



CITY GAS COMPANY
OF FLORIDA

An **NUI** Company

Miami Division
955 East 25th Street
Hialeah
Florida 33013-3498
Tel: (305) 691-8710
Fax: (305) 691-7112

December 27, 1996

via Federal Express

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0868

Re: **Docket No. 960547 Application for Approval to
Issue and Sell Securities for the Twelve Months
Ending June 30, 1997 Consummation Report**

Dear Ms. Bayo:

Enclosed please find one original and three copies of our pleading and four copies of the exhibits for filing of our Consummation Report in Docket No. 960547-GU.

Sincerely,

NUI CORPORATION SOUTHERN DIVISION

Michael A. Palecki
Vice President of Regulatory Affairs

MAP/rt

Encl.

DOCUMENT NUMBER-DATE
13775 DEC 30 96
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Application for approval)
to issue and sell securities for)
the twelve months ending June 30,)
1997, by CITY GAS COMPANY OF)
FLORIDA, A DIVISION OF NUI)
CORPORATION)

DOCKET NO. 960547-GU

FILED: December 30, 1996

**ANNUAL CONSUMMATION REPORT OF CITY GAS COMPANY
OF FLORIDA, A DIVISION OF NUI CORPORATION,
WITH RESPECT TO THE ISSUANCE OF SECURITIES**

Pursuant to Order No. PSC-96-0846-FOF-GU (with respect to the period beginning July 1, 1996) and Order No. PSC-95-0968-FOF-GU (with respect to the period ending June 30, 1996) and in compliance with Rule 25-8.009, Florida Administrative Code, NUI Corporation (the "Company"), which, through its Southern Division, does business in Florida as City Gas Company of Florida ("City Gas"), hereby files this consummation report with respect to the issuance of securities during the period beginning October 1, 1995 to September 30, 1996 pursuant to the authorization conferred by the aforementioned orders.

Securities Issuances

1. In April of 1996, The Company adopted the 1996 Stock Option and Stock Award Plan. Under the Plan, the Company may issue, from time to time, up to 250,000 shares of Common Stock. A committee designated by the Company's Board of Directors may grant eligible employees one or more awards of stock

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options, stock appreciation rights and/or bonuses payable in stock or restricted stock. No employee may receive awards of more than 50,000 of the 250,000 shares reserved for issuance under the plan. A description of the Plan is attached as Exhibit A(1); a statement of issuance expense is attached as Exhibit A(2); a copy of the opinion of counsel with respect to the legality of the issue is attached as Exhibit A(3); a copy of the Registration with the Securities and Exchange Commission is attached as Exhibit A(4); copies of petitions and orders with respect to other state regulatory bodies are attached as Exhibits A(5), A(6), and A(7).

2. In April of 1996, the Company adopted the 1996 Employee Stock Purchase Plan. This Plan allows employees who have been employed for at least six months the right to purchase shares of the Company's common stock on a monthly basis through a payroll deduction. The Company may issue up to 140,000 shares of common stock through this plan. A description of the Plan is attached as Exhibit B(1); a statement of issuance expense is attached as Exhibit B(2); a copy of the opinion of counsel with respect to the legality of the issue is attached as Exhibit B(3); a copy of the Registration with the Securities and Exchange Commission is attached as Exhibit B(4); copies of petitions and orders with respect to other state regulatory bodies are attached as Exhibits B(5), B(6), and B(7).

3. In April of 1996, the Company issued the 1996 Stock Purchase Plan for Outside Directors. Under this Plan, the Company may issue up to 70,000 shares of common stock. Each outside director is granted an option to purchase up to 1500 shares of common stock per year. A description of the Plan is attached as Exhibit C(1); a statement of issuance expense is attached as Exhibit C(2); a copy of the

opinion of counsel with respect to the legality of the issue is attached as Exhibit C(3); a copy of the Registration with the Securities and Exchange Commission is attached as Exhibit C(4); copies of petitions and orders with respect to other state regulatory bodies with respect to this issuance are attached as Exhibits C(5), C(6), and C(7).

4. In May of 1996, NUI Corporation issued 1.8 million shares of common stock at \$18.00 per share through a public offering. Approximately \$32.4 million was realized from the issuance. The net proceeds were used for repaying a portion of the Company's long-term and short-term indebtedness and for other general corporate purposes. A description of the shares is included in the Final Prospectus attached as Exhibit D(3); a statement of issuance expenses is attached as Exhibit D(8); a copy of the opinion of counsel with respect to the legality of the issue is attached as Exhibit D(4); a copy of the Registration with the Securities and Exchange Commission is attached as Exhibits D(1) and D(2); copies of petitions and orders with respect to other regulatory bodies are attached as Exhibits D(6) and D(7); the underwriting agreement is attached as Exhibit D(5); information with respect to the underwriters is included on page 12 of the Final Prospectus attached as Exhibit D(3).

5. On June 14, 1996, the New Jersey Economic Development Authority ("NJEDA") issued \$39,000,000 of Gas Facilities Revenue Bonds Series A and loaned the proceeds to the Company to finance gas distribution facilities in Union and Middlesex Counties in New Jersey.

6. The NJEDA issued the bonds on the Company's behalf in the form of variable rate demand bonds. These bonds are re-offered to the market periodically by a remarketing agent at the rate necessary to place these securities with investors.

7. The initial interest rate on the thirty year floating rate bonds was 3.1%. The proceeds were loaned to the Company and placed in a construction fund with the First Union National Bank as Trustee.

8. A description of the securities is included in the Official Statement attached as Exhibit E(6); a statement of issuance expenses is attached as Exhibit E(10); copies of petitions and orders with respect to other regulatory bodies are attached as Exhibits E(7), E(8) and E(9); copies of all contracts, underwritings and other arrangements providing for the sale or marketing of the securities are attached as Exhibits E(1), E(2), E(3), E(4) and E(5); information with respect to the underwriters is included on page 26 of the Official Statement attached as Exhibit E(6).

9. NUI Corporation's Capitalization as of September 30, 1996, Annual Debt Interest and Preferred Stock Dividend Requirements as of September 30, 1996 and the Pretax Interest Coverage for the fiscal year ended September 30, 1996 are attached as Exhibit F.

10. NUI Corporation's Form 10-K for the Fiscal Year Ended September 30, 1995 is attached as Exhibit G; NUI Corporation's Annual Report to Shareholders for the Fiscal Year Ended September 30, 1996 is attached as Exhibit H.

EXHIBIT LISTING

(A) 1996 Stock Option and Stock Award Plan

- (1) Description of the plan
- (2) Statement of issuance expense
- (3) Copy of opinion of counsel with respect to the legality of the issue
- (4) Form S-8 Registration Statement for the plan
- (5) Copy of the petition to and order of the New Jersey Board of Public Utilities in Docket No. GF96020107
- (6) Copy of the Application and Clarifying Order of the Florida Public Service Commission in PSC-95-0968-GU
- (7) Copy of the Abbreviated Securities Certificate filing and Secretarial Letter of the Public Utility Commission of the Commonwealth of Pennsylvania

(B) 1996 Employee Stock Purchase Plan

- (1) Description of the plan
- (2) Statement of issuance expense
- (3) Copy of opinion of counsel with respect to the legality of the issue
- (4) Form S-8 Registration Statement for the plan
- (5) Copy of the petition to and order of the New Jersey Board of Public Utilities in Docket No. GF96020107
- (6) Copy of the Application and Clarifying Order of the Florida Public Service Commission in PSC-95-0968-GU
- (7) Copy of the Abbreviated Securities Certificate filing and Secretarial Letter of the Public Utility Commission of the Commonwealth of Pennsylvania

(C) 1996 Stock Purchase Plan for Outside Directors

- (1) Description of the terms and conditions of the plan
- (2) Statement of issuance expense
- (3) Copy of opinion of counsel with respect to the legality of the issue
- (4) Form S-8 Registration Statement for the plan
- (5) Copy of the petition to and order of the New Jersey Board of Public Utilities in Docket No. GF96020107
- (6) Copy of the Application and Clarifying Order of the Florida Public Service Commission in PSC-95-0968-GU
- (7) Copy of the Abbreviated Securities Certificate filing and Secretarial Letter of the Public Utility Commission of the Commonwealth of Pennsylvania

(D) Public Offering of 1.8 Million Shares NUI Corporation Common Stock

- (1) Registration Statement Form S-3 as filed with the Securities and Exchange Commission via the EDGAR system on April 4, 1996
- (2) Amendment No. 1 to the Registration Statement filed with the Securities and Exchange Commission via the EDGAR system on May 8, 1996
- (3) Final Prospectus
- (4) Opinions as to the legality of the issuance from Reid & Priest, LLP and James Van Horn, Vice President, Corporate Secretary and General Counsel
- (5) Purchase Agreement
- (6) Copy of the petition to and order of the New Jersey Board of Public Utilities in Docket No. GF96030251
- (7) Copy of the Abbreviated Securities filing and Secretarial letter of the Public Utility Commission of the Commonwealth of Pennsylvania
- (8) Statement of issuance expense

(E) Issuance of \$39,000,000 Gas Facilities Revenue Bonds Series A on June 14, 1996

- (1) Loan Agreement between the Company and the NJEDA
- (2) Trust Indenture between the First Union National Bank and the NJEDA
- (3) Bond Purchase Agreement
- (4) Standby Bond Purchase Agreement
- (5) Remarketing Agreement
- (6) Official Statement
- (7) Petition to and the order of the New Jersey Board of Public Utilities in Docket No. GF96030252
- (8) Abbreviated Securities filing and Secretarial Letter of the Public Utility Commission of the Commonwealth of Pennsylvania in S-00960564
- (9) Letter of Advisement to the New Jersey Board of Public Utilities
- (10) Statement of Issuance Expense

(F) NUI Corporation's Capitalization as of September 30, 1996, Annual Debt Interest and Preferred Stock Dividend Requirements as of September 30, 1996 and the Pretax Interest Coverage for the fiscal year ended September 30, 1996

(G) NUI Corporation's Form 10-K for the Fiscal Year Ended September 30, 1995

(H) NUI Corporation's Annual Report to Shareholders for the Fiscal Year Ended September 30, 1996



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OF FLORIDA

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Miami Division
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Ms. Blanca Bayo, Director
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2540 Shumard Oak Blvd.
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Ending June 30, 1997 Consummation Report

Dear Ms. Bayo:

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ACK _____
AFA _____
APP _____
CAF _____
CMU _____
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SEC _____
WAS _____
OTH _____

MAP/rt

Encl.

Sincerely,

NUI CORPORATION SOUTHERN DIVISION

Michael A. Palecki

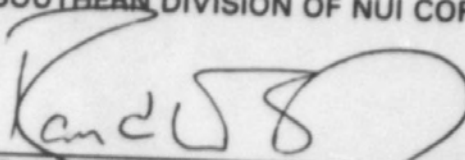
Michael A. Palecki
Vice President of Regulatory Affairs

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SOUTHERN DIVISION OF NUI CORPORATION

A handwritten signature in black ink, appearing to read "Rand W. Smith", written over a horizontal line.

Rand W. Smith
Vice President - Finance
955 East 25th Street
Hialeah, Florida 33013
(305) 691-8710

NUI CORPORATION
1996 STOCK OPTION AND STOCK AWARD PLAN

1. *Purpose.* The purpose of the NUI Corporation 1996 Stock Option and Stock Award Plan (the "Plan") is to maintain the ability of NUI Corporation (the "Company") and its subsidiaries to attract and retain highly qualified and experienced employees and directors and to give such employees and directors a continued proprietary interest in the success of the Company and its subsidiaries. Pursuant to the Plan, eligible employees will be provided the opportunity to participate in the enhancement of shareholder value through the grants of options, stock appreciation rights, awards of restricted stock, bonuses payable in stock, or any combination thereof. Eligible directors will participate through awards of restricted stock as set forth in Section 8. Employees and directors who participate or become eligible to participate in the Plan from time to time are referred to collectively herein as "Participants."

The term "subsidiary" as used in the Plan shall mean any present or future corporation which is or would be a "subsidiary corporation" of the Company as the term is defined in Section 424(f) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

2. *Administration of the Plan.* The Plan shall be administered by a committee (the "Committee") which is appointed from time to time by the Board of Directors of the Company (the "Board"). The Committee shall consist of three (3) or more members of the Board, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act") and an "outside director" within the meaning of Section 162(m) of the Code. A majority of the members of the Committee shall constitute a quorum. The majority vote of the members of the Committee present at a meeting at which a quorum is present shall be required for the Committee to take action under the Plan.

In administering the Plan, the Committee may adopt rules and regulations for carrying out the Plan. The interpretation and decision made by the Committee with regard to any question arising under the Plan shall be final and conclusive on Participants. The Committee shall determine the Participants to whom, and the time or times at which, grants or awards shall be made and the number of shares, stock appreciation rights or other grants or awards to be made under the Plan, and the terms and conditions of such options, grants and awards, including the periods for which options will be outstanding.

Each grant or award made pursuant to the Plan shall be evidenced by an Option Agreement or Award Agreement (the "Agreement"). No person shall have any rights under any option, restricted stock or other award granted under the Plan unless and until the person to whom such option, restricted stock or other award shall be granted shall have executed and delivered an Agreement to the Company. The Committee shall prescribe the form of all Agreements. A fully executed counterpart of the Agreement shall be provided to both the Company and the recipient of the grant or award.

3. *Shares of Stock Subject to the Plan.* The maximum number of shares of the voting common stock of the Company, no par value (the "Common Stock"), that may be optioned or awarded under the Plan is 250,000 shares, subject to adjustment as provided in Section 14 hereof. No Participant shall receive, over the term of the Plan, awards of restricted stock, awards in the form of stock appreciation rights or options, whether incentive stock options or options other than incentive stock options, to purchase more than an aggregate of 50,000 shares of Common Stock. Any shares subject to an option which for any reason expires or is terminated unexercised and any restricted stock which is forfeited may again be optioned or awarded under the Plan; *provided, however,* that forfeited shares shall not be available for further awards if the Participant has realized the benefits of ownership from such shares. Shares subject to the Plan may be either authorized and unissued shares or issued shares repurchased or otherwise acquired by the Company or its subsidiaries.

4. *Eligibility.* Key salaried employees, including officers, of the Company and its divisions and subsidiaries are eligible to be granted options, restricted stock and other awards under the Plan and to have their bonuses payable in restricted stock. The employees who shall receive awards or options under the Plan, and the criteria to be used in determining the award to be made, shall be determined from time to time by the Committee, in its sole discretion, from among those eligible, which may be based upon information furnished to the Committee by the Company's management; and the Committee shall determine, in its sole discretion, the number of shares to be covered by each

award and option granted to each employee selected. Certain non-employee directors of the Company are also eligible to participate in the Plan in accordance with Section 8.

5. *Duration of the Plan.* No award or option may be granted under the Plan after more than ten years from the earlier of the date the Plan is adopted by the Board or the date the Plan is approved by the shareholders of the Company, but awards or options theretofore granted may have exercise or vesting periods which extend beyond that date.

6. *Terms and Conditions of Stock Options.* Options granted under the Plan may be either incentive stock options, as defined in Section 422 of the Code, or options other than incentive stock options. Each option shall be subject to all the applicable provisions of the Plan, including the following terms and conditions, and to such other terms and conditions not inconsistent therewith as the Committee shall determine:

(a) The option price per share shall be determined by the Committee. However, the option price per share shall not be less than 100% of the fair market value of a share of Common Stock at the time the option is granted. For purposes of the Plan, fair market value shall be the mean between the highest and lowest prices at which the Common Stock is traded on a national securities exchange on the relevant date; *provided, however*, if there is no sale of the Common Stock on such exchange on such date, fair market value shall be the mean between the bid and asked prices on such exchange at the close of the market on such date.

(b) Each option shall be exercisable subject to the attainment of such performance goals, and/or during such period ending not later than ten years from the date it was granted, as may be determined by the Committee and stated in the Agreement. In no event may an option be exercised more than 10 years from the date the option was granted.

(c) An option shall not be exercisable with respect to a fractional share of Common Stock or with respect to the lesser of fifty (50) shares or the full number of shares then subject to the option. No fractional shares of Common Stock shall be issued upon the exercise of an option. If a fractional share of Common Stock shall become subject to an option by reason of a stock dividend or otherwise, the optionee shall not be entitled to exercise the option with respect to such fractional share.

(d) Each option shall state whether it will or will not be treated as an incentive stock option.

(e) Each option will be deemed exercised on the day written notice specifying the number of shares to be purchased, accompanied by payment in full including, if required by law, applicable taxes, is received by the Company. Payment, except as provided in the Agreement shall be

(i) in United States dollars by check or bank draft, or

(ii) by tendering to the Company shares of Common Stock already owned for at least six months by the person exercising the option, which may include shares received as the result of a prior exercise of an option, and having a fair market value, as determined in accordance with Section 6(a), on the date on which the option is exercised equal to the cash exercise price applicable to such option, or

(iii) by a combination of United States dollars and shares of Common Stock valued as aforesaid.

No optionee shall have any rights to dividends or other rights of a shareholder with respect to shares of Common Stock subject to his or her option until he or she has given written notice of exercise of such option and paid in full for such shares.

(f) Notwithstanding the foregoing, the Committee may, in its sole discretion, include in the grant of an option the right of a grantee (hereinafter referred to as a "stock appreciation right") to elect, in the manner described below, in lieu of exercising his or her option for all or a portion of the shares of Common Stock covered by such option, to relinquish his or her option with respect to any or all of such shares and to receive from the Company a payment equal in value to (x) the fair market value, as determined in accordance with Section 6(a), of a share of Common Stock on the date of such election, multiplied by the number of shares as to which the grantee shall have made such election, less (y) the exercise price for that number of shares of Common Stock for which the grantee shall have made such election under the terms of such option. A stock appreciation right shall be exercisable at the time the tandem option is exercisable, and the "expiration date" for the stock appreciation right shall be the expiration date for the tandem option. A grantee who makes such an election shall receive payment in the sole discretion of the Committee (i) in cash equal to such excess; or (ii) in the nearest whole

Agreement (the "Restriction Period"), the recipient shall not be permitted to sell, transfer, pledge, or otherwise encumber the shares of restricted stock; except that such shares may be used, if the Agreement permits, to pay the option price pursuant to any option granted under the Plan, provided an equal number of shares delivered to the optionee shall carry the same restrictions as the shares so used.

(c) Shares of restricted stock shall become free of all restrictions if during the Restriction Period, (i) the recipient dies, (ii) the recipient's employment terminates by reason of permanent disability, as determined by the Committee, (iii) the recipient retires after attaining both 59½ years of age and five years of continuous service with the Company and/or a division or subsidiary, or (iv) if provided in the Agreement, there is a "change in control" of the Company (as defined in such Agreement). The Committee may require medical evidence of permanent disability, including medical examinations by physicians selected by it.

(d) Unless and to the extent otherwise provided in the Agreement, shares of restricted stock shall be forfeited and revert to the Company upon the recipient's termination of employment during the Restriction Period for any reason other than death, permanent disability, as determined by the Committee, retirement after attaining both 59½ years of age and five years of continuous service with the Company and/or a subsidiary or division, or, to the extent provided in the Agreement, a "change in control" of the Company (as defined in such Agreement), except to the extent the Committee, in its sole discretion, finds that such forfeiture might not be in the best interests of the Company and, therefore, waives all or part of the application of this provision to the restricted stock held by such recipient.

(e) Stock certificates for restricted stock shall be registered in the name of the recipient but shall be appropriately legended and returned to the Company by the recipient, together with a stock power endorsed in blank by the recipient. The recipient shall be entitled to vote shares of restricted stock and shall be entitled to all dividends paid thereon, except that dividends paid in Common Stock or other property shall also be subject to the same restrictions.

(f) Restricted stock shall become free of the foregoing restrictions upon expiration of the applicable Restriction Period and the Company shall then deliver to the recipient Common Stock certificates evidencing such stock.

(g) Restricted Stock and any Common Stock received upon the expiration of the restriction period shall be subject to such other transfer restrictions and/or legending requirements as are specified in the applicable Agreement.

8. Terms and Conditions of Deferred Restricted Stock Grants for Non-Employee Directors.

(a) For purposes of this Plan, a "non-employee director" is a member of the Board who is not a full-time employee of the Company, or one of its or subsidiaries. Non-employee directors will receive benefits under the Plan only as provided in this Section 8.

A non-employee director shall receive his or her Board and Committee chair retainers paid by the Company to its directors in deferred restricted stock credits rather than cash. Such credits shall not be funded, but shall exist solely as a deferred restricted stock account on the books of the Company to reflect the number of shares of Common Stock (including fractional shares to 5 decimal places) which could have been purchased from time to time with the earned amount of such retainer at 100% of fair market value. Fair market value shall be determined on the first day of each participating director's directorship for the year with respect to which such retainer is credited.

Whenever a cash dividend is paid with respect to Common Stock, each non-employee director's deferred restricted stock account shall be credited with the number of shares of Common Stock (including fractional shares to 5 decimal places) which could have been purchased on the applicable dividend payment date at 100% of fair market value on such date, based upon the per share cash dividend multiplied by the number of shares of Common Stock then credited to such director's account. Any stock dividend shall also be credited to each non-employee director's deferred restricted stock account (including fractional shares to 5 decimal places).

(b) Upon termination of his or her directorship for any reason, the non-employee director (or his or her designated beneficiary) shall receive the number of whole shares of Common Stock then credited to his or her account (but not any fractional shares). Any fractional share credits remaining in the account shall thereupon be canceled. Such shares shall be restricted in accordance with this Section 8.

(c) With respect to shares of restricted stock granted pursuant to this Section 8, the Restriction Period shall end on the later of (i) the date that such non-employee director ceases to serve on the Board, or (ii) the date such non-employee director would otherwise be permitted to sell such restricted stock under Section 16(b) of the Exchange Act. The Committee shall not modify the term of the Restriction Period with respect to shares of restricted stock granted pursuant to this Section 8.

9. *Bonuses Payable in Stock.* In lieu of cash bonuses otherwise payable under the Company's or applicable division's or subsidiary's compensation practices to employees eligible to participate in the Plan, the Committee, in its sole discretion, may determine that such bonuses shall be payable in Common Stock or partly in Common Stock and partly in cash. Such bonuses shall be in consideration of services previously performed and as an incentive toward future services and shall consist of shares of Common Stock subject to such terms as the Committee may determine in its sole discretion. The number of shares of Common Stock payable in lieu of a bonus otherwise payable shall be determined by dividing such bonus amount by the fair market value of one share of Common Stock on the date the bonus is payable, with fair market value determined as of such date in accordance with Section 6(a).

10. *Change in Control.* Each Agreement may, in the sole discretion of the Committee, provide that any or all of the following actions may be taken upon the occurrence of a change in control (as defined in the Agreement) with respect to the Company:

(i) acceleration of time periods for purposes of vesting in, or realizing gain from, or exercise of any outstanding option or stock appreciation right or shares of restricted stock awarded pursuant to this Plan;

(ii) offering to purchase any outstanding option or stock appreciation right or shares of restricted stock made pursuant to this Plan from the holder for its equivalent cash value, as determined by the Committee, as of the date of the change in control; or

(iii) making adjustments or modifications to outstanding options or stock appreciation rights or with respect to restricted stock as the Committee deems appropriate to maintain and protect the rights and interests of the Participants following such change in control, *provided, however*, that the exercise period of any option may not be extended beyond 10 years from the date of grant.

11. *Transfer, Leave of Absence.* For purposes of the Plan: (a) a transfer of an employee from the Company to a division or subsidiary of the Company, whether or not incorporated, or vice versa, or from one division or subsidiary of the Company to another, and (b) a leave of absence, duly authorized in writing by the Company or a subsidiary or division of the Company, shall not be deemed a termination of employment.

12. *Rights of Employees.* (a) No person shall have any rights or claims under the Plan except in accordance with the provisions of the Plan and each Agreement.

(b) Nothing contained in the Plan and Agreement shall be deemed to give any employee the right to continued employment by the Company or its divisions or subsidiaries.

13. *Withholding Taxes.* The Company shall require a payment from a Participant to cover applicable withholding for income and employment taxes upon the happening of any event pursuant to the Plan which requires such withholding. The Company reserves the right to offset such tax payment from any funds which may be due the Participant from the Company or its subsidiaries or divisions or, in its discretion, to the extent permitted by applicable law, to accept such tax payment through the delivery of shares of Common Stock owned by the Participant or by utilizing shares of the Common Stock which were to be delivered to the Participant pursuant to the Plan, having an aggregate fair market value, determined as of the date of payment, equal to the amount of the payment due.

14. *Adjustments.* In the event of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations, exchanges of shares, spin-offs, liquidations, reclassifications or other similar changes in the capitalization of the Company, the number of shares of Common Stock available for grant under this Plan shall be adjusted appropriately by the Board, and, where deemed appropriate, the number of shares covered by outstanding stock options and stock appreciation rights outstanding and the number of shares of restricted stock outstanding, and the option price of outstanding stock options, shall be similarly adjusted. If another corporation or other business entity is acquired by the Company, and the Company has assumed outstanding employee option grants under a prior existing plan of the acquired entity, similar adjustments are permitted at the discretion of the Committee. In the event of any other change affecting the shares of Common Stock available for awards under the Plan, such adjustment, if

any, as may be deemed equitable by the Committee, shall be made to preserve the intended benefits of the Plan giving proper effect to such event.

15. *Miscellaneous Provisions.*

(a) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the issuance of shares or the payment of cash upon exercise of any option or stock appreciation right under the Plan. The expenses of the Plan shall be borne by the Company.

(b) The Committee may, at any time and from time to time after the granting of an option or the award of restricted stock or bonuses payable in Common Stock hereunder, specify such additional terms, conditions and restrictions with respect to such option or stock as may be deemed necessary or appropriate to ensure compliance with any and all applicable laws, including, but not limited to, the Code, federal and state securities laws and methods of withholding or providing for the payment of required taxes.

(c) If at any time the Committee shall determine in its discretion that the listing, registration or qualification of shares of Common Stock upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares of Common Stock hereunder, no option or stock appreciation right may be exercised or restricted stock or stock bonus may be transferred in whole or in part unless and until such listing registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Committee.

(d) By accepting any benefit under the Plan, each Participant and each person claiming under or through such Participant shall be conclusively deemed to have indicated his acceptance and ratification, and consent to, any action taken under the Plan by the Committee, the Company or the Board.

