as a condition to the lawful consummation of the Merger which in the aggregate if not obtained, would have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, shall have been obtained;

(c) The Company shall have received opinions from Kaye, Scholer, Fierman, Hays & Handler, Mary Patricia Keefe, Esq., counsel to the Purchaser, and such other counsel reasonably satisfactory to the Company, dated the Closing Date substantially in the respective forms of Exhibits A-1, A-2 and A-3 hereto. In rendering such opinions, such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon the opinions of other counsel, in form and substance reasonably satisfactory to the Company, and as to matters of fact upon certificates of government officials and of any officials of the Purchaser or its Subsidiaries and upon such other documents as such counsel deems appropriate, provided that the extent of such reliance is set forth in such opinion; and

(d) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which would have a Material Adverse Effect on the Purchaser and its Subsidiaries taken as a whole and, in any such case, remains in full force and effect.

8.3. Additional Conditions to Obligations of the Purchaser. The obligations of the Purchaser to effect the Merger are also subject to the following conditions unless waived by the Purchaser:

(a) The representations and warranties of the Company contained in this Agreement shall be true in all material respects as of the date hereof and (having been deemed to have been made again at and as of the Closing Date) shall be true in all material respects as of the Closing Date (except for such changes therein permitted by this Agreement). The obligations of the Company under this Agreement required to be performed by the Company at or prior to the Closing Date shall have been duly performed and complied with in all material respects as of the Closing Date. At the Closing Date, the Purchaser shall have received a certificate, dated the Closing Date and duly executed by the President or any Vice President of the Company, to the effect that the conditions set forth in this Section 8.3(a) have been satisfied;

(b) (i) All permits, authorizations, consents and approvals of any Governmental Entity required to be obtained by the Company, any of its Subsidiaries, the Purchaser or any of its Subsidiaries as a condition to the lawful consummation of the transactions contemplated hereby shall have been obtained and (ii) all consents and approvals of each Person whose consent or approval is required pursuant to any agreement or instrument prior to the consummation of the transactions contemplated hereby shall have been obtained, except with respect to the foregoing clauses (i) and (ii), such permits, authorizations, consents and approvals which in the aggregate, if not made or obtained, would not have a Material Adverse Effect on the Purchaser and its Subsidiaries, taken as a whole, or the Company and its Subsidiaries, taken as a whole;

(c) The Purchaser shall have received opinions from Montgomery, McCracken, Walker & Rhoads, counsel to the Company, and such other counsel reasonably satisfactory to the Purchaser, each dated the Closing Date, substantially in the respective forms of Exhibits B-1 through B-5. In rendering such opinions, such counsel may rely, to the extent such counsel deems such reliance necessary or appropriate, upon the opinions of other counsel, in form and substance reasonably satisfactory to the Purchaser, and, as to matters of fact, upon certificates of government officials and of any officials of the Company or its Subsidiaries and such other documents as such counsel may deem appropriate, provided that the extent of such reliance is set forth in such opinion;

(d) The Purchaser shall have received a letter of the Company's independent auditors in form and substance reasonably satisfactory to the Purchaser making the statements required by Section 7.14 on the basis of procedures set forth therein carried out by them not more than five business days prior to the Closing Date;

(e) Holders of less than 5% of the shares of the Company Common Stock shall have exercised their right to dissent and seek appraisal of such shares pursuant to the DGCL; and

(f) No law, statute, ordinance, rule, regulation, judgment, decree, order or injunction shall have been promulgated, enacted, entered or enforced by any Governmental Entity which would have a Material Adverse Effect on (i) the Company and its Subsidiaries taken as a whole or (ii) upon consummation of the Merger and the EGC Merger, on the Surviving Corporation and its Subsidiaries taken as a whole and, in any such case, remains in full force and effect on the Closing Date.

ARTICLE 9

TERMINATION, AMENDMENT AND WAIVER

9.1. Termination. This Agreement may be terminated at any time prior to the Effective Time in accordance with Section 9.2, whether prior to or after approval by the shareholders of the Company:

(a) By mutual consent of the Purchaser and the Company;

(b) By either the Purchaser or the Company if a permanent injunction is entered, enforced or deemed applicable to the Merger which prohibits the consummation of the Merger and all appeals of such injunction shall have been taken and shall have been unsuccessful;

(c) By the Purchaser if a permanent injunction is entered, enforced or deemed applicable to the EGC Merger which prohibits the consummation of the EGC Merger and all appeals of such injunction shall have been taken and shall have been unsuccessful;

(d) By either the Purchaser or the Company if at the Shareholders Meeting (including any adjournment or postponement thereof) called pursuant to Section 7.2 or any successor meeting called for the same purpose, the requisite affirmative approval of the shareholders of the Company shall not have been obtained;

(e) By either the Purchaser or the Company if any Governmental Entity, the consent of which is a condition to the obligations of the parties hereto to consummate the Merger shall have determined not to grant its consent and all appeals of such determination shall have been taken and shall have been unsuccessful;

(f) By the Purchaser if any Governmental Entity, the consent of which is a condition to the obligations of the Surviving Corporation or EGC to consummate the EGC Merger shall have determined not to grant its consent and all appeals of such determination shall have been taken and shall have been unsuccessful; or

(g) By either the Purchaser or the Company if, without fault of such terminating party, the Merger has not been consummated by May 2, 1994.

9.2. Procedure and Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, notice thereof shall be promptly given by the terminating party to the other parties and thereafter this Agreement shall be of no further force or effect and there shall be no liability on the part of any party with respect thereto except (a) the provisions of this Section 9.2, Sections 7.10, 7.12 and 7.13, clause (c) of Section 10.4 and paragraphs (b) and (c) of Section 6.2 shall survive any such termination; provided, however, that, unless the Purchaser and the Company otherwise agree, paragraphs (b) and (c) of Section 6.2 shall not survive a termination pursuant to Section 9.1(a) if (i) the Company has provided written notice to the Purchaser, prior to any agreement to terminate this Agreement pursuant to Section 9.1(a), of any event for which notice is required pursuant to Section 6.2(a) and any payment obligation pursuant to Section 6.2(b), (ii) the Company has made any and all payments to the Purchaser required pursuant to Section 6.2(b) to be made prior to the date of such termination and (iii) the Company (A) has made any and all payments to the Purchaser required pursuant to Section 6.2(b) to be made subsequent to the date of such termination or (B) has otherwise entered into a written agreement with the Purchaser with respect to the payments referred to in the immediately preceding clause (A) and (b) nothing herein will relieve any party from liability for any willful breach of the covenants and agreements or fraudulent making of any representation or warranty contained herein.

9.3. Amendment. This Agreement may not be amended except by an instrument in writing executed on behalf of each of the parties; provided, however, that after the approval of the Merger by the shareholders of the Company, no amendments may be made which would alter or change (a) the amount or kind of shares, securities, cash, property and/or rights to be received in exchange for or on conversion of all or any of the shares of the Company Common Stock upon consummation of the Merger, (b) any term of the articles of incorporation of the Purchaser or (c) any of the terms and conditions of this Agreement if such alteration or change would adversely affect the holders of any shares of the Company Common Stock.

9.4. Waiver. At any time prior to the Effective Time, the Purchaser, on the one hand, or the Company, on the other hand, may, only by an instrument in writing executed on its behalf, (a) extend the time for the performance of any of the obligations or other acts of the Company or the Purchaser, respectively, or (b) waive compliance with any of the agreements, or breach of any of the representations or warranties, of the Company or the Purchaser, respectively, or, to the extent legally permitted, with any conditions to its own obligations. Any such extension or waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure of any party to perform its obligation under this Agreement.

ARTICLE 10

GENERAL PROVISIONS

10.1. Representations and Warranties. The respective representations and warranties of the parties contained in this Agreement shall not be deemed waived or otherwise affected by any investigation made by any party. Each and every such representation and warranty shall expire at, and be terminated and extinguished with, the Effective Time and thereafter no party, or any officer, director or employee thereof or of the Surviving Corporation, shall have any liability whatsoever with respect to any such representation or warranty. Notwithstanding anything contained in this Agreement to the contrary, the agreements and covenants contained in Article 3 and Sections 7.3, 7.5, 7.8 (the last sentence only), 7.13, clause (c) of Section 10.4, and Sections 10.5 and 10.6 shall survive (and not be affected in any respect by) the Effective Time. This Section 10.1 shall have no effect upon any other obligation of any party to be performed before or after the Effective Time.

10.2. Notices. All notices and other communications hereunder shall be given by telephone or facsimile transmission and immediately confirmed in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) or by a nationally recognized overnight delivery service to the parties at the following addresses (or at such other address for a party as shall be specified by like notice; provided that notices of a change of address shall be effective only upon receipt thereof):

(a) If to the Purchaser:

NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, New Jersey 07921
(908) 781-0500
Facsimile: (908) 781-0718

Attn: President

With a copy to:

Gary Apfel, Esq.
Kaye, Scholer, Fierman, Hays & Handler
1999 Avenue of the Stars
16th Floor
Los Angeles, California 90067
(310) 788-1040
Facsimile: (310) 788-1202

(b) If to the Company:

Pennsylvania & Southern Gas Company
102 Desmond Street
Sayre, Pennsylvania 18840-2093
(717) 888-6600
Facsimile: (717) 888-0396

Attn: President

With a copy to:

Kathleen O'Brien, Esq.
Montgomery, McCracken, Walker & Rhoads
Three Parkway
20th Floor
Philadelphia, Pennsylvania 19102
(215) 665-7200
Facsimile: (215) 636-9373

10.3. Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.4. Miscellaneous. This Agreement (including the documents and instruments referred to herein) (a) constitutes the entire agreement and supersedes all other prior agreements and undertakings, both written and oral (including the Letter of Intent), between the parties with respect to the subject matter hereof; (b) shall not be assigned by operation of law or otherwise; and (c) shall be governed by the internal laws of the State of New Jersey (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including as to validity, performance, interpretation, effect and remedies except that the provisions of this Agreement relating to the Merger shall also be governed by Delaware law. This Agreement may be executed in two or more counterparts which together shall constitute a single agreement. Any information disclosed on any Schedule hereto shall be deemed fully disclosed for the purposes of all Schedules hereto.

10.5. Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein) is not intended to confer upon any other Person any rights or remedies hereunder except that the parties hereto agree and acknowledge that the agreements and covenants contained in Section 7.5, are intended for the direct and irrevocable benefit of each and every employee and officer of the Company and its Subsidiaries (each such Person a "Third-Party Beneficiary"), and that each such Third-Party Beneficiary, although not a party to this Agreement, shall be and is a direct and irrevocable third-party beneficiary of such agreements and covenants and shall have the right to enforce such agreements and covenants against the Surviving Corporation in all respects fully and to the same extent as if such Third-Party Beneficiary were a party hereto.

10.6. Partial Invalidity. Any term or provision of this Agreement that is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, the Purchaser and the Company have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

ATTEST:

By: _____
Name: Joseph P. Coughlin
Title: Secretary

NUI CORPORATION

By: _____
Name: John Kean
Title: President

ATTEST:

By: _____
Name: Donna K. Scrivens
Title: Secretary

PENNSYLVANIA & SOUTHERN GAS COMPANY

By: _____
Name: Lyle C. Motley, Jr.
Title: President and CEO

Exhibit C

NUI Corporation

Incorporated Under the Laws of the

State of New Jersey

AMENDED AND RESTATED BY-LAWS

Adopted as of March 12, 1991

ARTICLE I

OFFICES

The principal office of the Company shall be located in the State of New Jersey. The Board of Directors may change the location of the principal office of the Company and may from time to time designate other offices at such other places, either within or without the State of New Jersey, as the business of the Company may require.

ARTICLE II

SHAREHOLDERS

Section 1. Annual Meeting: The Annual Meeting of Shareholders for the election of Directors and the transaction of any other business as may properly come before such meeting shall be held at such place as shall be designated by the Board of Directors, on the second Tuesday of March of each year at the hour of 10:30 A.M., or on such other day at such time as shall be designated by the Board of Directors. If said day be a legal holiday, said meeting shall be held at the same hour on the next succeeding business day. At the Annual Meeting any business may be transacted and any corporate action may be taken, whether stated in the notice of meeting or not, except as otherwise expressly provided by statute or the Certificate of Incorporation.

Section 2. Special Meetings: Special Meetings of the Shareholders for any purpose may be called as provided in the Certificate of Incorporation. Special Meetings shall be held at such time and place as shall from time to time be designated by the Board of Directors and stated in the notice of such meeting. At a Special Meeting no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

Section 3. Notice of Meetings: Written notice of the place, date and hour of any Shareholders' meeting, whether annual or special, and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given to each Shareholder entitled to vote

thereat, by mailing the same to the Shareholder at the address of the Shareholder that appears upon the records of the Company not less than ten (10) nor more than sixty (60) days prior to the date of such meeting. Notice of any adjourned meeting need not be given other than by announcement at the meeting so adjourned, unless otherwise ordered in connection with such adjournment. Such further notice, if any, shall be given as may be required by law.

Section 4. Waiver of Notice: A written waiver of notice signed by the person entitled to notice, whether before or after the meeting, shall be deemed equivalent to notice. Attendance of a Shareholder at a meeting shall constitute a waiver of notice of such meeting, except when a Shareholder attends a meeting and, prior to the conclusion thereof, objects to the transaction of any business on the grounds that proper notice of the meeting was not given.

Section 5. Quorum: Any number of Shareholders, together holding at least a majority of the capital stock of the Company issued and outstanding and entitled to vote, present in person or represented by proxy at any meeting duly called, shall constitute a quorum for all purposes at a meeting of Shareholders except as may otherwise be provided by law.

Section 6. Adjournment of Meetings: If at the time for which a meeting of Shareholders has been called less than a quorum is present, the meeting may be adjourned to another time or place by a majority vote of the Shareholders present in person or by proxy and entitled to vote thereat, without notice other than by announcement at the meeting except as may otherwise be required by law. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 7. Voting: Each Shareholder entitled to vote at a meeting of the Shareholders shall be entitled to one vote for each share of stock registered in such Shareholder's name on the books of the Company on the date fixed as the record date for the determination of its Shareholders entitled to vote. In accordance with the New Jersey Business Corporation Act, each Shareholder entitled to vote at a meeting of Shareholders may authorize another person or persons to act for him by proxy, duly appointed by instrument in writing subscribed by such Shareholder. Said proxy shall not be valid for more than eleven (11) months unless a longer time is expressly provided therein. At all meetings of Shareholders all matters shall be determined by a majority vote of the Shareholders entitled to vote thereat present in person or represented by proxy except as otherwise provided by law, the Certificate of Incorporation or these By-Laws.

ARTICLE III

DIRECTORS

Section 1. Qualifications: Directors need not be Shareholders and need not be citizens of the United States or residents of New Jersey.

Section 2. Duties and Powers: The business and affairs of the Company shall be managed by or under the direction of the Board of Directors, and, unless the vote of a greater number is required by law, the Certificate of Incorporation or these By-Laws, the vote of the majority of the Directors present at a meeting shall be the act of the Board of Directors in the transaction of

business, provided a quorum is present. The Directors may exercise all such powers of the Company and do all such lawful acts and things as they may deem proper and as are consistent with law, the Certificate of Incorporation and these By-Laws.

Section 3. Election: Directors shall be elected by the Shareholders at the Annual Meeting of Shareholders to hold office for the term elected and until their respective successors are elected and qualified or until their earlier resignation or removal. If the election of Directors shall not be held on the day designated by or pursuant to authority granted in these By-Laws, the Directors shall cause the same to be held as soon thereafter as may be convenient.

(a) Except as otherwise fixed pursuant to Article VI of the Certificate of Incorporation relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation, or to elect additional Directors under specified circumstances, the Board of Directors shall consist of not less than eight (8) nor more than twenty-five (25) persons; provided, however, that the authorized number of Directors may be changed to any number between eight (8) and twenty-five (25) from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized Directors (whether or not there exist any vacancies in previously authorized Directorships at the time any such resolution is presented to the Board for adoption).

(b) The Directors (other than those who may be elected by the holders of any class or series of preferred stock having a preference over common stock as to dividends or upon liquidation) shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, one class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1992, another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1993, and another class to hold office initially for a term expiring at the annual meeting of Shareholders to be held in 1994, with the members of each class to hold office until their successors are elected and qualified. At each annual meeting of the Shareholders of the Company, the successors to the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of Shareholders held in the third year following the year of their election. The election of Directors need not be by ballot.

(c) Except as otherwise fixed pursuant to the provisions of Article VI of the Certificate of Incorporation relating to the rights of the holders of any class or series of preferred stock having a preference over the common stock as to dividends or upon liquidation to elect Directors under specified circumstances, newly created Directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the Directors then in office, though less than a quorum of the Board of Directors. If any applicable provision of New Jersey law expressly confers power on Shareholders to fill such a Directorship at a special meeting of Shareholders, such a Directorship may be filled at such a meeting only by the affirmative vote of at least 75 percent of the then-outstanding shares of the voting stock, voting together as a single class (it being understood that for all purposes of this Section 3 and compliance with Article XI of the Certificate of Incorporation, each share of the voting stock shall have the number of votes granted to it pursuant to Article VI of the Certificate of Incorporation or any resolution or resolutions of the Board of Directors pursuant to

authority expressly granted to and vested in it by the provisions of Article VI of the Certificate of Incorporation). Any Director elected in accordance with the two preceding sentences shall hold office for the remainder of the full term of the class of Directors in which the new Directorship was created or the vacancy occurred and until such Director's successor shall have been elected and qualified. No decrease in the number of authorized Directors constituting the entire Board of Directors shall shorten the term of any incumbent Director.

(d) Subject to the rights of the holders of any class or series of preferred stock having preference over the common stock as to dividends or upon liquidation or to elect Directors under specified circumstances, any Director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 75 percent of all of the then-outstanding shares of the voting stock, voting together as a single class. The Company must notify the Director of the grounds of his impending removal and the Director shall have an opportunity, at the expense of the Company, to present his defense to the Shareholders by a statement which accompanies or precedes the Company's solicitation of proxies to remove him.

Section 4. Resignation of Directors: Any Director may resign at any time upon written notice to the Company. Such resignation shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Chairman of the Board, if any, the Chief Executive Officer, if any, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless so specified therein.

Section 5. Meetings: The Board of Directors shall hold an annual meeting for the purpose of organization and the transaction of any business immediately after the Annual Meeting of the Shareholders, provided a quorum is present. Other regular meetings may be held at such times as may be determined from time to time by resolution of the Board of Directors. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, if any, the Chief Executive Officer, if any, by the President or by a majority of the Directors then in office, though less than a quorum of the Board of Directors.

Section 6. Notice and Place of Meetings: Regular meetings of the Board of Directors may be held at such time and place as shall be designated by resolution of the Board of Directors. No notice need be given of any regular meeting of the Board. Notice of any special meeting specifying the time and place of such meeting and the business to be transacted thereat shall be served upon each Director by mail at his residence or usual place of business at least two (2) days before the day on which such meeting is to be held, or sent to him at such place by telegraph, cable, electronic communication or transmitted by way of a guaranteed overnight courier service, or delivered personally or by telephone not later than 24 hours prior to the time at which the meeting is to be held. No notice of the annual meeting shall be required if held immediately after the annual meeting of the Shareholders and if a quorum is present. Notice of a meeting need not be given to any Director who submits a signed waiver of notice before or after the meeting, nor to any Director who attends the meeting without protesting, prior to the conclusion thereof, the lack of notice.

Section 7. Business Transacted at Meetings: Any business may be transacted and any corporate action may be taken at any regular meeting of the Board of Directors at which a quorum

shall be present, whether such business or proposed action be stated in the notice of such meeting or not, unless special notice of such business or proposed action shall be required by law.

Section 8. Quorum: A majority of the entire Board of Directors then in office shall be necessary to constitute a quorum for the transaction of business. If a quorum is not present at a meeting of the Board of Directors, a majority of the Directors present may adjourn the meeting to such time and place as they may determine without notice other than announcement at the meeting until enough Directors to constitute a quorum shall attend. When a quorum is once present to organize a meeting, it shall not be broken by the subsequent withdrawal of any Directors.

Section 9. Loans to and Guarantees for Directors: The Corporation may lend money to, or guarantee any obligation of, or otherwise assist, any Officer or other employee of the Corporation or of any subsidiary who is also a Director of the Corporation whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the Corporation and such loan, guarantee or other assistance is authorized by a majority of the entire Board of Directors. The Director who is to be loaned money, or whose obligation is to be guaranteed, or who is otherwise to be assisted by the Corporation, shall abstain from voting on such authorization.

Section 10. Action Without A Meeting: Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board or such committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action. Such resolutions and the written consents thereto by the members of the Board or a committee shall be filed with the minutes of the proceedings of the Board or such committee as the case may be.

Section 11. Participation By Telephone: Any one or more members of the Board or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 12. Compensation: The Board of Directors may establish by resolution reasonable compensation of all Directors for services to the Company as Directors, including a fixed fee, if any, incurred in attending each meeting. Nothing herein contained shall preclude any Director from serving the Company in any other capacity, as an officer, agent or otherwise, and receiving compensation therefor.

ARTICLE IV

COMMITTEES

Section 1. Executive Committee: The Board of Directors, by resolution passed by a majority of the entire Board then in office, may designate five (5) or more Directors to constitute an Executive Committee to hold office at the pleasure of the Board, which Committee shall, during

the intervals between meetings of the Board of Directors, have and exercise all of the powers of the Board of Directors in the management of the business and affairs of the Company, subject only to such restrictions or limitations as the Board of Directors may from time to time specify, or as limited by the New Jersey Business Corporation Act, and shall have power to authorize the seal of the Company to be affixed to all instruments which may require it. Any member of the Executive Committee may be removed at any time, with or without cause, by a resolution of a majority of the entire Board of Directors then in office. Any person ceasing to be a Director shall ipso facto cease to be a member of the Executive Committee. Any vacancy in the Executive Committee occurring from any cause whatsoever may be filled from among the Directors by a resolution of a majority of the entire Board of Directors then in office.