(e) The Plan shall be governed by and construed in accordance with the laws of the State of New Jersey.

(f) Committee members exercising their functions under this Plan are serving as directors of the Company and they shall therefore be entitled to all rights of indemnification and advancement of expenses accorded directors of the Company.

16. *Limits of Liability.*

(a) Any liability of the Company or a subsidiary of the Company to any Participant with respect to any option or award shall be based solely upon contractual obligations created by the Plan and Agreement.

(b) Neither the Company nor a division or subsidiary of the Company, nor any member of the Committee or the Board, nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall have any liability to any party for any action taken or not taken in connection with the Plan, except as may expressly be provided by statute.

17. *Amendments and Termination.* The Board may, at any time, amend, alter or discontinue the Plan; provided, however, no amendment, alteration or discontinuation shall be made which would impair the rights of any holder of an award of restricted stock, option, stock appreciation rights or stock bonus theretofore granted, without his or her written consent, or which, without the approval of the shareholders would:

(a) except as provided in Section 14, increase the maximum number of shares of Common Stock which may be issued under the Plan;

(b) except as provided in Section 14, decrease the option price of an option (and related stock appreciation rights, if any) to less than 100% of the fair market value (as determined in accordance with Section 6(a)) of a share of Common Stock on the date of the granting of the option (and related stock appreciation rights, if any);

(c) materially change the class of persons eligible to receive an award of restricted stock or options or stock appreciation rights under the Plan;

(d) extend the duration of the Plan; or

(e) materially increase in any other way the benefits accruing to Participants.

18. *Duration.* The Plan shall be adopted by the Board and approved by the Company's shareholders and such regulatory bodies as may be necessary, which approvals must occur within the period ending twelve months after the

date the Plan is adopted. Subject to such approvals, grants and awards may be made under the Plan between the date of its adoption and receipt of such approvals. The Plan shall terminate upon the earlier of the following dates or events to occur:

- (a) upon the adoption of a resolution of the Board terminating the Plan; or
- (b) the date all shares of Common Stock subject to the Plan are purchased according to the Plan's provisions; or
- (c) ten years from the date of adoption of the Plan by the Board.

No such termination of the Plan shall adversely affect the rights of any Participant hereunder and all options or stock appreciation rights previously granted and restricted stock and stock bonuses awarded hereunder shall continue in force and in operation after the termination of the Plan, except as they may be otherwise terminated in accordance with the terms of the Plan.

19. *Other Compensation Plans.* The Plan shall not be deemed to preclude the implementation by the Company or its divisions or subsidiaries of other compensation plans which may be in effect from time to time, nor adversely affect any rights of Participants under any other compensation plans of the Company or its divisions or subsidiaries.

20. *Non-Transferability.* No right or interest in any award granted under the Plan shall be assignable or transferable, except as set forth in the Plan and required by law, and no right or interest of any participant in any award shall be liable for, or subject to, any lien, obligation or liability except as set forth in the Plan or as required by law.

The amount and component of the issuance costs of common stock.

ANSWER

There will be no investment banking costs or up front administration costs associated with the issuance. SEC registration fee expense will be approximately \$3,000.00; Arthur Anderson will be paid approximately \$1,000.00 for their consent opinion and the Company will expend approximately \$7,500.00 in legal fees.

April 11, 1996

NUI Corporation
550 Route 202-206, Box 760,
Bedminster, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation
Employee Stock Purchase Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 140,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the Employee Stock Purchase Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of
incorporation or organization)

22-1869941

(I.R.S. Employer
Identification No.)

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Address of principal executive offices)

NUI CORPORATION
1996 STOCK OPTION AND STOCK AWARD PLAN

(Full title of the plan)

JAMES R. VAN HORN
General Counsel and Secretary
NUI Corporation

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Name and address of agent for service)

(908) 781-0500

(Telephone number, including area code, of
agent for service)

Copy of all communications to:
MARTIN RUBASHKIN, ESQ.
Bourne, Noll & Kenyon
382 Springfield Avenue
Summit, New Jersey 07901

(Cover Page Continued)

CALCULATION OF REGISTRATION FEE

<u>Title of Securities to be Registered</u>	<u>Amount to be Registered (1)</u>	<u>Proposed Maximum Offering Price Per Share (2)</u>	<u>Proposed Maximum Aggregate Offering Price (2)</u>	<u>Amount of Registration Fee (2)</u>
Common Stock No Par Value (and associated stock purchase rights) (3)	250,000	\$	\$	\$

In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(1) This Registration Statement also relates to such indeterminate number of additional shares of registrant's Common Stock as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) The registration fee is calculated by using \$ per share as the average of the high and low sales prices per share as reported on the New York Stock Exchange on solely for the purpose of determining the registration fee for the 250,000 shares registered hereby. See SEC Rule 457(c) and (h).

(3) Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock.

PART II

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The registrant hereby incorporates by reference the following documents:

- (a) The registrant's Annual Report on Form 10-K for its fiscal year ended September 30, 1995;
- (b) The registrant's Quarterly Reports on Form 10-Q and 10-Q/A for the quarter ended December 31, 1995;
- (c) The registrant's Current Reports on Form 8-K dated December 1, 1995;
- (d) The registrant's Definitive Proxy Statement for its Annual Meeting of Shareholders held on March 12, 1996;
- (e) The registrant's Registration Statement on Form 8-A, filed on May 28, 1982, Amendment No. 1 thereto on Form 8-A/A, filed on September 16, 1993, and Form 8-A filed on December 1, 1995.

All documents subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement on Form S-8 to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement on Form S-8.

ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As authorized under New Jersey law, the registrant's certificate of incorporation provides that a director or officer shall not be personally liable to the corporation or its shareholders for breach of duty owed to the corporation, except to the extent that such exception from, or limitation of, liability is not permitted under the New Jersey Business Corporation Act.

Under its certificate of incorporation, the registrant is required, to the full extent permitted by law, to indemnify its directors, officers, employees and agents. The New Jersey Business Corporation Act provides that a corporation may indemnify its directors, officers, and agents against judgments, fines, penalties, amounts paid in settlement and expenses, including attorney's fees, resulting from various types of legal actions or proceedings if the actions of the party being indemnified meet the standards of conduct specified therein. Determinations concerning whether the applicable standard of conduct has been met can be made by (a) a disinterested majority of the board of directors, (b) independent legal counsel, or (c) an affirmative vote of a majority of shares held by the shareholders. No indemnification shall be made to or on behalf of a corporate director, officer, employee or agent if a judgment or other final adjudication adverse to such person establishes that his acts or omissions (a) were breaches of his duty of loyalty to the corporation or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in receipt by such person or an improper personal benefit.

The registrant's directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable

ITEM 8. EXHIBITS

- 4(a) Registrant's Amended and Restated Certificate of Incorporation as amended to date (incorporated by reference to Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1991 and Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1995)
- 5 Opinion and Consent of Bourne, Noll & Kenyon
- 24(a) Consent of Counsel (included in Exhibit 5)
- 24(b) Consent of Independent Auditors

ITEM 9. UNDERTAKINGS

The registrant hereby undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement (1) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (2) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (3) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement; provided, however, that sections (1) and (2) above do not apply if the registration statement is on Form S-3 or Form S-8 and information required to be included in a post-effective amendment by those sections is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

The registrant hereby undertakes (1) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof and (2) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by

the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on March , 1996.

NUI CORPORATION

By: /S/ James R. Van Horn
James R. Van Horn
Corporate Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
<u>/S/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March , 1996
* <u>John Kean</u>	Chairman and Director	March , 1996
<u>/S/ Stephen M. Liaskos</u> Stephen M. Liaskos	Controller (Principal Financial and Accounting Officer)	March , 1996
* <u>C.R. Carver</u>	Director	March , 1996
* <u>Dr. Vera King Farris</u>	Director	March , 1996

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
* _____ James J. Forese	Director	March ,1996
* _____ Robert W. Kean, Jr.	Director	March ,1996
* _____ Bernard S. Lee	Director	March ,1996
* _____ R.V. Whisnand	Director	March ,1996
* _____ John Winthrop	Director	March ,1996

* James R. Van Horn, by signing his name hereto, does sign this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed as exhibits herewith.

/S/ James R. Van Horn
James R. Van Horn, Attorney-in-Fact

EXHIBITS

Exhibit Number

- | | |
|-------|--|
| 5 | Opinion of Bourne, Noll & Kenyon |
| 24(a) | Consent of Counsel (included in Exhibit 5) |
| 24(b) | Consent of Independent Public Accountants |
| 25 | Power of Attorney |
| 99 | Copy of the NUI Corporation 1996 Stock Option and Stock Award Plan |

EXHIBIT 5

March , 1996

NUI Corporation
550 Route 202-206, Box 760,
Bedminster, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation 1996
Stock Option Stock Award Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 250,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the 1996 Stock Option and Stock Award Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/S/ Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

EXHIBIT 24(a)

EXHIBIT 24 (b)

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated November 14, 1995 included in the NUI Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1995 and to all references to our Firm included in this Registration Statement.

/S/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

New York, NY
March , 1996

EXHIBIT 25

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, in his or her capacity as a Director or Officer of NUI Corporation ("NUI"), hereby constitutes and appoints James R. Van Horn his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, and in any and all capacities, to execute a registration statement on Form S-8 under the Securities Act of 1933 concerning the NUI 1996 Stock Option and Stock Award Plan and file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and to execute and file any and all amendments thereto (including post-effective amendments), granting unto said attorney-in-fact and agent full power and authority to do each and every act requisite and necessary to be done, as fully and to all intents and purposes as he or she might do in person, and hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue thereof.

Dated: March , 1996

/S/ John Kean, Jr.
John Kean, Jr.

/S/ John Kean
John Kean

/S/ Stephen M. Liaskos
Stephen M. Liaskos

/S/ C.R. Carver
C.R. Carver

/S/ Dr. Vera King Farris
Dr. Vera King Farris

/S/ James J. Forese
James J. Forese

/S/ Robert W. Kean
Robert W. Kean

/S/ Bernard S. Lee
Bernard S. Lee

/S/ R.V. Whisnand
R.V. Whisnand

/S/ John Winthrop
John Winthrop

EXHIBIT 99

G:\ATTY\MR\NUI-58.SOP
03-08-96 2:40pm ljl



AGENDA DATE: 4/10/96

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Exhibit A (5)

LEGAL DEPARTMENT

ORDER

IN THE MATTER OF THE PETITION
OF NUI CORPORATION FOR AUTHORITY
PURSUANT TO N.J.S.A. 48:3-9 TO
ISSUE UP TO 460,000 SHARES OF
ADDITIONAL COMMON STOCK THROUGH
ITS (1) STOCK OPTION AND STOCK
AWARD PLAN, (2) EMPLOYEE STOCK
PURCHASE PLAN, AND (3) STOCK
PURCHASE PLAN FOR OUTSIDE
DIRECTORS

DOCKET NO. GF96020107

Mary Patricia Keefe, Esq., One Elizabethtown Plaza,
Union, New Jersey, for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, Mario Aguilar, Accountant II, Office
of the Economist and Robert Chilton, Director,
Division of Energy on behalf of the Board of
Public Utilities

BY THE BOARD:

NUI Corporation (NUI), a public utility of the State of
New Jersey, by petition filed February 9, 1996 and supplemented
on March 16, 1996, pursuant to N.J.S.A. 48:3-9 and N.J.A.C.
14:1-5.9, requests authority to issue from time to time:

- (1) up to 250,000 shares of common stock through its 1996
Stock Option and Stock Award Plan;
- (2) up to 140,000 shares of common stock through its 1996
Employee Stock Purchase Plan; and
- (3) up to 70,000 shares of common stock through its 1996
Stock Purchase Plan for Outside Directors.

NUI is engaged in the business of distributing natural
and mixed gas in service territories located in portions of the
State of New Jersey, Florida, Maryland, New York, North Carolina,

and Pennsylvania. NUI's, New Jersey utility operations are conducted as a separate division of NUI under the name Elizabethtown Gas Company.

Petitioner seeks authority to issue from time to time (i) up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan, (ii) up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan, and (iii) up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors. The proposed plans were submitted and approved by the Petitioner's shareholders at the Petitioner's annual meeting held on March 12, 1996.

Under the 1996 Stock Option and Stock Award Plan, a committee designated by Petitioner's Board of Directors shall have authority to grant eligible employees one or more awards of stock options, stock appreciation rights, and/or bonuses payable in stock or restricted stock. However, no employee shall receive awards of more than 50,000 of the 250,000 shares reserved for issuance under the plan.

Under the 1996 Employee Stock Purchase Plan, employees who have been employed for at least six months shall have the right to purchase shares of Petitioner's common stock on a monthly basis through a payroll deduction. The price of the common stock shall be set monthly and shall be equal to the lesser of 85% of the fair market value at (i) the beginning of the month, or at (ii) the end of the month. Participating employees will be entitled to designate a percentage of their base salary ranging from 1% to 10% for such purchases. Participants must retain the shares purchased for at least six months, and no participant may purchase shares having a value of more than \$25,000 in any one year.

Under the 1996 Stock Purchase Plan for Outside Directors, such directors will be granted an option to purchase up to 1,500 shares of stock per year. The price of such common stock shall be equal to the lesser of 85% of the fair market value of Petitioner's shares on (i) the date of the grant of the option, or on (ii) the date of the exercise of the option.

Petitioner states that the price of the newly issued stock will be determined by the Petitioner at the time that shares are issued in the manner set forth in the various Stock Plans.

The proceeds from the issuance of stock under the Plans shall be utilized to pay Petitioner's short term debt obligations and/or reimburse Petitioner's treasury for funds previously expended as part of Petitioner's capital spending program.

In the other states where NUI operates, it has either received authorization from the relevant regulatory authority or determined that such authorization is not required.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by the Petitioner as indicated above, and finding that the transaction is to be made in accordance with law, is in the public interest and approving the purposes thereof, HEREBY ORDERS that NUI Corporation be and is HEREBY AUTHORIZED to issue from time to time:

- (1) Up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan;
- (2) Up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan;
- (3) Up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors; and
- (4) to carry out the above without further order of the Board.

This Order is subject to the following provisions:

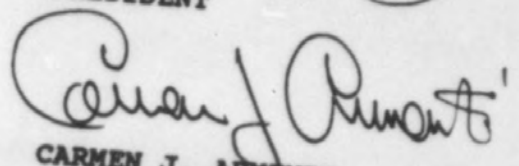
- 1) The administration costs and expenses incurred in connection with the issuance of shares of common stock through the Plans instead of by sale to general public, should be charged to Account 426.5 - Other Deductions, in the book of NUI and Elizabethtown Gas Company.
- 2) Petitioner shall submit a copy of the journal entries recording the issuance and administrative costs of the common stocks within thirty days of the consummation of the transaction.
- 3) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or non-tangible assets not owned or hereafter to be owned by NUI.
- 4) This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future proceedings with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting NUI.

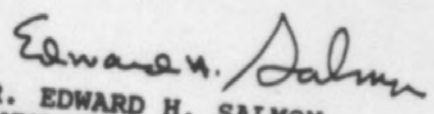
- 5) This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value or investment cost.

DATED: April 10, 1996

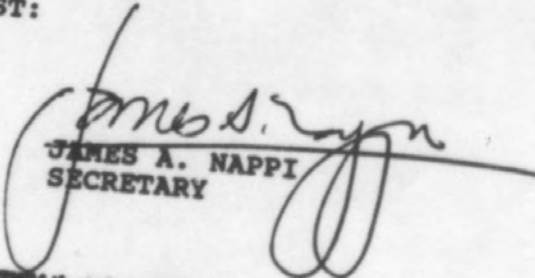
BOARD OF PUBLIC UTILITIES
BY:


HERBERT H. TATE
PRESIDENT


CARMEN J. ARMENTI
COMMISSIONER


DR. EDWARD H. SALMON
COMMISSIONER

ATTEST:


JAMES A. NAPPI
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities.

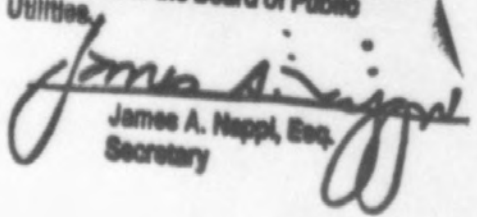

James A. Nappi, Esq.
Secretary

Exhibit A (6)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for
authority to issue and sell
securities during the 12 months
ending June 30, 1996, by City
Gas Company of Florida

) DOCKET NO. 950716-GU
) ORDER NO. PSC-96-0408-POF-GU
) ISSUED: March 22, 1996
)
)
)

The following Commissioners participated in the disposition of
this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER DENYING SUPPLEMENTAL APPLICATION
AND CLARIFYING ORDER PSC-95-0968-POF-GU

BY THE COMMISSION:

On February 23, 1996, City Gas Company of Florida (City Gas or Company) filed a supplemental application for authority to issue securities. The Company states that it intends to issue common stock for its 1996 Stock Option and Stock Award Plan and its 1996 Employee Purchase Plan. The Company also states that it has authority pursuant to Order PSC-95-0968-POF-GU to issue stock through these plans only to employees. By its supplemental application, the Company requests authority to issue common stock under the 1996 Stock Option and Stock Award Plan to non-employee members of its Board of Directors.

Order No. PSC-95-0968-POF-GU, issued August 8, 1995, authorized the company to issue and sell equity securities, long-term debt obligations, and short-term indebtedness, not to exceed \$80 million in the aggregate, during the twelve-month period ending June 30, 1996. The Order states the following:

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 Corporation or affiliated companies, including sales of equity

ORDER NO. PSC-96-0408-POF-GU
DOCKET NO. 950716-GU
PAGE 2

securities through employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders, employees, customers and residents of the states in which NUI Corporation does business.

Order PSC-95-0968-POF-GU grants City Gas the authority it seeks in its supplemental application. Thus, the supplemental application is redundant and is, therefore, denied.

As a point of clarification, we note that our orders governing the issuance and sale of securities typically specify general categories of securities, when the authority granted expires, and the maximum aggregate amount allowed. Pursuant to Section 366.04 (1), Florida Statutes, however, our approval of the issuance of securities should not be considered approval of rates, service, accounts, valuation, estimates, or determinations of cost.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the supplemental application of City Gas Company of Florida to issue securities is denied to the extent set forth in the body of this order. It is further

ORDERED that this docket shall remain open and City Gas Company of Florida shall continue to file consummation reports in compliance with Rule 25-8.009, Florida Administrative Code and Order PSC-95-0968-POF-GU. It is further

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, costs, or any other matter whatsoever now pending or which may come before this Commission, as provided in Section 366.04, Florida Statutes.

ORDER NO. PSC-96-0408-POP-GU
DOCKET NO. 950716-GU
PAGE 3

By ORDER of the Florida Public Service Commission, this 22nd
day of March, 1996.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of Records and Reporting

This is a facsimile copy. A signed
copy of the order may be obtained by
calling 1-904-413-6770.

(S E A L)

BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

MAR 25 '96 01:18PM MALATESTA



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMM
P.O. BOX 3265, HARRISBURG, PA 1710
March 11, 1996

Exhibit A (7)

IN REPLY PLEASE
REFER TO OUR FILE

WILLIAM T HAWKE
MALATESTA HAWKE & MCKEON
100 NORTH TEN TH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate of NUI
Corporation for the issuance of up to
70,000 shares of common stock pursuant to
the utility's 1996 Stock Purchase Plan of
Outside Directors.

S-00960554

Abbreviated Securities Certificate of NUI
Corporation for the issuance of up to
140,000 shares of common stock pursuant
to the utility's 1996 Employee Stock
Purchase Plan.

S-00960555

Abbreviated Securities Certificate of NUI
Corporation for the issuance of up to
250,000 shares of common stock pursuant
to the utility's 1996 Stock Option and
Stock Award Plan.

S-00960556

Date Filed: February 29, 1996

Dear Mr. Hawke:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.551 M., no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and
2. The Secretary has not extended the 10-day consideration period set forth in 52 Pa. Code § 3.551 M (c); and
3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. § 1903 extending the 30-day consideration period established therein.

RECEIVED MAR 21 1996

It is therefore the view of the Pennsylvania Public Utility Commission that the above-captioned Abbreviated Securities Certificate is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa. C.S. §1903 and 52 Pa. Code §3.551 M.

Very truly yours,

John G. Alford
John G. Alford
Secretary

JOSEPH J. MALATESTA, JR.
WILLIAM T. HAWKE
KEVIN J. MCKEON
LOUISE A. KNIGHT
THOMAS J. SNISCAN
NORMAN JAMES KENNARD
LILLIAN SMITH HARRIS
JANET L. MILLER
SUSAN J. SMITH
SCOTT T. WYLAND
STEVEN K. HAAS
TODD S. STEWART

THE LAW FIRM OF
MALATESTA HAWKE & MCKEON

HARRISBURG ENERGY CENTER
100 NORTH TENTH STREET
HARRISBURG, PENNSYLVANIA 17101
(717) 236-1300

FAX (717) 236-4841

February 29, 1996

file
This is Employee Stock Plan
MAILING ADDRESS
P.O. BOX 1778
HARRISBURG, PA 17105
Director Stock Plan
Insurance Stock Plan
Pennsylvania Approvals

MAR - 4 1996
LEGAL DEPARTMENT

VIA HAND DELIVERY
John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

RE: Abbreviated Securities Certificate Filings on behalf of
NUI Corporation; Docket No. A-120001, F-0002; S-_____
S-_____; S-_____

Dear Secretary Alford:

Enclosed for filing with the Commission on behalf of NUI Corporation are three (3) Abbreviated Securities Certificate filings under the provisions of the Pennsylvania Code, 52 Pa. Code §3.551, Form M, along with a check in the amount of \$75.00 for the filing fee.

Background information regarding NUI Corporation and its previous stock option and award plans is found at an earlier Securities Certificate filing made on May 17, 1994, at Docket Nos. S-940443, S-940444, S-940445 and S-940446.

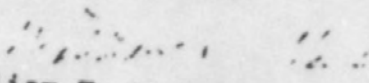
Briefly, NUI Corporation periodically issues shares of Common Stock in connection with stock option and purchase plans. As indicated in the enclosed "letter" filings, NUI Corporation qualifies for the Commission's abbreviated procedures because, among other reasons, the gross operating revenues derived pursuant to Pennsylvania tariffs do not exceed ten percent (10%) of the corporation's total gross operating revenues.

John G. Alford, Secretary
February 29, 1996
Page 2

Any questions concerning this filing initially should be directed to me.

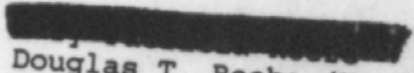
Thank you.

Very truly yours,


William T. Hawke
Counsel for NUI Corporation

WTH/tmf

Enclosure

cc: 
Douglas T. Beebe (Hand Delivered)

NUI CORPORATION EMPLOYEE STOCK PURCHASE PLAN

PURPOSE

1.01. *Purpose.* The NUI Corporation Employee Stock Purchase Plan (the "Plan") is intended to provide a method whereby employees of NUI Corporation, its subsidiary corporations and divisions (hereinafter collectively referred to, unless the context otherwise requires, as the "Company") will have an opportunity to acquire a proprietary interest in the Company through the purchase of shares of the voting common stock of the Company, no par value (the "Common Stock"). It is not the intention of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986.

DEFINITIONS

2.01. *Base Pay.* "Base Pay" shall mean regular earnings excluding payments for overtime, shift premium, bonuses and other special payments, commissions and marketing or other incentive payments.

2.02. *Board.* "Board" shall mean the Board of Directors of NUI Corporation.

2.03. *Committee.* "Committee" shall mean the individuals described in Article XI.

2.04. *Employee.* "Employee" shall mean any person who is customarily employed on a full-time or part-time basis by the Company and is regularly scheduled to work more than 20 hours per week and whose customary employment is for more than 5 months in any calendar year.

2.05. *Plan Year.* A "Plan Year" shall mean the twelve month period commencing on the date of the implementation of the Plan and each successive twelve month period.

2.06. *Subsidiary Corporation.* "Subsidiary Corporation" shall mean any corporation which at any time (i) has more than 50% in value of its stock owned directly or indirectly by NUI Corporation and (ii) is designated as a participating subsidiary in the Plan by the Committee.

ELIGIBILITY AND PARTICIPATION

3.01. *Initial Eligibility.* Any Employee who shall have completed one hundred eighty (180) consecutive days of employment and shall be employed by the Company on the date his or her participation in the Plan is to become effective shall be eligible to participate in the Plan.

3.02. *Leave of Absence.* For purposes of participation in the Plan, a person on leave of absence shall be deemed to be an Employee for the first 180 days of such leave of absence. An Employee's employment shall be deemed to have terminated at the close of business on the 180th day of a leave of absence unless the Employee shall have returned to regular full-time or part-time employment (as the case may be) prior to the close of business on such 180th day.

3.03. *Commencement of Participation.* An eligible Employee may become a participant in the Plan either (a) by completing an authorization for a payroll deduction on the form provided by the Committee and filing it with the Committee on or before the filing date set by the Committee, or (b) by making a payment (\$100 minimum) to the Company no later than three (3) business days following the close of the calendar month with respect to which the payment is being made. Payroll deductions for a participant shall commence with the first payroll after his or her authorization for a payroll deduction becomes effective and shall end on the termination of the Plan or the participant's earlier termination of participation.

SHARES OF COMMON STOCK

4.01. *Shares Offered.* The maximum number of shares of Common Stock which shall be issued under the Plan, subject to adjustment as provided in Section 12.03, shall be 140,000 shares.

The Plan shall terminate upon the issuance of the maximum number of shares of Common Stock and as provided in Section 12.04.

DEDUCTIONS AND PAYMENTS

5.01. *Amount of Payroll Deduction.* At the time a participant files an authorization for payroll deduction, he or she shall elect to have deductions made from pay on each payday during the time he or she is a participant at the rate of a whole number percentage from 1% to 10% of Base Pay in effect at that date. In the case of a part-time hourly Employee, such Employee's Base Pay shall be determined by multiplying such Employee's hourly rate of pay then in effect by the then number of regularly scheduled hours of work for such Employee.

5.02. *Participant's Account.* All payroll deductions made for a participant shall be credited to his or her account under the Plan. A participant may make optional cash payments of at least \$100 into such account during any month or within three business days following the end of the month, the total of which payments when aggregated with all other optional cash and payroll deduction payments at any time during a Plan Year shall not exceed 10% of his or her current annualized Base Pay.