Section 2. Other Committees: Other committees, whose members are to be Directors, may be appointed by the Board of Directors, which members shall hold office for such time and have such powers and perform such duties as may from time to time be assigned to them by the Board of Directors. Any member of such a committee may be removed at any time, with or without cause, by a majority of the Board of Directors then in office. Any vacancy in a committee occurring from any cause whatsoever may be filled by a majority of the Board of Directors then in office.

Section 3. Resignation: Any member of a committee may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the Chairman of the Board, if any, the Chief Executive Officer, if any, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective unless so specified therein.

Section 4. Quorum: A majority of the members of a committee shall constitute a quorum. The act of a majority of the members of a committee present at any meeting at which a quorum is present shall be the act of such committee. The members of a committee shall act only as a committee, and the individual members thereof shall have no powers as such.

Section 5. Record of Proceedings: Each committee shall keep a record of its acts and proceedings and shall report the same to the Board of Directors at its next meeting following such Committee meeting.

Section 6. Organization, Meetings, Notices: A committee may hold its meetings at the principal office of the Company, or at any other place upon which a majority of the committee may at any time agree. Each committee may make such rules as it may deem expedient for the regulation and carrying on of its meetings and proceedings. Notice of a special meeting of such Committee may be given by the Secretary or by the chairman of the Committee and shall be sufficiently given if mailed to each member at his residence or usual place of business at least five (5) days before the day on which the meeting is to be held, or if sent to him at such place by telegraph, cable, electronic communication or delivered personally or by telephone not later than 24 hours prior to the time at which the meeting is to be held.

Section 7. Compensation: The members of any committee shall be entitled to such compensation as may be allowed them by resolution of the Board of Directors.

ARTICLE V

OFFICERS

Section 1. Number: The Officers of the Company shall be a President, a Secretary and a Treasurer and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. The Board of Directors, in its discretion, may also elect a Chairman of the Board of Directors or a Chief Executive Officer or both.

Section 2. Election, Term of Office and Qualifications: The Officers, except as provided in Section 3 of this Article V, shall be elected annually by the Board of Directors immediately after the Annual Meeting of Shareholders. Each such Officer shall, except as herein otherwise provided, hold office until the election and qualification of his successor or until his earlier resignation or removal. Any two or more offices may be held by the same person, except the offices of the President and Secretary.

Section 3. Other Officers: Other Officers, including, but not limited to, one or more Vice-Chairmen, divisional Officers, Executive Vice Presidents, Senior Vice Presidents, Vice-Presidents, Assistant Vice-Presidents, Assistant Secretaries and Assistant Treasurers, may from time to time be appointed by the Board of Directors, which other officers shall have such powers and perform such duties as may be assigned to them by the President unless otherwise directed by the Board. All such Officers shall be corporate Officers of the Company with the power to bind the Company by acts within the scope of their authority.

Section 4. Removal of Officers: Any Officer of the Company may be removed from office, with or without cause, by a vote of a majority of the Board of Directors then in office. The removal of an Officer shall be without prejudice to his contract rights, if any. Election or appointment of an Officer shall not of itself create contract rights.

Section 5. Resignation: Any Officer of the Company may resign at any time. Such resignation shall be in writing and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Secretary. The acceptance of a resignation shall not be necessary in order to make it effective, unless so specified therein.

Section 6. Filling of Vacancies: A vacancy in any office shall be filled by the Board of Directors.

Section 7. Compensation: The compensation of the Officers shall be fixed by the Board of Directors, or by any committee or Officer upon whom power in that regard may be conferred by the Board of Directors.

Section 8. Chairman of the Board of Directors: The Chairman of the Board of Directors, if one is elected, shall be a Director and shall preside at all meetings of the Board of Directors and of the Shareholders at which the Chairman shall be present. In the absence of the Chairman of the Board, the Director or Officer designated by the Chairman shall perform and carry out the functions of the Chairman of the Board.

Section 9. President: The President shall, subject only to the direction and control of the Board of Directors or the Executive Committee, have responsibility for the general management of the business affairs and property of the Company, and of its several Officers, and shall, subject only as aforesaid, have and exercise all such powers and discharge such duties as usually pertain to the office of President. The President shall perform such duties as may be assigned from time to time by the Board of Directors.

Section 10. Chief Executive Officer: The Chief Executive Officer, if one is elected, shall have such duties and responsibilities and shall report to such persons as the Board of Directors shall determine from time to time.

Section 11. Secretary: The Secretary shall attend all meetings of the Board of Directors and of the Shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for any committee appointed by the Board. The Secretary shall give or cause to be given notice of all meetings of Shareholders and special meetings of the Board of Directors and shall perform such other duties as may be prescribed by the President or the Board of Directors. The Secretary shall keep in safe custody the seal of the Company and affix it to any instrument when so authorized by the Board of Directors. In the absence of a Secretary, an Assistant Secretary may act in the Secretary's place.

Section 12. Treasurer: The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all monies and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Company. The Treasurer may be required to give bond for the faithful discharge of his duties. In the absence of a Treasurer, an Assistant Treasurer may act in his place. The Treasurer shall perform such other duties as may be prescribed by the President or the Board of Directors.

ARTICLE VI

CAPITAL STOCK

Section 1. Issue of Certificates of Stock: Certificates of capital stock shall be in such form as shall be approved by the Board of Directors. The Board of Directors may also provide that some or all of the shares of any class or series shall be represented by uncertificated shares. Certificated shares shall be numbered in the order of their issue, and shall be signed, either manually or by facsimile signature, by either the Chairman of the Board or the President or the Secretary and the seal of the Company or a facsimile thereof shall be impressed, affixed or reproduced thereon. In case any Officer or Officers who shall have signed any such certificate or certificates shall cease to be such Officer or Officers of the Company, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the

Company, such certificate or certificates may nevertheless be adopted by the Company and be issued and delivered as though the person or persons who signed such certificate or certificates have not ceased to be such Officer or Officers of the Company.

Section 2. Registration and Transfer of Shares: The name of each person owning a share of the capital stock of the Company shall be entered on the books of the Company together with the number of shares held by such person, the numbers of the certificates covering such shares and the dates of issue of such certificates. The shares of stock of the Company shall be transferable on the books of the Company by the holders thereof in person, or by their duly authorized attorneys or legal representatives, on surrender and cancellation of certificates for a like number of shares, accompanied by an assignment of power of transfer endorsed thereon or attached thereto, duly executed, and with such proof of the authenticity of the signature as the Company or its Agents may reasonably require. A record shall be made of each transfer.

The Board of Directors may make other and further rules and regulations concerning the transfer and registration of certificates of stock.

Section 3. Lost, Destroyed and Mutilated Certificates: The holder of any stock of the Company shall immediately notify the Company of any loss, theft, destruction or mutilation of the certificates thereof. The Company may issue a new certificate of stock in the place of any certificate theretofore issued by it alleged to have been lost, stolen or destroyed, and the Board of Directors or its agent may, in its discretion, require the owner of the lost, stolen or destroyed certificate, or his legal representatives, to give the Company a bond, in such sum not exceeding double the value of the stock and with such surety or sureties as they may require, to indemnify it against any claim that may be made against it in connection with the issue of such new certificate.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year: The fiscal year of the Company shall commence on the first day of October and end on the last day of September.

Section 2. Corporate Seal: The corporate seal shall be in such form as approved by the Board of Directors and may be altered at its pleasure. The corporate seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 3. Notices: Except as otherwise expressly provided, any notice required by these By-Laws to be given shall be sufficient if given by depositing the same in a post office or letter box in a sealed wrapper with first-class postage prepaid thereon and addressed to the person entitled thereto at his address, as the same appears upon the books of the Company, or by electronically communicating the notice to such person at such address or by transmitting the same by way of a guaranteed overnight courier service; and such notice shall be deemed to be given at the time it is mailed, electronically communicated or so transmitted.

Section 4. Contracts, Checks, Drafts: The Board of Directors, except as may otherwise be required by law, may authorize any Officer or Officers, Agent or Agents, in the name of and on behalf of the Company to enter into any contract or execute or deliver any instrument. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Company, shall be signed by such Officer or Officers, Agent or Agents of the Company, and in such manner as shall be designated from time to time by resolution of the Board of Directors.

Section 5. Deposits: All funds of the Company shall be deposited from time to time to the credit of the Company in such bank or banks, trust companies or other depositories as the Board of Directors may select, and, for the purpose of such deposit, checks, drafts, warrants and other orders for the payment of money which are payable to the order of the Company, may be endorsed for deposit, assigned and delivered by any Officer of the Company, or by such Agents of the Company as the Board of Directors, the Chairman of the Board, if any, the Chief Executive Officer, if any, or the President may authorize for that purpose.

Section 6. Voting Stock of Other Companies: Except as otherwise ordered by the Board of Directors or the Executive Committee, the Chairman of the Board, if any, the Chief Executive Officer, if any, or the President shall have full power and authority on behalf of the Company to attend and to act and to vote at any meeting of the Shareholders of any corporation of which the Company is a shareholder and to execute a proxy to any other person to represent the Company at any such meeting, and at any such meeting the Chairman of the Board, if any, the Chief Executive Officer, if any, or the President or the holder of any such proxy, as the case may be, shall possess and may exercise any and all rights and powers incident to ownership of such stock and which, as owner thereof, the Company might have possessed and exercised if present. The Board of Directors or the Executive Committee may from time to time confer like powers upon any other person or persons.

ARTICLE VIII

AMENDMENTS

Except as set forth in the final sentence of this ARTICLE VIII, these By-Laws may be altered, amended or repealed by the affirmative vote of a majority of the entire Board of Directors then in office. These By-Laws may also be altered, amended or repealed by the Shareholders, but only by an affirmative vote of the holders of at least 75 percent of all the then-outstanding shares of the voting stock, voting together as a single class. Any By-Law may provide that it may only be altered, amended or repealed by the affirmative vote of the holders of at least 75 percent of all th then-outstanding shares of the voting stock, voting together as a single class, in which event such By-Law may only be altered, amended or repealed by such vote.

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

of

NUI CORPORATION

Pursuant to Section 14A: 7-2(4) of the New Jersey Business Corporation Act

FILED

DEC 6 1995

LONNA R. HOOKS
Secretary of State

NUI CORPORATION, a corporation organized and existing under the New Jersey Business Corporation Act, in accordance with the provisions of Section 14A:7-2(4) thereof, **DO HEREBY CERTIFY:**

That pursuant to the authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on November 28, 1995 adopted the following resolutions creating a series of Preferred Stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Amended and Restated Certificate of Incorporation, a series of Preferred Stock of the Corporation be and it hereby is created and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional, and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall initially be one hundred thousand (100,000), no par value, such number of shares to be subject to increase or decrease by action of the Board of Directors as evidenced by a certificate of designations.

Section 2. Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Preferred Stock with respect to dividends, the holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $10 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by

reclassification or otherwise), declared on the Common Stock, no par value, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after November 28, 1995 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any quarterly Dividend Payment Date and the next subsequent quarterly Dividend Payment Date, a dividend of $10 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such share is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a Quarterly Dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of hares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of

Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board, the President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the

Corporation. Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Restated Certificate of Incorporation or by-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Restated Certificate of Incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series

A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the

ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds (2/3) or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of two-thirds (2/3) or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 1st day of December, 1995.

Attest:

James R. Van Horn
General Counsel and Secretary

John Kean, Jr.
President and Chief Executive Officer

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 September 30, 1995 **Commission File # 1-8353**

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	22-1869941
(State of incorporation)	(I.R.S. employer identification no.)

550 Route 202-206, P.O. Box 760, Bedminster, New Jersey 07921-0760
(Address of principal executive offices, including zip code)

(908) 781-0500
(Registrant's telephone number, including area code)

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

COMMON STOCK, No Par Value	New York Stock Exchange, Inc.
(Title of class)	(Name of exchange on which registered)

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

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:

☑

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 the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K:

☑

The aggregate market value of 8,002,651 shares of common stock held by non-affiliates of the registrant calculated using the $16.50 per share closing price on November 30, 1995 was: $132,043,742.

The number of shares outstanding of each of the registrant's classes of common stock, as of November 30, 1995:

Common Stock, No Par Value: 9,201,237 shares outstanding.

Documents incorporated by reference: NUI Corporation's definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission no later than 120 days subsequent to September 30, 1995.

NUI Corporation

Annual Report on Form 10-K For The
Fiscal Year Ended September 30, 1995

TABLE OF CONTENTS

PART I

Page

Item 1. Business 1
Item 2. Properties 9
Item 3. Legal Proceedings 9
Item 4. Submission of Matters to a Vote of Security Holders 9

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters 10
Item 6. Selected Financial Data 11
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations 13
Item 8. Financial Statements and Supplementary Data 20
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 20

PART III

Item 10. Directors and Executive Officers of the Registrant 20
Item 11. Executive Compensation 20
Item 12. Security Ownership of Certain Beneficial Owners and Management 20
Item 13. Certain Relationships and Related Transactions 20

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K 21

NUI Corporation

Annual Report on Form 10-K for the Fiscal Year Ended September 30, 1995

PART I

Item 1. Business

NUI Corporation ("NUI" or the "Company") was incorporated in New Jersey in 1969, and is engaged primarily in the sale and transportation of natural gas. The Company serves more than 354,000 utility customers in six states through its Northern and Southern operating divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division was formed effective April 1, 1995 through the consolidation of the Company's City Gas Company of Florida and Pennsylvania & Southern Gas Company ("PSGS") operations (see Note 3 of the Notes to the Consolidated Financial Statements). PSGS, which operated as North Carolina Gas Service, Elkton Gas Service (Maryland), Valley Cities Gas Service (Pennsylvania) and Waverly Gas Service (New York), was acquired by the Company on April 19, 1994 (see Note 2 of the Notes to the Consolidated Financial Statements).

In addition to its gas distribution operations, the Company provides gas sales and related services through its Natural Gas Services, Inc. subsidiary, and bill processing and related customer services for utilities and municipalities through its Utility Billing Services, Inc. subsidiary.

The principal executive offices of the Company are located at 550 Route 202-206, Box 760, Bedminster, NJ 07921-0760; telephone: (908) 781-0500.

Territory and Customers Served

See Item 6 - "Selected Financial Data-Summary Consolidated Operating Data" for summary information by customer class with respect to operating revenues, gas volumes sold or transported and average utility customers served. The Company's utility operations serve more than 354,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Approximately 54% of the Company's customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1995 amounted to $376.4 million, of which approximately 76% was generated in New Jersey, and 24% was generated by operations in the Southern Division states. Gas volumes sold or transported in fiscal 1995 amounted to 85.9 million Mcf, of which approximately 80% was sold or transported in New Jersey, and 20% was sold or transported in the Southern Division states. An Mcf is a basic unit of measurement for natural gas comprising 1,000 cubic feet of gas.

Northern Division The Company, through its Northern Division, provides gas service to approximately 237,000 customers in franchised territories within seven counties, or portions thereof, in central and northwestern New Jersey. The Northern Division's 1,300 square-mile service territory has a total population of approximately 950,000. Most of the Northern Division's customers are located in densely-populated central New Jersey, where increases in the number of customers are primarily from conversions to gas heating from alternative forms of heating.

The Northern Division's gas volumes sold or transported and customers served for the past three fiscal years were as follows:

Gas Volumes Sold or Transported (in thousands of Mcf)

	1995	1994	1993
Firm Sales:			
Residential	17,855	20,315	19,115
Commercial	10,275	11,528	10,463
Industrial	4,595	5,025	4,781
Interruptible Sales	15,440	14,156	12,345
Unregulated Sales	1,044	—	—
Transportation Services	17,202	14,367	15,459
Total	66,411	65,391	62,163

Customers Served (twelve-month average)

	1995	1994	1993
Firm Sales:			
Residential—Heating	159,191	155,473	151,621
Residential—Non-heating	59,688	61,012	62,520
Commercial	17,350	16,966	16,588
Industrial	349	360	377
Interruptible Sales	75	74	75
Transportation Services	138	94	85
Total	236,791	233,979	231,266

Gas volumes sold to the Company's firm customers are sensitive to the weather in New Jersey. In fiscal 1995, the weather in New Jersey was 13% warmer than normal, thereby decreasing gas sales. Weather in fiscal 1994 was normal and was 6% warmer than normal in fiscal 1993. The Northern Division's tariff contains a weather normalization clause that is designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and decreasing amounts charged when weather has been colder than normal. For a further discussion on variations in revenues, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The growth in the number of residential heating customers principally reflects the Company's marketing emphasis to convert residential non-heating customers to full gas heating service. Approximately 70% of the residential heating customers added in New Jersey since 1991 represented homes that were converted to gas heating from other forms of space heating and the remainder consisted of new homes. Approximately 40 new residential developments are at various stages of the approval process before municipal planning boards throughout the Northern Division's service territory.

As discussed further under "Regulation", effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBPU") authorized new tariffs which are designed to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1995, 165 commercial sales customers had switched to transportation service under the new tariff. Despite the transfers to transportation service, the number of commercial customers increased reflecting the Company's marketing emphasis on commercial conversions. In fiscal 1995, 35 schools and 588 businesses, which are subject to New Jersey legislation requiring the registration, systematic testing and monitoring of underground fuel oil and propane storage tanks, converted to gas heating systems or switched from interruptible service to commercial firm service. In addition changing economic conditions, coupled with environmental concerns and legislation, are creating a market for natural gas for large commercial air conditioning units and compressed natural gas fleet vehicles. The Company also

has an economic development program to help spur economic growth and jobs creation which provides grants and reduced rates for qualifying businesses that start up, relocate or expand within designated areas.

The Company's industrial customers also have the ability to switch to transportation service and purchase their gas from other suppliers. The rate charged to transportation customers is less than the rate charged to firm industrial and commercial sales customers because the transportation customer rate does not include any cost of gas component. However, the operating margins from both rates are substantially the same.

The Northern Division's "interruptible" customers have alternative energy sources and use gas on an "as available" basis. Variations in the volume of gas sold or transported to these customers do not have a significant current effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 90% to 95% of the margins that otherwise would be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm customers.

The Company provides gas sales and transportation services comprising twenty percent of the primary fuel requirements of a 614 megawatt cogeneration facility that began commercial operation in New Jersey in July 1992 to supply electric power to New York City. In fiscal 1995, sales and transportation of gas to this customer accounted for approximately 5% of the Company's operating revenues and approximately 9% of total gas sold or transported. The Company is authorized by the NJBPU to retain a total of approximately $2.3 million of the operating margins realized from these sales over approximately four years. Through fiscal 1995, the Company realized all of this amount, of which approximately $0.6 million was realized during fiscal 1995. All future operating margins that otherwise would be realized on gas sold or transported to the facility will be used to reduce gas costs charged to firm customers.

In order to maximize the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to third party customers and other gas service companies. The price of gas sold to these customers is not regulated by the NJBPU, however the NJBPU has authorized that 80% of the margins realized from these sales be used to reduce gas costs charged to firm customers.

Southern Division

City Gas Company of Florida ("CGF"). CGF is the second largest natural gas utility in Florida, supplying gas to over 95,000 customers in Dade and Broward Counties in south Florida, and in Brevard and St. Lucie Counties on the central eastern coast of Florida. CGF's service areas cover approximately 850 square miles and have a population of approximately 500,000.

CGF's gas volumes sold or transported and customers served for the past three fiscal years were as follows:

Gas Volumes Sold or Transported (in thousands of Mcf)

	1995	1994	1993
Firm Sales:			
Residential	1,982	1,983	1,904
Commercial	4,198	4,439	4,455
Interruptible Sales	1,533	1,958	2,186
Transportation Services	1,313	1,063	980
Total	9,026	9,443	9,525

Customers Served (twelve-month average)

	1995	1994	1993
Firm Sales:			
Residential	90,960	87,194	83,541
Commercial	4,615	4,539	4,428
Interruptible Sales	20	28	30
Transportation Services	24	8	2
Total	95,619	91,769	88,001

CGF's residential customers purchase gas primarily for water heating, clothes drying and cooking. Some customers, principally in Brevard County, also purchase gas to provide space heating during the relatively mild winter season. The growth in the average number of customers from fiscal 1993 to fiscal 1995 primarily reflects new construction. In fiscal 1996, CGF will focus on developing the commercial and residential margin potential from mains currently in place while selectively expanding to future development areas.

The Company initiated natural gas service to St. Lucie County in fiscal 1993 through the construction of a gate station interconnection with the interstate pipeline system, acquisition and conversion of an existing underground propane system and the extension of mains to potential growth areas within the city of Port St. Lucie. The Company substantially completed expansion of its mains in fiscal 1994. The net investment in utility plant in the city as of September 30, 1995 was $3.9 million. Of this amount, $2.4 million was included in the determination of a permanent rate increase authorized by the Florida Public Service Commission (the "FPSC") in November 1994 (see "Regulation"). As of September 30, 1995, service was provided to approximately 600 residential and commercial customers in St. Lucie County. The Company anticipates that this start-up development project will generate increased margins over time. The Company has the opportunity to seek FPSC approval to add the remainder of this start-up investment to its permanent rates as new customers are added.

As further discussed under "Regulation", the November 29, 1994 FPSC order that authorized new permanent rates for CGF, removed the Company's leased appliance business from regulation by the FPSC. The Company raised its leasing rates effective February 1995, and in fiscal 1995, the appliance leasing operations generated operating revenues of $3.6 million and operating income before income taxes of $1.4 million. As of September 30, 1995, the Company's net investment in leased appliances amounted to $15.1 million. The Company anticipates higher returns from this business in fiscal 1996.

CGF's commercial business consists primarily of schools, businesses and public facilities, of which the number of customers tends to increase concurrently with the continuing growth in population within its service areas. As with its residential markets, the Company is seeking to maximize the utilization of its existing mains by emphasizing marketing efforts toward potential commercial business along these lines.

CGF's industrial customers and certain commercial customers are served under tariffs applicable to "interruptible" customers. Unlike the Company's Northern Division, CGF's interruptible customers do not generally have alternative energy sources, although their service is on an "as available" basis. The Company retains all of the operating margins from sales to these customers and does not expect any significant impact to the Company's earnings from any service interruptions which may occur.

Certain commercial and industrial customers have converted their natural gas service from a sales basis to a transportation basis. CGF's transportation tariff provides margins on transportation services that are substantially the same as margins earned on gas sales.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 12,600 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1995, NCGS sold or transported approximately 3.8 million Mcf of

gas as follows: 20% sold to residential customers, 13% sold to commercial customers, 43% sold to industrial customers and 24% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,200 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1995, Elkton sold approximately 512,000 Mcf of gas as follows: 34% sold to residential customers, 34% sold to commercial customers and 32% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 5,700 customers in franchised territories comprising 104 square miles within Bradford County, Pennsylvania and the Village of Waverly, New York and surrounding areas, respectively. During fiscal 1995, VCGS and WGS sold or transported approximately 3.7 million Mcf of gas as follows: 14% sold to residential customers, 7% sold to commercial customers, 6% sold to industrial customers and 73% transported to commercial and industrial customers.

Gas Supply and Operations

In recent years, the gas industry has been undergoing structural changes in response to policies of the Federal Energy Regulatory Commission (the "FERC") and local regulatory commissions designed to increase competition. Traditionally, interstate pipelines were wholesalers of natural gas to local distribution companies and generally did not provide separate transportation or other services for specific customers. In 1985, the FERC adopted Order No. 436 that encouraged interstate pipelines to make transportation of gas available to customers on a non-discriminatory basis. Such voluntary "open access" by certain interstate pipelines enhanced the opportunity for local gas distribution companies and industrial customers to purchase natural gas directly from gas producers and others. In 1992, the FERC issued Order No. 636 that, among other things, mandated the separation or "unbundling" of interstate pipeline sales, transportation and storage services and established guidelines for capacity management effective in 1993. In fiscal 1995, the NJBPU unbundled the rates charged to New Jersey commercial and small industrial customers as well. The transition to more competitive rates and services has the effect of increasing the opportunity for local gas distribution companies and industrial and commercial customers to purchase natural gas from alternative sources, while increasing the potential business and regulatory risk borne by a local gas distribution company with respect to the acquisition and management of natural gas services. Although the implementation of Order No. 636 involved the restructuring of the Company's contracts with all of its pipeline suppliers, the most significant restructuring pertains to certain pipelines that together deliver less than one-third of the Company's total firm gas supply.

Under Order No. 636 the pipeline companies are passing through to their customers transition costs associated with mandated restructuring, such as costs resulting from buying out unmarketable gas purchase contracts. The Company has been charged approximately $7 million of such costs as of September 30, 1995, which the Company has been authorized to recover through its purchased gas adjustment clauses. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately $9.1 million, which it expects to also recover through the Company's purchased gas adjustment clauses as these costs are incurred. This transition obligation is subject to possible future FERC actions based upon filings by the Company's pipeline suppliers.

The Company endeavors to utilize its pipeline capacity efficiently by matching capacity to its load profile to the extent feasible. To this end, the Company has had a broad unbundled service tariff for certain of its customers since 1987. The Company continues to avail itself of opportunities to improve the utilization of its pipeline capacity by pursuing broad based customer growth, including off-peak markets, markets not on its distribution system, and utilizing capacity release provisions within Order No. 636 when operationally feasible.

The Company's gas supply during fiscal 1995, came from the following sources: approximately 13% from purchases under contracts with primary pipeline suppliers and additional purchases under their filed tariffs; approximately 87% from purchases from various producers and gas marketers, and purchases under long-term contracts with independent producers and less than 1% from propane and liquefied natural gas ("LNG"). The Company manages its gas supply portfolio to assure a diverse, reliable and secure supply of natural gas at the lowest reasonable cost. In fiscal 1995, the Company's largest single supplier accounted for 13% of the Company's total gas purchases.

The Company has long-term gas delivery contracts with seven interstate pipeline companies. Under these contracts, the Company has a right to delivery, on a firm year-round basis, of up to 92.2 million Mcf of natural gas annually with a maximum of approximately 273,000 Mcf per day. Both the price and conditions of service under these contracts are regulated by the FERC.

The Company has long-term gas purchase contracts for the supply of natural gas for its system with nine suppliers, including two interstate pipeline companies, four gas marketers and three independent producers. The Company also has a long-term supply and delivery contract with an interstate pipeline. Under these contracts, the Company has a right to purchase, on a firm year-round basis, up to 45.6 million Mcf of natural gas annually with a maximum of approximately 132,000 Mcf per day. In addition, the Company has access to spot market gas through the interstate pipeline system to supplement or replace, on a short-term basis, portions of its long-term gas purchase contracts when such actions can reduce overall gas costs or are necessary to supply interruptible customers. In fiscal 1995, the Company, along with seven other Northeastern and Mid-Atlantic gas distribution companies, formed the East Coast Natural Gas Cooperative LLC (the "Co-op"). The Co-op was formed with the goal of jointly managing certain portions of the members' gas supply portfolios, to increase reliability and reduce costs of service to customers, and to improve the competitive position of the member companies.

In order to have available sufficient quantities of gas during the heating season, the Company stores gas during non-peak periods and purchases supplemental gas, including propane, LNG and gas available under contracts with certain large cogeneration customers, as it deems necessary. The storage contracts provide the Company with an aggregate of 15.6 million Mcf of natural gas storage capacity and provide the Company with the right to receive a maximum daily quantity of 176,100 Mcf. The contracts with cogeneration customers provide 35,800 Mcf of daily gas supply to meet peak loads by allowing the Company to take back capacity and supply that otherwise is dedicated to serve those customers.

The Company's peak load facilities in New Jersey include a propane-air plant with a daily production capacity of 27,400 Mcf, fixed propane storage totaling 674,000 gallons and rail car sidings capable of storing an additional 300,000 gallons. The Company has an LNG storage and vaporization facility with a daily delivery capacity of 24,300 Mcf and storage capacity of 131,000 Mcf.

The Company's maximum daily sendout in fiscal 1995 was approximately 329,800 Mcf in its Northern Division and 87,500 Mcf in the Southern Division states combined. The Company maintains sufficient gas supply and delivery capacity for a maximum daily sendout capacity for the Northern Division of approximately 380,900 Mcf and approximately 122,200 Mcf for the Southern Division states combined.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $78 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 9 million Mcf per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The Company is authorized by its state regulatory commissions to recover through rates (exclusive of carrying costs), surcharges from its pipeline suppliers that relate to take-or-pay obligations that the suppliers had with natural gas producers.

The Company distributes gas through approximately 5,800 miles of steel, cast iron and plastic mains. The Company has physical interconnections with five interstate pipelines in New Jersey and one interstate pipeline in Florida. In addition, the Company has physical interconnections in North Carolina and Pennsylvania with interstate pipelines which also connect to the Northern Division. Common interstate pipelines along the Company's operating system provide the Company with greater flexibility in managing pipeline capacity and supply, and thereby optimize system utilization.

Regulation

The Company is subject to regulation with respect to, among other matters, rates, service, accounting and the issuance of securities. The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates. The Company is also subject to regulation by the United States Department of Transportation under the Natural Gas Pipeline Safety Act of 1968, with respect to the design, installation, testing, construction and maintenance of pipeline facilities. Natural gas purchases, transportation service and storage service provided to the Company by interstate pipeline companies are subject to regulation by the FERC (see "—Gas Supply and Operations"). In addition, the Company is subject to federal and state legislation with respect to water, air quality, solid waste disposal and employee health and safety matters and to environmental regulations issued by the United States Environmental Protection Agency, the New Jersey Department of Environmental Protection and other federal and state agencies.

The Company's current rates and tariffs for its Northern Division reflect a rate case that was settled in October 1991, under which the Company obtained a weather normalization clause - see "Territory and Customers Served - Northern Division". In December 1994, the NJBPU authorized new tariffs which are designed to provide for unbundling of natural gas transportation and sales services for Northern Division commercial and industrial customers. The new tariffs became effective on January 1, 1995 and are designed to be neutral as to the operating margins of the Company.

On November 29, 1994, the FPSC voted to authorize the Company to increase its base rates in Florida by $1.6 million annually (the "FPSC Order"). The FPSC Order provides for a rate base amounting to approximately $82.6 million with an overall allowed after-tax rate of return of 7.26%. In addition, the FPSC Order provides for several tariff changes designed to promote growth in developing markets for natural gas and approved the deregulation of the Florida operation's leased appliance business which consists of leasing water heaters, clothes dryers and ranges to customers (see "Territory and Customers Served - Southern Division-Florida"). The Company is currently evaluating the need to seek a rate increase in fiscal 1996, as well as tariff adjustments to improve the Florida operation's competitive position with respect to large volume customers.

The current rates and tariffs for the North Carolina, Maryland, Pennsylvania and New York operations were authorized between October 1988 and September 1995. These operations serve approximately 20,000 customers in aggregate. On September 20, 1995, the North Carolina Utilities Commission approved a stipulation to increase the Company's base rates in North Carolina by $385,000 annually. The tariff for NCGS reflects a weather normalization clause for its heat sensitive residential and commercial customers.

The Company's tariffs contain adjustment clauses that enable the Company to recover purchased gas costs. The adjustment clauses provide for periodic reconciliations of actual recoverable gas costs with the estimated amounts that have been billed. Under or over recoveries at the reconciliation date are recovered from or refunded to customers in subsequent periods.

Seasonal Aspects

Sales of gas to some classes of customers are affected by variations in demand due to changes in weather conditions, including normal seasonal variations throughout the year. The demand for gas for heating purposes is closely related to the severity of the winter heating season. Seasonal variations affect short-term cash requirements.

Persons Employed

As of September 30, 1995, the Company employed 1,079 persons, of which 270 employees in the Northern Division were represented by the Utility Workers Union of America (Local 424), 105 employees in Florida and 17 employees in Pennsylvania were represented by The Teamsters Union, and 43 employees in North Carolina were represented by the International Brotherhood of Electrical Workers. The current collective bargaining agreement with the Northern Division's union was negotiated effective November 20, 1994 and expires on November 20, 1998. The North Carolina union collective bargaining agreement was negotiated on August 20, 1995, and expires on August 20, 1998. The collective bargaining agreements in Pennsylvania and Florida expire on September 30, 1996 and March 31, 1997, respectively.

Competition

The Company competes with distributors of other fuels and forms of energy, including electricity, fuel oil and propane, in all portions of the territories in which it has distribution mains. In 1992, the FERC issued Order No. 636 (see "Gas Supply and Operations"). Subsequently, initiatives were sponsored in various states, the purposes of which were to "unbundle" or separate into distinct transactions the purchase of the gas commodity from the purchase of transportation services for the gas. To that end, as discussed under "Regulation", New Jersey has unbundled commercial and industrial gas purchase and transportation rates.

The unbundled sale of gas to customers is subject to competition from unregulated marketers and brokers, which generally do not bear the obligations or costs related to operating a regulated utility. Tariffs for transportation service have generally been designed to provide the same margins as bundled sales tariffs. Therefore, the Company is financially indifferent as to whether it transports gas, or sells gas and transportation together. The Company also faces the risk of loss of transportation service for large industrial customers which may have the ability to build connections to interstate gas pipelines and bypass the Company's distribution system. With the final implementation of FERC Order No. 636, the FERC is no longer discouraging such direct connections. Gas distributors can also expect increased competition from electricity as deregulation in that industry decreases prices and increases supply sources. Alternatively, opportunities may increase for gas service to fuel generators for large industrial customers, replacing electric utility service.

The Company believes that in order to compete, it must offer a greater variety of services at more competitive prices. See Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Outlook and Business Plan" for a discussion of the Company's preparation for the impact of increased competition.

Franchises

The Company holds non-exclusive municipal franchises and other consents which enable it to provide natural gas in the territories it serves. The Company intends to renew these franchises and consents as they expire.

Environment

Reference is made to Item 7- "Management's Discussion and Analysis of Financial Condition and Results of Operations- Capital Expenditures and Commitments" and Note 10, "Commitments and Contingencies" of the

"Notes to the Consolidated Financial Statements" for information regarding environmental matters affecting the Company.

Item 2. Properties

The Company owns approximately 5,800 miles of steel, cast iron and plastic gas mains, together with gate stations, meters and other gas equipment. In addition, the Company owns peak shaving plants, including an LNG storage facility in Elizabeth, New Jersey.

The Company also owns real property in Union, Middlesex, Warren, Sussex and Hunterdon Counties in New Jersey, and in Dade, Broward, Brevard and St. Lucie Counties in Florida, portions of which are under lease to others. The Company's owned properties include a general office building in Hialeah, Florida, that serves as the Southern Division's headquarters; another office facility in Rockledge, Florida; and office buildings in both Reidsville, North Carolina and Sayre, Pennsylvania, which serve as operating offices for the North Carolina and the Pennsylvania and New York operations, respectively. The Company also owns various service centers in New Jersey, Florida, North Carolina, Maryland and Pennsylvania from which the Company dispatches service crews and conducts construction and maintenance activities.

The Company leases office space in Bedminster, New Jersey, that serves as its corporate headquarters and leases certain other facilities in New Jersey and Florida that are operated as customer business offices or operating offices. The Company also leases approximately 160,000 square feet in an office building in Union, New Jersey, which serves as the Northern Division's headquarters.

Subject to minor exceptions and encumbrances, all other property materially important to the Company and all principal plants are owned in fee simple, except that most of the mains and pipes are installed in public streets under franchise or statutory rights or are constructed on rights of way acquired from the apparent owner of the fee.

Item 3. Legal Proceedings

The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was presented for submission to a vote of security holders through the solicitation of proxies or otherwise during the last quarter of fiscal 1995.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

NUI common stock is listed on the New York Stock Exchange and is traded under the symbol "NUI". The quarterly cash dividends paid and the reported high and low closing prices per share of NUI common stock for the two years ended September 30, 1995 were as follows:

	Quarterly Cash Dividend	Price Range	
		High	Low
Fiscal 1995:			
First Quarter	$0.225	$18.375	$13.50
Second Quarter	0.225	16.50	14.25
Third Quarter	0.225	17.50	14.625
Fourth Quarter	0.225	16.875	14.875
Fiscal 1994:			
First Quarter	$0.40	$29.00	$25.25
Second Quarter	0.40	28.75	24.125
Third Quarter	0.40	24.50	21.00
Fourth Quarter	0.40	22.75	17.75

There were 6,890 shareholders of record of NUI common stock at November 30, 1995.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. The Company seeks for its annual dividend payout ratio to be consistent with industry standards. However, NUI's dividend policy is reviewed on an ongoing basis and is dependent upon the Company's expectation of future earnings, cash flow, financial condition, capital requirements and other factors.

The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company is permitted to pay $17 million of cash dividends at September 30, 1995.

Item 6. Selected Financial Data

Selected Consolidated Financial Data
(in thousands, except per share amounts)

	Fiscal Years Ended September 30,				
	1995	1994	1993	1992	1991
Operating Revenues	$376,445	$405,240	$367,456	$302,429	$301,707
Net Income	$ 5,517	$ 10,780	$ 13,810	$ 11,808	$ 3,447
Net Income Per Share	$ 0.60	$ 1.25	$ 1.70	$ 1.68	$ 0.55
Dividends Paid Per Share	$ 0.90	$ 1.60	$ 1.59	$ 1.58	$ 1.57
Total Assets	$610,165	$601,648	$ 483,911	$467,321	$406,491
Capital Lease Obligations	$ 11,114	$ 11,932	$ 12,290	$ 13,422	$ 14,871
Long-Term Debt	222,060	160,928	142,090	131,546	106,189
Common Shareholders' Equity	140,912	142,768	122,384	116,933	85,182
Common Shares Outstanding	9,201	9,157	8,201	8,036	6,342

Notes to the Selected Consolidated Financial Data:
Net Income for fiscal 1995 includes restructuring and other non-recurring charges amounting to $5.6 million (after tax), or $0.61 per share.

Net income for fiscal 1994 includes the reversal of $1.8 million of income tax reserves and restructuring and other non-recurring charges amounting to $0.6 million (after tax). The effect of these items increased net income by $1.2 million, or $0.14 per share.

Net income for fiscal 1991 includes provisions to write off certain merger-related fees and expenses and to write down certain properties and investments amounting to $3.3 million (after tax), or $0.53 per share.

Summary Consolidated Operating Data

	Fiscal Years Ended September 30,				
	1995	1994	1993	1992	1991
Operating Revenues (Dollars in thousands)					
Firm Sales:					
Residential	$173,395	$191,297	$172,749	$147,650	$145,882
Commercial	98,541	110,574	97,966	80,470	79,846
Industrial	20,083	25,809	23,066	21,928	24,914
Interruptible Sales	48,282	53,077	48,254	32,758	35,956
Unregulated Sales	7,498	1,426	1,757	—	—
Transportation Services	17,696	13,273	12,154	10,410	7,792
Customer Service, Appliance Leasing and Other	10,950	9,784	11,510	9,213	7,316
	$376,445	$405,240	$367,456	$302,429	$301,706
Gas Sold or Transported (MMcf)					
Firm Sales:					
Residential	21,276	22,558	21,019	20,251	18,133
Commercial	15,455	16,175	14,918	14,006	12,599
Industrial	5,217	5,323	4,781	5,052	5,427
Interruptible Sales	18,365	16,024	13,627	11,142	12,624
Unregulated Sales	3,398	689	904	—	—
Transportation Services	22,154	17,290	16,439	14,816	11,778
	85,865	78,059	71,688	65,267	60,561
Average Utility Customers Served					
Firm Sales:					
Residential	328,773	312,647	297,682	295,449	291,571
Commercial	24,510	22,726	21,016	20,670	20,292
Industrial	392	382	377	402	427
Interruptible Sales	131	101	105	104	106
Transportation Services	191	137	87	69	55
	353,997	335,993	319,267	316,694	312,451
Degree Days in New Jersey (normal: 4,978)	4,333	4,944	4,703	4,880	4,219
Employees (year end)	1,079	1,186	1,011	979	965
Ratio of Earnings to Fixed Charges	1.37	1.66	2.15	1.90	1.76

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis refers to NUI Corporation and all of its operating divisions and subsidiaries (collectively referred to as "NUI" or the "Company"). The Company, through its Northern and Southern Divisions, has utility operations in six states. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division was formed effective April 1, 1995 through the consolidation of the Company's City Gas Company of Florida and Pennsylvania & Southern Gas Company ("PSGS") operations (see Note 3 of the Notes to the Consolidated Financial Statements). PSGS, which has operations in North Carolina, Maryland, Pennsylvania and New York, was acquired on April 19, 1994 (the "PSGS Merger") (see Note 2 of the Notes to the Consolidated Financial Statements).

Results of Operations

Fiscal Years Ended September 30, 1995 and 1994

Net Income. Net income for fiscal 1995 was $5.5 million, or $0.60 per share, as compared with net income of $10.8 million, or $1.25 per share in fiscal 1994. The decrease is primarily due to non-recurring charges which, on an after-tax basis, were approximately $5.6 million, or $0.61 per share, and the reversal in fiscal 1994 of approximately $1.8 million of income tax reserves. Partially offsetting this decrease was approximately $1.6 million of additional net income attributable to the inclusion of PSGS in the entire fiscal 1995 results. Absent the non-recurring charges, net income for fiscal 1995 would have been $11.1 million, or $1.21 per share.

Net income per share in fiscal 1995 was also reduced as a result of the increased number of outstanding shares of NUI common stock as compared to the prior year.

Operating Revenues and Operating Margins. The Company's operating revenues include amounts billed for the cost of purchased gas pursuant to purchased gas adjustment clauses. Such clauses enable the Company to pass through to its customers, via periodic adjustments to customers' bills, increased or decreased costs incurred by the Company for purchased gas without affecting operating margins. Since the Company's utility operations do not earn a profit on the sale of the gas commodity, the Company's level of operating revenues is not necessarily indicative of financial performance. The Company's operating revenues decreased by $28.8 million, or 7%, in fiscal 1995 as compared with fiscal 1994. The decrease principally reflects the effects of weather in New Jersey that was 13% warmer than normal and 12% warmer than the prior year, and refunds attributable to lower gas costs totaling $13.9 million to Northern Division customers (see "Regulatory Matters"). Operating revenues were also reduced by decreased sales to interruptible customers due to lower gas prices and the effect of purchased gas adjustment clauses. Partially offsetting these decreases were approximately $19.5 million of additional operating revenues from the inclusion of PSGS in the entire fiscal 1995 results, the effects of base rate and appliance leasing rate increases in Florida, increased sales to off-system customers and other customer growth. The Company's average number of customers served increased by 18,004 or 5.4%, including 13,245 heating customers. Excluding the effect of a full year's inclusion of PSGS in fiscal 1995, the average number of customers increased approximately 2%.

The Company's operating margins increased by $8.6 million, or 6%, in fiscal 1995 as compared with fiscal 1994. The increase was principally the result of the inclusion of PSGS for the entire fiscal 1995 results, increases in the number of customers served, and the base rate and appliance leasing rate increases in Florida. Partially offsetting these increases was the effect of the warmer-than-normal weather in New Jersey in fiscal 1995 not fully recovered through the weather normalization clause. The Company has weather normalization clauses in its New Jersey and North Carolina tariffs which are designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and by decreasing amounts charged when weather has been colder than normal. Operating margins were increased by approximately $4.5 million in fiscal 1995 under the weather normalization clauses. There was no adjustment to operating margins in fiscal 1994 as the weather fell within the normal range.