5.03. *Changes in Payroll Deductions.* A participant may discontinue payroll deductions or change his or her percentage deduction rate no fewer than 10 business days before the beginning of the calendar month for which the change is to become effective.

5.04. *Leave of Absence.* If a participant goes on a leave of absence, such participant shall have the right to elect no less than 10 business days prior to such leave, on forms supplied by the Committee: (a) to withdraw the balance in his or her account pursuant to Section 8.01, or (b) to discontinue contributions to the Plan but remain a participant in the Plan.

GRANTING OF OPTION

6.01. *Number of Option Shares.* Each participating Employee shall be deemed to have been granted an option to purchase a maximum number of shares of Common Stock equal to 10% of the Employee's annualized Base Pay with respect to each Plan Year, divided by 85% of the market value of the Common Stock determined as provided in Section 6.02 (an "Option"). An Employee's Base Pay shall be his or her normal monthly rate of pay (as in effect on the first day of participation during such plan year) multiplied by 12, provided that a part time hourly Employee's Base Pay shall be determined in accordance with Section 5.01.

6.02. *Option Price.* The Option price of Common Stock purchased with payroll deductions or optional cash payments made during (and up to three business days following in the case of optional cash payments) any calendar month shall be the lower of:

(a) 85% of the mean between the highest and lowest prices at which the Common Stock is traded on a national securities exchange on the first business day of the month or, if there is no sale on such exchange on such date, the mean between the bid and asked prices on such exchange at the close of the market on such date, or if the market is closed on such date, the nearest prior trading day; or

(b) 85% of the mean between the highest and lowest prices at which the Common Stock is traded on a national securities exchange on the day on which the Option is exercised, or, if there is no sale on such exchange on such date, the mean between the bid and asked prices on such exchange at the close of the market on such date, or if the market is closed on such date, the nearest prior trading day.

If the Common Stock is not traded on a national securities exchange on any of the aforesaid dates for which prices are to be determined, then the option price shall be 85% of fair market value of the Common Stock on that date, as determined by the Committee.

EXERCISE OF OPTION

7.01. *Automatic Exercise.* Unless a participant gives written notice to the Company as hereinafter provided, his or her Option for the purchase of stock with payroll deductions and/or optional cash payments made during or with respect to any calendar month will be deemed to have been exercised automatically on the last business day of such calendar month (but in no event prior to the approval of this Plan by the shareholders of NUI Corporation and such regulatory bodies as are required) for the purchase of the number of full shares of Common Stock which the accumulated payroll deductions in his or her account at that time and optional cash payments will purchase at the applicable Option price. Any excess remaining in the participant's account after exercise because of the non-issuance

of fractional shares will be carried in the account to the next month. Any other excess will be returned to the participant, without interest. If a participant violates Section 7.04, any excess remaining in his or her account shall be returned to the participant, without interest.

7.02. *Fractional Shares.* Fractional shares will not be issued under the Plan and any amounts which would have been used to purchase fractional shares and which remain in the participant's account on the termination of the Plan will be returned to the participant, without interest.

7.03. *Transferability.* (a) During the lifetime of a participant, his or her right to exercise an Option granted under the Plan shall be exercisable only by such optionee or, if then permitted under Section 16 of the Securities Exchange Act of 1934, as amended, or regulations thereunder, pursuant to a qualified domestic relations order as defined in the Internal Revenue Code and regulations thereunder (a "QDRO") and shall not be assignable or transferable by such optionee other than by will or the laws of descent and distribution or, if then permitted by Section 16, pursuant to a QDRO.

(b) Any transfer of Common Stock purchased by the exercise of an Option granted under the Plan shall comply with all applicable restrictions and holding periods set forth in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended and any other requirements imposed by law.

7.04. *Minimum Holding Period.* Common Stock purchased by a participant shall not be transferred by him or her during the period commencing on the date of purchase and ending six months and one day thereafter. Any transfer in violation of this Section 7.04 shall cause the suspension of the participant from the Plan. The participant will not be permitted to re-enroll in the payroll deduction feature of the Plan for six months from the violation and will not be permitted to participate in the optional cash payment feature for the remainder of the then current Plan Year and the next succeeding Plan Year.

7.05. *Delivery of Common Stock.* Unless otherwise requested by a participant, shares of Common Stock credited to a participant will be maintained in an uncertificated form by the agent designated by the Company. The Committee shall establish procedures governing this withdrawal of shares from participants' accounts.

WITHDRAWAL

8.01. *In General.* A participant may withdraw amounts credited to his or her account under the Plan which have not theretofore been used to purchase Common Stock by giving written notice to the Committee at least 10 business days prior to the last pay day of a month. All of the cash balance credited to the participant's account will be paid to him or her promptly after receipt of such notice of withdrawal, no further payroll deductions will be made from his or her pay during such month and no cash payment may be made by the participant with respect to such month.

8.02. *Effect on Subsequent Participation.* A participant's account withdrawal pursuant to Section 8.01 will bar him or her from participating for the three (3) subsequent calendar months. This Section 8.02 may be amended to reduce this period at the discretion of the Committee.

8.03. *Termination of Employment.* Upon termination of the participant's employment for any reason, including retirement, but excluding death, any amounts credited to his or her account will be returned to the participant, without interest.

8.04. *Termination of Employment Due to Death.* Upon termination of the participant's employment because of death, his or her beneficiary (as defined in Section 12.01) shall be entitled to receive the remaining cash balance credited to the participant's account under the Plan as of the date of the participant's death, without interest.

8.05. *Leave of Absence.* A participant while on leave of absence, subject to the election made by such participant pursuant to Section 5.04, shall continue to be a participant in the Plan. A participant who has been on leave of absence for more than 180 days and who therefore is no longer an Employee for purposes of the Plan shall not be entitled to participate in the Plan after the 180th day of such leave of absence.

INTEREST

9.01. *Payment of Interest.* No interest will be paid or allowed on any money paid into the Plan or credited to the account of any participant.

PRO-RATING OPTIONS

10.01. *Pro-Rating Options.* If the total number of shares for which Options are exercised with respect to the final month of the Plan exceeds the maximum number of shares available for sale under the Plan, the Company shall

make a pro-rata allocation of any remaining shares available for delivery and distribution for such month in as nearly a uniform manner as shall be practicable and as it shall determine to be equitable, (after first granting preference to options exercised by payroll withholding) and any balance credited to the account of each participant under the Plan shall be returned as promptly as possible.

10.02. *Participant's Interest in Option Stock.* The participant will have no interest in stock covered by his or her Option until such Option has been exercised.

10.03. *Registration of Stock.* Stock delivered to a participant under the Plan will be registered in the name of the participant. If at any time the Company shall determine in its discretion that the listing, registration or qualification of shares of Common Stock upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the sale or purchase of shares of Common Stock hereunder, no Option may be exercised unless and until such listing registration, qualification, consent or approval shall have been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

10.04. *Regulatory Approval and Compliance.* The Company shall not be required to issue any certificate or certificates for Common Stock upon the exercise of an Option granted under the Plan or to record as a holder of record of Common Stock the name of the individual exercising an Option under the Plan or his or her transferee, without obtaining to the complete satisfaction of the Committee the approval of all regulatory bodies deemed necessary by the Committee and without complying, to the Committee's complete satisfaction, with all rules and regulations under federal, state, or local law deemed applicable by the Committee.

ADMINISTRATION

11.01. *Appointment of Committee.* The Plan shall be administered by the Committee which is appointed from time to time by the Board. The Committee shall consist of three (3) or more members of the Board, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code. A majority of the members of the Committee shall constitute a quorum. A majority vote of the members of the Committee present at a meeting at which a quorum is present shall be required for the Committee to take action under the Plan.

11.02. *Authority of Committee.* Subject to the express provisions of the Plan, the Committee shall have full authority to interpret and construe the Plan, to adopt rules and regulations for administering the Plan, and to make all other determinations deemed necessary or advisable for administering the Plan. The Committee's determination on the foregoing matters shall be conclusive.

11.03. *Rules Governing the Administration of the Committee.* The Board may from time to time appoint members of the Committee in substitution for or in addition to members previously appointed and may fill vacancies, however caused, in the Committee. The Committee may select one of its members as its Chairman and shall hold its meetings at such times and places and in such manner as it shall deem advisable. The Committee may correct any defect or omission or reconcile any inconsistency in the Plan, in the manner and to the extent it shall deem desirable, subject to applicable law. Any decision or determination reduced to writing and signed by a majority of the members of the Committee shall be as fully effective as if it had been made by a majority vote at a meeting duly called and held. The Committee may appoint a secretary and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

MISCELLANEOUS

12.01. *Designation of Beneficiary.* A participant may file a written designation of a beneficiary who is to receive any Common Stock and/or cash remaining in the participant's Plan account following the participant's death. Such designation of beneficiary may be changed by the participant at any time by written notice to the Committee. Upon the death of a participant and upon receipt by the Committee of proof of identity and existence at the participant's death of a beneficiary validly designated by him under the Plan, the Committee shall deliver such Common Stock and/or cash to the beneficiary. In the event of the death of a participant where there is no beneficiary validly designated under the Plan who is living at the time of such participant's death, the Committee shall deliver such Common Stock and/or cash to the participant's personal representative, or if no such representative has been appointed (to the knowledge of the Committee), the Committee in its discretion, may deliver such Common Stock

and/or cash to the spouse or to any one or more dependents of the participant as the Committee may designate. No beneficiary, prior to the death of the participant by whom he or she has been designated, shall acquire any interest in the Common Stock or cash credited to the participant under the Plan.

12.02. *Use of Funds.* Prior to exercise of Options, all payroll deductions and optional cash payments received or held by the Company under this Plan may be used by the Company for any corporate purpose and the Company shall not be obligated to segregate such payroll deductions and optional cash payments.

12.03. *Adjustment Upon Changes in Capitalization.* (a) If, while any Options are outstanding, the outstanding shares of Common Stock have been increased, decreased, changed into, or been exchanged for a different number or kind of shares of securities of NUI Corporation through reorganization, merger, recapitalization, reclassification, stock split, reverse stock split or similar transaction, appropriate adjustments may be made by the Committee in the number and/or kind of shares which are subject to purchase under outstanding Options and to the Option exercise price or prices applicable to such outstanding Options. In addition, in any such event, the number and/or kind of shares which may be offered in the offering described in Section 4.01 shall also be appropriately adjusted. No adjustments shall be made for stock dividends. For the purposes of this section, any distribution of Common Stock to shareholders in an amount aggregating 5% or more of the outstanding shares of Common Stock shall be deemed a stock split and any distributions of Common Stock aggregating less than 5% of the outstanding shares of Common Stock shall be deemed a stock dividend.

(b) Upon the dissolution or liquidation of NUI Corporation, or upon a reorganization, merger or consolidation of NUI Corporation with one or more corporations as a result of which NUI Corporation is not the surviving corporation, or upon a sale of substantially all of its property or stock to another corporation, or a sale or spin off of a division or a Subsidiary Corporation, the affected holder of each Option then outstanding under the Plan will thereafter be entitled to receive at the next date for the exercise of such Option, for each share of Common Stock as to which such Option would have been exercised, as nearly as reasonably may be determined, the cash, securities and/or property which a holder of one share of the Common Stock was entitled to receive upon and at the time of such transaction. The Board and the Committee shall take such steps in connection with such transactions as the Board and the Committee respectively shall deem necessary to assure that the provisions of this Section 12.03 shall thereafter be applicable, as nearly as reasonably may be determined, in relation to the said cash, securities and/or property as to which the holder of such Option might thereafter be entitled to receive.

12.04. *Amendment and Termination.* The Board shall have complete power and authority to terminate or amend the Plan; provided, however, that the Board shall not, without the approval of the shareholders of the Company (i) increase the maximum number of share of Common Stock which may be issued under any Offering (except pursuant to Section 12.03); (ii) amend the requirements as to the class of Employees eligible to purchase Common Stock under the Plan or to permit the members of the Committee to purchase stock under the Plan. No termination, modification, or amendment of the Plan may adversely affect the rights of any participant under an Option without the consent of all participants.

12.05. *Effective Date.* The Plan shall become effective as of February 1, 1996 subject to approval by the required vote of the holders of the Common Stock at a special or annual meeting of the shareholders of NUI Corporation held on or before November 27, 1996 and such regulatory approvals as may be required. If the Plan is not so approved, the Plan shall not become effective and any payroll withholdings and optional cash payments shall promptly be returned to the Employees. No Common Stock shall be purchased under the Plan prior to its having been approved by the Company's shareholders and such regulators as may be required.

12.06. *No Employment Rights.* The Plan does not, directly or indirectly, create in any Employee or class of Employees any right with respect to continuation or employment by the Company, and it shall not be deemed to interfere in any way with the Company's right to terminate, or otherwise modify, an Employee's employment at any time.

12.07. *Effect of Plan.* The provisions of the Plan shall, in accordance with its terms, be binding upon, and inure to the benefit of, all successors of each Employee participating in the Plan, including, without limitation, such Employee's estate and the executors, administrators or trustees thereof, heirs and legatees, and any receiver, trustee in bankruptcy or representative of creditors of such Employee.

12.08. *Indemnification; Limitation of Liability.* (a) Committee members exercising their functions under this Plan are serving as directors of NUI Corporation and they shall therefore be entitled to all rights of indemnification and advancement of expenses accorded directors of NUI Corporation.

(b) NUI Corporation, any Subsidiary Corporation, and any member of the Committee or the Board, or any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall not have any liability to any party for any action taken or not taken in connection with the Plan, except as may expressly be provided by statute.

12.09. *Withholding Taxes.* The Company shall require a payment from a participant to cover applicable withholding for income and employment taxes upon the happening of any event pursuant to the Plan which requires such withholding. The Company reserve the right to offset such tax payment from any funds which may be due the participant from the Company or its subsidiaries or divisions.

12.10. *Governing Law.* The law of the State of New Jersey will govern all matters relating to this Plan except to the extent it is superseded by the laws of the United States.

The amount and component of the issuance costs of common stock.

ANSWER

There will be no investment banking costs or up front administration costs associated with the issuance. SEC registration fee expense will be approximately \$3,000.00; Arthur Anderson will be paid approximately \$1,000.00 for their consent opinion and the Company will expend approximately \$7,500.00 in legal fees.

April 11, 1996

NUI Corporation
550 Route 202-206, Box 760,
Bedminster, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation
Employee Stock Purchase Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 140,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the Employee Stock Purchase Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of
incorporation or organization)

22-1869941

(I.R.S. Employer
Identification No.)

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Address of principal executive offices)

NUI CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

(Full title of the plan)

JAMES R. VAN HORN
General Counsel and Secretary
NUI Corporation

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Name and address of agent for service)

(908) 781-0500

(Telephone number, including area code, of
agent for service)

Copy of all communications to:
MARTIN RUBASHKIN, ESQ.
Bourne, Noll & Kenyon
382 Springfield Avenue
Summit, New Jersey 07901

(Cover Page Continued)

CALCULATION OF REGISTRATION FEE

<u>Title of Securities to be Registered</u>	<u>Amount to be Registered (1)</u>	<u>Proposed Maximum Offering Price Per Share (2)</u>	<u>Proposed Maximum Aggregate Offering Price (2)</u>	<u>Amount of Registration Fee (2)</u>
Common Stock No Par Value (and associated stock purchase rights) (3)	140,000	\$	\$	\$

In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(1) This Registration Statement also relates to such indeterminate number of additional shares of registrant's Common Stock as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) The registration fee is calculated by using \$ per share as the average of the high and low sales prices per share as reported on the New York Stock Exchange on solely for the purpose of determining the registration fee for the 140,000 shares registered hereby. See SEC Rule 457(c) and (h).

(3) Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock.

PART II

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The registrant hereby incorporates by reference the following documents:

- (a) The registrant's Annual Report on Form 10-K for its fiscal year ended September 30, 1995;
- (b) The registrant's Quarterly Reports on Form 10-Q and 10-Q/A for the quarter ended December 31, 1995;
- (c) The registrant's Current Reports on Form 8-K dated December 1, 1995;
- (d) The registrant's Definitive Proxy Statement for its Annual Meeting of Shareholders held on March 12, 1996;
- (e) The registrant's Registration Statement on Form 8-A, filed on May 28, 1982, Amendment No. 1 thereto on Form 8-A/A, filed on September 16, 1993, and Form 8-A filed on December 1, 1995.

All documents subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement on Form S-8 to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement on Form S-8.

ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As authorized under New Jersey law, the registrant's certificate of incorporation provides that a director or officer shall not be personally liable to the corporation or its shareholders for breach of duty owed to the corporation, except to the extent that such exception from, or limitation of, liability is not permitted under the New Jersey Business Corporation Act.

Under its certificate of incorporation, the registrant is required, to the full extent permitted by law, to indemnify its directors, officers, employees and agents. The New Jersey Business Corporation Act provides that a corporation may indemnify its directors, officers, and agents against judgments, fines, penalties, amounts paid in settlement and expenses, including attorney's fees, resulting from various types of legal actions or proceedings if the actions of the party being indemnified meet the standards of conduct specified therein. Determinations concerning whether the applicable standard of conduct has been met can be made by (a) a disinterested majority of the board of directors, (b) independent legal counsel, or (c) an affirmative vote of a majority of shares held by the shareholders. No indemnification shall be made to or on behalf of a corporate director, officer, employee or agent if a judgment or other final adjudication adverse to such person establishes that his acts or omissions (a) were breaches of his duty of loyalty to the corporation or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in receipt by such person or an improper personal benefit.

The registrant's directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable

ITEM 8. EXHIBITS

- 4(a) Registrant's Amended and Restated Certificate of Incorporation as amended to date (incorporated by reference to Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1991 and Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1995)
- 5 Opinion and Consent of Bourne, Noll & Kenyon
- 24(a) Consent of Counsel (included in Exhibit 5)
- 24(b) Consent of Independent Auditors

Copy of The NUI Corporation Employee Stock Purchase Plan.

ITEM 9. UNDERTAKINGS

The registrant hereby undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement (1) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (2) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (3) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that sections (1) and (2) above do not apply if the registration statement is on Form S-3 or Form S-8 and information required to be included in a post-effective amendment by those sections is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

The registrant hereby undertakes (1) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof and (2) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer

or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on March , 1996.

NUI CORPORATION

By: /S/ James R. Van Horn
James R. Van Horn
Corporate Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
<u>/S/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March , 1996
* <u>John Kean</u>	Chairman and Director	March , 1996
<u>/S/ Stephen M. Liaskos</u> Stephen M. Liaskos	Controller (Principal Financial and Accounting Officer)	March , 1996
* <u>C.R. Carver</u>	Director	March , 1996
* <u>Dr. Vera King Farris</u>	Director	March , 1996

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
* James J. Forese	Director	March ,1996
* Robert W. Kean, Jr.	Director	March ,1996
* Bernard S. Lee	Director	March ,1996
* R.V. Whisnand	Director	March ,1996
* John Winthrop	Director	March ,1996

* James R. Van Horn, by signing his name hereto, does sign this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed as exhibits herewith.

/S/ James R. Van Horn
James R. Van Horn, Attorney-in-Fact

EXHIBITS

Exhibit Number

- | | |
|--------|--|
| 5 | Opinion of Bourne, Noll & Kenyon |
| 24 (a) | Consent of Counsel (included in Exhibit 5) |
| 24 (b) | Consent of Independent Public Accountants |
| 25 | Power of Attorney |
| 99 | Copy of the NUI Corporation Employee Stock Purchase Plan |

EXHIBIT 5

March ,1996

NUI Corporation
550 Route 202-206, Box 760,
Bedminster, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation
Employee Stock Purchase Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 140,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the Employee Stock Purchase Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/S/ Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

EXHIBIT 24(a)

EXHIBIT 24 (b)

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated November 14, 1995 included in the NUI Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1995 and to all references to our Firm included in this Registration Statement.

/S/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

New York, NY
March , 1996

EXHIBIT 25

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, in his or her capacity as a Director or Officer of NUI Corporation ("NUI"), hereby constitutes and appoints James R. Van Horn his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, and in any and all capacities, to execute a registration statement on Form S-8 under the Securities Act of 1933 concerning the NUI Employee Stock Purchase Plan and file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and to execute and file any and all amendments thereto (including post-effective amendments), granting unto said attorney-in-fact and agent full power and authority to do each and every act requisite and necessary to be done, as fully and to all intents and purposes as he or she might do in person, and hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue thereof.

Dated: March , 1996

/S/ John Kean, Jr.
John Kean, Jr.

/S/ John Kean
John Kean

/S/ Stephen M. Liaskos
Stephen M. Liaskos

/S/ C.R. Carver
C.R. Carver

/S/ Dr. Vera King Farris
Dr. Vera King Farris

/S/ James J. Forese
James J. Forese

/S/ Robert W. Kean
Robert W. Kean

/S/ Bernard S. Lee
Bernard S. Lee

/S/ R.V. Whisnand
R.V. Whisnand

/S/ John Winthrop
John Winthrop

EXHIBIT 99

G:\ATTY\MR\NUI-ESPP.S8
03-08-96 2:39pm ljl



AGENDA DATE: 4/10/96

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Exhibit B (5)

LEGAL DEPARTMENT

IN THE MATTER OF THE PETITION)
OF NUI CORPORATION FOR AUTHORITY)
PURSUANT TO N.J.S.A. 48:3-9 TO)
ISSUE UP TO 460,000 SHARES OF)
ADDITIONAL COMMON STOCK THROUGH)
ITS (1) STOCK OPTION AND STOCK)
AWARD PLAN, (2) EMPLOYEE STOCK)
PURCHASE PLAN, AND (3) STOCK)
PURCHASE PLAN FOR OUTSIDE)
DIRECTORS)

ORDER

DOCKET NO. GF96020107

Mary Patricia Keefe, Esq., One Elizabethtown Plaza,
Union, New Jersey, for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, Mario Aguilar, Accountant II, Office
of the Economist and Robert Chilton, Director,
Division of Energy on behalf of the Board of
Public Utilities

BY THE BOARD:

NUI Corporation (NUI), a public utility of the State of
New Jersey, by petition filed February 9, 1996 and supplemented
on March 16, 1996, pursuant to N.J.S.A. 48:3-9 and N.J.A.C.
14:1-5.9, requests authority to issue from time to time:

- (1) up to 250,000 shares of common stock through its 1996
Stock Option and Stock Award Plan;
- (2) up to 140,000 shares of common stock through its 1996
Employee Stock Purchase Plan; and
- (3) up to 70,000 shares of common stock through its 1996
Stock Purchase Plan for Outside Directors.

NUI is engaged in the business of distributing natural
and mixed gas in service territories located in portions of the
State of New Jersey, Florida, Maryland, New York, North Carolina.

and Pennsylvania. NUI's, New Jersey utility operations are conducted as a separate division of NUI under the name Elizabethtown Gas Company.

Petitioner seeks authority to issue from time to time (i) up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan, (ii) up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan, and (iii) up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors. The proposed plans were submitted and approved by the Petitioner's shareholders at the Petitioner's annual meeting held on March 12, 1996.

Under the 1996 Stock Option and Stock Award Plan, a committee designated by Petitioner's Board of Directors shall have authority to grant eligible employees one or more awards of stock options, stock appreciation rights, and/or bonuses payable in stock or restricted stock. However, no employee shall receive awards of more than 50,000 of the 250,000 shares reserved for issuance under the plan.

Under the 1996 Employee Stock Purchase Plan, employees who have been employed for at least six months shall have the right to purchase shares of Petitioner's common stock on a monthly basis through a payroll deduction. The price of the common stock shall be set monthly and shall be equal to the lesser of 85% of the fair market value at (i) the beginning of the month, or at (ii) the end of the month. Participating employees will be entitled to designate a percentage of their base salary ranging from 1% to 10% for such purchases. Participants must retain the shares purchased for at least six months, and no participant may purchase shares having a value of more than \$25,000 in any one year.

Under the 1996 Stock Purchase Plan for Outside Directors, such directors will be granted an option to purchase up to 1,500 shares of stock per year. The price of such common stock shall be equal to the lesser of 85% of the fair market value of Petitioner's shares on (i) the date of the grant of the option, or on (ii) the date of the exercise of the option.

Petitioner states that the price of the newly issued stock will be determined by the Petitioner at the time that shares are issued in the manner set forth in the various Stock Plans.

The proceeds from the issuance of stock under the Plans shall be utilized to pay Petitioner's short term debt obligations and/or reimburse Petitioner's treasury for funds previously expended as part of Petitioner's capital spending program.

In the other states where NUI operates, it has either received authorization from the relevant regulatory authority or determined that such authorization is not required.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by the Petitioner as indicated above, and finding that the transaction is to be made in accordance with law, is in the public interest and approving the purposes thereof, HEREBY ORDERS that NUI Corporation be and is HEREBY AUTHORIZED to issue from time to time:

- (1) Up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan;
- (2) Up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan;
- (3) Up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors; and
- (4) to carry out the above without further order of the Board.

This Order is subject to the following provisions:

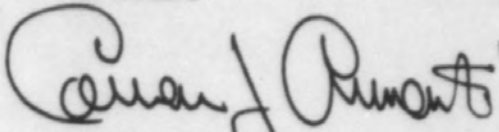
- 1) The administration costs and expenses incurred in connection with the issuance of shares of common stock through the Plans instead of by sale to general public, should be charged to Account 426.5 - Other Deductions, in the book of NUI and Elizabethtown Gas Company.
- 2) Petitioner shall submit a copy of the journal entries recording the issuance and administrative costs of the common stocks within thirty days of the consummation of the transaction.
- 3) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or non-tangible assets not owned or hereafter to be owned by NUI.
- 4) This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future proceedings with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting NUI.

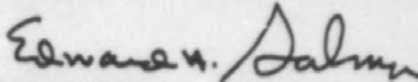
- 5) This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value or investment cost.