Other Operating Expenses. The Company's other operating expenses, excluding income taxes, increased by $9.8 million, or 8%, in fiscal 1995 as compared with fiscal 1994. The increase was primarily the result of non-recurring pre-tax charges of $8.6 million, (see Note 3 of the Notes to the Consolidated Financial Statements), an additional $4.6 million of other pre-tax operating expenses from the inclusion of PSGS in the entire fiscal 1995 results and an increase in depreciation expense due to additional utility plant in service. Partially offsetting these increases were lower labor, pension and other employee benefits costs as a result of an early retirement program established by the Company in fiscal 1995 and other work force reductions.

Income taxes increased by $0.8 million in fiscal 1995 due to the reversal in fiscal 1994 of approximately $1.8 million of income tax reserves no longer required as a result of management's review of necessary reserve levels, offset by the effect of lower pre-tax income in fiscal 1995.

Interest Expense. Interest expense increased by $3.2 million in fiscal 1995 as compared with fiscal 1994. The increase was due to higher average outstanding borrowings, higher short-term interest rates and an increase of $0.6 million of interest recorded on the over collection of gas costs by the Northern Division. These increases were partially offset by a decrease in average long-term interest rates due to the refinancing of $46.5 million of the Company's 11% and 11.25% Gas Facilities Revenue Bonds at an interest rate of 6.35% in August 1994.

Fiscal Years Ended September 30, 1994 and 1993

Net Income. Net income for fiscal 1994 was $10.8 million, or $1.25 per share, as compared with net income of $13.8 million, or $1.70 per share in fiscal 1993. The decrease in fiscal 1994 was primarily due to higher operating expenses in the Company's Florida operations associated with system growth, coupled with lower than anticipated operating margins in Florida due to slower than anticipated customer growth. Net income in fiscal 1994 was also adversely affected by higher interest expense and a $0.6 million net operating loss by PSGS as a result of its acquisition following the conclusion of the heating season. The PSGS Merger had a dilutive effect of $0.14 per share in fiscal 1994, including the effect of the issuance of 683,443 additional shares of NUI common stock for all the outstanding shares of PSGS. Partly offsetting these decreases was the reversal of approximately $1.8 million of income tax reserves.

Net income per share in fiscal 1994 was also reduced as a result of other increases in the number of outstanding shares of NUI common stock as compared to the prior year.

Operating Revenues and Operating Margins. The Company's operating revenues increased by $37.8 million, or 10%, in fiscal 1994 as compared with fiscal 1993. The increase principally reflects increases in the number of customers served, including the addition of PSGS in fiscal 1994, greater industrial demand and the effect of purchased gas adjustment clauses. The effect of weather in New Jersey contributed to higher revenues in fiscal 1994 as the weather was 5% colder than the prior year. The Company's total average number of customers served increased by 16,726, or 5%, including 12,996 heating customers. The addition of PSGS heating customers from the PSGS Merger did not have a significant impact on fiscal 1994's operating revenues and margins since PSGS was acquired after the heating season. Excluding customers acquired as a result of the PSGS Merger, the average number of customers increased approximately 2% in fiscal 1994.

The Company's operating margins increased by $8.8 million, or 6%, in fiscal 1994 as compared with fiscal 1993. The increase principally reflects increases in the number of customers served. Operating margins in fiscal 1994 were not adjusted by the Company's weather normalization clauses as the weather fell within the normal range. Operating margins included $1.3 million in fiscal 1993 under weather normalization clauses as a result of the effects of warmer-than-normal weather.

Other Operating Expenses. The Company's other operating expenses, excluding income taxes, increased by $14.3 million, or 14%, as compared with fiscal 1993. The increase was principally attributable to approximately

$3.8 million of operating expenses from the addition of PSGS in fiscal 1994, $0.9 million of non-recurring charges related to the write-off of certain non-recoverable regulatory assets and certain restructuring costs in Florida, and increases in other operating expenses. The increase in other operating costs was due in part to higher costs associated with system growth, including the payroll and employee benefits costs attributable to a larger work force and depreciation due to additional utility plant in service. Increased operation and maintenance expenses were also the result of severe weather experienced in New Jersey during portions of fiscal 1994's heating season.

The decrease in income taxes of $4.7 million for fiscal 1994 was due to the reversal of $1.8 million of income tax reserves no longer required as a result of management's review of necessary reserve levels, and lower pre-tax income.

Interest Expense. Interest expense increased by $1.8 million in fiscal 1994 as compared with fiscal 1993, primarily due to higher outstanding borrowings. This increase was partially offset by decreased average interest rates due to the Company's August 1994 refinancing of $46.5 million of 11% and 11.25% Gas Facilities Revenue Bonds at an interest rate of 6.35%.

Regulatory Matters

Northern Division

On November 4, 1994, the New Jersey Board of Public Utilities ("NJBPU") approved a petition filed by the Northern Division to reduce its annual purchased gas adjustment revenues by approximately $11.9 million. The decrease reflected the Company's projections for lower gas costs in fiscal 1995. The NJBPU also approved refunds of approximately $2.6 million, which were made in the first quarter of fiscal 1995, and $11.3 million, which were made in the third quarter of fiscal 1995, as a result of lower than projected gas prices paid in fiscal 1994 and fiscal 1995. On November 3, 1995, the NJBPU approved a petition to further reduce the amounts billed to customers by the Northern Division by approximately $13.7 million, and to refund to customers approximately $2.8 million, due to lower gas costs. None of such revenue reductions or refunds affect the operating margins of the Company.

In December 1994, the NJBPU authorized new tariffs which are designed to provide for unbundling of natural gas transportation and sales service to Northern Division commercial and industrial customers (see "Outlook and Business Plan"). The new tariffs became effective on January 1, 1995 and are designed to be neutral as to the operating margins of the Company.

Southern Division

On November 29, 1994, the Florida Public Service Commission ("FPSC") voted to authorize the Company to increase its base rates in Florida by $1.6 million annually (the "FPSC Order"). The FPSC Order provides for a rate base amounting to approximately $82.6 million with an overall after-tax rate of return of 7.26%. In addition, the FPSC Order provides for several tariff changes designed to promote growth in developing markets for natural gas, and approved the deregulation of the Florida operation's leased appliance business which consists of leasing water heaters, clothes dryers and ranges to customers to promote natural gas usage in the residential market.

On September 20, 1995, the North Carolina Utilities Commission approved a stipulation to increase the Company's base rates in North Carolina by $385,000 annually. The stipulation provides for a rate base amounting to approximately $11.9 million with an overall after-tax rate of return of 7.89%. The rate increase was effective in October 1995.

Financing Activities and Resources

The Company's net cash provided by operating activities was $47.9 million in fiscal 1995, $22.5 million in fiscal 1994 and $4.3 million in fiscal 1993. The improved cash flows for fiscal 1995 primarily reflect lower accounts receivable due to accelerated collections of budget billed customer accounts, lower gas costs and a lower level of payments in fiscal 1995 for New Jersey gross receipts and franchise taxes; the 1994 and 1993 New Jersey gross receipts and franchise tax payments included an additional amount representing almost a half year's liability as a result of a change in the payment schedule by the State. The increase in net cash provided by operating activities in fiscal 1994 as compared with fiscal 1993 was primarily attributable to the temporary over collection of gas costs and lower costs for fuel held in inventory.

Because the Company's business is highly seasonal, short-term debt is used to meet seasonal working capital requirements. The Company also borrows under its bank lines of credit to finance portions of its capital expenditures, pending refinancing through the issuance of equity or long-term indebtedness at a later date depending upon prevailing market conditions.

Short-Term Debt. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $58 million at 5.9% in fiscal 1995, $82 million at 4.1% in fiscal 1994 and $53.9 million at 3.6% in fiscal 1993. The weighted average daily amounts of notes payable to banks decreased in fiscal 1995 primarily due to the issuance of $70 million of Medium-Term Notes, which were used to repay short-term debt, partially offset by borrowings to finance portions of the Company's construction expenditures and to complete an early redemption of the Company's First Mortgage Bonds. The weighted average daily amount of notes payable to banks increased in fiscal 1994 principally to finance portions of the Company's construction expenditures, primarily related to system growth in Florida, and the accelerated payment of New Jersey gross receipts and franchise taxes. At September 30, 1995, the Company had outstanding notes payable to banks amounting to $37.9 million and available unused lines of credit amounting to $120.1 million.

Long-Term Debt and Funds for Construction Held by Trustee. In November 1994, the Company filed a shelf registration statement with the Securities and Exchange Commission for an aggregate of up to $100 million of debt and equity securities. On February 16, 1995, the Company issued $50 million aggregate principal amount of Medium-Term Notes, Series A, with a stated maturity date of February 1, 2005 and an interest rate of 8.35%. On May 25, 1995, the Company issued an additional $20 million of Medium-Term Notes, Series A, with a stated maturity date of August 1, 2002 and an interest rate of 7.125%. The net proceeds from these Medium-Term Notes were used to repay short-term debt.

The Company anticipates issuing additional securities subject to the shelf registration from time to time, depending upon the Company's needs and prevailing market conditions. The Company intends to use the proceeds from any of these additional security issuances to discharge outstanding debt obligations of the Company, to finance the Company's capital expenditures and for general corporate purposes. The Company expects to issue in fiscal 1996 approximately $39 million of tax-exempt Gas Facilities Revenue Bonds for the purpose of financing the Northern Division's capital expenditure program.

On July 17, 1995, the Company completed an early redemption of its remaining $8.7 million of First Mortgage Bonds. The bonds carried coupon rates of 8% and 8.5% and were redeemed with proceeds from short-term debt.

On August 16, 1994, the Company issued $66.5 million of tax-exempt bonds in New Jersey and Florida. These issuances were comprised of $46.5 million of 6.35% Gas Facilities Refunding Revenue Bonds, due October 1, 2022, which replaced the same amount of outstanding debt bearing interest at 11% and 11.25%, and $20 million of 6.40% Gas Facilities Revenue Bonds, due October 1, 2024, which is being used to finance part of the Company's capital expenditure program in Florida.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible capital expenditures. As of September 30, 1995, the total unexpended portion of all of the Company's Gas Facilities Revenue Bonds was $13.6 million and is classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment and stock purchase plan, and various employee benefit plans. The proceeds from such issuances amounted to $1.0 million, $6.3 million and $4.2 million in fiscal 1995, 1994 and 1993, respectively, and were used primarily to reduce outstanding short-term debt. Effective in December 1994, these plans commenced purchasing shares on the open market to fulfill the plans' requirements, rather than purchasing the shares directly from the Company. Under the terms of NUI Direct, the Company may change the method of purchasing shares, no more frequently than every three months, from open market purchases to purchases directly from the Company, or vice versa; the method of purchasing shares may be changed no more frequently than every twelve months for the other plans.

The Company plans to issue additional common stock in fiscal 1996 for the purpose of improving the Company's financial position by reducing outstanding debt and funding capital requirements. The issuance may be made under the Company's shelf registration statement (see "Long-Term Debt and Funds for Construction Held by Trustee") or it may be under a separate registration statement. Regulatory approval for such issuance, which is expected to be not more than two million shares, is required but has not yet been sought.

On April 19, 1994, the Company issued 683,443 additional shares of NUI common stock in connection with the PSGS Merger (see Note 2 of the Notes to the Consolidated Financial Statements).

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were $37.9 million in fiscal 1995, $55.8 million in fiscal 1994 and $39.6 million in fiscal 1993. The Company's capital expenditures are expected to be approximately $42 million in fiscal 1996.

The Company owns or previously owned six former manufactured gas plant ("MGP") sites in the Northern Division and ten MGP sites in the PSGS states. In order to quantify the potential future expenditures with respect to all of its MGP sites, the Company, with the aid of environmental consultants, regularly assesses the possible costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the probability of whether such actions will be necessary. Based on the Company's most recent assessment, as of September 30, 1995 the Company has recorded a total reserve for probable environmental investigation and remediation costs of approximately $34 million, which the Company expects it will expend in the next twenty years to remediate 7 of the Company's 16 MGP sites. Of this reserve, approximately $30 million relates to Northern Division MGP sites and approximately $4 million relates to PSGS MGP sites. In addition to these probable costs, the Company believes that there may be up to an additional $21 million associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of the Company's MGP sites during a future period of time that may range up to fifty years. Of this $21 million in possible future expenditures, approximately $10 million relates to the Northern Division MGP sites and approximately $11 million relates to the PSGS MGP sites. The Company believes that all costs associated with the Northern Division MGP sites will be recoverable in rates or from insurance carriers. With respect to costs which may be associated with the PSGS MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able at this time to express a belief as to whether any or all of these recovery efforts related to PSGS MGP sites will ultimately be successful. For a further discussion of environmental matters, see Note 10 of the Notes to the Consolidated Financial Statements.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $78 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 9 billion cubic feet per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The implementation of the Federal Energy Regulatory Commission's ("FERC") Order No. 636 required the restructuring of the Company's contracts with certain pipeline companies that together supply less than one-third of the Company's total firm gas supply. Under Order No. 636 the pipeline companies are passing through to their customers transition costs associated with mandated restructuring, such as costs resulting from buying out unmarketable gas purchase contracts. The Company has been charged approximately $7 million of such costs as of September 30, 1995, which the Company has been authorized to recover through its purchased gas adjustment clauses. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately $9.1 million which it expects to also recover through the Company's purchased gas adjustment clauses as these costs are incurred. This transition obligation is subject to possible future FERC actions based upon filings by the Company's pipeline suppliers.

As of September 30, 1995, the scheduled repayments of the Company's long-term debt over the next five years were as follows: $0.1 million in both fiscal 1996 and 1997, $30.1 million in fiscal 1998 and $0.1 million in both fiscal 1999 and 2000.

Outlook and Business Plan

The natural gas distribution industry is undergoing significant changes. The sale of gas by utility companies to commercial and industrial customers has been "unbundled", or separated from the transportation service component, by several state regulatory commissions, including that in New Jersey. In these states, while the sale of the gas commodity to commercial and industrial customers is now fully competitive, the transportation service remains regulated as to price and returns and subject to various restrictions and franchise protections. It is anticipated that additional states will unbundle these services for commercial and industrial customers and that, in the near term, states will begin to unbundle these services for residential customers as well.

Tariffs for transportation service have generally been designed to provide the same margins as bundled sales tariffs. Therefore, the Company is financially indifferent as to whether it transports gas, or sells gas and transportation together. Unbundling provides the Company with an opportunity to make additional margins by competing with unregulated marketers and brokers for sales of gas.

The Company also faces the risk of loss of transportation service for large industrial customers which may have the ability to build connections to interstate gas pipelines and bypass the Company's distribution system. With the final implementation of FERC Order No. 636, the FERC is no longer discouraging such direct connections. Gas distributors can also expect increased competition from electricity as deregulation in that industry decreases prices and increases supply sources. Alternatively, opportunities may increase for gas service to fuel generators for large industrial customers, replacing electric utility service.

The Company has taken several steps to address the risks and opportunities associated with these changes in the industry and to improve financial performance.

The Company's subsidiary, Natural Gas Services, Inc. ("NGS"), was formed to take advantage of the deregulated commercial and industrial market through the sale of natural gas to these customers. The business generated to date has not been sufficient to cover its operating costs, and NGS is not expected to be profitable until

fiscal 1997. The Company believes, however, that this business is important to the future success of the Company as the natural gas distribution industry deregulates, and it intends to continue to pursue this business line through NGS. The financial success of NGS or any other unregulated ventures, which are subject to competition, are likely to be more volatile than those of the regulated utility operations.

During fiscal 1995, the Company restructured its operations in order to consolidate responsibilities and controls, thereby eliminating redundant functions throughout the Company. Part of this effort was achieved through an early retirement program. Overall, the work force of the Company has been reduced by 118 employees (or 10%) since its high of 1,197 in fiscal 1994. As part of this restructuring, the Southern Division was formed in fiscal 1995, combining management of City Gas Company of Florida and PSGS (see "Notes to the Consolidated Financial Statements - Note 3").

In fiscal 1995, the Company, along with seven other utility companies, formed the East Coast Natural Gas Cooperative LLC (the "Co-op"). The Co-op was formed with the goal of jointly managing certain portions of the members' gas supply portfolios, to increase reliability and reduce costs of service to customers, and to improve the competitive position of the member companies.

While the Company has reduced its capital expenditures from $55.8 million in fiscal 1994 to $37.9 million in fiscal 1995, management expects capital expenditures to increase in the future as profitable investments arise. However, management believes that the Company's liquidity and borrowing capacity are stable and adequate to fund such expenditures.

In addition to deregulation in the natural gas distribution industry, deregulation in all energy and utility markets is driving the goal of many companies to provide the broadest possible range of customer choices in products and services. The Company intends to pursue an expansion of the services which it provides to customers. Such services may include, among other things: gas-related services; electricity and other fuels; energy-related information services; and energy efficiency services.

At the same time, the need to compete in deregulated energy markets has caused new combinations of utility and other energy-related companies with the goals of improving efficiency, improving access to new products and services, and increasing access to new markets and means of distribution. Regulatory constraints that have existed on utility combinations, due primarily to the Public Utility Holding Company Act ("PUHCA"), may be removed as Congress reviews PUHCA for possible reform or repeal. Management expects that the trend toward increasing business combinations, including mergers, joint ventures and alliances will continue. NUI may participate in one or more of such combinations, if the Company deems such actions consistent with its business plan.

Effects of Inflation

The Company's tariffs provide purchased gas adjustment clauses through which rates charged to customers are adjusted for changes in the cost of gas on a reasonably current basis. Increases in other utility costs and expenses not otherwise offset by increases in revenues or reductions in other expenses could have an adverse effect on earnings due to the time lag associated with obtaining regulatory approval to recover such increased costs and expenses, and the uncertainty of whether regulatory commissions will allow full recovery of such increased costs and expenses.

Item 8. Financial Statements and Supplementary Data

Consolidated financial statements of the Company as of September 30, 1995 and 1994 and for each of the three years in the period ended September 30, 1995, the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1995, are included herewith as indicated on "Index to Financial Statements and Schedule" on page F-1.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning directors and officers of the Company is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. It is expected that such Proxy Statement will be filed with the Securities and Exchange Commission no later than January 28, 1996.

Item 11. Executive Compensation

Information concerning executive compensation is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. It is expected that such Proxy Statement will be filed with the Securities and Exchange Commission no later than January 28, 1996.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. It is expected that such Proxy Statement will be filed with the Securities and Exchange Commission no later than January 28, 1996.

Item 13. Certain Relationships and Related Transactions

Information concerning certain relationships and related transactions is included in the definitive Proxy Statement for the Company's Annual Meeting of Stockholders, which is incorporated herein by reference. It is expected that such Proxy Statement will be filed with the Securities and Exchange Commission no later than January 28, 1996.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) (1) Consolidated financial statements of the Company as of September 30, 1994 and 1993 and for each of the three years in the period ended September 30, 1995 and the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1995 are included herewith as indicated on the "Index to Financial Statement and Schedule" on page F-1.

(2) The applicable financial statement schedule for the fiscal years 1995, 1994 and 1993 is included herewith as indicated on the "Index to Financial Statements and Schedule" on page F-1.

(3) Exhibits:

Exhibit No.	Description	Reference
2(i)	Letter Agreement, dated June 29, 1993, by and between NUI Corporation and Pennsylvania & Southern Gas Company	Incorporated by reference to Exhibit 2(i) to Registration Statement No. 33-50561
2(ii)	Agreement and Plan of Merger, dated as of July 27, 1993, by and between NUI Corporation and Pennsylvania & Southern Gas Company	Incorporated by reference to Exhibit 2(ii) to Registration Statement No. 33-50561
3(i)	Certificate of Incorporation, amended and restated as of December 1, 1995	Filed herewith
3(ii)	By-Laws, amended and restated as of October 24, 1995	Filed herewith
10(i)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and Elizabethtown Gas Company ("EGC"), dated February 1, 1992	Incorporated by reference to Exhibit 10(i) to Registration Statement No. 33-50561
10(ii)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipe Line Corporation and EGC, dated May 3, 1972	Incorporated by reference to Exhibit 10(ii) to Registration Statement No. 33-50561
10(iii)	Service Agreement under Rate Schedule LG-A by and between Transcontinental Gas Pipe Line Corporation and EGC, dated January 12, 1971	Incorporated by reference to Exhibit 10(iii) to Registration Statement No. 33-50561
10(iv)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1991	Incorporated by reference to Exhibit 10(iv) to Registration Statement No. 33-50561
10(v)	Service Agreement for Storage Gas by and between Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1994	Incorporated by reference to Exhibit 10(v) to NUI's Form 10-k Report for Fiscal 1994
10(vi)	Firm Gas Transportation Agreement by and among Transcontinental Gas Pipe Line Corporation, EGC and National Fuel Gas Supply Corporation, dated November 1, 1984	Incorporated by reference to Exhibit 10(vi) to Registration Statement No. 33-50561

Exhibit No.	Description	Reference
10(vii)	Gas Transportation Agreement by and among Transcontinental Gas Pipe Line Corporation and EGC, dated February 4, 1991	Incorporated by reference to Exhibit 10(vii) to Registration Statement No. 33-50561
10(viii)	Service Agreement for Rate Schedule CDS by and between Texas Eastern Transmission Corporation and EGC, dated December 1, 1993	Incorporated by reference to Exhibit 10(viii) to NUI's Form 10-K Report for Fiscal 1994
10(ix)	Service Agreement under Rate Schedule FTS-7 by and between Texas Eastern Transmission Corporation and EGC, dated October 25, 1994	Incorporated by reference to Exhibit 10(ix) to NUI's Form 10-K Report for Fiscal 1994
10(x)	Service Agreement for Rate Schedule FTS-5 by and between Texas Eastern Transmission Corporation and EGC, dated June 1, 1993	Incorporated by reference to Exhibit 10(x) to Registration Statement No. 33-50561
10(xi)	Service Agreement under Rate Schedule FTS-8 by and between Texas Eastern Transmission Corporation and EGC, dated June 28, 1994	Incorporated by reference to Exhibit 10(xi) to NUI's Form 10-K Report for Fiscal 1994
10(xii)	Service Agreement for Rate Schedule FTS-5 by and between Texas Eastern Transmission Corporation and EGC, dated June 1, 1993	Incorporated by reference to Exhibit 10(xii) to Registration Statement No. 33-50561
10(xiii)	Service Agreement for Rate Schedule FTS-2 by and between Texas Eastern Transmission Corporation and EGC, dated June 1, 1993	Incorporated by reference to Exhibit 10(xiii) to Registration Statement No. 33-50561
10(xiv)	Service Agreement under NTS Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993	Incorporated by reference to Exhibit 10(xiv) to NUI's Form 10-K Report for Fiscal 1993
10(xv)	Service Agreement under SST Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993	Incorporated by reference to Exhibit 10(xv) to NUI's Form 10-K Report for Fiscal 1993
10(xvi)	Service Agreement under FTS Rate Schedule by and between Columbia Gas Transmission Corporation and EGC, dated November 1, 1993	Incorporated by reference to Exhibit 10(xvi) to NUI's Form 10-K Report for Fiscal 1993
10(xvii)	Gas Transportation Agreement under FT-G Rate Schedule by and between Tennessee Gas Pipeline Company and EGC (Contract #597), dated September 1, 1993	Incorporated by reference to Exhibit 10(xvii) to NUI's Form 10-K Report for Fiscal 1993
10(xviii)	Gas Transportation Agreement under FT-G Rate Schedule by and between Tennessee Gas Pipeline Company and EGC (Contract #603), dated September 1, 1993	Incorporated by reference to Exhibit 10(xviii) to NUI's Form 10-K Report for Fiscal 1993
10(xix)	Gas Transportation Agreement by and between Tennessee Gas Pipeline Company and EGC, dated March 30, 1993	Incorporated by reference to Exhibit 10(xvii) to Registration Statement No. 33-50561

Exhibit No.	Description	Reference
10(xx)	Firm Transportation Service Agreement under FTS-1 Rate Schedule by and between City Gas and Florida Gas Transmission dated October 1, 1993	Incorporated by reference to Exhibit 10(xx) of NUI's Form 10-K Report for Fiscal 1993
10(xxi)	Lease Agreement between EGC and Liberty Hall Joint Venture, dated August 17, 1987	Incorporated by reference to Exhibit 10(vi) of EGC's Form 10-K Report for Fiscal 1987
10(xxii)	1988 Stock Plan	Incorporated by reference to Exhibit 10(viii) to Registration Statement No. 33-21525
10(xxii)	First Amendment to 1988 Stock Plan	Incorporated by reference to Exhibit 10(xxxiii) to Registration Statement No. 33-46162
10(xxiii)	Form of Termination of Employment and Change in Control Agreements	Filed herewith
10(xxiv)	Firm Transportation Service Agreement under FTS-2 Rate Schedule by and between City Gas and Florida Gas Transmission, dated December 12, 1991 and Amendment dated November 12, 1993	Incorporated by reference to Exhibit 10(xxiv) of NUI's Form 10-K Report for Fiscal 1994
10(xxv)	Service Agreement under Rate Schedule LG-A by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated August 5, 1971	Incorporated by reference to Exhibit 10(xxv) of NUI's Form 10-K Report for Fiscal 1994
10(xxvi)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated April 13, 1974	Incorporated by reference to Exhibit 10(xxvi) of NUI's Form 10-K Report for Fiscal 1994
10(xxvii)	Service Agreement under Rate Schedule FS by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated August 1, 1991	Incorporated by reference to Exhibit 10(xxvii) of NUI's Form 10-K Report for Fiscal 1994
10(xxviii)	Service Agreement under Rate Schedule FT by and between Transcontinental Gas Pipeline and North Carolina Gas Service Division of Pennsylvania & Southern Gas Company, dated February 1, 1992	Incorporated by reference to Exhibit 10(xxviii) of NUI's Form 10-K Report for Fiscal 1994
10(xxix)	Gas Sales and Purchase Agreement by and between Texaco Gas Marketing, Inc. and Pennsylvania & Southern Gas Company, dated November 1, 1991	Incorporated by reference to Exhibit 10(xxix) of NUI's Form 10-K Report for Fiscal 1994
10(xxx)	Gas Storage Contract under Rate Schedule FS by and between Tennessee Gas Pipeline Company and Pennsylvania & Southern Gas Company, dated September 1, 1993	Incorporated by reference to Exhibit 10(xxx) of NUI's Form 10-K Report for Fiscal 1994

Exhibit No.	Description	Reference
10(xxxi)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #935)	Incorporated by reference to Exhibit 10(xxxi) of NUI's Form 10-K Report for Fiscal 1994
10(xxxii)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #936)	Incorporated by reference to Exhibit 10(xxxii) of NUI's Form 10-K Report for Fiscal 1994
10(xxxiii)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #959)	Incorporated by reference to Exhibit 10(xxxiii) of NUI's Form 10-K Report for Fiscal 1994
10(xxxiv)	Gas Transportation Agreement under Rate Schedule FT-A by and between Tennessee Gas Pipeline Co. and Pennsylvania & Southern Gas Company, dated September 1, 1993 (Contract #2157)	Incorporated by reference to Exhibit 10(xxxiv) of NUI's Form 10-K Report for Fiscal 1994
10(xxxv)	Employment Agreement, dated as of July 29, 1988, between NUI Corporation and Jack Langer	Incorporated by reference to Exhibit 10(xxxv) of NUI's Form 10-K Report for Fiscal 1994
10(xxxvi)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0431) dated April 1, 1995	Filed herewith
10(xxxvii)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0445) dated April 1, 1995	Filed herewith
10(xxxviii)	Service Agreement for Rate Schedule SS-1 by and between Texas Eastern Transmission Corporation and EGC (Contract (#400196) dated September 23, 1994	Filed herewith
10(xxxix)	Gas Storage Agreement under Rate Schedule FS by and between Tennessee Gas Pipeline Company and EGC (Contract #8703) dated November 1, 1994	Filed herewith
10(xl)	Consulting Agreement, dated as of March 24, 1995, between NUI Corporation and John Kean	Filed herewith
10(xli)	Form of Deferred Compensation Agreement	Filed herewith
21	Subsidiaries of NUI Corporation	Filed herewith
23	Consent of Independent Public Accountants	Filed herewith
27	Financial Data Schedule	Filed herewith

Exhibits listed above which have heretofore been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 or the Securities Exchange Act of 1934, and which were designated as noted above and have not been amended, are hereby incorporated by reference and made a part hereof with the same effect as if filed herewith.

The Company is a party to various agreements with respect to long-term indebtedness to which the total amount of indebtedness authorized under each agreement, respectively, does not exceed 10% of the total assets of the Company on a consolidated basis. The Company hereby agrees to furnish to the Securities and Exchange Commission copies of such agreements upon request.

(b) Reports on Form 8-K:

On October 24, 1995, the Company filed a Form 8-K, Item 5, Other Events, reporting an amendment to the Company's By-Laws.

On December 1, 1995, the Company filed a Form 8-K, Item 5, Other Events, reporting the establishment of a Shareholder Rights Plan.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Consolidated Financial Statements of NUI Corporation and Subsidiaries:

Report of Independent Public Accountants F-2

Consolidated Financial Statements as of September 30, 1995 and 1994 and for Each of the Three Years in the Period Ended September 30, 1995 . . . . . F-3

Unaudited Quarterly Financial Data for the Two-Year Period Ended September 30, 1995 (Note 11 of the Notes to the Company's Consolidated Financial Statements) F-18

Financial Statement Schedule of NUI Corporation and Subsidiaries:

Report of Independent Public Accountants F-2

Schedule II — Valuation and Qualifying Accounts for Each of the Three Years in the Period Ended September 30, 1995 . . . . . F-20

All other schedules are omitted because they are not required, are inapplicable or the information is otherwise shown in the financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To NUI Corporation:

We have audited the accompanying consolidated balance sheet and consolidated statement of capitalization of NUI Corporation (a New Jersey corporation) and subsidiaries (the "Company") as of September 30, 1995 and 1994, and the related consolidated statements of income, cash flows and shareholders' equity, for each of the three years in the period ended September 30, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position of NUI Corporation and subsidiaries as of September 30, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1995, in conformity with generally accepted accounting principles.

As discussed in Notes 1 and 9 to the consolidated financial statements, effective October 1, 1993, the Company changed its method of accounting for income taxes and other postretirement benefits.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)(2) is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

New York, New York
November 14, 1995

NUI Corporation and Subsidiaries
Consolidated Statement of Income
(Dollars in thousands, except per share amounts)

	Years Ended September 30,		
	1995	1994	1993
Operating Margins			
Operating revenues	$376,445	$405,240	$367,456
Less- Purchased gas and fuel	189,510	223,421	195,842
Gross receipts and franchise taxes	33,669	37,173	35,753
	153,266	144,646	135,861
Other Operating Expenses			
Operations and maintenance	90,523	90,904	80,865
Depreciation and amortization	19,750	17,446	15,082
Restructuring and other non-recurring charges	8,591	923	—
Other taxes	7,657	7,435	6,428
Income taxes	2,886	2,098	6,762
	129,407	118,806	109,137
Operating Income	23,859	25,840	26,724
Other Income and Expense, Net	439	506	854
Interest Expense	18,781	15,566	13,768
Net Income	$ 5,517	$ 10,780	$ 13,810
Net Income Per Share of Common Stock	$ .60	$ 1.25	$ 1.70
Dividends Per Share of Common Stock	$ .90	$ 1.60	$ 1.59
Weighted Average Number of Shares of Common Stock Outstanding	9,152,837	8,617,790	8,124,065

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

	September 30,	
	1995	1994
ASSETS		
Utility Plant		
Utility plant, at original cost	$597,360	$566,982
Accumulated depreciation and amortization	(184,558)	(173,894)
Unamortized plant acquisition adjustments	35,269	33,604
	448,071	426,692
Funds for Construction Held by Trustee	14,405	26,906
Investments in Marketable Securities	2,723	3,468
Current Assets		
Cash and cash equivalents	3,601	5,637
Accounts receivable (less allowance for doubtful accounts of $1,689 in 1995 and $1,368 in 1994)	30,293	38,216
Fuel inventories, at average cost	27,629	28,616
Prepayments and other	20,007	13,435
	81,530	85,904
Other Assets		
Regulatory assets	54,374	47,830
Deferred charges	9,062	10,848
	63,436	58,678
	$610,165	$601,648
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements)		
Common shareholders' equity	$140,912	$142,768
Preferred stock	—	—
Long-term debt	222,060	160,928
	362,972	303,696
Capital Lease Obligations	11,114	11,932
Current Liabilities		
Current portion of long-term debt and capital lease obligations	1,759	2,761
Notes payable to banks	37,935	110,125
Accounts payable, customer deposits and accrued liabilities	63,665	52,721
General taxes	3,054	1,925
Federal income taxes	4,664	6,079
	111,077	173,611
Other Liabilities		
Deferred Federal income taxes	51,946	50,066
Unamortized investment tax credits	7,102	7,570
Environmental remediation reserve	33,981	32,181
Regulatory and other liabilities	31,973	22,592
	125,002	112,409
	$610,165	$601,648

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows
(Dollars in thousands)

	Years Ended September 30,		
	1995	1994	1993
Operating Activities			
Net income	$5,517	$10,780	$13,810
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,932	18,773	16,346
Deferred Federal income taxes	2,005	6,893	8,726
Non-cash portion of restructuring and other non-recurring charges	4,913	683	—
Amortization of deferred investment tax credits	(468)	(476)	(461)
Other	4,626	2,926	4,162
Effect of changes in:			
Accounts receivable, net	7,923	(5,724)	(152)
Fuel inventories	987	(193)	(7,872)
Accounts payable, deposits and accruals	10,724	6,959	(10,043)
Gross receipts and franchise taxes	(4,152)	(11,112)	(14,262)
Other	(5,088)	(6,986)	(5,988)
Net cash provided by operating activities	47,919	22,523	4,266
Financing Activities			
Proceeds from sales of common stock	1,045	6,323	4,177
Purchases of treasury stock	(468)	—	—
Dividends to shareholders	(8,296)	(13,836)	(12,905)
Proceeds from issuance of long-term debt	70,000	66,500	30,000
Funds for construction held by trustee, net	10,125	(2,093)	11,015
Repayments of long-term debt	(9,902)	(54,159)	(22,734)
Principal payments under capital lease obligations	(1,844)	(2,055)	(1,874)
Net short-term (repayments) borrowings	(72,190)	33,893	22,950
Net cash (used for) provided by financing activities	(11,530)	34,573	30,629
Investing Activities			
Cash expenditures for utility plant	(37,976)	(53,601)	(35,442)
Proceeds from sales of marketable securities	1,199	659	56
Proceeds from sale of assets	—	1,610	—
Other	(1,648)	(2,000)	(1,123)
Net cash (used for) investing activities	(38,425)	(53,332)	(36,509)
Net Increase (Decrease) in Cash and Cash Equivalents	$(2,036)	$3,764	$(1,614)
Cash and Cash Equivalents			
At beginning of period	$ 5,637	$ 1,873	$ 3,487
At end of period	3,601	5,637	1,873
Supplemental Disclosures of Cash Flows			
Income taxes paid (refunds received), net	$(1,129)	$ 666	$ 2,377
Interest paid	17,436	17,597	15,135

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Capitalization
(Dollars in thousands)

	September 30, 1995	September 30, 1994
Long-Term Debt		
Gas facilities revenue bonds		
6.625% due October 1, 2021*	$ 8,400	$ 8,400
6.75% due October 1, 2021*	46,200	46,200
6.35% due October 1, 2022	46,500	46,500
6.40% due October 1, 2024*	20,000	20,000
First mortgage bonds		
8% due April 1, 1997	—	2,500
8.5% due May 1, 2002	—	7,273
Medium-term notes		
7.125% due August 1, 2002	20,000	—
8.35% due February 1, 2005	50,000	—
Credit agreement indebtedness	30,000	30,000
ESOP indebtedness, 6% due May 31, 2002	1,088	1,217
	222,188	162,090
Current portion of long-term debt	(128)	(1,162)
	222,060	160,928
Preferred Stock, 5,000,000 shares authorized; none issued	—	—
Common Shareholders' Equity		
Common Stock, no par value; shares authorized: 30,000,000; shares outstanding: 9,201,237 in 1995 and 9,157,095 in 1994	139,093	138,082
Shares held in treasury	(1,265)	(797)
Retained earnings	3,921	6,700
Valuation of marketable securities	232	—
Unearned employee compensation - ESOP	(1,069)	(1,217)
	140,912	142,768
Total Capitalization	$362,972	$303,696

* The total unexpended portion of the net proceeds from these bonds, amounting to $13.6 million and $23.7 million as of September 30, 1995 and September 30, 1994, respectively, is carried on the Company's consolidated balance sheet as funds for construction held by trustee, including interest earned thereon, until drawn upon for eligible construction expenditures.

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Shareholders' Equity
(Dollars in thousands)

	Common Stock				Unrealized Gain (Loss)-	Unearned Employee	
	Shares Outstanding	Paid-in Amount	Held in Treasury	Retained Earnings	Marketable Securities	Compensation- ESOP	Total
Balance, September 30, 1992	8,035,910	$110,718	$(797)	$ 8,675	$(205)	$(1,458)	$116,933
Common stock issued*	165,186	4,177					4,177
Net income				13,810			13,810
Cash dividends				(12,905)			(12,905)
Unrealized gain					112		112
ESOP transactions				138		119	257
Balance, September 30, 1993	8,201,096	114,895	(797)	9,718	(93)	(1,339)	122,384
Common stock issued							
PSGS acquisition	683,443	16,864					16,864
Other*	272,556	6,323					6,323
Net income				10,780			10,780
Cash dividends				(13,836)			(13,836)
Unrealized gain					93		93
ESOP transactions				38		122	160
Balance, September 30, 1994	9,157,095	138,082	(797)	6,700	—	(1,217)	142,768
Common stock issued*	74,499	1,045					1,045
Treasury stock purchased	(30,357)		(468)				(468)
Net income				5,517			5,517
Cash dividends				(8,296)			(8,296)
Unrealized gain					232		232
ESOP transactions		(34)				148	114
Balance, September 30, 1995	9,201,237	$139,093	$ (1,265)	$ 3,921	$ 232	$ (1,069)	$140,912

** Represents common stock issued in connection with NUI Direct and various employee benefit plans.*

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include all operating divisions and subsidiaries of NUI Corporation (collectively referred to as "NUI" or the "Company"). The Company, through its Northern and Southern Divisions, has utility operations in six states. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division was formed effective April 1, 1995 through the consolidation of the Company's City Gas Company of Florida ("CGF") and Pennsylvania & Southern Gas Company ("PSGS") operations (see Note 3). PSGS, which has operations in North Carolina, Maryland, Pennsylvania and New York, was acquired on April 19, 1994. All intercompany accounts and transactions have been eliminated in consolidation.

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

Regulation. The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates.

Utility Plant. Utility plant is stated at its original cost. Depreciation is provided on a straight-line basis over the remaining estimated lives of depreciable property by applying composite average annual rates as approved by the state commissions. The composite average annual depreciation rate was 3.2% in fiscal 1995 and 3.1% in both fiscal years 1994 and 1993. At the time properties are retired, the original cost plus the cost of retirement, less salvage, is charged to accumulated depreciation. Repairs of all utility plant and replacements and renewals of minor items of property are charged to maintenance expense as incurred.

The unamortized plant acquisition adjustments represent the remaining portion of the excess of the purchase price over the book value of net assets acquired. The excess is being amortized on a straight-line basis over thirty years from the date of acquisition. The results of operations of acquired entities have been included in the accompanying consolidated financial statements for the periods subsequent to their acquisition.

Operating Revenues and Purchased Gas and Fuel Costs. Operating revenues include accrued unbilled revenues through the end of each accounting period. Operating revenues also reflect adjustments attributable to weather normalization clauses that are accrued during the winter heating season and billed or credited to customers in the following year.

Costs of purchased gas and fuel are recognized as expenses in accordance with the purchased gas adjustment clause applicable in each state. Such clauses provide for periodic reconciliations of actual recoverable gas costs and the estimated amounts that have been billed to customers. Under or over recoveries are deferred when they arise and are recovered from or refunded to customers in subsequent periods.

Restricted Cash. In accordance with certain regulatory requirements in North Carolina, the Company is required to deposit pipeline supplier refunds in an interest-bearing account. These funds, including interest earned thereon, amounted to approximately $0.9 million as of September 30, 1995 and are restricted for uses as prescribed by North Carolina regulatory authorities. This balance is classified in the Company's consolidated balance sheet in deferred charges with a corresponding amount included in other liabilities.

Income Taxes. In fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which requires the liability method to be used to account for deferred income taxes. Under this method, deferred income taxes related to tax and accounting basis differences are recognized at the statutory income tax rates in effect when the tax is expected to be paid. The adoption of SFAS 109 did not have a material impact on consolidated net income because deferred taxes previously not provided are

recoverable from or payable to customers through future rates as taxes come due and, accordingly, a net regulatory liability of approximately $3.4 million was recorded.

Investment tax credits, which were generated principally in connection with additions to utility plant made prior to January 1, 1986, are being amortized over the estimated service lives of the properties that gave rise to the credits.

Regulatory Assets and Liabilities. The Company's utility operations follow the accounting for regulated enterprises prescribed by Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). In general, SFAS 71 requires deferral of certain costs and obligations, based upon orders received from regulators, to be recovered from or refunded to customers in future periods. The following represents the Company's regulatory assets and liabilities deferred in the accompanying consolidated balance sheet as of September 30, 1995 and 1994:

	1995	1994
Regulatory Assets		
Environmental investigation and remediation costs	$32,967	$32,141
Unrecovered gas costs	9,675	5,398
Postretirement benefits other than pensions	5,194	2,455
Deferred piping allowances	3,249	3,066
Other	3,289	4,770
	$54,374	$47,830
Regulatory Liabilities		
Net overcollection of income taxes	$ 5,365	$ 4,135
Gas supplier refunds	1,387	1,383
Other	222	230
	$ 6,974	$ 5,748

Although the gas distribution industry is becoming increasingly competitive, the Company's utility operations continue to recover their costs through cost-based rates established by the public utility commissions. As a result, the Company believes that the accounting prescribed under SFAS 71 remains appropriate.

Cash Equivalents. Cash equivalents consist of a money market account which invests in securities with original maturities of three months or less.

Net Income Per Share of Common Stock. Net income per share of common stock is based on the weighted average number of shares of NUI common stock outstanding. The assumed exercise of outstanding employee stock options would not have a dilutive effect on net income per share of common stock.

New Accounting Standard. The Company is required to adopt Statement of Financial Accounting Standards No. 121 ("SFAS 121") in fiscal 1996. SFAS 121 establishes accounting standards for the impairment of long-lived assets. The adoption of this statement is not expected to have a material impact on the Company's financial condition or results of operations.

2. Acquisition of Pennsylvania & Southern Gas Company

On April 19, 1994, the Company issued and exchanged 683,443 shares of NUI common stock for all of the outstanding common shares of PSGS pursuant to the merger of PSGS with and into NUI (the "PSGS Merger"). The transaction was valued at approximately $17 million. Upon consummation of the PSGS Merger, the Company's principal operating utility, Elizabethtown Gas Company, was merged with and into NUI. PSGS operates as part of the Southern Division of NUI.