DATED: April 10, 1996

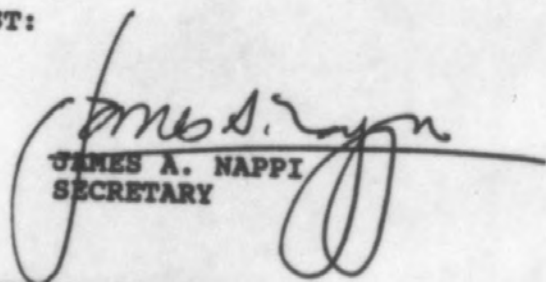
BOARD OF PUBLIC UTILITIES
BY:


HERBERT H. TATE
PRESIDENT

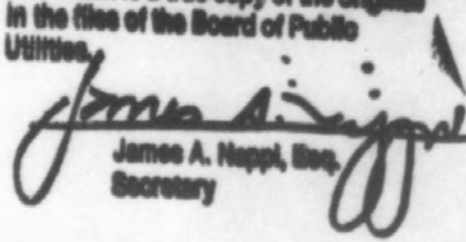

CARMEN J. ARMENTI
COMMISSIONER


DR. EDWARD H. JALMON
COMMISSIONER

ATTEST:


JAMES A. NAPPI
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities.


James A. Nappi, Esq.
Secretary

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for
authority to issue and sell
securities during the 12 months
ending June 30, 1996, by City
Gas Company of Florida

DOCKET NO. 950716-GU
ORDER NO. PSC-96-0408-POF-GU
ISSUED: March 22, 1996

The following Commissioners participated in the disposition of
this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER DENYING SUPPLEMENTAL APPLICATION
AND CLARIFYING ORDER PSC-95-0968-POF-GU

BY THE COMMISSION:

On February 23, 1996, City Gas Company of Florida (City Gas or Company) filed a supplemental application for authority to issue securities. The Company states that it intends to issue common stock for its 1996 Stock Option and Stock Award Plan and its 1996 Employee Purchase Plan. The Company also states that it has authority pursuant to Order PSC-95-0968-POF-GU to issue stock through these plans only to employees. By its supplemental application, the Company requests authority to issue common stock under the 1996 Stock Option and Stock Award Plan to non-employee members of its Board of Directors.

Order No. PSC-95-0968-POF-GU, issued August 8, 1995, authorized the company to issue and sell equity securities, long-term debt obligations, and short-term indebtedness, not to exceed \$80 million in the aggregate, during the twelve-month period ending June 30, 1996. The Order states the following:

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 Corporation or affiliated companies, including sales of equity

ORDER NO. PSC-96-0408-POF-GU
DOCKET NO. 950716-GU
PAGE 2

securities through employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders, employees, customers and residents of the states in which NUI Corporation does business.

Order PSC-95-0968-POF-GU grants City Gas the authority it seeks in its supplemental application. Thus, the supplemental application is redundant and is, therefore, denied.

As a point of clarification, we note that our orders governing the issuance and sale of securities typically specify general categories of securities, when the authority granted expires, and the maximum aggregate amount allowed. Pursuant to Section 366.04 (1), Florida Statutes, however, our approval of the issuance of securities should not be considered approval of rates, service, accounts, valuation, estimates, or determinations of cost.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the supplemental application of City Gas Company of Florida to issue securities is denied to the extent set forth in the body of this order. It is further

ORDERED that this docket shall remain open and City Gas Company of Florida shall continue to file consummation reports in compliance with Rule 25-8.009, Florida Administrative Code and Order PSC-95-0968-POF-GU. It is further

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, costs, or any other matter whatsoever now pending or which may come before this Commission, as provided in Section 366.04, Florida Statutes.

ORDER NO. PSC-96-0408-POP-GU
DOCKET NO. 950716-GU
PAGE 3

By ORDER of the Florida Public Service Commission, this 22nd
day of March, 1996.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of Records and Reporting

This is a facsimile copy. A signed
copy of the order may be obtained by
calling 1-904-413-6770.

(S E A L)

BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

MAR 25 '96 01:10PM MALATESTA



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COM
P.O. BOX 3265, HARRISBURG, PA 171
March 11, 1996

Exhibit B (7)

IN REPLY PLEASE
REFER TO OUR FILE

WILLIAM T HAWKE
MALATESTA HAWKE & MCKEON
100 NORTH TEN TH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate of NUI Corporation for the issuance of up to 70,000 shares of common stock pursuant to the utility's 1996 Stock Purchase Plan of Outside Directors.

S-00960554

Abbreviates Securities Certificate of NUI Corporation for the issuance of up to 140,000 shares of common stock pursuant to the utility's 1996 Employee Stock Purchase Plan.

S-00960555

Abbreviates Securities Certificate of NUI Corporation for the issuance of up to 250,000 shares of common stock pursuant to the utility's 1996 Stock Option and Stock Award Plan.

S-00960556

Date Filed: February 29, 1996

Dear Mr. Hawke:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.551 M., no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and
2. The Secretary has not extended the 10-day consideration period set forth in 52 Pa. Code § 3.551 M (c); and
3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. § 1903 extending the 30-day consideration period established therein.

RECEIVED MAR 21 1996

It is therefore the view of the Pennsylvania Public Utility Commission that the above-captioned Abbreviated Securities Certificate is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa. C.S. §1903 and 52 Pa. Code §3.551 M.

Very truly yours,

John G. Alford
John G. Alford
Secretary

JOSEPH J. MALATESTA, JR.
WILLIAM T. HAWKE
KEVIN J. MCKEON
LOUISE A. KNIGHT
THOMAS J. SNISCAK
NORMAN JAMES KENNARD
LILLIAN SMITH HARRIS
JANET L. MILLER
SUSAN J. SMITH
SCOTT T. WYLAND
STEVEN K. HAAS
TODD S. STEWART

THE LAW FIRM OF
MALATESTA HAWKE & MCKEON

HARRISBURG ENERGY CENTER
100 NORTH TENTH STREET
HARRISBURG, PENNSYLVANIA 17101

(717) 236-1300

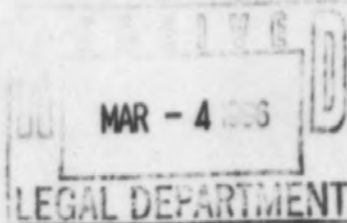
FAX (717) 236-4841

February 29, 1996

file
This is Employee Stock Plan
MAILING ADDRESS
P.O. BOX 1778
HARRISBURG, PA 17105

Director's Stock Plan
Executive Stock Plan

Commission Approvals



VIA HAND DELIVERY

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

RE: Abbreviated Securities Certificate Filings on behalf of
NUI Corporation; Docket No. A-120001, F-0002; S-_____;
S-_____; S-_____

Dear Secretary Alford:

Enclosed for filing with the Commission on behalf of NUI Corporation are three (3) Abbreviated Securities Certificate filings under the provisions of the Pennsylvania Code, 52 Pa. Code §3.551, Form M, along with a check in the amount of \$75.00 for the filing fee.

Background information regarding NUI Corporation and its previous stock option and award plans is found at an earlier Securities Certificate filing made on May 17, 1994, at Docket Nos. S-940443, S-940444, S-940445 and S-940446.

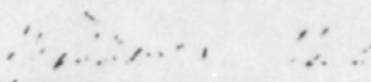
Briefly, NUI Corporation periodically issues shares of Common Stock in connection with stock option and purchase plans. As indicated in the enclosed "letter" filings, NUI Corporation qualifies for the Commission's abbreviated procedures because, among other reasons, the gross operating revenues derived pursuant to Pennsylvania tariffs do not exceed ten percent (10%) of the corporation's total gross operating revenues.

John G. Alford, Secretary
February 29, 1996
Page 2

Any questions concerning this filing initially should be directed to me.

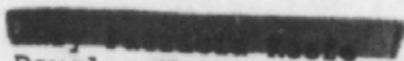
Thank you.

Very truly yours,


William T. Hawke
Counsel for NUI Corporation

WTH/tmf

Enclosure

cc: 
Douglas T. Beebe (Hand Delivered)

**NUI CORPORATION
1996 DIRECTOR STOCK PURCHASE PLAN**

1. *Purpose.* The purpose of the NUI Corporation 1996 Director Stock Purchase Plan (the "Plan") is to promote the interests of NUI Corporation (the "Company") and its shareholders by enhancing the ability of the Company to attract and retain the services of knowledgeable non-employee directors by encouraging such directors to acquire an increased proprietary interest in the Company.
2. *Shares Subject to the Plan.* Subject to adjustment as provided in Section 7, the total number of shares of the voting common stock of the Company (the "Common Stock") for which options may be granted under the Plan (each an "Option") shall be 70,000. The Common Stock available for issuance upon exercise of Options shall be currently authorized but unissued shares or shares currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. If an Option expires or terminates for any reason without having been exercised in full, the Common Stock subject to but not delivered under such Option may become available for the grant of other Options.
3. *Administration of the Plan.* The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). Subject to the terms of the Plan, the Committee shall have the power to construe the provisions of the Plan, to determine all questions arising thereunder, and to adopt and amend such rules and regulations for administering the Plan as the Committee deems desirable.
4. *Participation in the Plan.* Each member of the Company's Board of Directors (a "Director") who is not otherwise an employee of the Company or any subsidiary of the Company (an "Eligible Director") shall be eligible to participate in the Plan.
5. *Nonstatutory Stock Options.* All Options shall be nonstatutory Options which are not intended to be qualified under Section 422 of the Internal Revenue Code of 1986, as amended.
6. *Option Terms.* Each Option granted to an Eligible Director and the issuance of shares thereunder shall be subject to the following terms:
 - 6.1. *Option Agreements.* Each Option shall be evidenced by an option agreement (an "Agreement") duly executed on behalf of the Company and by the Eligible Director to whom such Option is granted and dated as of the applicable date of grant. Each Agreement shall comply with and be subject to the terms and conditions of the Plan. Any Agreement may contain such other provisions not inconsistent with the Plan as may be determined by the Committee.
 - 6.2. *Option Grant.* An Option to purchase 1,500 shares of Common Stock shall be automatically granted each year to each Eligible Director on the date of the first regularly scheduled meeting of the Board of Directors of the Company following the annual meeting of shareholders, and to each Eligible Director who first becomes a director following such date.
 - 6.3. *Option Exercise Price.* The Option exercise price per share for an Option shall be eighty five percent (85%) of the Fair Market Value of the underlying Common Stock on the date the Option is exercised. "Fair Market Value" shall mean the average of the high and low sales prices per share of the Common Stock traded on a national securities exchange on the relevant date or, if no sales were made on such exchange on such date, the mean between the bid and asked prices on such exchange at the close of the market on such date, or if the market is closed on such date, the nearest prior trading day.
 - 6.4. *Vesting.* One hundred percent (100%) of each Option shall vest and become nonforfeitable and exercisable on the date on which the Option is granted.
 - 6.5. *Exercise.* (a) Any Option shall be exercisable in whole or in part at any time, or from time to time, during the Option period by written notice, signed by the person exercising the Option, to the Company accompanied or followed within three business days by payment for the Option exercise. The date that the notice is received by the Secretary of the Company shall be the date of exercise of the Option, subject to receipt of the Option exercise price in a timely manner as provided herein. No Option may at any time be exercised with respect to a fractional share.

(b) An Eligible Director, no later than the date of the first regularly scheduled meeting of the Board of Directors of the Company following the annual meeting of shareholders, may irrevocably authorize the withholding of all his or her board attendance and/or committee fees for the forthcoming year and the application of such fees (when earned) to the exercise of the current year's Option.

6.6. *Payment.* Payment of the Option exercise price may be made by certified, cashier's, or personal check or by the application of fees pursuant to Section 6.5(b).

Any amount paid in exercise of an Option which is in excess of the number of shares then remaining subject to an Option of the optionee shall be returned to the optionee, without interest.

6.7. *Term of Options.* Each Option shall expire on the date of the first meeting of the Board of Directors following the annual meeting of shareholders next succeeding the date of grant, but shall be subject to earlier termination if:

(a) the optionee shall cease to serve as a Director for reason other than retirement or disability (each of which is defined below), or death, in which event the then outstanding Options may be exercised only within three months after such termination or on the stated grant expiration date, whichever is earlier, unless such termination of service shall result from removal for cause, in which case all outstanding Options shall immediately terminate;

(b) the optionee shall cease to serve as a Director because of retirement or disability, in which event the then-outstanding Options of such optionee shall expire one year after the date of such termination or on the stated grant expiration date, whichever is earlier. The term "by reason of retirement" shall mean mandatory retirement pursuant to any statute, regulation, by-law or Board of Directors' policy. "Disability" shall mean the inability to perform the duties of a Director by reason of any physical or mental impairment;

(c) the optionee shall cease to serve as a Director because of death, in which event, the then-outstanding Options of such optionee shall expire one year after the date of death of such optionee or on the stated grant expiration date, whichever is earlier. Exercise of a deceased optionee's Options shall be by his or her personal representative or by a person or persons whom the optionee had designated in a writing filed with the Company, or, if no designation had been made, by the person or persons to whom the optionee's rights have passed by will or the laws of descent and distribution.

6.8. *Transferability.* (a) During the lifetime of an optionee, his or her right to exercise an Option granted under the Plan shall be exercisable only by such optionee or, if then permitted under Section 16 of the Securities Exchange Act of 1934, as amended, or regulations thereunder, pursuant to a qualified domestic relations order as defined in the Internal Revenue Code and regulations thereunder (a "QDRO") and shall not be assignable or transferable by such optionee other than by will or the laws of descent and distribution or, if then permitted by Section 16, pursuant to a QDRO.

(b) Any transfer of Common Stock purchased by the exercise of an Option granted under the Plan shall comply with all applicable restrictions and holding periods set forth in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, and any other requirements imposed by law.

6.9. *Limitation of Rights.*

6.9.1 *Limitation as to Shares.* Neither an optionee nor an optionee's successor or successors in interest shall have any right as a stockholder of the Company with respect to any Common Stock subject to an Option granted to such person until the issuance of such shares upon exercise.

6.9.2 *Limitation as to Directorship.* Neither the Plan, nor the granting of an Option, nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that an Eligible Director has a right to continue as a Director for any period of time or at any particular rate or compensation.

6.10. *Regulatory Approval and Compliance.* The Company shall not be required to issue any certificate or certificates for Common Stock upon the exercise of an Option granted under the Plan or to record as a holder of record of Common Stock the name of the individual exercising an Option under the Plan or his or her transferee,

without obtaining to the complete satisfaction of the Committee the approval of all regulatory bodies deemed necessary by the Committee and without complying, to the Committee's complete satisfaction, with all rules and regulations under federal, state, or local law deemed applicable by the Committee.

7. *Capital Adjustments.* In the event of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations, exchanges of shares, spin-offs, liquidations, reclassifications or other similar changes in the capitalization of the Company, the number and class of shares available for grant under the Plan shall be adjusted proportionately and the number and class of shares covered by outstanding Options and the option price shall be similarly adjusted.

8. *Expenses.* All costs and expenses of the adoption and administration of the Plan shall be borne by the Company and none of such expenses shall be charged to any optionee.

9. *Effective Date and Duration of the Plan.* The Plan shall be effective immediately following approval by the Company's shareholders and such regulatory bodies as may be necessary for the approval of the plan; *provided, however,* that grants and exercises may be made prior to the effective date if such grants are made subject to shareholder and regulatory approval of the Plan and no securities are issued prior to receipt of all such approvals. The Plan shall continue in effect until there are no longer any Options which may be granted under the Plan or it is terminated by action of the Board or the Company's shareholders, but such termination shall not affect the terms of any then outstanding Options.

10. *Indemnification; Limitation of Liability.* (a) Committee members exercising their functions under this Plan are serving as directors of the Company and they shall therefore be entitled to all rights of indemnification and advancement of expenses accorded directors of the Company.

(b) The Company and any member of the Committee or the Board, or any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, shall not have any liability to any party for any action taken or not taken in connection with the Plan, except as may expressly be provided by statute.

11. *Choice of Law.* The validity, interpretation and administration of the Plan and of any rules, regulations, determinations or decisions made thereunder, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined in accordance with the laws of the State of New Jersey.

12. *Termination and Amendment of the Plan.* The Company's Board of Directors may amend, terminate or suspend the Plan at any time, in its sole and absolute discretion; *provided, however,* that if required to qualify the Plan under Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, no amendment shall be made more than once every six months that would change the amount, price or timing of Options granted under the Plan, other than to comport with changes in the Internal Revenue Code of 1986, as amended, or the rules and regulations promulgated thereunder, *provided, further,* that if required to qualify the Plan under Rule 16b-3, no amendment that would do any of the following shall be made without the approval of the Company's shareholders:

- (a) materially increase the number of shares that may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) otherwise materially increase the benefits accruing to participants under the Plan.

The amount and component of the issuance costs of common stock.

ANSWER

There will be no investment banking costs or up front administration costs associated with the issuance. SEC registration fee expense will be approximately \$3,000.00; Arthur Anderson will be paid approximately \$1,000.00 for their consent opinion and the Company will expend approximately \$7,500.00 in legal fees.

April 11, 1996

NUI Corporation
550 Route 202-206, Box 760,
Badminton, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation
Employee Stock Purchase Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 140,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the Employee Stock Purchase Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

No. 33-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of
incorporation or organization)

22-1869941

(I.R.S. Employer
Identification No.)

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Address of principal executive offices)

NUI CORPORATION
1996 DIRECTOR STOCK PURCHASE PLAN

(Full title of the plan)

JAMES R. VAN HORN

General Counsel and Secretary

NUI Corporation

550 Route 202-206, Box 760,

Bedminster, New Jersey 07921-0760

(Name and address of agent for service)

(908) 781-0500

(Telephone number, including area code, of
agent for service)

Copy of all communications to:

MARTIN RUBASHKIN, ESQ.

Bourne, Noll & Kenyon

382 Springfield Avenue

Summit, New Jersey 07901

(Cover Page Continued)

CALCULATION OF REGISTRATION FEE

<u>Title of Securities to be Registered</u>	<u>Amount to be Registered (1)</u>	<u>Proposed Maximum Offering Price Per Share (2)</u>	<u>Proposed Maximum Aggregate Offering Price (2)</u>	<u>Amount of Registration Fee (2)</u>
Common Stock No Par Value (and associated stock purchase rights) (3)	70,000	\$	\$	\$

In addition, pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

(1) This Registration Statement also relates to such indeterminate number of additional shares of registrant's Common Stock as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) The registration fee is calculated by using \$ per share as the average of the high and low sales prices per share as reported on the New York Stock Exchange on solely for the purpose of determining the registration fee for the 70,000 shares registered hereby. See SEC Rule 457(c) and (h).

(3) Prior to the occurrence of certain events, the stock purchase rights will not be evidenced separately from the common stock.

PART II

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The registrant hereby incorporates by reference the following documents:

- (a) The registrant's Annual Report on Form 10-K for its fiscal year ended September 30, 1995;
- (b) The registrant's Quarterly Reports on Form 10-Q and 10-Q/A for the quarter ended December 31, 1995;
- (c) The registrant's Current Reports on Form 8-K dated December 1, 1995;
- (d) The registrant's Definitive Proxy Statement for its Annual Meeting of Shareholders held on March 12, 1996;
- (e) The registrant's Registration Statement on Form 8-A, filed on May 28, 1982, Amendment No. 1 thereto on Form 8-A/A, filed on September 16, 1993, and Form 8-A filed on December 1, 1995.

All documents subsequently filed by the registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement on Form S-8 to the extent that a statement contained in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement on Form S-8.

ITEM 4. DESCRIPTION OF SECURITIES

Not Applicable

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As authorized under New Jersey law, the registrant's certificate of incorporation provides that a director or officer shall not be personally liable to the corporation or its shareholders for breach of duty owed to the corporation, except to the extent that such exception from, or limitation of, liability is not permitted under the New Jersey Business Corporation Act.

Under its certificate of incorporation, the registrant is required, to the full extent permitted by law, to indemnify its directors, officers, employees and agents. The New Jersey Business Corporation Act provides that a corporation may indemnify its directors, officers, and agents against judgments, fines, penalties, amounts paid in settlement and expenses, including attorney's fees, resulting from various types of legal actions or proceedings if the actions of the party being indemnified meet the standards of conduct specified therein. Determinations concerning whether the applicable standard of conduct has been met can be made by (a) a disinterested majority of the board of directors, (b) independent legal counsel, or (c) an affirmative vote of a majority of shares held by the shareholders. No indemnification shall be made to or on behalf of a corporate director, officer, employee or agent if a judgment or other final adjudication adverse to such person establishes that his acts or omissions (a) were breaches of his duty of loyalty to the corporation or its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in receipt by such person or an improper personal benefit.

The registrant's directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable

ITEM 8. EXHIBITS

- 4(a) Registrant's Amended and Restated Certificate of Incorporation as amended to date (incorporated by reference to Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1991 and Exhibit 3 (i) of the registrant's Form 10-K for the fiscal year ended September 30, 1995)
- 5 Opinion and Consent of Bourne, Noll & Kenyon
- 24(a) Consent of Counsel (included in Exhibit 5)
- 24(b) Consent of Independent Auditors

ITEM 9. UNDERTAKINGS

The registrant hereby undertakes to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement (1) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (2) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (3) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that sections (1) and (2) above do not apply if the registration statement is on Form S-3 or Form S-8 and information required to be included in a post-effective amendment by those sections is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

The registrant hereby undertakes (1) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof and (2) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by

the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

The Registrant

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on March , 1996.

NUI CORPORATION

By: /S/ James R. Van Horn
James R. Van Horn
Corporate Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
<u>/S/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March , 1996
* <u>John Kean</u>	Chairman and Director	March , 1996
<u>/S/ Stephen M. Liaskos</u> Stephen M. Liaskos	Controller (Principal Financial and Accounting Officer)	March , 1996
* <u>C.R. Carver</u>	Director	March , 1996
* <u>Dr. Vera King Farris</u>	Director	March , 1996

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
* James J. Forese	Director	March ,1996
* Robert W. Kean, Jr.	Director	March ,1996
* Bernard S. Lee	Director	March ,1996
* R.V. Whisnand	Director	March ,1996
* John Winthrop	Director	March ,1996

* James R. Van Horn, by signing his name hereto, does sign this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed as exhibits herewith.

/S/ James R. Van Horn
James R. Van Horn, Attorney-in-Fact

EXHIBITS

Exhibit Number

- | | |
|-------|---|
| 5 | Opinion of Bourne, Noll & Kenyon |
| 24(a) | Consent of Counsel (included in Exhibit 5) |
| 24(b) | Consent of Independent Public Accountants |
| 25 | Power of Attorney |
| 99 | Copy of the NUI Corporation 1996 Director Stock Purchase Plan |

EXHIBIT 5

March , 1996

NUI Corporation
550 Route 202-206, Box 760,
Bedminster, New Jersey 07921-0760

Attn: James R. Van Horn
Corporate Secretary and General Counsel

Re: Form S-8 Registration Statement - NUI Corporation 1996
Director Stock Purchase Plan

Dear Mr. Van Horn:

We are rendering this opinion as counsel for NUI Corporation (the "Company") in connection with the registration and issuance of 70,000 shares of Common Stock of the Company (the "Securities") pursuant to a Registration Statement to be filed with the Securities and Exchange Commission on Form S-8 (the "Registration Statement"). The Securities are to be issued pursuant to the 1996 Director Stock Purchase Plan of the Company (the "Plan").

In connection with the foregoing, we have participated in the preparation of, and have reviewed the Registration Statement. In addition, we have examined originals or copies identified to our satisfaction as being the true copies of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

1. The Company has been duly organized and is validly existing under the laws of State of New Jersey;
2. The issuance and sale of the Securities pursuant to the Plan have been validly authorized; and
3. The Securities, when issued pursuant to the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to all references to us in the Registration Statement, including any prospectus relating thereto, and to the inclusion of a duplicate original of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/S/ Bourne, Noll & Kenyon

BOURNE, NOLL & KENYON
A Professional Corporation

EXHIBIT 24 (a)

EXHIBIT 24 (b)

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated November 14, 1995 included in the NUI Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1995 and to all references to our Firm included in this Registration Statement.

/S/ Arthur Andersen LLP
ARTHUR ANDERSEN LLP

New York, NY
March , 1996

EXHIBIT 25

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below, in his or her capacity as a Director or Officer of NUI Corporation ("NUI"), hereby constitutes and appoints James R. Van Horn his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, and in any and all capacities, to execute a registration statement on Form S-8 under the Securities Act of 1933 concerning the NUI 1996 Director Stock Purchase Plan and file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, and to execute and file any and all amendments thereto (including post-effective amendments), granting unto said attorney-in-fact and agent full power and authority to do each and every act requisite and necessary to be done, as fully and to all intents and purposes as he or she might do in person, and hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue thereof.

Dated: March , 1996

/S/ John Kean, Jr.
John Kean, Jr.

/S/ John Kean
John Kean

/S/ Stephen M. Liaskos
Stephen M. Liaskos

/S/ C.R. Carver
C.R. Carver

/S/ Dr. Vera King Farris
Dr. Vera King Farris

/S/ James J. Forese
James J. Forese

/S/ Robert W. Kean
Robert W. Kean

/S/ Bernard S. Lee

Bernard S. Lee

/S/ R.V. Whisnand
R.V. Whisnand

/S/ John Winthrop
John Winthrop

EXHIBIT 99

SIGNATURES

The Registrant

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on March , 1996.

NUI CORPORATION

By: _____
James R. Van Horn
Corporate Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the date indicated.

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
_____ John Kean, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)	March , 1996
* _____ John Kean	Chairman and Director	March , 1996
_____ Stephen M. Liaskos	Controller (Principal Financial and Accounting Officer)	March , 1996
* _____ C.R. Carver	Director	March , 1996
* _____ Dr. Vera King Farris	Director	March , 1996
* _____ James J. Forese	Director	March , 1996

<u>Signatures</u>	<u>Capacity</u>	<u>Date</u>
* Robert W. Kean, Jr.	Director	March ,1996
* Bernard S. Lee	Director	March ,1996
* R.V. Whisnand	Director	March ,1996
* John Winthrop	Director	March ,1996

* James R. Van Horn, by signing his name hereto, does sign this document on behalf of each of the persons indicated above pursuant to powers of attorney duly executed by such persons and filed as exhibits herewith.