The PSGS Merger was accounted for as a purchase in accordance with generally accepted accounting principles and the results of operations of PSGS have been consolidated with those of NUI as of April 19, 1994. Due to the effects of the regulatory process, the underlying net assets of PSGS have been recorded at their historical net book value. The excess of the purchase price over the historical net book value of the underlying net assets of PSGS is included in utility plant as a "plant acquisition adjustment" and is being amortized over a thirty year period. On September 30, 1994, NUI sold its PSGS propane assets. The excess of the purchase price over the net book value of the propane assets sold reduced the plant acquisition adjustment by approximately $1.4 million. As discussed further in Note 10, the Company, in connection with the PSGS Merger, acquired former manufactured gas plant facilities. No provision for environmental remediation had been made by PSGS in its financial statements prior to the PSGS Merger. As of September 30, 1995, the Company has recorded $3.7 million additional plant acquisition adjustment to provide for probable environmental remediation liabilities, of which $1.8 million was recorded during fiscal 1995.

3. Restructuring and Other Non-Recurring Charges

In fiscal 1995, the Company incurred approximately $8.6 million of non-recurring charges for, among other things, the implementation of an early retirement program and the consolidation of its Florida and PSGS operations.

In November 1994, the Company offered an early retirement program to certain employees. The program, which became effective on April 1, 1995, was accepted by 95 of the eligible 112 employees. In accordance with Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", the Company recorded a special termination charge of approximately $4.1 million. In addition, the Company recorded approximately $0.8 million of other benefit expenses associated with these employees. The Company also deferred, pending regulatory recovery, a charge of approximately $0.6 million for special termination benefits.

Effective April 1, 1995, the Company consolidated its Florida and PSGS divisions to form a new NUI Southern Division. The Southern Division is headquartered in Hialeah, Florida. As a result, PSGS headquarters in Sayre, Pennsylvania will be closed by December 31, 1995. The Company incurred a charge of approximately $2.6 million for severance and other expenses associated with the consolidation of the two divisions.

In addition, during fiscal 1995, the Company incurred a charge of approximately $0.8 million to write down certain regulatory assets as a result of the November 1994 settlement of the Company's Florida rate case.

The Company also incurred approximately $0.9 million of non-recurring charges in fiscal 1994 related to the write-down of certain non-recoverable regulatory assets and for certain restructuring costs in Florida.

4. Capitalization

Long-Term Debt. On February 16, 1995, the Company issued $50 million aggregate principal amount of Medium-Term Notes, Series A, with a stated maturity date of February 1, 2005 and an interest rate of 8.35%. On May 25, 1995, the Company issued an additional $20 million of Medium-Term Notes, Series A, with a stated maturity date of August 1, 2002 and an interest rate of 7.125%. The net proceeds from these Medium-Term Notes were used to repay short-term debt. On July 17, 1995, the Company completed an early redemption of its remaining $8.7 million of First Mortgage Bonds. The bonds carried coupon rates of 8% and 8.5% and were redeemed with proceeds from short-term debt.

On August 16, 1994, the Company issued $66.5 million of tax-exempt bonds in New Jersey and Florida. These issuances were comprised of $46.5 million of 6.35% Gas Facilities Refunding Revenue Bonds, due October 1, 2022, which replaced the same amount of outstanding debt bearing interest at 11% and 11.25%, and $20 million of 6.40% Gas Facilities Revenue Bonds, due October 1, 2024, which is being used to finance part of the Company's capital expenditure program in Florida.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of September 30, 1995, the total unexpended portion of all of the Company's Gas Facilities Revenue Bonds was $13.6 million and is classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

As of September 30, 1995, the scheduled repayments of the Company's long-term debt over the next five years were as follows: $0.1 million in both fiscal 1996 and 1997, $30.1 million in fiscal 1998 and $0.1 million in both fiscal 1999 and 2000.

Preferred Stock. The Company has 5,000,000 shares of authorized but unissued preferred stock.

Shareholder Rights Plan. In November 1995, the Company's Board of Directors adopted a Shareholder Rights Plan under which shareholders of NUI common stock were issued as a dividend one right to buy one one-hundredth of a share of Series A Junior Participating Preferred Stock at a purchase price of $50 ("Right") for each share of common stock held. The Rights initially attach to the shares of NUI common stock and can be exercised or transferred only if a person or group (an "Acquirer"), with certain exceptions, acquires, or commences a tender offer to acquire, beneficial ownership of 15% or more of NUI common stock. Each Right, except those held by the Acquirer, may be used by the non-aquiring shareholders to purchase, at the Right's exercise price, shares of NUI common stock having a market value equivalent to twice the Right's exercise price, thus substantially reducing the Acquirer's ownership percentage.

The Company may redeem the Rights at $0.001 per Right at any time prior to the occurrence of any such event. All Rights expire on November 27, 2005.

Common Stock. As discussed in Note 2, the Company issued 683,443 shares of NUI common stock in connection with the acquisition of PSGS on April 19, 1994. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment and stock purchase plan, and various employee benefit plans. Effective in December 1994, these common stock plans commenced purchasing shares on the open market to fulfill the plans' requirements rather than purchasing the shares directly from the Company. Under the terms of NUI Direct, the Company may change the method of purchasing shares, no more frequently than every three months, from open market purchases to purchases directly from the Company, or vice versa; the method of purchasing shares may be changed no more frequently than once every twelve months for the other plans. At September 30, 1995, shares reserved for issuance under these plans were: NUI Direct, 202,325; Savings and Investment Plan, 325,769 and the 1988 Stock Plan, 5,397.

Stock Plans. The Company's Board of Directors believes that both directors' and management's interest should be closely aligned with that of shareholders. As a result, under the 1988 Stock Plan, the Company has a long-term compensation program for directors, executive officers and key employees involving shares of NUI common stock.

Each non-employee director of the Company earns an annual retainer fee that consists of a deferred grant of shares of NUI common stock. As of September 30, 1995, such retainer fee was equivalent to a fair market value of $12,000 on the date of grant. In addition, non-employee directors who also chair committees of the Board receive additional deferred grants with a fair market value of $2,500 on the date of grant. Deferred stock grants are increased on each common stock dividend payment date by an amount equal to the number of shares of NUI common stock which would have been purchased had all deferred stock grants been issued and the dividends reinvested in additional shares. As of September 30, 1995, the total deferred grants for non-employee directors were 21,096 shares of NUI common stock, an increase of 7,084 shares during fiscal 1995.

Shares granted as long-term compensation for executive officers and key employees amounted to 17,620 shares in fiscal 1995, 15,730 shares in fiscal 1994 and 18,300 shares in fiscal 1993. As of September 30, 1995, a total of 32,350 shares of restricted stock that have been granted as long-term compensation are subject to future vesting requirements, and are restricted from resale.

Executive officers and key employees are eligible to be granted options for the purchase of NUI common stock at prices equal to the market price per share on the date of grant. The option must be exercised within ten years from the date of grant. Transactions during the last three fiscal years involving stock options were as follows:

	Number of Shares	Option Price per share
Options outstanding and exercisable at September 30, 1992	22,450	$14.42-$17.625
Fiscal 1993		
Exercised	(6,000)	$14.42-$15.77
Fiscal 1994		
Exercised	(2,300)	$14.42
Canceled	(1,150)	$14.42
Fiscal 1995		
Canceled	(3,200)	$15.77
Options outstanding and exercisable at September 30, 1995	9,800	$15.77-$17.625

As of September 30, 1995, options with respect to 2,400 shares carry stock appreciation rights with an exercise price of $15.77 per share. During fiscal 1995, payment on 1,600 stock appreciation rights was made at an exercise price of $15.77.

Employee Stock Ownership Plan. On March 30, 1995, the Company terminated the employee stock ownership plan ("ESOP") which was provided for certain employees of CGF. Satisfaction of ESOP indebtedness, which is guaranteed by a subsidiary of NUI, and distributions of the ESOP participants' vested account balances, will be made after the Internal Revenue Service completes its review of the ESOP's termination, which has been requested by the Company.

The Company incurred ESOP contribution expense amounting to $0.2 million in fiscal 1995, and $0.9 million in both fiscal 1994 and 1993, representing contributions for loan payments and to acquire additional shares of NUI common stock. Of this amount, approximately $0.1 million in each of fiscal years 1995, 1994 and 1993, represents interest expense. As of September 30, 1995, the ESOP trust held 239,129 shares of NUI common stock, of which 175,566 shares were allocated to participating employees. Participating employees are entitled to vote the allocated shares and the ESOP trustee votes the remainder of the shares.

Dividend Restrictions. The Company's long-term debt agreements include, among other things, restrictions as to the payment of cash dividends. Under the most restrictive of these provisions, the Company was permitted to pay $17 million of cash dividends at September 30, 1995.

5. Notes Payable to Banks

At September 30, 1995, the Company's outstanding notes payable to banks were $37.9 million with a combined weighted average interest rate of 6.1%. Unused lines of credit at September 30, 1995 were $120.1 million.

The weighted average daily amount outstanding of notes payable to banks and the weighted average interest rate on that amount was $58 million at 5.9% in fiscal 1995, $82 million at 4.1% in fiscal 1994 and $53.9 million at 3.6% in fiscal 1993.

6. Leases

Utility plant held under capital leases amounted to $22.9 million at September 30, 1995 and September 30, 1994, with related accumulated amortization of $10.3 million and $9.7 million, respectively. These properties consist principally of leasehold improvements and office furniture and fixtures. A summary of future minimum payments for properties held under capital leases follows (in thousands):

1996	$ 2,710
1997	2,436
1998	2,215
1999	8,631
2000	174
2001 and thereafter	288
Total future minimum payments	16,454
Amount representing interest	(3,709)
Current portion of capital lease obligations	(1,631)
Capital lease obligations	$11,114

Minimum payments under noncancelable operating leases, which relate principally to office space, are approximately $3.9 million in fiscal 1996, $3.4 million in fiscal 1997, $3.1 million in both fiscal 1998 and 1999, and $3.3 million in fiscal 2000.

Rents charged to operations expense were $4.6 million in fiscal 1995, $4.3 million in fiscal 1994 and $4.2 million in fiscal 1993.

7. Financial Instruments

Effective October 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", which requires the Company to carry its investments in marketable securities at their current market value. As of September 30, 1995, the market value of the Company's investments in marketable securities exceeded their cost by approximately $372,000, which unrealized gain is reflected net of deferred income taxes in the accompanying consolidated balance sheet as a component of shareholders' equity. As of September 30, 1994, the Company's investments in marketable securities was carried at cost, which approximated market value.

The fair value of the Company's cash equivalents, funds for construction held by trustee and notes payable to banks are approximately equivalent to their carrying value. The fair value of the Company's long-term debt exceeded its carrying value by approximately $8 million as of September 30, 1995, and was less than its carrying value by approximately $5 million as of September 30, 1994. The fair value of long-term debt was estimated based on quoted market prices for the same or similar issues.

8. Consolidated Taxes

The provision for Federal income taxes is comprised of the following (in thousands):

	1995	1994	1993
Currently payable	$ 833	$(4,102)	$(1,571)
Deferred:			
Depreciation of utility plant	3,546	2,409	2,298
Alternative minimum tax	(2,679)	108	(732)
Deferred charges and regulatory assets	834	1,216	1,282
Pension	(1,211)	(155)	(200)
Gross receipts and franchise taxes	1,566	3,700	4,947
Other, net	(51)	(385)	1,131

Total deferred, net	2,005	6,893	8,726
Amortization of investment tax credits	(468)	(476)	(461)
Total provision for Federal income taxes	$2,370	$2,315	$6,694

The components of the Company's net deferred tax liability (asset) as of September 30, 1995 and 1994 are as follows (in thousands):

	1995	1994
Depreciation and other utility plant differences	$45,142	$42,653
Plant acquisition adjustments	11,650	11,053
Alternative minimum tax credit	(4,632)	(1,952)
Unamortized investment tax credit	(2,467)	(2,629)
Deferred charges and regulatory assets	5,882	5,052
Gross receipts and franchise taxes	3,132	1,566
Other	(6,761)	(5,677)
	$51,946	$50,066

The alternative minimum tax credit can be carried forward indefinitely to reduce the Company's future tax liability.

The Company's effective income tax rates differ from the statutory Federal income tax rates due to the following (in thousands):

	1995	1994	1993
Income before Federal income taxes	$7,888	$13,095	$20,504
Federal income taxes computed at the statutory tax rate (34% in fiscal 1995 and 1994, and 34.75% in fiscal 1993)	2,682	4,452	7,125
Increase (reduction) resulting from:			
Excess of book over tax depreciation	367	373	432
Amortization of investment tax credits	(468)	(476)	(461)
Adjustments of prior years' taxes	—	(1,770)	—
Other, net	(211)	(264)	(402)
Total provision for Federal income taxes	2,370	2,315	6,694
Provision (benefit) for state income taxes	756	(212)	332
Total provision for income taxes	3,126	2,103	7,026
(Less) provision included in other income and expense	(240)	(5)	(264)
Provision for income taxes included in operating expenses	$2,886	$2,098	$6,762

9. Retirement Benefits

Pension Benefits. The Company has non-contributory defined benefit retirement plans which cover all of its employees other than the CGF union employees who participate in a union sponsored multi-employer plan. The Company funds its plans in accordance with the requirements of the Employee Retirement Income Security Act of 1974 and makes contributions to the union sponsored plan in accordance with its contractual obligations. Benefits paid under the Company's plans are based on years of service and levels of compensation. The Company's actuarial calculation of pension expense is based on the projected unit cost method.

The components of pension expense for the Company's plans were as follows (in thousands):

	1995	1994	1993
Service cost	$2,044	$2,579	$ 1,775
Interest cost	5,290	5,016	4,394
Return on plan assets	(7,292)	(6,855)	(11,240)
Net amortization	(831)	(342)	4,805
Special termination benefits	4,083	—	—
Pension expense (credit)	$3,294	$ 397	$ (266)

The status of the Company's funded plans as of September 30 was as follows (in thousands):

	1995	1994
Actuarial present value of benefit obligation:		
Vested benefits	$64,125	$48,658
Non-vested benefits	2,626	3,188
Accumulated benefit obligation	66,751	51,846
Projected increases in compensation levels	15,658	15,869
Projected benefit obligation	82,409	67,715
Market value of plan assets	96,910	81,219
Plan assets in excess of projected benefit obligation	14,501	13,504
Unrecognized net gain (loss) and prior service cost	(10,287)	(5,344)
Unrecognized net transition asset	(3,924)	(4,576)
Deferred special termination benefits	(573)	—
Pension prepayment (liability)	$ (283)	$ 3,584

The projected benefit obligation was calculated using a discount rate of 7.5% in fiscal 1995 and 8% in fiscal 1994 and an assumed annual increase in compensation levels of 5% in fiscal 1995 and fiscal 1994. The expected long-term rate of return on assets is 9%. The assets of the Company's funded plans are invested primarily in publicly-traded fixed income and equity securities.

Certain key employees also participate in an unfunded supplemental retirement plan. The projected benefit obligation under this plan was $3.1 million as of September 30, 1995 and $3.2 million as of September 30, 1994, and the expense for this plan was approximately $0.4 million in fiscal 1995, $0.5 million in fiscal 1994 and $0.4 million in fiscal 1993.

Postretirement Benefits Other Than Pensions. The Company provides certain health care benefits to all retirees receiving benefits under a Company pension plan other than the CGF plan, who reach retirement age while working for the Company.

In fiscal 1994, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), which, among other things, requires companies to accrue the expected cost of providing other postretirement benefits to employees and their beneficiaries during the years that eligible employees render the necessary service. The Company does not currently fund these future benefits.

The components of postretirement benefit expense other than pensions for the years ended September 30, 1995 and 1994 were as follows (in thousands):

	1995	1994
Service cost	$ 518	$ 515
Interest cost	1,713	1,462
Amortization of transition obligation	1,028	1,028
Other	132	—
Net postretirement benefit expense	3,391	3,005
Benefits paid	(1,352)	(509)
Increase in accrued postretirement benefit obligation	$ 2,039	$ 2,496

The status of the Company's postretirement plans other than pensions as of September 30, 1995 and 1994 was as follows (in thousands):

	1995	1994
Accumulated postretirement benefit obligation:		
Retirees	$15,045	$ 9,951
Fully eligible active plan participants	3,729	5,233
Other active plan participants	6,725	6,330
Total accumulated postretirement benefit obligation	25,499	21,514
Unrecognized transition obligation	(18,503)	(19,531)
Unrecognized net gain (loss)	(1,844)	1,130
Accrued postretirement benefit obligation	$ 5,152	$ 3,113

The health care trend rate assumption is 11.35% in the first year gradually decreasing to 5.5% for the year 2005 and later. The discount rate used to compute the accumulated postretirement benefit obligation was 7.5% in fiscal 1995 and 8% in fiscal 1994. An increase in the health care trend rate assumption by one percentage point in all years would increase the accumulated postretirement benefit obligation by approximately $3.3 million and the aggregate annual service and interest costs by approximately $0.3 million.

The Company has received an order from the North Carolina Utilities Commission to include the amount of postretirement benefit expense other than pensions computed under SFAS 106 in rates. The Company has also received an order from the New Jersey Board of Public Utilities (the "NJBPU") permitting the Northern Division to defer the difference between the amount of postretirement benefits expense other than pensions computed as claims are incurred and the amount computed on the accrual method in accordance with SFAS 106, pending ratemaking treatment that would be considered in a base rate proceeding. The consensus issued in 1993 by the Emerging Issues Task Force of the Financial Accounting Standards Board (the "EITF") permits rate regulated companies to defer such expenses for as long as five years when the ratemaking treatment provides for full recovery within the succeeding fifteen years. The Company will seek ratemaking treatment that is consistent with the EITF consensus.

The Company continually evaluates alternative ways to manage these benefits and control their costs. Any changes in the plan or revisions to assumptions that affect the amount of expected future benefit may have a significant effect on the amount of the reported obligation and the annual deferral and expense.

10. Commitments and Contingencies

Commitments. Capital expenditures are expected to be approximately $42 million in fiscal 1996.

Environmental Matters. The Company is subject to federal and state laws with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection (the "NJDEP"), and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants ("MGP") were operated by the Company or by other parties in the past. Coal tar residues are present on the six MGP sites located in the Northern Division. The Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the NJBPU. In 1991, the NJDEP issued an Administrative Consent Order for an MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five Northern Division MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

PSGS owned ten former MGP facilities, only three of which PSGS currently owns. The former MGP sites are located in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. No provision had been made, prior to the PSGS Merger, in PSGS' financial statements for environmental remediation. PSGS has joined with other North Carolina utilities to form the North Carolina Manufactured Gas Plant Group (the "MGP Group"). The MGP Group has entered into a Memorandum of Understanding with the North Carolina Department of Environment, Health and Natural Resources ("NCDEHNR") to develop a uniform program and framework for the investigation and remediation of MGP sites in North Carolina. The Memorandum of Understanding contemplates that the actual investigation and remediation of specific sites will be addressed pursuant to Administrative Consent Orders between the NCDEHNR and the responsible parties. The NCDEHNR has recently sought the investigation and remediation of sites owned by members of the MGP Group and has entered into Administrative Consent Orders with respect to four such sites. None of these four sites are currently or were previously owned by PSGS.

In order to quantify the potential future expenditures with respect to all of its MGP sites, the Company, with the aid of environmental consultants, regularly assesses the possible costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the probability of whether such actions will be necessary. Based on the Company's most recent assessment, as of September 30, 1995, the Company has recorded a total reserve for probable environmental investigation and remediation costs of approximately $34 million, which the Company expects to expend during the next twenty years. The reserve, which includes probable remediation costs for 7 of the Company's 16 MGP sites, is net of approximately $5 million which will be borne by a prior owner and operator of two of the New Jersey sites in accordance with a cost sharing agreement. Of this approximate $34 million reserve, approximately $30 million relates to Northern Division MGP sites and approximately $4 million relates to PSGS MGP sites. The Company is not able at this time to determine the requirement for remediation if contamination is present at any of the other sites and, if present, the costs associated with such remediation. The Company believes that there may be up to an additional $21 million associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of the Company's MGP sites during a future period of time that may range up to fifty years. Of this $21 million in possible future expenditures, approximately $10 million relates to the Northern Division MGP sites and approximately $11 million relates to the PSGS MGP sites.

The Company believes that its remediation costs for the Northern Division MGP sites will be recoverable in rates and that a portion of such costs may be recoverable from the Company's insurance carriers. The most recent base rate order for the Northern Division permits the Company to utilize full deferred accounting for expenditures related to MGP sites. The order also provides for the recovery of $130,000 annually of MGP related expenditures incurred prior to the rate order. Accordingly, the Company has recorded a regulatory asset of approximately $33 million as of September 30, 1995, reflecting the future recovery of environmental remediation liabilities related to the Northern Division MGP sites. In September 1995, the Northern Division filed a petition with the NJBPU to establish a MGP Remediation Adjustment Clause ("RAC"). The RAC would enable the Company to recover actual MGP expenses over a rolling 7 year period. Other New Jersey utilities have received similar authorization to recover MGP environmental expenditures in rates. With respect to costs associated with the PSGS MGP sites, the Company intends to pursue recovery from ratepayers in the PSGS states, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. Since the Company is not able at this time to determine the extent of recovery, if any relating to the PSGS MGP sites, as of September 30, 1995, the Company recorded probable remediation costs of $3.7 million as an additional plant acquisition adjustment (see Note 2). The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

Gas Procurement Contracts. Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $78 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 9 billion cubic feet per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The implementation of the Federal Energy Regulatory Commission's ("FERC") Order No. 636 required the restructuring of the Company's contracts with certain pipeline companies that together supply less than one-third of the Company's total firm gas supply. Under Order No. 636 the pipeline companies are passing through to their customers transition costs associated with mandated restructuring, such as costs resulting from buying out unmarketable gas purchase contracts. The Company has been charged approximately $7 million of such costs as of September 30, 1995, which the Company has been authorized to recover through its purchased gas adjustment clauses. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately $9.1 million, which it expects to also recover through the Company's purchased gas adjustment clauses as these costs are incurred. This transition obligation is subject to possible future FERC actions based upon filings by the Company's pipeline suppliers.