James R. Van Horn, Attorney-in-Fact



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

AGENDA DATE: 4/10/96

Exhibit C (5)

LEGAL DEPARTMENT

IN THE MATTER OF THE PETITION
OF NUI CORPORATION FOR AUTHORITY
PURSUANT TO N.J.S.A. 48:3-9 TO
ISSUE UP TO 460,000 SHARES OF
ADDITIONAL COMMON STOCK THROUGH
ITS (1) STOCK OPTION AND STOCK
AWARD PLAN, (2) EMPLOYEE STOCK
PURCHASE PLAN, AND (3) STOCK
PURCHASE PLAN FOR OUTSIDE
DIRECTORS

ORDER

DOCKET NO. GF96020107

Mary Patricia Keefe, Esq., One Elizabethtown Plaza,
Union, New Jersey, for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, Mario Aguilar, Accountant II, Office
of the Economist and Robert Chilton, Director,
Division of Energy on behalf of the Board of
Public Utilities

BY THE BOARD:

NUI Corporation (NUI), a public utility of the State of
New Jersey, by petition filed February 9, 1996 and supplemented
on March 16, 1996, pursuant to N.J.S.A. 48:3-9 and N.J.A.C.
14:1-5.9, requests authority to issue from time to time:

- (1) up to 250,000 shares of common stock through its 1996
Stock Option and Stock Award Plan;
- (2) up to 140,000 shares of common stock through its 1996
Employee Stock Purchase Plan; and
- (3) up to 70,000 shares of common stock through its 1996
Stock Purchase Plan for Outside Directors.

NUI is engaged in the business of distributing natural
and mixed gas in service territories located in portions of the
State of New Jersey, Florida, Maryland, New York, North Carolina,

and Pennsylvania. NUI's, New Jersey utility operations are conducted as a separate division of NUI under the name Elizabethtown Gas Company.

Petitioner seeks authority to issue from time to time (i) up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan, (ii) up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan, and (iii) up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors. The proposed plans were submitted and approved by the Petitioner's shareholders at the Petitioner's annual meeting held on March 12, 1996.

Under the 1996 Stock Option and Stock Award Plan, a committee designated by Petitioner's Board of Directors shall have authority to grant eligible employees one or more awards of stock options, stock appreciation rights, and/or bonuses payable in stock or restricted stock. However, no employee shall receive awards of more than 50,000 of the 250,000 shares reserved for issuance under the plan.

Under the 1996 Employee Stock Purchase Plan, employees who have been employed for at least six months shall have the right to purchase shares of Petitioner's common stock on a monthly basis through a payroll deduction. The price of the common stock shall be set monthly and shall be equal to the lesser of 85¢ of the fair market value at (i) the beginning of the month, or at (ii) the end of the month. Participating employees will be entitled to designate a percentage of their base salary ranging from 1% to 10% for such purchases. Participants must retain the shares purchased for at least six months, and no participant may purchase shares having a value of more than \$25,000 in any one year.

Under the 1996 Stock Purchase Plan for Outside Directors, such directors will be granted an option to purchase up to 1,500 shares of stock per year. The price of such common stock shall be equal to the lesser of 85¢ of the fair market value of Petitioner's shares on (i) the date of the grant of the option, or on (ii) the date of the exercise of the option.

Petitioner states that the price of the newly issued stock will be determined by the Petitioner at the time that shares are issued in the manner set forth in the various Stock Plans.

The proceeds from the issuance of stock under the Plans shall be utilized to pay Petitioner's short term debt obligations and/or reimburse Petitioner's treasury for funds previously expended as part of Petitioner's capital spending program.

In the other states where NUI operates, it has either received authorization from the relevant regulatory authority or determined that such authorization is not required.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by the Petitioner as indicated above, and finding that the transaction is to be made in accordance with law, is in the public interest and approving the purposes thereof, HEREBY ORDERS that NUI Corporation be and is HEREBY AUTHORIZED to issue from time to time:

- (1) Up to 250,000 shares of common stock through its 1996 Stock Option and Stock Award Plan;
- (2) Up to 140,000 shares of common stock through its 1996 Employee Stock Purchase Plan;
- (3) Up to 70,000 shares of common stock through its 1996 Stock Purchase Plan for Outside Directors; and
- (4) to carry out the above without further order of the Board.

This Order is subject to the following provisions:

- 1) The administration costs and expenses incurred in connection with the issuance of shares of common stock through the Plans instead of by sale to general public, should be charged to Account 426.5 - Other Deductions, in the book of NUI and Elizabethtown Gas Company.
- 2) Petitioner shall submit a copy of the journal entries recording the issuance and administrative costs of the common stocks within thirty days of the consummation of the transaction.
- 3) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or non-tangible assets not owned or hereafter to be owned by NUI.
- 4) This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future proceedings with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting NUI.

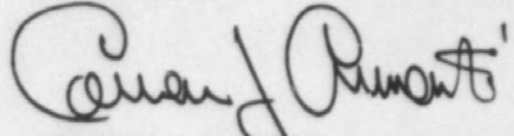
- 5) This Order shall not be construed as a certification that the securities proposed to be issued will be represented by tangible or intangible assets of commensurate value or investment cost.

DATED: April 10, 1996

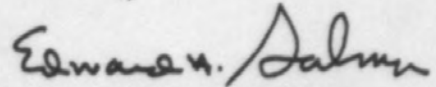
BOARD OF PUBLIC UTILITIES
BY:



HERBERT H. TATE
PRESIDENT

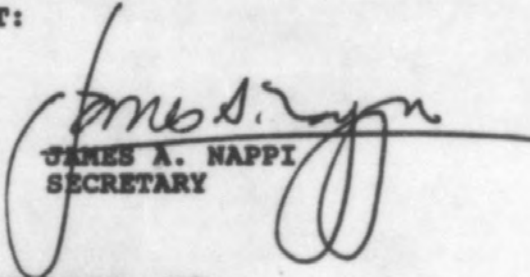


CARMEN J. ARMENTI
COMMISSIONER



DR. EDWARD H. SALMON
COMMISSIONER

ATTEST:



JAMES A. NAPPI
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities.



James A. Nappi, Sec.
Secretary

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for authority to issue and sell securities during the 12 months ending June 30, 1996, by City Gas Company of Florida)
DOCKET NO. 950716-GU)
ORDER NO. PSC-96-0408-POF-GU)
ISSUED: March 22, 1996)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER DENYING SUPPLEMENTAL APPLICATION
AND CLARIFYING ORDER PSC-95-0968-POF-GU

BY THE COMMISSION:

On February 23, 1996, City Gas Company of Florida (City Gas or Company) filed a supplemental application for authority to issue securities. The Company states that it intends to issue common stock for its 1996 Stock Option and Stock Award Plan and its 1996 Employee Purchase Plan. The Company also states that it has authority pursuant to Order PSC-95-0968-POF-GU to issue stock through these plans only to employees. By its supplemental application, the Company requests authority to issue common stock under the 1996 Stock Option and Stock Award Plan to non-employee members of its Board of Directors.

Order No. PSC-95-0968-POF-GU, issued August 8, 1995, authorized the company to issue and sell equity securities, long-term debt obligations, and short-term indebtedness, not to exceed \$80 million in the aggregate, during the twelve-month period ending June 30, 1996. The Order states the following:

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 Corporation or affiliated companies, including sales of equity

ORDER NO. PSC-96-0408-POF-GU
DOCKET NO. 950716-GU
PAGE 2

securities through employee benefit plans, incentive compensation plans, and continuous investment programs offered to shareholders, employees, customers and residents of the states in which NUI Corporation does business.

Order PSC-95-0968-POF-GU grants City Gas the authority it seeks in its supplemental application. Thus, the supplemental application is redundant and is, therefore, denied.

As a point of clarification, we note that our orders governing the issuance and sale of securities typically specify general categories of securities, when the authority granted expires, and the maximum aggregate amount allowed. Pursuant to Section 366.04 (1), Florida Statutes, however, our approval of the issuance of securities should not be considered approval of rates, service, accounts, valuation, estimates, or determinations of cost.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the supplemental application of City Gas Company of Florida to issue securities is denied to the extent set forth in the body of this order. It is further

ORDERED that this docket shall remain open and City Gas Company of Florida shall continue to file consummation reports in compliance with Rule 25-8.009, Florida Administrative Code and Order PSC-95-0968-POF-GU. It is further

ORDERED that the foregoing authorization is without prejudice to the authority of this Commission with respect to rates, costs, or any other matter whatsoever now pending or which may come before this Commission, as provided in Section 366.04, Florida Statutes.

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DOCKET NO. 950716-GU
PAGE 3

By ORDER of the Florida Public Service Commission, this 22nd
day of March, 1996.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of Records and Reporting

This is a facsimile copy. A signed
copy of the order may be obtained by
calling 1-904-413-6770.

(S E A L)

BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMM
P.O. BOX 3265, HARRISBURG, PA 1710
March 11, 1996

Exhibit C (7)

IN REPLY PLEASE
REFER TO OUR FILE

WILLIAM T HAWKE
MALATESTA HAWKS & MCKEON
100 NORTH TEN TH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate of NUI
Corporation for the issuance of up to
70,000 shares of common stock pursuant to
the utility's 1996 Stock Purchase Plan of
Outside Directors.

S-00960554

Abbreviates Securities Certificate of NUI
Corporation for the issuance of up to
140,000 shares of common stock pursuant
to the utility's 1996 Employee Stock
Purchase Plan.

S-00960555

Abbreviates Securities Certificate of NUI
Corporation for the issuance of up to
250,000 shares of common stock pursuant
to the utility's 1996 Stock Option and
Stock Award Plan.

S-00960556

Date Filed: February 29, 1996

Dear Mr. Hawke:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.551 M., no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and
2. The Secretary has not extended the 10-day consideration period set forth in 52 Pa. Code § 3.551 M (c); and
3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. § 1903 extending the 30-day consideration period established therein.

RECEIVED MAR 21 1996

It is therefore the view of the Pennsylvania Public Utility Commission that the above-captioned Abbreviated Securities Certificate is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa. C.S. §1903 and 52 Pa. Code §3.551 M.

Very truly yours,

John G. Alford
John G. Alford
Secretary

JOSEPH J. MALATESTA, JR.
WILLIAM T. HAWKE
KEVIN J. MCKEON
LOUISE A. KNIGHT
THOMAS J. SNISCAR
NORMAN JAMES KENNARD
LILLIAN SMITH HARRIS
JANET L. MILLER
SUSAN J. SMITH
SCOTT T. WYLAND
STEVEN K. HAAS
TODD S. STEWART

THE LAW FIRM OF
MALATESTA HAWKE & MCKEON

HARRISBURG ENERGY CENTER
100 NORTH TENTH STREET
HARRISBURG, PENNSYLVANIA 17101
(717) 236-1300

FAX (717) 236-4841

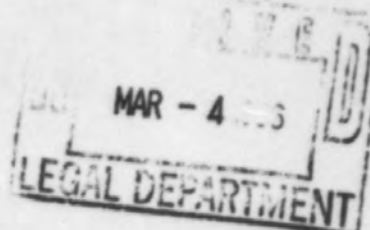
This is Employee Stock Plan

file
MAILING ADDRESS:
P.O. BOX 1778
HARRISBURG, PA 17105

Director's Stock Plan
Executive Stock Plan

Transferee Approvals

February 29, 1996



VIA HAND DELIVERY

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

RE: Abbreviated Securities Certificate Filings on behalf of
NUI Corporation; Docket No. A-120001, F-0002, S-_____
S-_____; S-_____

Dear Secretary Alford:

Enclosed for filing with the Commission on behalf of NUI Corporation are three (3) Abbreviated Securities Certificate filings under the provisions of the Pennsylvania Code, 52 Pa. Code §3.551, Form M, along with a check in the amount of \$75.00 for the filing fee.

Background information regarding NUI Corporation and its previous stock option and award plans is found at an earlier Securities Certificate filing made on May 17, 1994, at Docket Nos. S-940443, S-940444, S-940445 and S-940446.

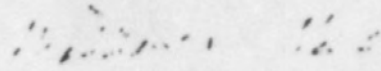
Briefly, NUI Corporation periodically issues shares of Common Stock in connection with stock option and purchase plans. As indicated in the enclosed "letter" filings, NUI Corporation qualifies for the Commission's abbreviated procedures because, among other reasons, the gross operating revenues derived pursuant to Pennsylvania tariffs do not exceed ten percent (10%) of the corporation's total gross operating revenues.

John G. Alford, Secretary
February 29, 1996
Page 2

Any questions concerning this filing initially should be directed to me.

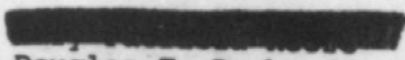
Thank you.

Very truly yours,


William T. Hawke
Counsel for NUI Corporation

WTH/tmf

Enclosure

cc: 
Douglas T. Beebe (Hand Delivered)

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760
(908) 781-0500

(Address, including zip code, and telephone number
including area code, of Registrant's
principal executive office)

22-1869941
(I.R.S. employer
identification no.)

James R. Van Horn, General Counsel and Secretary
550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760
(908) 781-0500
(Address, including zip code, and telephone
including area code, of agent for service)

The Commission is requested to send copies of all orders,
communications and notices to:

John T. Hood, Esq.
Reid & Priest LLP
40 West 57th Street
New York, New York 10019-4097

Michael F. Cusick, Esq.
Winthrop, Stimson, Putnam & Roberts
One Battery Park Plaza
New York, New York 10004-1490

Approximate date of commencement of proposed sale to public: As soon as practicable after this Registration Statement becomes effective.
If the only securities being registered in this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box ☐.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box ☐.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box ☐.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share(1)	Proposed maximum aggregate offering price(1)	Amount of registration fee
Common Stock, No Par Value	2,000,000 Shares	\$18.6875	\$37,375,000	\$12,888
Series A Junior Participating Preferred Stock Purchase Rights	2,000,000 Rights(2)	—	—	—

- (1) Estimated pursuant to Rule 457(c) under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee based on the average high and low prices of the registrant's Common Stock as reported on the New York Stock Exchange on April 1, 1996.
- (2) Since no separate consideration is paid for the Series A Junior Participating Preferred Stock Purchase Rights (the "Rights"), the registration fee for such securities is included in the fee for the Common Stock. The value attributable to the Rights, if any, is reflected in the market price of the Common Stock.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, PRELIMINARY PROSPECTUS DATED APRIL 4, 1996

1,800,000 Shares NUI CORPORATION

Common Stock
(No par value)

NUI Corporation (the "Company") is offering hereby 1,800,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (together with the 1,800,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange under the symbol NUI. On April 3, 1996, the closing sale price for the Common Stock on the New York Stock Exchange was \$20.00 per share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
Per Share.....			
Total(3).....	\$	\$	\$

- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting expenses payable by the Company, estimated at \$165,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 200,000 additional shares of Common Stock (the "Additional Shares") from the Company, on the same terms, solely to cover over-allotments, if any. If all of the Additional Shares are purchased, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$_____, \$_____ and \$_____, respectively. See "Underwriting".

The Shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by the Underwriters, subject to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Shares will be made in New York, New York, on or about _____, 1996.

Merrill Lynch & Co.

Dean Witter Reynolds Inc.

Edward Jones

The date of this Prospectus is _____, 1996.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY OR ANY OTHER SECURITIES OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Reports, proxy and information statements, and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices at Seven World Trade Center, Suite 1300, New York, New York, 10048, and at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511.

Copies of such material can also be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed for trading on the New York Stock Exchange (the "NYSE"). Reports, proxy and information statements, and other information concerning the Company may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Company has filed a Registration Statement on Form S-3 (herein, together with all exhibits and amendments thereto, called the "Registration Statement") with the SEC under the Securities Act of 1933, as amended (the "Securities Act") with respect to the Shares. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information, reference is made to the Registration Statement. Statements contained herein concerning any document filed as an exhibit to the Registration Statement are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the SEC are hereby incorporated by reference in this Prospectus:

1. The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995;
2. The Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1995;
3. The Company's Current Reports on Form 8-K dated October 24, 1995 and December 1, 1995; and
4. The Company's Registration Statement on Form 8-A dated December 1, 1995.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus; *provided, however*, that all documents so filed in each fiscal year during which the offering made by this Prospectus is in effect shall not be incorporated by reference or be a part hereof from and after the date of filing of the Company's Annual Report on Form 10-K for such fiscal year.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Request for such documents should be addressed to NUI Corporation, 550 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, Attention: Corporate Secretary, telephone number (908) 781-0500. The information relating to the Company contained in this Prospectus does not purport to be comprehensive and should be read together with the information contained in any or all documents which have been or may be incorporated in this Prospectus by reference.

No person has been authorized to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus and by information appearing in the documents incorporated herein by reference and, therefore, should be read together therewith.

The Offering

Company	NUI Corporation
Common Stock Offered (excluding the Additional Shares).....	1,800,000 shares
Common Stock Outstanding on March 31, 1996.....	9,199,586 shares
Common Stock Closing Price Range per Share (April 1, 1995 through April 3, 1996).....	\$14.625 - \$20.00
Common Stock Closing Price on April 3, 1996.....	\$20.00
NYSE Symbol	NUI
Indicated Annual Dividend Per Share.....	\$0.90
Use of Proceeds	To repay indebtedness and for general corporate purposes. See "Use of Proceeds".

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

	Twelve Months Ended		Fiscal Years Ended	
	December 31, 1995(1)		September 30	
	(Unaudited)	1995(2)	1994(3)(4)	1993
Income statement data:				
Operating revenues.....	\$395,242	\$376,445	\$405,240	\$367,456
Operating margins.....	156,328	153,266	144,646	135,861
Operations and maintenance expenses.....	89,702	90,523	90,904	80,865
Operating income.....	26,932	23,859	25,840	26,724
Net income.....	7,986	5,517	10,780	13,810
Net income, excluding non- recurring items.....	\$12,634	\$11,074	\$9,586	\$13,810
Weighted average number of shares of Common Stock outstanding.....	9,154,788	9,152,837	8,617,790	8,124,065
Net income per share of Common Stock.....	\$0.87	\$0.60	\$1.25	\$1.70
Net income per share of Common Stock, excluding non-recurring items.....	\$1.38	\$1.21	\$1.11	\$1.70
Dividends paid per share of Common Stock.....	\$0.90	\$0.90	\$1.60	\$1.59

- (1) Net income and net income per share for the twelve months ended December 31, 1995 reflect restructuring and other non-recurring charges amounting to \$7.1 million (\$4.6 million after tax), or \$0.51 per share.
- (2) Net income and net income per share for fiscal 1995 reflect restructuring and other non-recurring charges amounting to \$ 8.6 million (\$5.6 million after tax), or \$0.61 per share.
- (3) Net income and net income per share for fiscal 1994 reflect the reversal of \$1.8 million of income tax reserves and restructuring and other non-recurring charges amounting to \$ 0.9 million (\$0.6 million after tax). The effect of these items increased net income by \$1.2 million, or \$0.14 per share.
- (4) Fiscal 1994 reflects the merger of Pennsylvania & Southern Gas Company into the Company as of April 19, 1994, which was accounted for as a purchase in accordance with generally accepted accounting principles.

	December 31, 1995 (unaudited)			
	Actual		As Adjusted(5)	
	Amount	Percent	Amount	Percent
Balance sheet data:				
Total assets	\$639,346		\$639,346	
Capital lease obligations	10,890		10,890	
Current portion of long-term debt and capital lease obligations	1,646			
Notes payable to banks	58,221			
Capitalization				
Common shareholders' equity	\$145,454	40%		
Long-term debt	222,017	60%		
Total capitalization	<u>\$367,471</u>	<u>100%</u>		

- (5) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares), estimated at \$___ million. The as adjusted information does not reflect the anticipated issuance later in fiscal year 1996 of, and the use of net proceeds from, the sale of \$39 million of tax exempt bonds.

MAP

[Map of Registrant's utility operations.]

THE COMPANY

General

The Company 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. 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 in exchange for 683,443 shares of common stock (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 the Company. 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 the Company as of April 19, 1994.

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, New Jersey 07921-0760, telephone (908) 781-0500.

Territory and Customers Served

Of the more than 354,000 customers served by the Company, 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 (thousand cubic feet) of gas, of which approximately 80% was sold or transported in New Jersey, and 20% was sold or transported in the Southern Division states.

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 tariff contains a weather normalization clause that is designed to help stabilize the Company's margins by increasing amounts charged to customers when weather has been warmer than normal and decreasing amounts charged when weather has been colder than normal.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") 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 transferred to transportation service under the new tariff. 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

04/15/96/CPP/10416025/9330-ET/MT/23005.13

rate does not include any cost of gas component. However, the operating margins from both rates are substantially the same.

Despite the transfers to transportation service, the number of commercial customers increased during fiscal 1995 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.

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, and the NJBPU has authorized that 20% of the margins realized from these sales be retained by the Company.

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. During fiscal 1995, CGF sold approximately 9.0 million Mcf of gas as follows: 22% sold to residential customers, 63% sold to commercial and industrial customers and 15% transported to commercial and industrial customers.

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. 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. CGF's industrial customers and certain commercial customers are served under tariffs applicable to "interruptible" customers.

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. NCGS's tariff contains a weather normalization clause similar to that described under "Northern Division".

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

04/15/96 CFP/10414/085/930-8TMT/13085.13

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.

Restructuring and Other Non-Recurring Charges

In fiscal 1995, the Company incurred approximately \$8.6 million of non-recurring charges for, among other things, a workforce reduction program, achieved largely through an early retirement program, and the consolidation of its Florida and PSGS operations. The Company's workforce was reduced by 9% during fiscal 1995.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares are estimated to be \$ million. The net proceeds will be used for repaying a portion of the Company's long-term and short-term indebtedness and for other general corporate purposes.

COMMON STOCK DIVIDENDS AND PRICE RANGE

The Common Stock is listed on the NYSE and is traded under the symbol "NUI". The following table sets forth, for the fiscal periods indicated, the dividends declared and the high and low closing prices per share of Common Stock, as reported by the NYSE:

Fiscal Years Ended September 30	Quarterly Cash Dividends	Price Range	
		High	Low
1994:	\$0.40	\$29.00	\$25.25
First Quarter	0.40	28.75	24.125
Second Quarter	0.40	24.50	21.00
Third Quarter	0.40	22.75	17.75
Fourth Quarter			
1995:	\$0.225	\$18.375	\$13.50
First Quarter	0.225	16.50	14.25
Second Quarter	0.225	17.50	14.625
Third Quarter	0.225	16.875	14.875
Fourth Quarter			
1996:	\$0.225	\$17.75	\$15.75
First Quarter	0.225	19.25	17.125
Second Quarter			

The closing sale price of the Common Stock on April 3, 1996, on the NYSE was \$20.00 per share.

There were 7,009 shareholders of record of Common Stock at March 31, 1996.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. However, the Company's dividend policy is reviewed on an ongoing basis and is dependent upon the Company's earnings performance, expectations regarding future earnings, cash flow, financial condition and 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 those provisions, as of December 31, 1995, the Company would have been permitted to pay \$22 million of cash dividends.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

The Company is authorized to issue up to 30,000,000 shares of Common Stock and 5,000,000 shares of preferred stock (the "Preferred Stock").

Common Stock

Each share of Common Stock is entitled to one vote on matters to be voted upon by the shareholders and is not entitled to cumulative voting rights in the election of directors. Under the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the affirmative vote of the holders of at least 75% of all the then-outstanding shares of voting stock, voting as a single class, are required to alter, amend or repeal the provisions of the Certificate of Incorporation (or any provision of the By-Laws of the Company (the "By-Laws") which is to the same effect) relating to rights, preferences and limitations of each class of common and preferred stock; the number, classification, election or removal of directors; action taken by the Company's shareholders; the calling of special meetings of shareholders; limited liability and indemnification rights of directors and officers of the Company; and amendment of the Certificate of Incorporation. In the case of liquidation, dissolution or winding up of the Company's affairs, whether voluntary or involuntary, all assets remaining after payment of creditors and holders of all classes and series of Preferred Stock (if any are outstanding) are required to be divided among the holders of the Common Stock in proportion to their holdings. The holders of shares of Common Stock do not have preemptive, redemption or conversion rights. Dividends on the Common Stock may, by action of the Board, be declared and paid from time to time as permitted by law.

Transfer Agent and Registrar

As of May 1, 1996, First Chicago Trust Company of New York will become the Transfer Agent and Registrar for the Common Stock.

Preferred Stock

The Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, as are stated in the resolution adopted by the Board providing for the issuance of such series and as permitted by New Jersey law.

Certain Anti-Takeover Effects

The Certificate of Incorporation and By-Laws provide that the Board shall be divided into three classes with directors in each class serving three-year terms. Approximately one-third of the Board will be elected each year. The classification of the Board pursuant to the By-Laws may delay shareholders from removing a majority of the Board for two years, unless removal for cause can be established and the required 75% vote for removal can be obtained, as provided in the Certificate of Incorporation. Because the existence of a classified board may operate to delay a potential purchaser's ability to obtain control of the Board in a relatively short period of time, a classified Board may have the effect of discouraging attempts to acquire significant minority positions with the intent of obtaining control of the Company by electing a slate of directors. Also, because neither the New Jersey Business Corporation Act nor the Certificate of Incorporation requires cumulative voting, a purchaser of a block of Common Stock constituting less than a majority of the outstanding shares will have no assurance of proportional representation on the Board.

The Certificate of Incorporation also provides that directors may be removed only for cause and only by the affirmative vote of holders of at least 75% of the outstanding shares of voting stock, voting as a single class, and that shareholder action can be taken only at an annual or special meeting of shareholders, and prohibits shareholder action in lieu of a meeting unless such action is by unanimous written consent. The Certificate of Incorporation and the By-Laws provide that, subject to the rights of any holders of any series of Preferred Stock, special meetings of shareholders can only be called pursuant to a resolution adopted by a majority of the authorized directors of the Company.

As described above, the Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to fix by resolution of the Board, and to the extent permitted by New Jersey law, the terms and conditions of each such series. The authorized shares of Preferred Stock, as well as shares of Common Stock, are available for issuance without further action by the shareholders, unless such action is required by applicable law or the rules of the NYSE. Although the Board has no present intention of doing so, other than as discussed below under "Preferred Stock Purchase Rights," it could issue a series of Preferred Stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt by including class voting rights that would enable the holders thereof to block such a transaction. The Board will make any determination to issue such shares based on its judgment as to the best interests of the Company, its then existing shareholders and its other statutory constituencies.

These provisions could impede the completion of a merger, tender offer, acquisition or other transaction that some or a majority of the shareholders might believe to be in their best interests or in which the shareholders might receive a premium for their stock over the then market price of such stock.

Preferred Stock Purchase Rights

Reference is made to the Rights Agreement, dated as of November 28, 1995 (the "Rights Agreement"), between the Company and Mellon Securities Trust Company, as Rights Agent, filed with the SEC. The following statements are qualified in their entirety by such reference.

The Company has adopted a shareholder rights plan pursuant to which holders of Common Stock outstanding at the close of business on December 8, 1995 or issued thereafter are granted one preferred share purchase right (the "Right") on each outstanding share of Common Stock. The description and terms of the Rights are set forth in the Rights Agreement. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

Each Right, initially evidenced by and traded with shares of Common Stock, entitles the registered holder to purchase one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, no par value (the "Preferred Shares"), at a purchase price of \$50, subject to adjustment in certain circumstances, regulatory approval and other specified conditions. The Rights will separate from the Common Stock and will be exercisable only if a person or group acquires 15% or more of the outstanding Common Stock or announces a tender offer, the consummation of which would result in the beneficial ownership by a person or group of 15% or more of the Common Stock.

If any person or group acquires 15% or more of the outstanding Common Stock (other than an acquisition pursuant to an offer for all outstanding shares of Common Stock at a price and on terms which the majority of the independent Directors of the Company determine to be fair to, and otherwise in the best interest of, the stockholders), each Right will entitle its holder (other than such person or members of such group), subject to regulatory approval and other specified conditions, to purchase that number of shares of Common Stock (or, in certain circumstances, cash property or other securities of the Company) having a value of twice the Right's exercise price. In lieu of requesting payment of the Purchase Price upon exercise of the Right following any such event, the Company may provide that each Right be exchanged for one share of Common Stock.

In addition, in the event that, at any time following the date when any person or group acquires 15% or more of the outstanding Common Stock, (i) the Company engages in a merger or consolidation in which the Company is not the surviving corporation, (ii) the Company engages in a merger or consolidation with another person in which the Company is the surviving corporation, but in which all or part of its Common Stock is changed or exchanged, or (iii) 50% or more of the Company's assets or earning power is sold or transferred (except with respect to clauses (i) and (ii), a merger or consolidation (a) which follows an offer described in the preceding paragraph and (b) in which the amount and form of consideration is the same as was paid in such offer), proper provision will be made so that each Right would thereafter entitle its holder to purchase that number of the acquiring company's common shares having a value at that time of twice the Right's exercise price.

At any time prior to the earlier of (i) the date on which an event described in the second preceding paragraph occurs and (ii) November 28, 2005, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.001 per Right, payable in cash or securities or both. The Rights will expire on November 28, 2005.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on the Rights being redeemed or a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their Representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dean Witter Reynolds Inc., and Edward Jones, have severally agreed, subject to the terms and conditions of the Purchase Agreement with the Company, to purchase from the Company the number of Shares set forth below opposite their respective names. The Underwriters are committed to purchase all such Shares if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce Fenner & Smith Incorporated	
Dean Witter Reynolds Inc.	
Edward Jones.....	
 Total	 <u>1,800,000</u>

The Representatives of the Underwriters have advised the Company that they propose initially to offer the shares to the public at the Price to Public set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of \$ per share. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$ per share on sales to certain other dealers. After the initial public offering, such concession and discount may be changed.

The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase severally up to 200,000 additional Shares, solely for the purpose of covering over-allotments, if any, at the Price to Public less the Underwriting Discount set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise this option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage of additional Shares that the number of Shares to be purchased by it, as shown in the foregoing table, bears to the 1,800,000 Shares offered hereby.

The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act, or contribute to payments the Underwriters may be required to make in respect thereof.

VALIDITY OF SHARES

The validity of the Shares will be passed upon for the Company by James R. Van Horn, Esq., Bedminster, New Jersey, General Counsel and Secretary of the Company, and Reid & Priest LLP, New York, New York, special counsel to the Company. The validity of the Shares will be passed upon for the Underwriters by Winthrop, Stimson, Putnam & Roberts, New York, New York. Reid & Priest LLP and Winthrop, Stimson, Putnam & Roberts may rely on the opinion of James R. Van Horn, Esq. as to legal matters arising under New Jersey law.

EXPERTS

The Company's audited Consolidated Financial Statements and audited Summary Consolidated Financial Data incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said reports.

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date as of which information is given in this Prospectus. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

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1,800,000 Shares

NUI CORPORATION

Common Stock

PROSPECTUS

**Merrill Lynch & Co.
Dean Witter Reynolds Inc.
Edward Jones**

_____, 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.*

Securities and Exchange Commission Registration Fee	\$ 12,888
Qualification under blue sky laws	6,000
Printing and engraving expenses	35,000
Stock exchange listing fees	7,000
Transfer Agents' and Registrars' charges	1,000
Counsel fees	70,000
Accountants' fee	25,000
Miscellaneous expenses	<u>8,112</u>
Total	<u>\$ 165,000</u>

* All amounts other than the Securities and Exchange Commission registration fee are estimated.

Item 15. Indemnification of Directors and Officers.

Article X of the Certificate of Incorporation reads as follows:

"(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 amendment to or repeal of this Article X and no amendment to or repeal or termination of effectiveness of any law permitting the exemption from or limitation of liability provided for in this Article X shall apply to or have any effect on the 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 investigate (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 of 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 or her 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 it shall ultimately be determined that such Director or officer is entitled to be indemnified 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."

Pursuant to New Jersey Business Corporation Act, Section 14A:3-5, a New Jersey corporation may indemnify its directors, officers, employees or agents in their capacities as such, or when serving as such for any other enterprise at the request of the corporation (each such person a "Corporate Agent"), against expenses and liabilities in connection with any proceedings. Good faith and a reasonable belief that the conduct was in or not opposed to the best interests of the corporation and, with respect to a criminal proceeding, no reasonable cause to believe that the conduct was unlawful, must be found by a majority vote of a quorum of disinterested directors, by independent legal counsel in a written opinion or by the shareholders. In proceedings by or in the right of the corporation, a Corporate Agent, when the above standards of conduct are found as set forth in the previous sentence, may be indemnified for expenses. However, if the court judges a Corporate Agent liable to the corporation, no indemnification shall be provided except as the court deems proper. A Corporate Agent must be indemnified against expenses by the corporation to the extent such Corporate Agent has been successful on the merits or otherwise in a proceeding arising out of such Corporate Agent's duties. A corporation may pay the expenses incurred by a Corporate Agent in advance of final disposition of the proceeding if such payments are authorized by the board of directors of the corporation upon the receipt of an undertaking by or on behalf of such Corporate Agent to repay such amount if it shall be ultimately determined that such Corporate Agent is not entitled to indemnification under Section 14A:3-5 of the New Jersey Business Corporation Act.

The Purchase Agreement contains provisions for indemnification by the Underwriters of the Company and directors and officers against certain liabilities.

The Registrant has insurance policies covering certain of its liabilities and expenses which might arise in connection with its lawful indemnification of its directors and officers for certain of their liabilities and expenses. In addition, the Registrant carries liability insurance on behalf of its directors and officers against expenses incurred in any proceeding and any liabilities asserted against them by reason of their being or having been a director or officer.

Item 16. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
1	Form of Purchase Agreement	
4(i)	Amended and Restated Certificate of Incorporation, amended and restated as of December 1, 1995	To be filed by amendment Incorporated by reference to Exhibit 3(i) of Registrant's Annual Report on Form 10-K for Fiscal 1995
4(ii)	By-Laws, amended and restated as of October 24, 1995	Incorporated by reference to Exhibit 3(ii) of Registrant's Annual Report on Form 10-K for Fiscal 1995
4(iii)	Rights Agreement, dated as of November 28, 1995, between the Company and Mellon Securities Trust Company, as Rights Agent	Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K, filed December 1, 1995
5(i)	Opinion of James R. Van Horn, Esq.	Filed herewith
5(ii)	Opinion of Reid & Priest LLP	Filed herewith
23(i)	Consent of James R. Van Horn, Esq.	Filed herewith (contained in Exhibit 5(i))
23(ii)	Consent of Reid & Priest LLP	Filed herewith (contained in Exhibit 5(ii))
23(iii)	Consent of Arthur Andersen LLP	Filed herewith
24	Power of Attorney	Filed herewith (see Page II-7)

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under Item 15 above or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

- (1) For the purpose of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities being offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
- (3) For purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on the 4th day of April, 1996.

NUI CORPORATION

By: /s/ John Kean, Jr.
John Kean, Jr., President

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John Kean, Jr. and James R. Van Horn and each of them severally his or her true and lawful attorneys-in-fact and agents, with full power and authority, including power of substitution and resubstitution, and in his or her name, place and stead in any and all capacities, separately to execute in the name of each such person, and to file, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, any and all amendments (including post-effective amendments) to this Registration Statement as such attorneys-in-fact and agents, or their respective substitutes or any of them separately, executing such amendments deem necessary or advisable to enable NUI Corporation to comply with the Securities Act of 1933 and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, granting to said attorneys-in-fact, agents and substitutes full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, and does hereby ratify and confirm all that such attorneys-in-fact, agents or substitutes or any of them separately, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (Principal executive officer)	April 4, 1996
<u>/s/ John Kean</u> John Kean	Chairman and Director	April 4, 1996
<u>/s/ Stephen M. Liaskos</u> Stephen M. Liaskos	Controller (Principal financial and accounting officer)	April 4, 1996
<u>/s/ Calvin R. Carver</u> Calvin R. Carver	Director	April 4, 1996
<u>/s/ Vera King Farris</u> Vera King Farris	Director	April 4, 1996
<u>James J. Forsee</u>	Director	April 4, 1996
<u>/s/ Bernard S. Lee</u> Bernard S. Lee	Director	April 4, 1996
<u>/s/ R. Van Whisnand</u> R. Van Whisnand	Director	April 4, 1996
<u>/s/ John Winthrop</u> John Winthrop	Director	April 4, 1996

APPENDIX TO ELECTRONIC FORMAT DOCUMENT

A map of the eastern portion of the United States will be set forth in the section of the Prospectus titled "MAP". Such map will depict the states along the eastern coast of the United States and certain states contiguous thereto and identify the states in which Waverly Gas Service, Valley Cities Gas Service, Elizabethtown Gas Company, Elkton Gas Service, North Carolina Gas Service and City Gas Company of Florida operate.

NUI CORPORATION

EXHIBIT INDEX

Number

Description

Sequentially
Numbered
Pages

Consent of Independent Public Accountants

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated November 14, 1995 included in the NUI Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1995 and to all references to our Firm included in this Registration Statement.

ARTHUR ANDERSEN LLP

New York, New York
April 4, 1996

Bedminster, New Jersey
April 4, 1996

NUI Corporation
550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760

Ladies and Gentlemen:

I am are acting as counsel for NUI Corporation (the "Company") in connection with the proposed issuance and sale by it of additional shares of its Common Stock, without par value (the "Stock"), and the preferred stock purchase rights appurtenant thereto (the "Rights"), as contemplated by the registration statement on Form S-3 proposed to be filed by the Company with the Securities and Exchange Commission on or about the date hereof for the registration of the Stock and the Rights under the Securities Act of 1933, as amended (the "Act"), as it may be amended, said registration statement being hereinafter called the "Registration Statement".

I am of the opinion that the Company is a corporation validly organized, existing and in good standing under the laws of the State of New Jersey.

I am further of the opinion that, subject to the qualifications hereinafter expressed, when:

(a) the Registration Statement shall have become effective under the Act;

(b) all regulatory approvals legally required for the issuance by the Company of authorized but unissued shares of Stock, including the Rights appurtenant thereto, shall have been obtained,

(c) the Company's Board of Directors or a duly authorized committee thereof shall have taken such action as may be necessary to authorize the issuance and sale of the Stock on the terms set forth in or contemplated by the Registration Statement, as to be amended or supplemented, and the exhibits thereto, and to authorize such other action as may be necessary in connection with the consummation of the issuance and sale of the Stock,

April 4, 1996

(d) the Stock shall have been issued, sold and delivered by the Company to the purchasers against payment therefor, all as contemplated by, and in conformity with, the acts, proceedings and documents referred to above and the Company's Amended and Restated Certificate of Incorporation, as amended, and

(e) the Rights appurtenant to the Stock shall have been issued in accordance with the terms of the Rights Agreement dated as of November 28, 1995 between the Company and Mellon Securities Trust Company (the "Rights Agreement"),

the Stock will have been validly issued and will be fully paid and non-assessable and the Rights will have been duly and validly issued.

I am a member of the New Jersey bar and do not hold myself out as an expert on the law of any other state. As to matters of Florida, Maryland, New York, North Carolina and Pennsylvania law, I have examined or caused to be examined such documents and satisfied myself as to such matters as I have deemed necessary in order to render this opinion.

I hereby authorize and consent to the use of this opinion as Exhibit 5(i) to the Registration Statement, and authorize and consent to the references to me in the Registration Statement and in the prospectus constituting a part thereof.

Very truly yours,

James R. Van Horn, Esq.

New York, New York
April 4, 1996

NUI Corporation
550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760

Ladies and Gentlemen:

We are acting as special counsel to NUI Corporation (the "Company") in connection with the proposed issuance and sale by it of additional shares of its Common Stock, without par value (such shares hereinafter referred to as the "Stock"), and the preferred stock purchase rights appurtenant thereto (the "Rights"), as contemplated by the registration statement on Form S-3 proposed to be filed by the Company with the Securities and Exchange Commission on or about the date hereof for the registration of the Stock and the Rights under the Securities Act of 1933, as amended (the "Act"), as it may be amended, said registration statement being hereinafter called the "Registration Statement".

We are of the opinion that, subject to the qualifications hereinafter expressed, when:

- (a) the Registration Statement shall have become effective under the Act;
- (b) all regulatory approvals legally required for the issuance by the Company of authorized but unissued shares of Stock, including the Rights appurtenant thereto, shall have been obtained,
- (c) the Company's Board of Directors or a duly authorized committee thereof shall have taken such action as may be necessary to authorize the issuance and sale of the Stock on the terms set forth in or contemplated by the Registration Statement, as to be amended or supplemented, and the exhibits thereto, and to authorize such other action as may be necessary in connection with the consummation of the issuance and sale of the Stock,

NUI Corporation

-2-

April 4, 1996

(d) the Stock shall have been issued, sold and delivered by the Company to the purchasers against payment therefor, all as contemplated by, and in conformity with, the acts, proceedings and documents referred to above and the Company's Amended and Restated Certificate of Incorporation, as amended, and

(e) the Rights appurtenant to the Stock shall have been issued in accordance with the terms of the Rights Agreement dated as of November 28, 1995 between the Company and Mellon Securities Trust Company (the "Rights Agreement"),

the Stock will have been validly issued and will be fully paid and non-assessable and the Rights will have been duly and validly issued.

We are members of the Bar of the State of New York and do not hold ourselves out as experts on the laws of any other state. Accordingly, in rendering this opinion, we have relied, as to the incorporation of the Company and as to all other matters governed by the laws of Florida, Maryland, New Jersey, North Carolina and Pennsylvania, upon the opinion of even date herewith of James R. Van Horn, Esq., General Counsel and Secretary of the Company, which is being filed as Exhibit 5(i) to the Registration Statement.

We hereby authorize and consent to the use of this opinion as Exhibit 5(ii) to the Registration Statement, and authorize and consent to the references to our firm in the Registration Statement and in the prospectus constituting a part thereof.

Very truly yours,

REID & PRIEST LLP

SECURITIES AND EXCHANGE COMM
Washington, D.C. 20549

Exhibit D (2)

AMENDMENT NO. 1

to
FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760
(908) 781-0500
(Address, including zip code, and telephone number
including area code, of Registrant's
principal executive office)

22-1869941
(I.R.S. employer
identification no.)

James R. Van Horn, General Counsel and Secretary
550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760
(908) 781-0500
(Address, including zip code, and telephone
including area code, of agent for service)

The Commission is requested to send copies of all orders,
communications and notices to:

John T. Hood, Esq.
Reid & Priest LLP
40 West 57th Street
New York, New York 10019-4097

Michael F. Cusick, Esq.
Winthrop, Stimson, Putnam & Roberts
One Battery Park Plaza
New York, New York 10004-1490

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

1,800,000 Shares
^ [NUI Corporation Logo]
Common Stock
(No par value)

NUI Corporation (the "Company") is offering hereby 1,800,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (together with the 1,800,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange under the symbol NUI. On ^ May 7, 1996, the ^ last reported sale price for the Common Stock on the New York Stock Exchange was ^ \$18 1/8 per share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
Per Share	\$	\$	\$
Total(3)	\$	\$	\$

- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting expenses payable by the Company, estimated at \$165,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 200,000 additional shares of Common Stock (the "Additional Shares") from the Company, on the same terms, solely to cover over-allotments, if any. If all of the Additional Shares are purchased, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$_____, \$_____ and \$_____, respectively. See "Underwriting".

The Shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by the Underwriters, subject to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Shares will be made in New York, New York, on or about _____, 1996.

Merrill Lynch & Co.

Dean Witter Reynolds Inc.

Edward D. Jones & Co.

The date of this Prospectus is _____, 1996.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This Prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY OR ANY OTHER SECURITIES OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Reports, proxy and information statements, and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices at Seven World Trade Center, Suite 1300, New York, New York, 10048, and at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can also be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed for trading on the New York Stock Exchange (the "NYSE"). Reports, proxy and information statements, and other information concerning the Company may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Company has filed a Registration Statement on Form S-3 (herein, together with all exhibits and amendments thereto, called the "Registration Statement") with the SEC under the Securities Act of 1933, as amended (the "Securities Act") with respect to the Shares. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information, reference is made to the Registration Statement. Statements contained herein concerning any document filed as an exhibit to the Registration Statement are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the SEC are hereby incorporated by reference in this Prospectus:

1. The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995;
2. The Company's Quarterly [^] Reports on Form 10-Q for the [^] quarters ended December 31, 1995 and March 31, 1996;
3. The Company's Current Reports on Form 8-K dated October 24, 1995 and December 1, 1995; and
4. The Company's Registration Statement on Form 8-A dated December 1, 1995.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus; provided, however, that all documents so filed in each fiscal year during which the offering made by this Prospectus is in effect shall not be incorporated by reference or be a part hereof from and after the date of filing of the Company's Annual Report on Form 10-K for such fiscal year.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Request for such documents should be addressed to NUI Corporation, 530 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, Attention: Corporate Secretary, telephone number (908) 781-0500. The information relating to the Company contained in this Prospectus does not purport to be comprehensive and should be read together with the information contained in any or all documents which have been or may be incorporated in this Prospectus by reference.

No person has been authorized to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus and by information appearing in the documents incorporated herein by reference and, therefore, should be read together therewith.

The Offering

Company	NUI Corporation
Common Stock Offered (excluding the Additional Shares)	1,800,000 shares
Common Stock Outstanding on March 31, 1996	9,199,586 shares
Common Stock Closing Price Range per Share (April 1, 1995 through [^] May 7, 1996)	\$14.625 - \$20.00
Common Stock Closing Price on [^] May 7, 1996	[^] \$18.125
NYSE Symbol	NUI
Indicated Annual Dividend Per Share	\$0.90
Use of Proceeds	To repay indebtedness and for general corporate purposes. See "Use of Proceeds".

Summary Consolidated Financial Data

(Dollar amounts in thousands, except per share amounts)

	Twelve Months Ended [^] March 31, [^] 1996	Fiscal Years Ended September 30,		
	(Unaudited)	[^] 1995(1)	1994(2)(3)	1993
Income statement data:				
Operating revenues	[^] \$418,158	\$376,445	\$405,240	\$367,456
Operating margins	[^] 159,796	153,266	144,646	135,861
Operations and maintenance expenses	[^] 90,107	90,523	90,904	80,865
Operating income	[^] 33,104	23,859	25,840	26,724
Net income	[^] 13,886	5,517	10,780	13,810
Net income, excluding non- recurring items	[^] \$13,886	\$11,074	\$9,586	\$13,810
Weighted average number of shares of Common Stock outstanding	[^] 9,149,302	9,152,837	8,617,790	8,124,065
Net income per share of Common Stock	[^] \$1.52	\$0.60	\$1.25	\$1.70
Net income per share of Common Stock, excluding non-recurring items	[^] \$1.52	\$1.21	\$1.11	\$1.70
Dividends paid per share of Common Stock	\$0.90	\$0.90	\$1.60	\$1.59

- [^](1) Net income and net income per share for fiscal 1995 reflect restructuring and other non-recurring charges amounting to \$ 8.6 million (\$5.6 million after tax), or \$0.61 per share.
- [^](2) Net income and net income per share for fiscal 1994 reflect the reversal of \$1.8 million of income tax reserves and restructuring and other non-recurring charges amounting to \$ 0.9 million (\$0.6 million after tax). The effect of these items increased net income by \$1.2 million, or \$0.14 per share.
- [^](3) Fiscal 1994 reflects the merger of Pennsylvania & Southern Gas Company into the Company as of April 19, 1994, which was accounted for as a purchase in accordance with generally accepted accounting principles.

<u>March 31, 1996 (unaudited)</u>				
<u>Actual</u>		<u>As Adjusted</u>		
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Balance sheet data:				
Total assets		<u>\$634,134</u>		<u>\$634,134</u>
Capital lease obligations		<u>10,467</u>		<u>10,467</u>
Current portion of long-term debt and capital lease obligations		<u>1,607</u>		
Notes payable to banks		<u>18,205</u>		
Capitalization				
Common shareholders' equity	<u>42%</u>	<u>\$157,810</u>		
Long-term debt	<u>58%</u>	<u>221,993</u>		
Total capitalization	<u>100%</u>	<u>\$379,803</u>		

(4) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares), estimated at \$___ million. The as adjusted information does not reflect the anticipated issuance later in fiscal 1996 of, and the use of net proceeds from, the sale of \$39 million of tax exempt bonds.

MAP

[Map of locations of registrant's utility operations.]

THE COMPANY

General

The Company 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. 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 in exchange for 683,443 shares of common stock (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 the Company. 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 the Company as of April 19, 1994.

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

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

Territory and Customers Served

Of the more than 354,000 customers served by the Company, 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 (thousand cubic feet) of gas, of which approximately 80% was sold or transported in New Jersey, and 20% was sold or transported in the Southern Division states.

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 tariff contains a weather normalization clause that is designed to help stabilize the Company's margins by increasing amounts charged to customers when weather has been warmer than normal and decreasing amounts charged when weather has been colder than normal.

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 transferred to transportation service under the new tariff. The Company's industrial customers also have the ability to transfer 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.

Despite the transfers to transportation service, the number of commercial customers increased during fiscal 1995 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.

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, and the NJBPU has authorized that 20% of the margins realized from these sales be retained by the Company.

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. During fiscal 1995, CGF sold approximately 9.0 million Mcf of gas as follows: 22% sold to residential customers, 63% sold to commercial and industrial customers and 15% transported to commercial and industrial customers.

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. 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. CGF's industrial customers and certain commercial customers are served under tariffs applicable to "interruptible" customers.

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. NCGS's tariff contains a weather normalization clause, similar to that described under "Northern Division".

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.

Restructuring and Other Non-Recurring Charges

In fiscal 1995, the Company incurred approximately \$8.6 million of non-recurring charges for, among other things, a workforce reduction program, achieved largely through an early retirement program, and the consolidation of its Florida and PSGS operations. The Company's workforce was reduced by 9% during fiscal 1995.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares are estimated to be \$ — million. The net proceeds will be used for repaying a portion of the Company's long-term and short-term indebtedness and for other general corporate purposes.

COMMON STOCK DIVIDENDS AND PRICE RANGE

The Common Stock is listed on the NYSE and is traded under the symbol "NUI". The following table sets forth, for the fiscal periods indicated, the dividends declared and the high and low closing prices per share of Common Stock, as reported by the NYSE:

Fiscal Years Ended September 30	Quarterly Cash Dividends	Price Range	
		High	Low
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
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
1996:			
First Quarter	\$0.225	[^] \$17.50	\$15.875
Second Quarter	0.225	[^] 19.00	17.125
Third Quarter through May 7, 1996	*	20.00	18.125

* On April 23, 1996, the Board of Directors of the Company declared a quarterly cash dividend on Common Stock of \$0.225 per share. Such dividend is payable on June 15, 1996 to holders of Common Stock as of May 17, 1996. Purchasers of the Shares will not be entitled to receive this dividend.

The closing sale price of the Common Stock on [^] May 7, 1996, on the NYSE was [^] \$18.125 per share.

There were 7,009 shareholders of record of Common Stock at March 31, 1996.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. However, the Company's dividend policy is reviewed on an ongoing basis and is dependent upon the Company's earnings performance, expectations regarding future earnings, cash flow, financial condition and 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 those provisions, as of [^] March 31, [^] 1996, the Company would have been permitted to pay [^] \$34.6 million of cash dividends.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

The Company is authorized to issue up to 30,000,000 shares of Common Stock and 5,000,000 shares of preferred stock (the "Preferred Stock").

Common Stock

Each share of Common Stock is entitled to one vote on matters to be voted upon by the shareholders and is not entitled to cumulative voting rights in the election of directors. Under the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the affirmative vote of the holders of at least 75% of all the then-outstanding shares of voting stock, voting as a single class, are required to alter, amend or repeal the provisions of the Certificate of Incorporation (or any provision of the By-Laws of the Company (the "By-Laws") which is to the same effect) relating to rights, preferences and limitations of each class of common and preferred stock; the number, classification, election or removal of directors; action taken by the Company's shareholders; the calling of special meetings of shareholders; limited liability and indemnification rights of directors and officers of the Company; and amendment of the Certificate of Incorporation. In the case of liquidation, dissolution or winding up of the Company's affairs, whether voluntary or involuntary, all assets remaining after payment of creditors and holders of all classes and series of Preferred Stock (if any are outstanding) are required to be divided among the holders of the Common Stock in proportion to their holdings. The holders of shares of Common Stock do not have preemptive, redemption or conversion rights. Dividends on the Common Stock may, by action of the Board, be declared and paid from time to time as permitted by law.

Transfer Agent and Registrar

[^] First Chicago Trust Company of New York [^] is the Transfer Agent and Registrar for the Common Stock.

Preferred Stock

The Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, as are stated in the resolution adopted by the Board providing for the issuance of such series and as permitted by New Jersey law.

Certain Anti-Takeover Effects

The Certificate of Incorporation and By-Laws provide that the Board shall be divided into three classes with directors in each class serving three-year terms. Approximately one-third of the Board will be elected each year. The classification of the Board pursuant to the By-Laws may delay shareholders from removing a majority of the Board for two years, unless removal for cause can be established and the required 75% vote for removal can be obtained, as provided in the Certificate of Incorporation. Because the existence of a classified board may operate to delay a potential purchaser's ability to obtain control of the Board in a relatively short period of time, a classified Board may have the effect of discouraging attempts to acquire significant minority positions with the intent of obtaining control of the Company by electing a slate of directors. Also, because neither the New Jersey Business

Corporation Act nor the Certificate of Incorporation requires cumulative voting, a purchaser of a block of Common Stock constituting less than a majority of the outstanding shares will have no assurance of proportional representation on the Board.