Other. The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

11. Unaudited Quarterly Financial Data

The quarterly financial data presented below reflects the seasonal nature of the Company's operations which normally results in higher earnings during the heating season which is primarily in the first two fiscal quarters (in thousands, except per share amounts):

	Fiscal Quarters			
	First	Second	Third	Fourth
1995:				
Operating Revenues	$105,852	$147,940	$62,137	$60,516
Operating Income	8,348	12,931	2,376	204
Net Income (Loss)	3,978	8,554	(2,196)	(4,819)
Net Income (Loss) Per Share	0.44	0.93	(0.24)	(.53)
1994:				
Operating Revenues	$108,822	$156,120	$77,935	$62,363
Operating Income (Loss)	9,407	15,374	1,732	(673)
Net Income (Loss)	5,852	11,818	(2,234)	(4,656)
Net Income (Loss) Per Share	0.71	1.43	(0.25)	(0.51)

Quarterly net income (loss) per share in fiscal 1994 does not total to the annual amounts due to rounding and to changes in the average common shares outstanding.

In the first and second quarters of fiscal 1995, the Company incurred after-tax restructuring and other non-recurring charges of approximately $0.9 million and $4.7 million, respectively.

In the fourth quarter of fiscal 1994, the Company reversed $1.6 million of income tax reserves no longer required as a result of management's review of necessary reserve levels, and incurred after-tax non-recurring charges of $0.6 million.

SCHEDULE II

NUI Corporation and Subsidiaries
Valuation and Qualifying Accounts
For Each of the Three Years in the
Period Ended September 30, 1995
(Dollars in thousands)

Description	Balance, Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Other	Deductions	Balance, End of Period
1995					
Allowance for doubtful accounts	$ 1,368	$2,449	$1,127[a]	$3,255[b]	$1,689
Environmental remediation reserve[d]	$32,181	—	$1,800	—	$33,981
1994					
Allowance for doubtful accounts	$1,225	$2,771	$970[a] $182[c]	$3,780[b]	$ 1,368
Environmental remediation reserve[d]	$24,700	—	$7,481[d]	—	$32,181
1993					
Allowance for doubtful accounts	$1,370	$1,852	$474[a]	$2,471[b]	$1,225
Environmental remediation reserve[d]	$24,700	—	—	—	$24,700

[a] Recoveries.

[b] Uncollectible amounts written off.

[c] Added as a result of an acquisition.

[d] The related cost of the reserve established in fiscal 1991, as well as $5.6 million of fiscal 1994 additions, was recorded as a regulatory asset. The remaining fiscal 1994 additions of $1.9 million and all of fiscal 1995 additions was recorded as an additional utility plant acquisition adjustment. See "Commitments and Contingencies—Environmental Matters," Note 10 of the Notes to the Consolidated Financial Statements.

EXHIBIT NO. 21

SUBSIDIARIES OF NUI CORPORATION

Essel Corporation (a Florida corporation) and Utility Billing Services, Inc. (a New Jersey corporation) are wholly-owned subsidiaries of NUI Corporation.

Natural Gas Services, Inc. (a Delaware corporation) is a wholly-owned subsidiary of Essel Corporation.

EXHIBIT NO. 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated November 14, 1995, included in this Form 10-K, into the Company's previously filed Registration Statements File No. 33-51459, File No. 33-57183, File No. 33-24169 and File No. 33-56509.

ARTHUR ANDERSEN LLP

New York, New York
December 20, 1995

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the Township of Bedminster, State of New Jersey, on the 21st day of December, 1995

NUI CORPORATION

By: JAMES R. VAN HORN
Secretary

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

JOHN KEAN, JR.	President, Chief Executive Officer and Director (Principal executive officer)	December 21, 1995
JOHN KEAN	Chairman and Director	December 21, 1995
STEPHEN M. LIASKOS	Controller (Principal accounting officer)	December 21, 1995
C. R. CARVER	Director	December 21, 1995
DR. VERA KING FARRIS	Director	December 21, 1995
JAMES J. FORESE	Director	December 21, 1995
ROBERT W. KEAN, JR.	Director	December 21, 1995
BERNARD S. LEE	Director	December 21, 1995
R. V. WHISNAND	Director	December 21, 1995
JOHN WINTHROP	Director	December 21, 1995

INDEX TO EXHIBITS

Exhibit No.	Description
3(i)	Certificate of Incorporation, amended and restated as of December 1, 1995
3(ii)	By-Laws, amended and restated as of October 24, 1995
10(xxiii)	Form of Termination of Employment and Change in Control Agreements
10(xxxvi)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0431) dated April 1, 1995
10(xxxvii)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0445) dated April 1, 1995
10(xxxviii)	Service Agreement for Rate Schedule SS-1 by and between Texas Eastern Transmission Corporation and EGC (Contract #400196) dated September 1, 1995
10(xxxix)	Gas Storage Agreement under Rate Schedule FS by and between Tennessee Gas Pipeline Company and EGC (Contract #8703) dated November 1, 1994
10(xl)	Consulting Agreement, dated as of March 24, 1995, between NUI Corporation and John Kean
10(xli)	Form of Deferred Compensation Agreement
21	Subsidiaries of NUI Corporation
23	Consent of Independent Public Accountants
27	Financial Data Schedule

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended December 31, 1995 **Commission File # 1-8353**

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-1869941**
(State of incorporation)	(I.R.S. employer identification no.)

550 Route 202-206, P.O. Box 760, Bedminster, New Jersey 07921-0760
(Address of principal executive offices, including zip code)

(908) 781-0500
(Registrant's telephone number, including area code)

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

The number of shares outstanding of each of the registrant's classes of common stock, as of January 31, 1996: Common Stock, No Par Value: 9,199,586 shares outstanding.

NUI Corporation and Subsidiaries
Consolidated Statement of Income (Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1995	1994	1995	1994
Operating Margins				
Operating revenues	$124,650	$105,852	$395,242	$402,270
Less - Purchased gas and fuel	68,295	54,197	203,608	219,009
Gross receipts and franchise taxes	11,209	9,571	35,306	35,705
	45,146	42,084	156,328	147,556
Other Operating Expenses				
Operations and maintenance	22,768	23,587	89,702	93,749
Depreciation and amortization	5,566	4,949	20,367	18,211
Restructuring and other non-recurring charges	—	1,457	7,134	2,380
Other taxes	1,855	1,751	7,762	7,523
Income taxes	3,537	1,991	4,431	912
	33,726	33,735	129,396	122,775
Operating Income	11,420	8,349	26,932	24,781
Other Income and Expense, Net	74	85	429	392
Interest Expense	5,048	4,456	19,375	16,267
Net Income	$ 6,446	$ 3,978	$ 7,986	$ 8,906
Net Income Per Share of Common Stock	$0.70	$0.44	$0.87	$1.01
Dividends Per Share of Common Stock	$0.225	$0.225	$0.90	$1.425
Weighted Average Number of Shares of Common Stock Outstanding	9,144,932	9,137,457	9,154,788	8,845,921

See the notes to the consolidated financial statements

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

	December 31, 1995 (Unaudited)	September 30, 1995 (*)
ASSETS		
Utility Plant		
Utility plant, at original cost	$606,043	$597,360
Accumulated depreciation and amortization	(188,851)	(184,558)
Unamortized plant acquisition adjustments	34,634	35,269
	451,826	448,071
Funds for Construction Held by Trustee	14,438	14,405
Investments in Marketable Securities	2,988	2,723
Current Assets		
Cash and cash equivalents	2,199	3,601
Accounts receivable (less allowance for doubtful accounts of $2,323 and $1,689, respectively)	75,119	30,293
Fuel inventories, at average cost	20,217	27,629
Prepayments and other	9,256	20,007
	106,791	81,530
Other Assets		
Regulatory assets	53,873	54,274
Deferred charges	9,430	9,062
	63,303	63,436
	$639,346	$610,165
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholders' equity	$145,454	$140,912
Preferred stock	–	–
Long-term debt	222,017	222,060
	367,471	362,972
Capital Lease Obligations	10,890	11,114
Current Liabilities		
Current portion of long-term debt and capital lease obligations	1,646	1,759
Notes payable to banks	58,221	37,935
Accounts payable, customer deposits and accrued liabilities	69,865	63,665
General taxes	1,707	3,054
Federal income taxes	3,386	4,664
	134,825	111,077
Deferred Credits and Other Liabilities		
Deferred Federal income taxes	52,683	51,946
Unamortized investment tax credits	6,986	7,102
Environmental remediation reserve	33,981	33,981
Regulatory and other liabilities	32,510	31,973
	126,160	125,002
	$639,346	$610,165

**Derived from audited financial statements*
See the notes to consolidated financial statements

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows (Unaudited)
(Dollars in thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1995	1994	1995	1994
Operating Activities				
Net income	$ 6,446	$3,978	$ 7,986	$ 8,906
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,821	5,273	21,480	19,557
Deferred Federal income taxes	1,135	539	2,601	7,233
Non-cash portion of restructuring and other non-recurring charges	–	628	4,285	628
Amortization of deferred investment tax credits	(116)	(117)	(467)	(461)
Other	895	1,446	4,075	4,206
Effect of changes in:				
Accounts receivable, net	(44,826)	(20,710)	(16,193)	1,311
Fuel inventories	7,412	5,628	2,771	568
Accounts payable, deposits and accruals	5,781	11,321	5,184	15,651
Gross receipts and franchise taxes	9,713	8,160	(2,599)	(11,906)
Other	(1,220)	(6,162)	(147)	(7,585)
Net cash (used in) provided by operating activities	(8,959)	9,984	28,976	38,108
Financing Activities				
Proceeds from sales of common stock, net of treasury stock purchased	–	1,135	(558)	6,187
Dividends to shareholders	(2,069)	(2,064)	(8,301)	(12,616)
Proceeds from issuance of long-term debt	–	–	70,000	66,500
Funds for construction held by trustee, net	178	4,813	5,490	(180)
Repayments of long-term debt	(44)	(31)	(9,915)	(54,190)
Principal payments under capital lease obligations	(581)	(520)	(1,905)	(2,078)
Net short-term borrowings (repayments)	20,286	225	(52,129)	16,318
Net cash provided by financing activities	17,770	3,558	2,682	19,941
Investing Activities				
Cash expenditures for utility plant	(9,828)	(14,089)	(33,715)	(54,598)
Other	(385)	(312)	(522)	(406)
Net cash used in investing activities	(10,213)	(14,401)	(34,237)	(55,004)
Net increase (decrease) in cash and cash equivalents	$(1,402)	$ (859)	$(2,579)	$ 3,045
Cash and Cash Equivalents				
At beginning of period	$3,601	$5,637	$4,778	$1,733
At end of period	2,199	4,778	2,199	4,778
Supplemental Disclosures of Cash Flows				
Income taxes paid (refunds received), net	–	$(3,097)	$1,968	$(2,431)
Interest paid	$6,085	4,812	18,709	15,959

See the notes to the consolidated financial statements

1. Basis of Presentation

The consolidated financial statements include all operating divisions and subsidiaries of NUI Corporation (collectively referred to as the "Company"). The Company distributes and sells natural gas and related services in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida, North Carolina Gas Service , Elkton Gas Service (Maryland), Valley Cities Gas Service (Pennsylvania) and Waverly Gas Service (New York). In addition to gas distribution operations, the Company provides gas sales and related services through its Natural Gas Services, Inc. subsidiary, and bill processing and related customer services for utilities and municipalities through its Utility Billing Services, Inc. subsidiary.

The consolidated financial statements contained herein have been prepared without audit in accordance with the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for interim periods. All adjustments made were of a normal recurring nature. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto that are included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995. Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

The Company is subject to regulation as an operating utility by the public utility commissions of the states in which it operates. Because of the seasonal nature of gas utility operations, the results for interim periods are not necessarily indicative of the results for an entire year.

2. Common Shareholders' Equity

The components of common shareholders' equity were as follows (dollars in thousands):

	December 31, 1995	September 30, 1995
Common stock, no par value	$139,353	$139,093
Shares held in treasury	(1,525)	(1,265)
Retained earnings	8,298	3,921
Unrealized gain on marketable securities	397	232
Unearned employee compensation - ESOP	(1,069)	(1,069)
Total common shareholders' equity	$145,454	$140,912

3. Contingencies

Environmental Matters. The Company is subject to federal and state laws with respect to water, air quality, solid waste disposal and employee health and safety matters, and to environmental regulations issued by the United States Environmental Protection Agency (the "EPA"), the New Jersey Department of Environmental Protection (the "NJDEP") and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants ("MGP") were operated by the Company or by other parties in the past. Coal tar residues are present on the six MGP sites located in the Northern Division. The Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities ("NJBPU"). In 1991, the NJDEP issued an Administrative Consent Order for an MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five Northern Division MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Southern Division owned ten former MGP facilities, only three of which it currently owns. The former MGP sites are located in the states of North Carolina, South Carolina, Pennsylvania, New York and Maryland. The Company has joined with other North Carolina utilities to form the North Carolina Manufactured Gas Plant Group (the "MGP Group"). The MGP Group has entered into a Memorandum of Understanding with the North Carolina Department of Environment, Health and Natural Resources ("NCDEHNR") to develop a uniform program and framework for the investigation and remediation of MGP sites in North Carolina. The Memorandum of Understanding contemplates that the actual investigation and remediation of specific sites will be addressed pursuant to Administrative Consent Orders between the NCDEHNR and the responsible parties. The NCDEHNR has recently sought the investigation and remediation of sites owned by members of the MGP Group and has entered into Administrative Consent Orders with respect to four such sites. None of these four sites are currently or were previously owned by the Southern Division.

The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which the Company expects to expend during the next twenty years. The reserve, which includes remediation costs for 7 of the Company's 16 MGP sites, is net of approximately $5 million which will be borne by a prior owner and operator of two of the Northern Division sites in accordance with a cost sharing agreement. Of this approximate $34 million reserve, approximately $30 million relates to Northern Division MGP sites and approximately $4 million relates to Southern Division MGP sites. The Company is not able at this time to determine the requirement for remediation if contamination is present at any of the other sites and, if present, the costs associated with such remediation. The Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial activities, if necessary, with respect to all of its MGP sites may exceed the approximately $34 million reserve by an amount that could range up to $21 million and be incurred during a future period of time that may range up to fifty years. Of this $21 million in additional possible future expenditures, approximately $10 million relates to the Northern Division MGP sites and approximately $11 million relates to the Southern Division MGP sites. As compared with the approximately $34 million reserve discussed above, the Company believes that it is less likely that this additional $21 million will be incurred and therefore has not recorded it on its books.

The Company believes that its remediation costs for the Northern Division MGP sites will be recoverable in rates and that a portion of such costs may be recoverable from the Company's insurance carriers. The most recent base rate order for the Northern Division permits the Company to utilize full deferred accounting for expenditures related to MGP sites. The order also provides for the recovery of $130,000 annually of MGP related expenditures incurred prior

to the rate order. Accordingly, the Company has recorded a regulatory asset of approximately $33 million as of December 31, 1995, reflecting the future recovery of environmental remediation liabilities related to the Northern Division MGP sites. In September 1995, the Northern Division filed a petition with the NJBPU to establish an MGP Remediation Adjustment Clause ("RAC"). The RAC would enable the Company to recover actual MGP expenses over a rolling seven year period. Other New Jersey utilities have received similar authorization to recover MGP environmental expenditures in rates. With respect to costs associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

Other. The Company is involved in various claims and litigation incidental to its business. In the opinion of management, none of these claims and litigation will have a material adverse effect on the Company's results of operations or its financial condition.

NUI Corporation and Subsidiaries
Summary Consolidated Operating Data

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1995	1994	1995	1994
Operating Revenues (Dollars in thousands)				
Firm Sales:				
Residential	$ 56,609	$50,627	$179,382	$189,958
Commercial	31,494	28,713	101,254	107,409
Industrial	5,656	5,841	19,898	25,314
Interruptible Sales	11,701	12,279	47,673	54,641
Unregulated Sales	9,958	1,711	15,750	2,422
Transportation Services	5,795	4,055	19,436	12,425
Customer Service, Appliance Leasing and Other	3,437	2,626	11,849	10,101
	$124,650	$105,852	$395,242	$402,270
Gas Sold or Transported (MMcf)				
Firm Sales:				
Residential	7,635	6,004	22,907	22,157
Commercial	5,128	4,367	16,216	15,985
Industrial	1,396	1,412	5,201	5,479
Interruptible Sales	3,755	4,336	17,636	17,591
Unregulated Sales	3,780	874	6,483	1,256
Transportation Services	7,316	4,947	24,522	16,986
	29,010	21,940	92,965	79,454
Average Utility Customers Served				
Firm:				
Residential	330,801	326,059	329,815	318,186
Commercial	24,652	24,212	24,757	23,362
Industrial	354	391	386	387
Interruptible	133	107	129	107
Transportation	427	136	263	127
	356,367	350,905	355,350	342,169
Degree Days in New Jersey				
Actual	1,886	1,352	4,867	4,663
Normal	1,725	1,725	4,978	4,978
Percentage variance from normal	9% colder	22% warmer	2% warmer	6% warmer
Employees (period end)			1,071	1,179
Ratio of Earnings to Fixed Charges (Twelve-months only)			1.52	1.48

See the notes to the consolidated financial statements

NUI Corporation and Subsidiaries
Management's Discussion and Analysis of Financial Condition
and Results of Operations

The following discussion and analysis refers to all operating divisions and subsidiaries of NUI Corporation (collectively referred to as the "Company"). The Company distributes and sells natural gas in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida, North Carolina Gas Service, Elkton Gas Service (Maryland), Valley Cities Gas Service (Pennsylvania) and Waverly Gas Service (New York). The latter four companies previously comprised the operations of Pennsylvania & Southern Gas Company ("PSGS"), which was acquired by the Company on April 19, 1994. Because of the seasonal nature of gas utility operations, the results for interim periods are not necessarily indicative of the results for an entire year.

Results of Operations

Three-Month Periods Ended December 31, 1995 and 1994

Net Income. Net income for the three-month period ended December 31, 1995 was $6.4 million, or $0.70 per share, as compared with net income of $4.0 million, or $0.44 per share, for the three-month period ended December 31, 1994. The increase in the current period was primarily due to higher operating margins, lower operations and maintenance expenses and approximately $0.9 million of after-tax non-recurring charges incurred in the 1994 period. These increases were partially offset by higher interest and depreciation expenses.

Operating Revenues and Operating Margins. The Company's operating revenues include amounts billed for the cost of purchased gas pursuant to purchased gas adjustment clauses. Such clauses enable the Company to pass through to its customers, via periodic adjustments to customers' bills, increased or decreased costs incurred by the Company for purchased gas without affecting operating margins. Since the Company's utility operations do not earn a profit on the gas commodity element of its revenues, the Company's level of operating revenues is not necessarily indicative of financial performance. The Company's operating revenues increased by $18.8 million, or 18%, for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994. The increase principally reflects the effect of weather in New Jersey that was 9% colder than normal and 39% colder than the prior year period. Operating revenues were also increased by higher sales to unregulated customers, increased customer service revenues and customer growth. The Company's total average number of utility customers served increased by 5,462, or 2%, including 4,407 heating customers, for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994. Partially offsetting these increases were a reduction in gas costs under purchased gas adjustment clauses.

The Company's operating margins increased by $3.1 million, or 7%, for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994. The increase principally reflects increases in the number of customers served, higher sales to unregulated customers, increased customer service revenues and the effect of colder-than-normal weather not fully returned to customers through the weather normalization clauses. The Company has weather normalization clauses in its New Jersey and North Carolina tariffs which are designed to help stabilize the Company's results by increasing amounts charged to customers when weather has been warmer than normal and by decreasing amounts charged when weather has been colder than normal. Operating margins were decreased by approximately $1.3 million for the three-month period ended December 31, 1995 and were increased by approximately $2.6 million for the three-month period ended December 31, 1994, under the weather normalization clauses.

Other Operating Expenses. The Company's other operating expenses, excluding income taxes, decreased by approximately $1.6 million, or 5%, for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994. The decrease was primarily the result of non-recurring pre-tax charges of $1.5 million incurred in the 1994 period associated in part with the settlement of a rate case in Florida in December 1994 and

in part with the restructuring of the Company's operations in Florida. The decrease also reflects lower operations and maintenance expenses primarily due to lower labor and employee benefits costs as a result of an early retirement plan under which 95 eligible employees retired in fiscal 1995 and other work force reductions. These decreases were partially offset by higher depreciation expense due primarily to additional utility plant in service.

The increase in income taxes for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994, was due to the effects of higher pre-tax income .

Interest Expense. Interest expense increased by approximately $0.6 million for the three-month period ended December 31, 1995 as compared with the three-month period ended December 31, 1994. The increase principally reflects higher average outstanding borrowings and higher short-term interest rates.