The Certificate of Incorporation also provides that directors may be removed only for cause and only by the affirmative vote of holders of at least 75% of the outstanding shares of voting stock, voting as a single class, and that shareholder action can be taken only at an annual or special meeting of shareholders, and prohibits shareholder action in lieu of a meeting unless such action is by unanimous written consent. The Certificate of Incorporation and the By-Laws provide that, subject to the rights of any holders of any series of Preferred Stock, special meetings of shareholders can only be called pursuant to a resolution adopted by a majority of the authorized directors of the Company.

As described above, the Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to fix by resolution of the Board, and to the extent permitted by New Jersey law, the terms and conditions of each such series. The authorized shares of Preferred Stock, as well as shares of Common Stock, are available for issuance without further action by the shareholders, unless such action is required by applicable law or the rules of the NYSE. Although the Board has no present intention of doing so, other than as discussed below under "Preferred Stock Purchase Rights," it could issue a series of Preferred Stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt by including class voting rights that would enable the holders thereof to block such a transaction. The Board will make any determination to issue such shares based on its judgment as to the best interests of the Company, its then existing shareholders and its other statutory constituencies.

These provisions could impede the completion of a merger, tender offer, acquisition or other transaction that some or a majority of the shareholders might believe to be in their best interests or in which the shareholders might receive a premium for their stock over the then market price of such stock.

Preferred Stock Purchase Rights

Reference is made to the Rights Agreement, dated as of November 28, 1995 (the "Rights Agreement"), between the Company and Mellon Securities Trust Company, as Rights Agent, filed with the SEC. The following statements are qualified in their entirety by such reference.

The Company has adopted a shareholder rights plan pursuant to which holders of Common Stock outstanding at the close of business on December 8, 1995 or issued thereafter are granted one preferred share purchase right (the "Right") on each outstanding share of Common Stock. The description and terms of the Rights are set forth in the Rights Agreement. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

Each Right, initially evidenced by and traded with shares of Common Stock, entitles the registered holder to purchase one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, no par value (the "Preferred Shares"), at a purchase price of \$50, subject to adjustment in certain circumstances, regulatory approval and other specified conditions. The Rights will separate from the Common Stock and will be exercisable only if a person or group acquires 15% or more of the outstanding Common Stock or announces a tender offer, the consummation of which would result in the beneficial ownership by a person or group of 15% or more of the Common Stock.

If any person or group acquires 15% or more of the outstanding Common Stock (other than an acquisition pursuant to an offer for all outstanding shares of Common Stock at a price and on terms which the majority of the independent Directors of the Company determine to be fair to, and otherwise in the best interest of, the stockholders), each Right will entitle its holder (other than such person or members of such group), subject to regulatory approval and other specified conditions, to purchase that number of shares of Common Stock (or, in

certain circumstances, cash property or other securities of the Company) having a value of twice the Right's exercise price. In lieu of requesting payment of the Purchase Price upon exercise of the Right following any such event, the Company may provide that each Right be exchanged for one share of Common Stock.

In addition, in the event that, at any time following the date when any person or group acquires 15% or more of the outstanding Common Stock, (i) the Company engages in a merger or consolidation in which the Company is not the surviving corporation, (ii) the Company engages in a merger or consolidation with another person in which the Company is the surviving corporation, but in which all or part of its Common Stock is changed or exchanged, or (iii) 50% or more of the Company's assets or earning power is sold or transferred (except with respect to clauses (i) and (ii), a merger or consolidation (a) which follows an offer described in the preceding paragraph and (b) in which the amount and form of consideration is the same as was paid in such offer), proper provision will be made so that each Right would thereafter entitle its holder to purchase that number of the acquiring company's common shares having a value at that time of twice the Right's exercise price.

At any time prior to the earlier of (i) the date on which an event described in the second preceding paragraph occurs and (ii) November 28, 2005, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.001 per Right, payable in cash or securities or both. The Rights will expire on November 28, 2005.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on the Rights being redeemed or a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their Representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dean Witter Reynolds Inc., and Edward D. Jones & Co., have severally agreed, subject to the terms and conditions of the Purchase Agreement with the Company, to purchase from the Company the number of Shares set forth below opposite their respective names. The Underwriters are committed to purchase all such Shares if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce Fenner & Smith Incorporated	
Dean Witter Reynolds Inc.	
Edward D. Jones & Co.	
 Total	 <u>1,800,000</u>

The Representatives of the Underwriters have advised the Company that they propose initially to offer the shares to the public at the Price to Public set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of \$ per share. The Underwriters may allow, and such dealers may

reallow, a discount not in excess of \$ per share on sales to certain other dealers. After the initial public offering, such concession and discount may be changed.

The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase severally up to 200,000 additional Shares, solely for the purpose of covering over-allotments, if any, at the Price to Public less the Underwriting Discount set forth on the cover page of this Prospectus. To the extent that the Underwriters exercise this option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage of additional Shares that the number of Shares to be purchased by it, as shown in the foregoing table, bears to the 1,800,000 Shares offered hereby.

The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act, or contribute to payments the Underwriters may be required to make in respect thereof.

VALIDITY OF SHARES

The validity of the Shares will be passed upon for the Company by James R. Van Horn, Esq., Bedminster, New Jersey, General Counsel and Secretary of the Company, and Reid & Priest LLP, New York, New York, special counsel to the Company. The validity of the Shares will be passed upon for the Underwriters by Winthrop, Stimson, Putnam & Roberts, New York, New York. Reid & Priest LLP and Winthrop, Stimson, Putnam & Roberts may rely on the opinion of James R. Van Horn, Esq. as to legal matters arising under New Jersey law.

EXPERTS

The Company's audited Consolidated Financial Statements and audited Summary Consolidated Financial Data incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said reports.

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date as of which information is given in this Prospectus. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

1,800,000 Shares

^ [NUI Corporation Logo]

Common Stock

PROSPECTUS

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Merrill Lynch & Co.
Dean Witter Reynolds Inc.
Edward D. Jones & Co.

_____, 1996

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 16. Exhibits.

Exhibit No.	Description	Reference
1	Form of Purchase Agreement	[^] Filed herewith
4(i)	Amended and Restated Certificate of Incorporation, amended and restated as of December 1, 1995	Incorporated by reference to Exhibit 3(i) of Registrant's Annual Report on Form 10-K for Fiscal 1995
4(ii)	By-Laws, amended and restated as of October 24, 1995	Incorporated by reference to Exhibit 3(ii) of Registrant's Annual Report on Form 10-K for Fiscal 1995
4(iii)	Rights Agreement, dated as of November 28, 1995, between the Company and Mellon Securities Trust Company, as Rights Agent	Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K, filed December 1, 1995
5(i)	Opinion of James R. Van Horn, Esq.	[^] Previously filed
5(ii)	Opinion of Reid & Priest LLP	[^] Previously filed
23(i)	Consent of James R. Van Horn, Esq.	[^] Previously filed (contained in Exhibit 5(i))
23(ii)	Consent of Reid & Priest LLP	[^] Previously filed (contained in Exhibit 5(ii))
23(iii)	Consent of Arthur Andersen LLP	[^] Previously filed
24	Power of Attorney	[^] Previously filed

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant [^] has duly caused this Amendment No. 1 to its Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Bedminster, State of New Jersey, on the [^] 8th day of [^] May, 1996.

NUI CORPORATION

By: /s/ John Kean, Jr.
John Kean, Jr., President

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (Principal executive officer)	[*] May 8, 1996
^{^*} <u>John Kean</u>	Chairman and Director	[*] May 8, 1996
^{^*} <u>Stephen M. Liaskos</u>	Controller (Principal financial and accounting officer)	[*] May 8, 1996
^{^*} <u>Calvin R. Carver</u>	Director	[*] May 8, 1996
^{^*} <u>Vera King Farris</u>	Director	[*] May 8, 1996
<u>James J. Forese</u>	Director	[*] May 8, 1996
^{^*} <u>Bernard S. Lee</u>	Director	[*] May 8, 1996
^{^*} <u>R. Van Whisnand</u>	Director	[*] May 8, 1996
^{^*} <u>John Winthrop</u>	Director	[*] May 8, 1996

^{*} By /s/ James R. Van Horn
James R. Van Horn as attorney-in-fact for each of the persons indicated by an asterisk

APPENDIX TO ELECTRONIC FORMAT DOCUMENT

The Company's logo will appear on the front and back cover pages of the Prospectus. The logo will contain the stylized words "NUI Corporation", and the words "National Utility Investors", in block letters, will appear immediately to the right of the stylized words.

A map of the eastern portion of the United States will be set forth in the section of the Prospectus titled "MAP". Such map will depict the states along the eastern coast of the United States and certain states contiguous thereto and identify the states in which Waverly Gas Service, Valley Cities Gas Service, Elizabethtown Gas Company, Elkton Gas Service, North Carolina Gas Service and City Gas Company of Florida operate.

NUI CORPORATION
EXHIBIT INDEX

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4(iii)	Rights Agreement, dated as of November 28, 1995, between the Company and Mellon Securities Trust Company, as Rights Agent	Incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K, filed December 1, 1995
5(i)	Opinion of James R. Van Horn, Esq.	Previously filed
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23(i)	Consent of James R. Van Horn, Esq.	Previously filed (contained in Exhibit 5(i))
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23(iii)	Consent of Arthur Andersen LLP	Previously filed
24	Power of Attorney	Previously filed

PROSPECTUS**1,800,000 Shares****National Utility Investors****Common Stock**
(No par value)

NUI Corporation (the "Company") is offering hereby 1,800,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (together with the 1,800,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange under the symbol NUI. On May 20, 1996, the last reported sale price for the Common Stock on the New York Stock Exchange was \$18 per share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
Per Share	\$18.00	\$.70	\$17.30
Total(3)	\$32,400,000	\$1,260,000	\$31,140,000

- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting expenses payable by the Company, estimated at \$165,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 200,000 additional shares of Common Stock (the "Additional Shares") from the Company, on the same terms, solely to cover over-allotments, if any. If all of the Additional Shares are purchased, the total Price to Public, Underwriting Discount and Proceeds to Company will be \$36,000,000, \$1,400,000 and \$34,600,000, respectively. See "Underwriting."

The Shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by the Underwriters, subject to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Shares will be made in New York, New York, on or about May 24, 1996.

Merrill Lynch & Co.**Dean Witter Reynolds Inc.****Edward D. Jones & Co.**

The date of this Prospectus is May 20, 1996.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY OR ANY OTHER SECURITIES OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Reports, proxy and information statements, and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices at Seven World Trade Center, Suite 1300, New York, New York, 10048, and at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can also be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed for trading on the New York Stock Exchange (the "NYSE"). Reports, proxy and information statements, and other information concerning the Company may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The Company has filed a Registration Statement on Form S-3 (herein, together with all exhibits and amendments thereto, called the "Registration Statement") with the SEC under the Securities Act of 1933, as amended (the "Securities Act") with respect to the Shares. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information, reference is made to the Registration Statement. Statements contained herein concerning any document filed as an exhibit to the Registration Statement are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the SEC are hereby incorporated by reference in this Prospectus:

1. The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1995 and March 31, 1996;
3. The Company's Current Reports on Form 8-K dated October 24, 1995 and December 1, 1995; and
4. The Company's Registration Statement on Form 8-A dated December 1, 1995.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus; *provided, however*, that all documents so filed in each fiscal year during which the offering made by this Prospectus is in effect shall not be incorporated by reference or be a part hereof from and after the date of filing of the Company's Annual Report on Form 10-K for such fiscal year.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company hereby undertakes to provide without charge to each person, including any beneficial owner, to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Request for such documents should be addressed to NUI Corporation, 550 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, Attention: Corporate Secretary, telephone number (908) 781-0500. The information relating to the Company contained in this Prospectus does not purport to be comprehensive and should be read together with the information contained in any or all documents which have been or may be incorporated in this Prospectus by reference.

No person has been authorized to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or any Underwriter. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information and financial statements, including the notes thereto, appearing elsewhere in this Prospectus and by information appearing in the documents incorporated herein by reference and, therefore, should be read together therewith.

	The Offering	
Company		NUI Corporation
Common Stock Offered (excluding the Additional Shares)		1,800,000 shares
Common Stock Outstanding on March 31, 1996		9,199,586 shares
Common Stock Closing Price Range per Share (April 1, 1995 through May 20, 1996)		\$14.625 - \$20.00
Common Stock Closing Price on May 20, 1996		\$18.00
NYSE Symbol		NUI
Indicated Annual Dividend Per Share		\$0.90
Use of Proceeds		To repay indebtedness and for general corporate purposes. See "Use of Proceeds".

Summary Consolidated Financial Data

(Dollar amounts in thousands, except per share amounts)

	Twelve Months Ended March 31, 1996 (Unaudited)	Fiscal Years Ended September 30, 1995(1)	1994(2)(3)	1993
Income statement data:				
Operating revenues	\$418,158	\$376,445	\$405,240	\$367,456
Operating margins	159,796	153,266	144,646	135,861
Operations and maintenance expenses	90,107	90,523	90,904	80,865
Operating income	33,104	23,859	25,840	26,724
Net income	13,886	5,517	10,780	13,810
Net income, excluding non- recurring items	\$13,886	\$11,074	\$9,586	\$13,810
Weighted average number of shares of Common Stock outstanding	9,149,302	9,152,837	8,617,790	8,124,065
Net income per share of Common Stock	\$1.52	\$0.60	\$1.25	\$1.70
Net income per share of Common Stock, excluding non-recurring items	\$1.52	\$1.21	\$1.11	\$1.70
Dividends paid per share of Common Stock	\$0.90	\$0.90	\$1.60	\$1.59

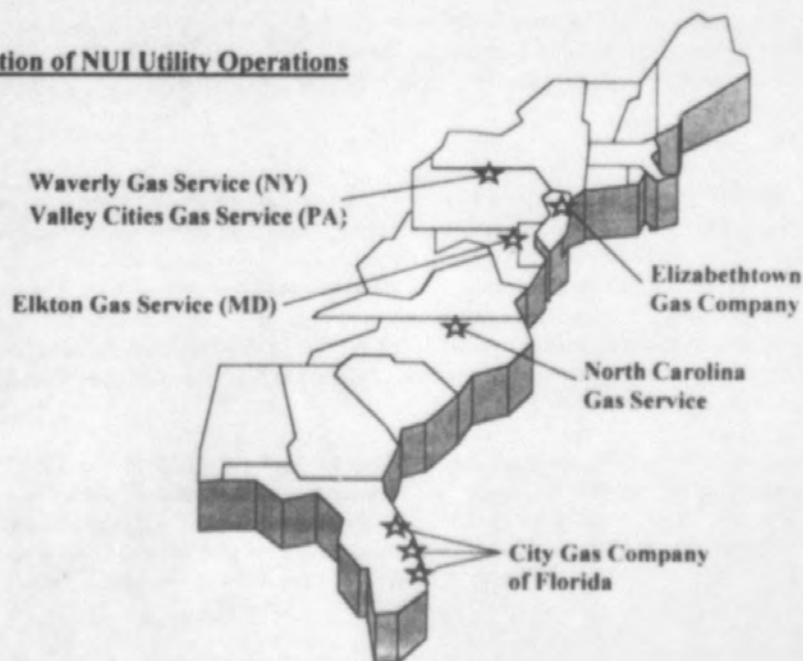
- (1) Net income and net income per share for fiscal 1995 reflect restructuring and other non-recurring charges amounting to \$ 8.6 million (\$5.6 million after tax), or \$0.61 per share.
- (2) Net income and net income per share for fiscal 1994 reflect the reversal of \$1.8 million of income tax reserves and restructuring and other non-recurring charges amounting to \$ 0.9 million (\$0.6 million after tax). The effect of these items increased net income by \$1.2 million, or \$0.14 per share.
- (3) Fiscal 1994 reflects the merger of Pennsylvania & Southern Gas Company into the Company as of April 19, 1994, which was accounted for as a purchase in accordance with generally accepted accounting principles.

March 31, 1996 (unaudited)					
		Actual		As Adjusted(4)	
		Amount	Percent	Amount	Percent
Balance sheet data:					
Total assets	\$634,134			\$634,134	
Capital lease obligations	10,467			10,467	
Current portion of long-term debt and capital lease obligations	1,607			1,607	
Notes payable to banks	18,205			17,065	
Capitalization					
Common shareholders' equity	\$157,810	42%		\$188,950	49.6%
Long-term debt	<u>221,993</u>	<u>58%</u>		<u>191,993</u>	<u>50.4%</u>
Total capitalization	<u>\$379,803</u>	<u>100%</u>		<u>\$380,943</u>	<u>100%</u>

- (4) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares) of \$31,140,000. The as adjusted information does not reflect the anticipated issuance later in fiscal 1996 of, and the use of net proceeds from, the sale of \$39 million of tax exempt bonds.

MAP

Location of NUI Utility Operations



THE COMPANY

General

The Company 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. 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 in exchange for 683,443 shares of common stock (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 the Company. 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 the Company as of April 19, 1994.

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

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

Territory and Customers Served

Of the more than 354,000 customers served by the Company, 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 (thousand cubic feet) of gas, of which approximately 80% was sold or transported in New Jersey, and 20% was sold or transported in the Southern Division states.

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 tariff contains a weather normalization clause that is designed to help stabilize the Company's margins by increasing amounts charged to customers when weather has been warmer than normal and decreasing amounts charged when weather has been colder than normal.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") 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 transferred to transportation service under the new tariff. The Company's industrial customers also have the ability to transfer 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.

Despite the transfers to transportation service, the number of commercial customers increased during fiscal 1995 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.

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, and the NJBPU has authorized that 20% of the margins realized from these sales be retained by the Company.

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. During fiscal 1995, CGF sold approximately 9.0 million Mcf of gas as follows: 22% sold to residential customers, 63% sold to commercial and industrial customers and 15% transported to commercial and industrial customers.

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. 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. CGF's industrial customers and certain commercial customers are served under tariffs applicable to "interruptible" customers.

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. NCGS's tariff contains a weather normalization clause, similar to that described under "Northern Division".

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.

Restructuring and Other Non-Recurring Charges

In fiscal 1995, the Company incurred approximately \$8.6 million of non-recurring charges for, among other things, a workforce reduction program, achieved largely through an early retirement program, and the consolidation of its Florida and PSGS operations. The Company's workforce was reduced by 9% during fiscal 1995.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares will be \$31,140,000. The net proceeds will be used for repaying a portion of the Company's long-term and short-term indebtedness and for other general corporate purposes.

COMMON STOCK DIVIDENDS AND PRICE RANGE

The Common Stock is listed on the NYSE and is traded under the symbol "NUI". The following table sets forth, for the fiscal periods indicated, the dividends declared and the high and low closing prices per share of Common Stock, as reported by the NYSE:

Fiscal Years Ended September 30	Quarterly Cash Dividends	Price Range	
		High	Low
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
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
1996:			
First Quarter	\$0.225	\$17.50	\$15.875
Second Quarter	0.225	19.00	17.125
Third Quarter through May 20, 1996	*	20.00	18.00

* On April 23, 1996, the Board of Directors of the Company declared a quarterly cash dividend on Common Stock of \$0.225 per share. Such dividend is payable on June 15, 1996 to holders of Common Stock as of May 17, 1996. Purchasers of the Shares will not be entitled to receive this dividend.

The closing sale price of the Common Stock on May 20, 1996, on the NYSE was \$18.00 per share.

There were 7,009 shareholders of record of Common Stock at March 31, 1996.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. However, the Company's dividend policy is reviewed on an ongoing basis and is dependent upon the Company's earnings performance, expectations regarding future earnings, cash flow, financial condition and 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 those provisions, as of March 31, 1996, the Company would have been permitted to pay \$34.6 million of cash dividends.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

The Company is authorized to issue up to 30,000,000 shares of Common Stock and 5,000,000 shares of preferred stock (the "Preferred Stock").

Common Stock

Each share of Common Stock is entitled to one vote on matters to be voted upon by the shareholders and is not entitled to cumulative voting rights in the election of directors. Under the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the affirmative vote of the holders of at least 75% of all the then-outstanding shares of voting stock, voting as a single class, are required to alter, amend or repeal the provisions of the Certificate of Incorporation (or any provision of the By-Laws of the Company (the "By-Laws") which is to the same effect) relating to rights, preferences and limitations of each class of common and preferred stock; the number, classification, election or removal of directors; action taken by the Company's shareholders; the calling of special meetings of shareholders; limited liability and indemnification rights of directors and officers of the Company; and amendment of the Certificate of Incorporation. In the case of liquidation, dissolution or winding up of the Company's affairs, whether voluntary or involuntary, all assets remaining after payment of creditors and holders of all classes and series of Preferred Stock (if any are outstanding) are required to be divided among the holders of the Common Stock in proportion to their holdings. The holders of shares of Common Stock do not have preemptive, redemption or conversion rights. Dividends on the Common Stock may, by action of the Board, be declared and paid from time to time as permitted by law.

Transfer Agent and Registrar

First Chicago Trust Company of New York is the Transfer Agent and Registrar for the Common Stock.

Preferred Stock

The Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to establish from time to time the number of shares to be included in each such series and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof, as are stated in the resolution adopted by the Board providing for the issuance of such series and as permitted by New Jersey law.

Certain Anti-Takeover Effects

The Certificate of Incorporation and By-Laws provide that the Board shall be divided into three classes with directors in each class serving three-year terms. Approximately one-third of the Board will be elected each year. The classification of the Board pursuant to the By-Laws may delay shareholders from removing a majority of the Board for two years, unless removal for cause can be established and the required 75% vote for removal can be obtained, as provided in the Certificate of Incorporation. Because the existence of a classified board may operate to delay a potential purchaser's ability to obtain control of the Board in a relatively short period of time, a classified Board may have the effect of discouraging attempts to acquire significant minority positions with the intent of obtaining control of the Company by electing a slate of directors. Also, because neither the New Jersey Business

Corporation Act nor the Certificate of Incorporation requires cumulative voting, a purchaser of a block of Common Stock constituting less than a majority of the outstanding shares will have no assurance of proportional representation on the Board.

The Certificate of Incorporation also provides that directors may be removed only for cause and only by the affirmative vote of holders of at least 75% of the outstanding shares of voting stock, voting as a single class, and that shareholder action can be taken only at an annual or special meeting of shareholders, and prohibits shareholder action in lieu of a meeting unless such action is by unanimous written consent. The Certificate of Incorporation and the By-Laws provide that, subject to the rights of any holders of any series of Preferred Stock, special meetings of shareholders can only be called pursuant to a resolution adopted by a majority of the authorized directors of the Company.

As described above, the Board is authorized to provide for the issuance of shares of Preferred Stock, in one or more series, and to fix by resolution of the Board, and to the extent permitted by New Jersey law, the terms and conditions of each such series. The authorized shares of Preferred Stock, as well as shares of Common Stock, are available for issuance without further action by the shareholders, unless such action is required by applicable law or the rules of the NYSE. Although the Board has no present intention of doing so, other than as discussed below under "Preferred Stock Purchase Rights," it could issue a series of Preferred Stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt by including class voting rights that would enable the holders thereof to block such a transaction. The Board will make any determination to issue such shares based on its judgment as to the best interests of the Company, its then existing shareholders and its other statutory constituencies.

These provisions could impede the completion of a merger, tender offer, acquisition or other transaction that some or a majority of the shareholders might believe to be in their best interests or in which the shareholders might receive a premium for their stock over the then market price of such stock.

Preferred Stock Purchase Rights

Reference is made to the Rights Agreement, dated as of November 28, 1995 (the "Rights Agreement"), between the Company and Mellon Securities Trust Company, as Rights Agent, filed with the SEC. The following statements are qualified in their entirety by such reference.

The Company has adopted a shareholder rights plan pursuant to which holders of Common Stock outstanding at the close of business on December 8, 1995 or issued thereafter are granted one preferred share purchase right (the "Right") on each outstanding share of Common Stock. The description and terms of the Rights are set forth in the Rights Agreement. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

Each Right, initially evidenced by and traded with shares of Common Stock, entitles the registered holder to purchase one one-hundredth of a share of the Company's Series A Junior Participating Preferred Stock, no par value (the "Preferred Shares"), at a purchase price of \$50, subject to adjustment in certain circumstances, regulatory approval and other specified conditions. The Rights will separate from the Common Stock and will be exercisable only if a person or group acquires 15% or more of the outstanding Common Stock or announces a tender offer, the consummation of which would result in the beneficial ownership by a person or group of 15% or more of the Common Stock.

If any person or group acquires 15% or more of the outstanding Common Stock (other than an acquisition pursuant to an offer for all outstanding shares of Common Stock at a price and on terms which the majority of the independent Directors of the Company determine to be fair to, and otherwise in the best interest of, the stockholders), each Right will entitle its holder (other than such person or members of such group), subject to regulatory approval and other specified conditions, to purchase that number of shares of Common Stock (or, in

certain circumstances, cash property or other securities of the Company) having a value of twice the Right's exercise price. In lieu of requesting payment of the Purchase Price upon exercise of the Right following any such event, the Company may provide that each Right be exchanged for one share of Common Stock.

In addition, in the event that, at any time following the date when any person or group acquires 15% or more of the outstanding Common Stock, (i) the Company engages in a merger or consolidation in which the Company is not the surviving corporation, (ii) the Company engages in a merger or consolidation with another person in which the Company is the surviving corporation, but in which all or part of its Common Stock is changed or exchanged, or (iii) 50% or more of the Company's assets or earning power is sold or transferred (except with respect to clauses (i) and (ii), a merger or consolidation (a) which follows an offer described in the preceding paragraph and (b) in which the amount and form of consideration is the same as was paid in such offer), proper provision will be made so that each Right would thereafter entitle its holder to purchase that number of the acquiring company's common shares having a value at that time of twice the Right's exercise price.