Twelve-Month Periods Ended December 31, 1995 and 1994

Net Income. Net income for the twelve-month period ended December 31, 1995 was $8.0 million, or $0.87 per share, as compared with $8.9 million, or $1.01 per share, for the twelve-month period ended December 31, 1994. The decrease is primarily due to non-recurring charges which, on an after-tax basis, were approximately $4.6 million, or $0.51 per share, in the current period as compared with after-tax non-recurring charges incurred during the prior year period of $1.5 million, or $0.17 per share, and higher interest and depreciation expenses. The prior year period also included the reversal of $1.8 million of income tax reserves. Partially offsetting these decreases was an increase in operating margins and lower operations and maintenance expenses.

Net income per share for the twelve-month period ended December 31, 1995 was also affected by the increased average number of outstanding shares of NUI common stock as compared with the prior twelve-month period.

Operating Revenues and Operating Margins. The Company's operating revenues for the twelve-month period ended December 31, 1995 decreased approximately $7.0 million, or 2%, as compared with the twelve-month period ended December 31, 1994. The decrease was principally due to lower gas costs which resulted in refunds totaling $14 million to Northern Division customers and a significant decrease in revenues as a result of the Company's purchased gas adjustment clauses. The decrease was also attributed to lower revenues from industrial and interruptible sales customers who were able to remain on transportation service in the current period, due to the continuous availability of pipeline capacity during the heating season. Transportation revenues are significantly lower than sales revenues due to the cost of gas included in sales revenues; however, tariffs for transportation service are generally designed to provide the same margins as tariffs to sell and transport gas together. Therefore, the Company is financially indifferent as to whether it transports gas, or sells gas and transportation together. These decreases were partially offset by the inclusion of PSGS in the entire 1995 period results, the effect of weather in New Jersey that was 1% colder than the prior year period, a base rate increase in Florida, increased unregulated sales, higher customer service revenues and increases in the number of utility customers served. The Company's average number of utility customers served increased by 13,181, or 4%, including 10,293 heating customers, for the twelve-month period ended December 31, 1995 as compared with the twelve-month period ended December 31, 1994. Excluding the effect of a full year's inclusion of PSGS in the 1995 period, the average number of customers increased approximately 2%.

The Company's operating margins increased by $8.8 million, or 6%, for the twelve-month period ended December 31, 1995 as compared with the twelve-month period ended December 31, 1994. The increase was principally the result of the inclusion of PSGS in the entire 1995 period results, a base rate increase in Florida, higher customer service revenues and increases in the number of customers served. Through the Company's weather normalization clauses, operating margins were increased by approximately $0.7 million for the twelve-month period ended December 31, 1995, and by approximately $2.1 million for the twelve-month period ended December 31, 1994.

Other Operating Expenses. The Company's other operating expenses, excluding income taxes, increased by approximately $3.1 million, or 3%, for the twelve-month period ended December 31, 1995 as compared with the twelve-month period ended December 31, 1994. The increase was primarily the result of non-recurring pre-tax charges of $7.1 million related to an early retirement program implemented in fiscal 1995 and the restructuring of the Company's operations in Florida, an additional $2.6 million of other pre-tax operating expenses from the inclusion of

PSGS in the entire 1995 period results and an increase in depreciation expense due to additional utility plant in service. Partially offsetting these increases were lower operations and maintenance expenses primarily due to lower labor, pension and employee benefits costs.

Income taxes increased by $3.5 million for the twelve-month period ended December 31, 1995 due to the reversal in the 1994 period of $1.8 million of income tax reserves no longer required as a result of management's review of necessary reserve levels, and the effect of higher pre-tax income in the 1995 period.

Interest Expense. Interest expense increased by $3.1 million for the 1995 period as compared with the 1994 period primarily due to higher average outstanding borrowings and higher short-term interest rates.

Regulatory Matters

On November 3, 1995, the New Jersey Board of Public Utilities approved a petition filed by the Northern Division to reduce its annual purchased gas adjustment revenues by approximately $13.7 million and to refund to customers approximately $2.7 million, due to lower gas costs. None of such revenue reduction and refund affect the operating margins of the Company.

On September 20, 1995, the North Carolina Utilities Commission approved a stipulation to increase the Company's base rates in North Carolina by $385,000 annually. The stipulation provides for a rate base amounting to approximately $11.9 million with an overall after-tax rate of return of 7.89%. The rate increase became effective in October 1995.

Financing Activities and Resources

The Company had a net use of cash from operating activities of $9.0 million for the three-month period ended December 31, 1995 as compared with net cash provided by operating activities of $10.0 million for the three-month period ended December 31, 1994. The decrease reflects higher accounts receivable in the current period as a result of colder weather. For the twelve-month period ended December 31, 1995, the Company's net cash provided by operating activities was $29.0 million as compared with $38.1 million for the twelve-month period ended December 31, 1994. The decrease reflects a higher level of accounts receivable partially offset by a lower level of payments in the 1995 period for New Jersey gross receipts and franchise taxes; the 1994 New Jersey gross receipts and franchise tax payments included an additional amount representing almost a half year's liability as a result of a change in the payment schedule by the State.

Because the Company's business is highly seasonal, short-term debt is used to meet seasonal working capital requirements. The Company also borrows under its bank lines of credit to finance portions of its capital expenditures, pending refinancing through the issuance of equity or long-term indebtedness at a later date depending upon prevailing market conditions.

Short-Term Debt. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were $51.8 million at 6.0% for the three-month period ended December 31, 1995 and $111.5 million at 5.6% for the three-month period ended December 31, 1994. The weighted average daily amounts of notes payable to banks decreased principally due to the issuance of $70 million of Medium-Term Notes in fiscal 1995, which were used to repay short-term debt, partially offset by borrowings to finance portions of the Company's construction expenditures. Notes payable to banks increased as of December 31, 1995 as compared to the balance outstanding at September 30, 1995, due to seasonal borrowing requirements. At December 31, 1995, the Company had outstanding notes payable to banks amounting to $58.2 million and available unused lines of credit amounting to $99.8 million.

Long-Term Debt and Funds for Construction Held by Trustee. In November 1994, the Company filed a shelf registration statement with the Securities and Exchange Commission for an aggregate of up to $100 million of debt and equity securities. As of December 31, 1995, the Company has issued $70 million of Medium-Term Notes subject to the shelf registration statement while the Company has no present intention to issue additional securities subject to the shelf

registration, such securities may be issued from time to time, depending upon the Company's needs and prevailing market conditions. The Company expects to issue in fiscal 1996 approximately $39 million of tax-exempt Gas Facilities Revenue Bonds for the purpose of financing a portion of the Northern Division's capital expenditure program.

The Company deposits in trust the unexpended portion of the net proceeds from its Gas Facilities Revenue Bonds until drawn upon for eligible expenditures. As of December 31, 1995, the total unexpended portion of all of the Company's Gas Facilities Revenue Bonds was $13.4 million and is classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. The Company periodically issues shares of common stock in connection with NUI Direct, the Company's dividend reinvestment and stock purchase plan, and various employee benefit plans. The proceeds of such issuances amounted to $1.1 million for the three-month period ended December 31, 1994, and were used primarily to reduce outstanding short-term debt. Effective in December 1994, these common stock plans commenced purchasing shares on the open market to fulfill the plans' requirements, rather than purchasing the shares directly from the Company. Under the terms of NUI Direct, the Company may change the method of purchasing shares no more frequently than every three months, from open market purchases to purchases directly from the Company, or vice versa; the method of purchasing shares may be changed no more frequently than every twelve months for the other plans.

The Company plans to issue additional common stock in fiscal 1996 for the purpose of improving the Company's financial position by reducing outstanding debt and funding capital requirements. The issuances may be made under the Company's shelf registration statement (see "Long-Term Debt and Funds for Construction Held by Trustee") or it may be made under a separate registration statement. Regulatory approval for such issuance, which is expected to be not more than two million shares, is required but has not yet been sought.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were $9.2 million for the three-month period ended December 31, 1995 as compared with $9.3 million for the three-month period ended December 31, 1994. Capital expenditures are expected to be approximately $42 million for all of fiscal 1996, as compared with a total of $37.9 million in fiscal 1995.

The Company owns or previously owned six former manufactured gas plant ("MGP") sites in the Northern Division and ten MGP sites in the Southern Division. The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately $34 million, which the Company expects it will expend in the next twenty years to remediate 7 of the Company's 16 MGP sites. Of this reserve, approximately $30 million relates to Northern Division MGP sites and approximately $4 million relates to Southern Division MGP sites. In addition to these costs, the Company believes that it is possible that costs associated with conducting investigative activities and implementing remedial actions, if necessary, with respect to all of its MGP sites may exceed the approximately $34 million reserve by an amount that could range up to $21 million and be incurred during a future period of time that may range up to fifty years. Of this $21 million in possible future expenditures, approximately $10 million relates to the Northern Division MGP sites and approximately $11 million relates to the Southern Division MGP sites. As compared with the approximately $34 million reserve discussed above, the Company believes that it is less likely that this additional $21 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the Northern Division MGP sites will be recoverable in rates or from insurance carriers. With respect to costs which may be associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able at this time to express a belief as to whether any or all of these recovery efforts related to the Southern Division MGP sites will ultimately be successful. For a further discussion of environmental matters, see Note 3 of the Notes to the Consolidated Financial Statements.

Certain of the Company's long-term contracts for the supply, storage and delivery of natural gas include fixed charges that amount to approximately $78 million annually. The Company currently recovers, and expects to continue to recover, such fixed charges through its purchased gas adjustment clauses. The Company also is committed to purchase, at market-related prices, minimum quantities of gas that, in the aggregate, are approximately 9 billion cubic feet per year or to pay certain costs in the event the minimum quantities are not taken. The Company expects that minimum demand on its systems for the duration of these contracts will continue to exceed these minimum purchase obligations.

The implementation of the Federal Energy Regulatory Commission's ("FERC") Order No. 636 required the restructuring of the Company's contracts with certain pipeline companies that together supply less than one-third of the Company's total firm gas supply. Under Order No. 636 the pipeline companies are passing through to their customers transition costs associated with mandated restructuring, such as costs resulting from buying out unmarketable gas purchase contracts. The Company has been charged approximately $7 million of such costs through December 31, 1995, which the Company has been authorized to recover through its purchased gas adjustment clauses. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately $9 million, which it expects to also recover through the Company's purchased gas adjustment clauses as these costs are incurred. This transition obligation is subject to possible future FERC actions based upon filings by the Company's pipeline suppliers.

As of December 31, 1995, the scheduled repayments of the Company's long-term debt over the next five years were as follows: $0.1 million for the remainder of fiscal 1996, $30.1 in fiscal 1997 and $0.1 million in each of fiscal years 1998, 1999 and 2000.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit No.	Description of Exhibit	Reference
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K

On October 24, 1995, the Company filed a Form 8-K, Item 5, Other Events, reporting an amendment to the Company's By-Laws.

On December 1, 1995, the Company filed a Form 8-K, Item 5, Other Events, reporting the establishment of a Shareholder Rights Plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

February 14, 1996

NUI CORPORATION

JOHN KEAN, JR.
President and Chief Executive Officer

February 14, 1996

STEPHEN M. LIASKOS
Controller

CITY GAS COMPANY OF FLORIDA
PLANT IN SERVICE
MARCH 31, 1996

			Accum Depr. &	
101	**CITY GAS ULITITY PLANT:**	**Plant**	**Amortization**	**Net Plant**
302.0	FRANCHISES & CONSENTS	113,897.43	57,965.38	55,932.05
303.0	MISCELLANEOUS INTANGIBLE	25,275.00	24,289.50	985.50
374.0	LAND & LANDRIGHTS	771,545.34	0.00	771,545.34
375.0	STRUCTURES & IMPS.	1,151,231.71	405,535.28	745,696.43
376.0	MAINS-PLASTIC	24,947,946.17	3,545,339.89	21,402,606.28
376.0	MAINS-OTHER	48,048,703.04	21,902,690.92	26,146,012.12
379.0	M & R - CITY GATE	2,180,401.39	444,575.57	1,735,825.82
380.0	SERVICES-PLASTIC	14,536,547.25	2,516,597.92	12,019,949.33
380.0	SERVICES-OTHER	12,908,113.83	8,476,586.66	4,431,527.17
381.0	METERS	6,024,603.35	2,511,549.38	3,513,053.97
381.2	TRANSPONDERS	186,589.55	20,823.08	165,766.47
382.0	METER INSTALLATIONS	2,492,452.19	1,017,869.28	1,474,582.91
383.0	REGULATORS	2,010,635.67	829,778.80	1,180,856.87
384.0	REGULATOR INSTALL.	1,031,692.74	319,623.13	712,069.61
385.0	IND. M & R STATION EQT.	1,531,638.56	373,912.29	1,157,726.27
387.0	OTHER DISTRIBUTION EQT.	158,309.56	128,397.21	29,912.35
389.0	LAND & LANDRIGHTS	167,111.15	0.00	167,111.15
390.0	STRUCTURES & IMPS.	781,522.10	173,388.16	608,133.94
391.1	OFFICE FURNITURE	499,260.16	152,037.71	347,222.45
391.2	OFFICE EQUIPMENT	408,141.68	309,895.62	98,246.06
391.3	COMPUTERS	655,695.93	296,016.62	359,679.31
392.0	TRANSPORTATION	749,596.66	547,081.47	202,515.19
393.0	STORES EQUIPMENT	30,521.73	13,164.95	17,356.78
394.0	TOOLS, SHOP, GARAGE EQT.	790,572.56	461,448.87	329,123.69
395.0	LABORATORY EQUIPMENT	82,940.41	50,588.92	32,351.49
397.0	COMMUNICATION EQT.	390,687.12	171,253.20	219,433.92
398.0	MISCELLANEOUS EQT.	31,135.37	13,906.48	17,228.89
399.0	MISC. TANGIBLE PROPERTY	0.00	0.00	0.00
	TOTAL UTILITY PLANT	**122,706,767.65**	**44,764,316.29**	**77,942,451.36**
101.1	**GAS PLANT HELD FOR FUTURE USE**			
376.0	MAINS-WESTERN ENERGY	705,668.00	60,063.74	645,604.26
376.0	MAINS-TC	1,407,139.88	79,139.23	1,328,000.65
		2,112,807.88	**139,202.97**	**1,973,604.91**
121	**NON UTILITY PLANT**			
375.0	STRUCTURES & IMPS.	290,128.40	44,852.32	245,276.08
386.5	WATER HEATERS	9,430,135.37	3,577,055.93	5,853,079.44
386.6	DRYERS	11,932,035.27	4,998,976.86	6,933,058.41
386.7	RANGES	2,291,819.93	287,959.18	2,003,860.75
	TOTAL NON UTILITY PLANT	**23,944,118.97**	**8,908,844.29**	**15,035,274.68**
	Total Plant	**148,763,694.50**	**53,812,363.55**	**94,951,330.95**

EXHIBIT C-1

NUI Corporation and Subsidiaries
Statement of Estimated Projected Sources and Uses of Funds
Twelve Months Ended June 30, 1997
(Dollars in Millions)

Sources of Funds	
Internal Cash Flows	$38
Issuances of New Debt and Equity Securities (Note 1)	80
Funds Drawn from Brevard County Construction Trust Fund (Note 2)	3
Total Sources	$121
Uses of Funds	
Construction Expenditures (See Page C-3)	$42
Proceeds from Debt Issuances Added to New Jersey Construction Trust Fund (Note 3)	26
Repayment of Outstanding Long-Term Debt (Note 3)	30
Repayment of Outstanding Short-Term Debt	12
Dividends Paid to Stockholders	11
Total Uses	$121

Notes:

(1) The equity and long-term debt securities issued by the NUI during the twelve months ended June 30, 1997 will not exceed $80 million in the aggregate. The short-term indebtedness issued during that period will be used to finance portions of NUI's construction programs, pending refinancing through the issuance of equity or long-term debt securities at a later date depending upon prevailing market conditions.

(2) The Brevard County Construction Fund was established in 1994 in connection with the issuance of Brevard County Industrial

Development Revenue Bonds. Amounts drawn from the Construction Fund reimburse the Company for eligible construction expenditures.

(3) The Company currently anticipates that the debt and equity securities to be issued during the period will include an issuance of New Jersey Industrial Development Bonds. The net proceeds from such an issuance would be held in trust to be drawn to reimburse the Company for eligible construction spending, portions of which may have been financed temporarily with short-term debt. A portion of the net proceeds from other issuances of debt and equity securities is expected to be used to repay the outstanding balance of Credit Agreement Indebtedness.

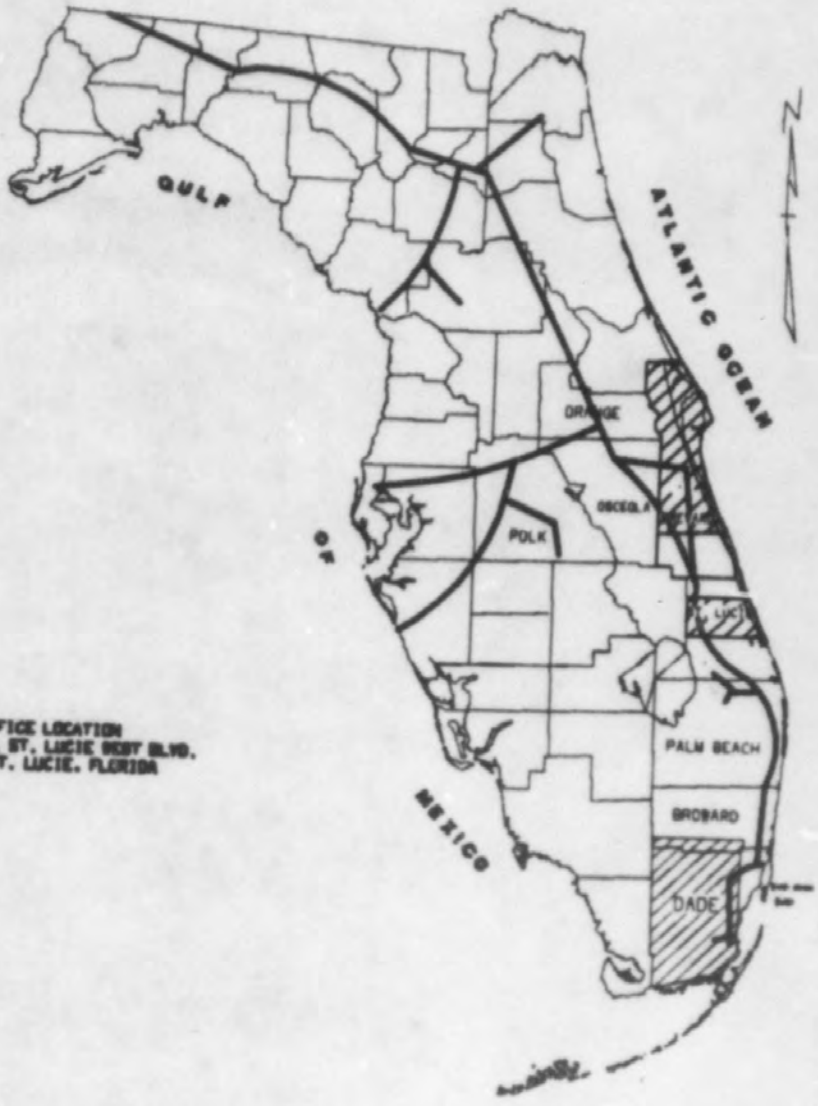
City Gas Company of Florida
Estimated Construction Spending for the
Twelve Months Ended June 30, 1997

Acct	Description	Total
376	Mains	$5,172,293
375	Dist Structures	20,000
379	Gate Stations	452,200
380	Services	2,689,059
381	Meters	342,985
382	Meter Installation	123,115
383	House regulators	103,810
384	Regulator Installation	60,267
385	Industrial M&R	59,414
385	Telemetry Improvements	40,400
389	Land	22,000
390	General Office Building	37,000
391.2	Office Equipment	99,495
392.2	Autos and Trucks	31,000
393	Stores Equipment	1,500
394	Tools and Equipment	102,765
397	Communication Equip	24,500
398	Other	268,948
	Total	**$9,650,751**

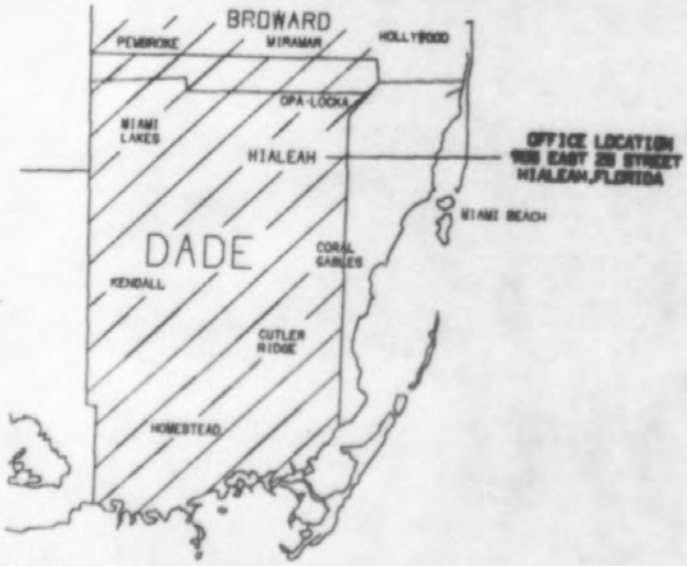
MAPS OF TERRITORY SERVED

CITY GAS COMPANY OF FLORIDA

BREVARD COUNTY NATURAL GAS
SERVICE AREA



ST. LUCIE COUNTY NATURAL GAS
SERVICE AREA



METROPOLITAN DADE & SOUTH BROWARD
COUNTY NATURAL GAS SERVICE AREA

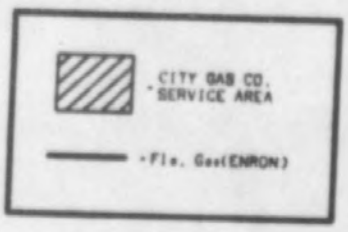


Exhibit D