At any time prior to the earlier of (i) the date on which an event described in the second preceding paragraph occurs and (ii) November 28, 2005, the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.001 per Right, payable in cash or securities or both. The Rights will expire on November 28, 2005.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company without conditioning the offer on the Rights being redeemed or a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by the Board of Directors of the Company.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their Representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Dean Witter Reynolds Inc., and Edward D. Jones & Co., have severally agreed, subject to the terms and conditions of the Purchase Agreement with the Company, to purchase from the Company the number of Shares set forth below opposite their respective names. The Underwriters are committed to purchase all such Shares if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased.

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	312,668
Dean Witter Reynolds Inc.	312,666
Edward D. Jones & Co.	312,666
Alex. Brown & Sons Incorporated	50,000
Donaldson, Lufkin & Jenrette Securities Corporation	50,000
A.G. Edwards & Sons, Inc.	50,000
Goldman, Sachs & Co.	50,000
Janney Montgomery Scott Inc.	50,000
Lehman Brothers Inc.	50,000
Morgan Stanley & Co. Incorporated	50,000
NatWest Securities Limited	50,000
PaineWebber Incorporated	50,000
Prudential Securities Incorporated	50,000
Smith Barney Inc.	50,000
Advest, Inc.	24,000
Allen & Company of Florida, Inc.	24,000
Dominick & Dominick, Incorporated	24,000
Fahnestock & Co. Inc.	24,000
Interstate/Johnson Lane Corporation	24,000
Ladenburg, Thalmann & Co. Inc.	24,000
Legg Mason Wood Walker, Incorporated	24,000
McDonald & Company Securities, Inc.	24,000
Raymond James & Associates, Inc.	24,000
The Robinson-Humphrey Company, Inc.	24,000
Ryan, Beck & Co.	24,000
Tucker Anthony Incorporated	24,000
Wheat, First Securities, Inc.	24,000
Total	<u>1,800,000</u>

The Representatives of the Underwriters have advised the Company that they propose initially to offer the shares to the public at the Price to Public set forth on the cover page of this Prospectus, and to certain dealers at such price less a concession not in excess of \$.40 per share. The Underwriters may allow, and such dealers may realow, a discount not in excess of \$.10 per share on sales to certain other dealers. After the initial public offering, such concession and discount may be changed.

The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase severally up to 200,000 additional Shares, solely for the purpose of covering over-allotments, if any, at the Price to Public less the Underwriting Discount set forth on the cover page of this

Prospectus. To the extent that the Underwriters exercise this option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase approximately the same percentage of additional Shares that the number of Shares to be purchased by it, as shown in the foregoing table, bears to the 1,800,000 Shares offered hereby.

The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act, or contribute to payments the Underwriters may be required to make in respect thereof.

VALIDITY OF SHARES

The validity of the Shares will be passed upon for the Company by James R. Van Horn, Esq., Bedminster, New Jersey, General Counsel and Secretary of the Company, and Reid & Priest LLP, New York, New York, special counsel to the Company. The validity of the Shares will be passed upon for the Underwriters by Winthrop, Stimson, Putnam & Roberts, New York, New York. Reid & Priest LLP and Winthrop, Stimson, Putnam & Roberts may rely on the opinion of James R. Van Horn, Esq. as to legal matters arising under New Jersey law.

EXPERTS

The Company's audited Consolidated Financial Statements and audited Summary Consolidated Financial Data incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said reports.

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date as of which information is given in this Prospectus. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

1,800,000 Shares



National Utility Investors

Common Stock

PROSPECTUS

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**Merrill Lynch & Co.
Dean Witter Reynolds Inc.
Edward D. Jones & Co.**

May 20, 1996

REID & PRIEST LLP

40 WEST 57TH STREET
NEW YORK, N.Y. 10019-4097
TELEPHONE 212 603-2000
FAX 212 603-2001

Exhibit D (4)

WASHINGTON OFFICE
MARKET SQUARE
701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004
202 508-4000
FAX: 202 508-4381

NEW YORK OFFICE
DIRECT DIAL NUMBER

New York, New York
May 20, 1996

New York Stock Exchange, Inc.
20 Broad Street
New York, New York 10005

Ladies and Gentlemen:

Referring to the proposed issuance by NUI Corporation (the "Company") of a maximum of 2,000,000 additional shares of its Common Stock, no par value (such shares being hereinafter referred to as the "Common Stock"), and the preferred share purchase rights appurtenant thereto (the "Rights", and, together with the Common Stock, the "Shares"), and to the Company's related subsequent listing application, dated May 20, 1996 (the "Application"), to the New York Stock Exchange, Inc. (the "Exchange"), we are of the opinion that:

I.

The issuance of the Shares and the listing thereof on the Exchange have been authorized by the Board of Directors of the Company at its meeting held on March 26, 1996.

II.

The Common Stock, when issued and sold in the manner contemplated in the Application and upon receipt by the Company of appropriate consideration therefor, will be validly issued, fully paid and non-assessable and the Rights will have been duly and validly issued. Assuming full payment of the appropriate consideration for the

New York Stock
Exchange, Inc.

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May 20, 1996

Common Stock by the purchasers thereof, the holders thereof will have no personal liability in respect thereof under the laws of the State of New Jersey, the jurisdiction under the laws of which the Company was incorporated and in which its principal place of business is located.

III.

The Company filed on April 4, 1996, a Registration Statement on Form S-3 (registration no. 333-02255) (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended, in connection with the registration of the Shares. The Registration Statement, as amended, became effective today, and, to our knowledge, no stop order suspending the effectiveness of the Registration Statement, as amended, has been issued and no proceeding for such purpose has been instituted by the Commission. Orders have been entered by the public utility commissions of New Jersey, Florida and Pennsylvania authorizing the issuance of the Common Stock by the Company. No further approval, authorization, consent or other order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction) is legally required for the issuance and sale of the Shares.

We are members of the Bar of the State of New York and do not hold ourselves out as experts on the laws of any other state. As to all matters of New Jersey, Florida, Maryland, North Carolina and Pennsylvania law, we have, with your consent, relied upon an opinion of even date herewith addressed to you by James R. Van Horn, Esq., of Bedminster, New Jersey, General Counsel for and Secretary of the Company.

Very truly yours,

Reid & Priest
REID & PRIEST LLP

REID & PRIEST LLP

40 WEST 57TH STREET
NEW YORK, N.Y. 10019-4097
TELEPHONE 212 603-2000
FAX 212 603-2001

WASHINGTON OFFICE
MARKET SQUARE
701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004
202 508-4000
FAX: 202 508-4321

NEW YORK OFFICE
DIRECT DIAL NUMBER

New York, New York
May 24, 1996

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
DEAN WITTER REYNOLDS INC.
EDWARD D. JONES & CO.
as Representatives of the
several Underwriters
C/O MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

We have acted as special counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated May 20, 1996, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,800,000 shares of the Company's Common Stock, no par value (such shares being hereinafter referred to as the "Common Stock"), and the preferred share purchase rights appurtenant thereto (the "Rights"; the Common Stock and the Rights being collectively hereinafter referred to as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-02255) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

Merrill Lynch
& Co., et al.

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May 24, 1996

This opinion is rendered to you at the request of the Company in accordance with Section 5(b)(1) of the Agreement.

We have examined the Registration Statement and the Prospectus, which pursuant to Form S-3 under the Securities Act of 1933, as amended (the "Act"), incorporates or is deemed to incorporate by reference the Annual Report on Form 10-K of the Company for the fiscal year ended September 30, 1995 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1995 and March 31, 1996, the Current Reports on Form 8-K of the Company dated October 24, 1995 and December 1, 1995 and the Registration Statement on Form 8-A dated December 1, 1995 (the "Exchange Act Documents"), each as filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, we have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing (except the certificates representing the Common Stock, of which we have examined a specimen), and upon originals or copies, certified or otherwise identified to our satisfaction, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other and further investigations, as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of such latter documents.

Based upon the foregoing and subject to the qualifications and limitations stated therein, we are of the opinion that:

1. The Agreement has been duly authorized, executed and delivered by the Company.

Merrill Lynch
& Co., et al.

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May 24, 1996

2. The Common Stock has been duly and validly authorized and issued and is fully paid and non-assessable and free of statutory preemptive rights.

3. The Rights have been duly and validly issued.

4. The Securities conform, as to legal matters, with the statements concerning them made under the heading "Description of Capital Stock" in the Prospectus.

5. All approvals, authorizations, consents or orders of or filings with any commission, board, body, authority or agency required in connection with the issuance and sale of the Securities as contemplated by the Agreement have been obtained in all jurisdictions, except that we express no opinion as to any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Securities are being offered by the Underwriters and except such as may be required in connection with the issuance of securities upon the exercise of the Rights.

6. The Registration Statement has become effective under the Act and, to the best of our actual knowledge, no stop order has been issued or proceedings with respect thereto are pending or threatened under the Act.

7. Neither the Company nor any of its subsidiaries is a "holding company" or a subsidiary of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935.

We have not independently verified the accuracy, completeness or fairness of the statements made or included in the Registration Statement, the Prospectus or the Exchange Act Documents and take no responsibility therefor, except as and to the extent set forth in paragraph 4 above. In the course of the preparation by the Company of the Registration Statement and the Prospectus (excluding the Exchange Act Documents), we participated in conferences with certain of its officers and employees, with other counsel for the Company, with your representatives and with representatives of Arthur Andersen LLP, the independent

Merrill Lynch
& Co., et al.

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May 24, 1996

accountants who examined certain of the financial statements included in the Exchange Act Documents. We did not prepare the Exchange Act Documents. Based on our examination of the Registration Statement, the Prospectus and the Exchange Act Documents, our investigations made in connection with the preparation of the Registration Statement and the Prospectus (excluding the Exchange Act Documents) and our participation in the conferences referred to above, (i) we are of the opinion that the Registration Statement, as of the time the Registration Statement became effective, and the Prospectus, as of the date it was filed pursuant to Rule 424(b) under the Act, complied as to form in all material respects with the requirements of the Act and the applicable rules and regulations of the Commission thereunder and that the Exchange Act Documents complied as to form when filed in all material respects with the requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder except that in each case we express no opinion with respect to the financial statements or other financial or statistical data contained or incorporated by reference in the Registration Statement, the Prospectus or the Exchange Act Documents, and (ii) we have no reason to believe that the Registration Statement, as of the time the Registration Statement became effective, (including (i) the Exchange Act Documents filed under the Exchange Act at such date and (ii) the information deemed to be a part thereof pursuant to Rule 430A(b) under the Act), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or that as of the date the Prospectus was filed under Rule 424(b)(4) under the Act and on the date hereof, the Prospectus contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that in each case we express no opinion or belief with respect to the financial statements or other financial or statistical data contained or incorporated by reference in the Registration Statement, the Prospectus or the Exchange Act Documents.

We are members of the Bar of the State of New York and do not hold ourselves out as experts on the laws

Merrill Lynch
& Co., et al.

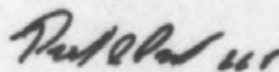
-5-

May 24, 1996

of the States of Florida, Maryland, New Jersey, North Carolina or the Commonwealth of Pennsylvania. Accordingly, in rendering this opinion, we have relied as to all matters governed by (i) Florida law upon the opinion of McWhirter, Reeves, McGlothlin, Davidson & Bakas, (ii) Maryland law upon the opinion of Piper & Marbury L.L.P., (iii) New York law, in connection with paragraph 5 above, upon the opinion of Cullen & Dykman, (iv) North Carolina law upon the opinion of Amos & Jeffries, LLP, (v) Pennsylvania law upon the opinion of Malatesta Hawke & McKeon and (vi) New Jersey law upon the opinion of James R. Van Horn, Esq., General Counsel and Secretary of the Company, all of such opinions of even date herewith and addressed to you.

This opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon by or furnished to any other person, firm or corporation (other than the several Underwriters), without our prior written consent.

Very truly yours,



REID & PRIEST LLP



National Utility Investors

NUI Companies:
City Gas Company of Florida
Elizabethtown Gas Company
Elkton Gas Service
Natural Gas Services, Inc.
North Carolina Gas Service
Pennsylvania & Southern Gas Company
Utility Billing Services, Inc.
Valley Cities Gas Service
Waverly Gas Service

550 Route 202-206
P.O. Box 760
Bedminster
New Jersey 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718

New York, New York
May 20, 1996

New York Stock Exchange, Inc.
20 Broad Street
New York, New York 10005

Ladies and Gentlemen:

Referring to the proposed issuance by NUI Corporation (the "Company") of a maximum of 2,000,000 additional shares of its Common Stock, no par value (such shares being hereinafter referred to as the "Common Stock"), and the preferred share purchase rights appurtenant thereto (the "Rights", and, together with the Common Stock, the "Shares"), and to the Company's related subsequent listing application, dated May 20, 1996 (the "Application"), to the New York Stock Exchange, Inc. (the "Exchange"), I am of the opinion that:

I.

The Company is a corporation duly organized and validly existing in good standing under the laws of the State of New Jersey.

II.

The issuance of the Shares and the listing thereof on the Exchange have been authorized by the Board of Directors of the Company at its meeting held on March 26, 1996.

May 20, 1996

III.

The Common Stock, when issued and sold in the manner contemplated in the Application and upon receipt by the Company of appropriate consideration therefor, will be validly issued, fully paid and non-assessable and the Rights will have been duly and validly issued. Assuming full payment of the appropriate consideration for the Common Stock by the purchasers thereof, the holders thereof will have no personal liability in respect thereof under the laws of the State of New Jersey, the jurisdiction under the laws of which the Company was incorporated and in which its principal place of business is located.

IV.

The Company filed on April 4, 1996, a Registration Statement on Form S-3 (registration no. 333-02255) (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended, in connection with the registration of the Shares. The Registration Statement, as amended, became effective today, and, to my knowledge, no stop order suspending the effectiveness of the Registration Statement, as amended, has been issued and no proceeding for such purpose has been instituted by the Commission. Orders have been entered by the public utility commissions of New Jersey, Florida and Pennsylvania authorizing the issuance of the Common Stock by the Company. No further approval, authorization, consent or other order of any public board or body (other than in connection or in compliance with the provisions of the blue sky laws of any jurisdiction) is legally required for the issuance and sale of the Shares.

I am a member of the Bar of the State of New Jersey and do not hold myself out as an expert on the laws of any other state. As to all matters of Florida, Maryland, New York, North Carolina and Pennsylvania law, I have examined or caused to be examined such documents and satisfied myself as to such matters as I have deemed necessary in order to render this opinion.

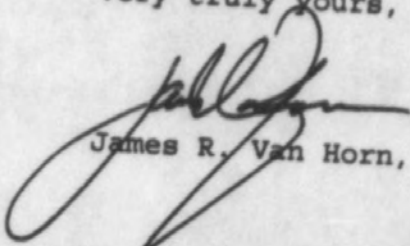
New York Stock
Exchange, Inc.

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May 20, 1996

I hereby authorize and consent to the reliance
upon this opinion by Reid & Priest LLP in such firm's
opinion addressed to you of even date herewith.

Very truly yours,



James R. Van Horn, Esq.

May 24, 1996

550 Route 202-206
P.O. Box 760
Bedminster
New Jersey 07921-0760
Tel: (908) 781-0500
Fax: (908) 781-0718

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
DEAN WITTER REYNOLDS INC.
EDWARD D. JONES & CO.
as Representatives of the
several Underwriters
C/O MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
North Tower
World Financial Center
New York, New York 10281-1209

Ladies and Gentlemen:

I am General Counsel and Secretary of NUI Corporation, a New Jersey corporation (the "Company"), and am delivering this opinion in connection with the Purchase Agreement, dated May 20, 1996, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,800,000 shares of the Company's Common Stock, no par value (such shares being hereinafter referred to as the "Common Stock"), and the preferred share purchase rights appurtenant thereto (the "Rights"; the Common Stock and the Rights being collectively hereinafter referred to as the "Securities") pursuant to a Registration Statement on Form S-3 (File No. 333-02255) (the "Registration Statement"). All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

This opinion is rendered to you at the request of the Company in accordance with Section 5(b)(ii) of the Agreement.

I have examined the Registration Statement and the Prospectus, which pursuant to Form S-3 under the Securities Act of 1933, as amended (the "Act"), incorporates or is deemed to incorporate by reference the Annual Report on Form 10-K of the Company for the fiscal year ended September 30, 1995 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1995 and March 31, 1996, the Current Reports on Form 8-K of the Company dated October 24, 1995 and December 1, 1995 and the Registration Statement on Form 8-A dated December 1, 1995 (the "Exchange Act Documents"), each as filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, I have examined, and have relied as to matters of fact upon, the documents delivered to you at the closing (except the certificates representing the Common Stock, of which I have examined a specimen), and upon originals or copies, certified or otherwise identified to my satisfaction, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the

Company, and have made such other and further investigations, as I have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, I have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, and the authenticity of such latter documents.

Based upon the foregoing and subject to the qualifications and limitations stated therein, I am of the opinion that:

1. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of New Jersey.
2. The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Purchase Agreement.
3. The Company is duly qualified as a foreign corporation to transact business and is in good standing in the States of Florida, Maryland, New York and North Carolina and the Commonwealth of Pennsylvania and in each such state or jurisdiction to conduct the business in which it is engaged in such state or jurisdiction and to own, lease and operate the properties used by it in such business; the conduct of its business and the ownership or leasing of property by the Company does not make the qualification or licensing of the Company as a foreign corporation necessary in any other state or jurisdiction where failure so to qualify would result in a Material Adverse Effect.
4. The Agreement has been duly authorized, executed and delivered by the Company.
5. The Securities conform, as to legal matters, with the statements concerning them made under the heading "Description of Capital Stock" in the Prospectus.
6. The Common Stock has been duly and validly authorized and issued and is fully paid and non-assessable and free of statutory and contractual preemptive rights.
7. The Rights have been duly and validly authorized and issued.
8. All approvals, authorizations, consents or orders of or filings with any commission, board, body, authority or agency required in connection with the issuance and sale of the Securities as contemplated by the Agreement have been obtained in all jurisdictions, except that I express no opinion as to any necessary qualification under the securities or blue sky laws of the various jurisdictions in which the Securities are being offered by the Underwriters and except such as may be required in connection with the issuance of securities upon the exercise of the Rights.

9. The execution, delivery and performance of the Agreement by the Company and the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or result in a violation of any provisions of the Amended and Restated Certificate of Incorporation, as amended, or by-laws of the Company (ii) conflict with or constitute a breach of, or default under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to me, to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not have a Material Adverse Effect), or (iii) result in any violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to me, of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its properties, assets or operations.

10. To the best of my knowledge, there is not pending or threatened any action, suit, proceeding, inquiry or investigation, to which the Company is a party, or to which the property of the Company is subject, before or brought by any court or governmental agency or body, domestic or foreign, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation of the Agreement or the performance by the Company of its obligations thereunder.

I have not independently verified the accuracy, completeness or fairness of the statements made or included in the Registration Statement, the Prospectus or the Exchange Act Documents and take no responsibility therefor, except as and to the extent set forth in paragraph 5 above.

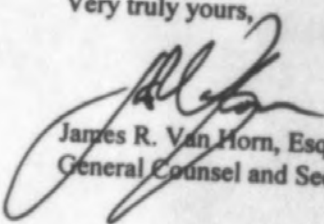
In the course of the preparation by the Company of the Registration Statement and the Prospectus (excluding the Exchange Act Documents), I participated in conferences with certain of its officers and employees, with other counsel for the Company, with your representatives and with representatives of Arthur Andersen LLP, the independent accountants who examined certain of the financial statements included in the Exchange Act Documents. Based on my examination of the Registration Statement, the Prospectus and the Exchange Act Documents, my investigations made in connection with the preparation of the Registration Statement and the Prospectus and the Exchange Act Documents and my participation in the conferences referred to above, I have no reason to believe that the Registration Statement, as of the time the Registration Statement became effective (including (i) the Exchange Act Documents filed under the Exchange Act at such date and (ii) the information deemed to be a part thereof pursuant to Rule 430A(b) under the Act), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or that as of the date the Prospectus was filed under Rule 424(b)(4) under the Act and on the date hereof, the Prospectus contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that in

each case I express no opinion or belief with respect to the financial statements or other financial or statistical data contained or incorporated by reference in the Registration Statement, the Prospectus or the Exchange Act Documents.

I am a member of the Bar of the State of New Jersey and do not hold myself out as an expert on the laws of the States of Florida, Maryland, New York, North Carolina or the Commonwealth of Pennsylvania. Accordingly, in rendering this opinion, I have relied, as to all matters governed by (i) Florida law upon the opinion of McWhirter, Reeves, McGlothlin, Davidson & Bakas, (ii) Maryland law upon the opinion of Piper & Marbury L.L.P., (iii) New York law upon the opinion of Cullen & Dykman, (iv) North Carolina law upon the opinion of Amos & Jeffries, LLP and (v) Pennsylvania law upon the opinion of Malatesta Hawke & McKeon, all of such opinions of even date herewith and addressed to you.

This opinion is rendered to you in connection with the above-described transaction. This opinion may not be relied upon by you for any other purpose, or relied upon by or furnished to any other person, firm or corporation (other than the several Underwriters), other than Reid & Priest LLP, special counsel to the Company and Winthrop, Stimson, Putnam & Roberts, counsel to the Underwriters, to the extent set forth in their opinions of even date herewith addressed to you, without my prior written consent.

Very truly yours,



James R. Van Horn, Esq.
General Counsel and Secretary



Merrill Lynch & Co.

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, N.Y. 10281-1305

Exhibit D (5)

STANDARD DEALER AGREEMENT

Dear Sirs:

In connection with public offerings of securities underwritten by us, or by a group of underwriters (the "Underwriters") represented by us, you may be offered the opportunity to purchase a portion of such securities, as principal, at a discount from the offering price representing a selling concession or reallocation granted as consideration for services rendered by you in the sale of such securities. We request that you agree to the following terms and provisions, and make the following representations, which, together with any additional terms and provisions set forth in any wire or letter sent to you in connection with a particular offering, will govern all such purchases of securities and the reoffering thereof by you.

Your subscription to, or purchase of, such securities will constitute your reaffirmation of this Agreement.

1. When we are acting as representative (the "Representative") of the Underwriters in offering securities to you, it should be understood that all offers are made subject to prior sale of the subject securities, when, as and if such securities are delivered to and accepted by the Underwriters and subject to the approval of legal matters by their counsel. In such cases, any order from you for securities will be strictly subject to confirmation and we reserve the right in our uncontrolled discretion to reject any order in whole or in part. Upon release by us, you may reoffer such securities at the offering price fixed by us. With our consent, you may allow a discount, not in excess of the reallocation fixed by us, in selling such securities to other dealers, provided that in doing so you comply with the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (the "NASD"). Upon our request, you will advise us of the identity of any dealer to whom you allow such a discount and any Underwriter or dealer from whom you receive such a discount. After the securities are released for sale to the public, we may vary the offering price and other selling terms.

2. You represent that you are a dealer actually engaged in the investment banking or securities business and that you are either (i) a member in good standing of the NASD or (ii) a dealer with its principal place of business located outside the United States, its territories or possessions and not registered under the Securities Exchange Act of 1934 (a "non-member foreign dealer") or (iii) a bank not eligible for membership in the NASD. If you are a non-member foreign dealer, you agree to make no sales of securities within the United States, its territories or its possessions or to persons who are nationals thereof or residents therein. Non-member foreign dealers and banks agree, in making any sales, to comply with the NASD's interpretation with respect to free-riding and withholding. In accepting a selling concession where we are acting as Representative of the Underwriters, in allowing a discount from us whether or not we are acting as such Representative, and in allowing a discount to any other person, you agree to comply with the provisions of Section 24 of Article III of the Rules of Fair Practice of the NASD, and, in addition, if you are a non-member foreign dealer or bank, you agree to comply, as though you were a member of the NASD, with the provisions of Sections 8 and 36 of Article III of such Rules of Fair Practice and to comply with Section 25 of Article III thereof as that Section applies to a non-member foreign dealer or bank. You represent that you are fully familiar with the above provisions of the Rules of Fair Practice of the NASD.

3. If the securities have been registered under the Securities Act of 1933 (the "1933 Act"), in offering and selling such securities, you are not authorized to give any information or make any

representation not contained in the prospectus relating thereto. You confirm that you are familiar with the rules and policies of the Securities and Exchange Commission relating to the distribution of preliminary and final prospectuses, and you agree that you will comply therewith in any offering covered by this Agreement. If we are acting as Representative of the Underwriters, we will make available to you, to the extent made available to us by the issuer of the securities, such number of copies of the prospectus or offering documents, for securities not registered under the 1933 Act, as you may reasonably request.

4. If we are acting as Representative of the Underwriters of securities of an issuer that is not required to file reports under the Securities Exchange Act of 1934 (the "1934 Act"), you agree that you will not sell any of the securities to any account over which you have discretionary authority.

5. Payment for securities purchased by you is to be made at our office, One Liberty Plaza, 165 Broadway, New York, N.Y. 10006 (or at such other place as we may advise), at the offering price less the concession allowed to you, on such date as we may advise, by certified or official bank check in New York Clearing House funds (or such other funds as we may advise), payable to our order, against delivery of the securities to be purchased by you. We shall have authority to make appropriate arrangements for payment for and/or delivery through the facility of The Depository Trust Company or any such other depository or similar facility for the securities.

6. In the event that, prior to the completion of the distribution of securities covered by this Agreement, we purchase in the open market or otherwise any securities delivered to you, if we are acting as Representative of the Underwriters, you agree to repay to us for the accounts of the Underwriters the amount of the concession allowed to you plus brokerage commissions and any transfer taxes paid in connection with such purchase.

7. At any time prior to the completion of the distribution of securities covered by this Agreement you will, upon our request as Representative of the Underwriters, report to us the amount of securities purchased by you which then remains unsold and will, upon our request, sell to us for the account of one or more of the Underwriters such amount of such unsold securities as we may designate, at the offering price less an amount to be determined by us not in excess of the concession allowed to you.

8. If we are acting as Representative of the Underwriters, upon application to us, we will inform you of the states and other jurisdictions of the United States in which it is believed that the securities being offered are qualified for sale under, or are exempt from the requirements of, their respective securities laws, but we assume no responsibility with respect to your right to sell securities in any jurisdiction. We shall have authority to file with the Department of State of the State of New York a Further State Notice with respect to the securities, if necessary.

9. You agree that in connection with any offering of securities covered by this Agreement you will comply with the applicable provisions of the 1933 Act and the 1934 Act and the applicable rules and regulations of the Securities and Exchange Commission thereunder, the applicable rules and regulations of the NASD, and the applicable rules of any securities exchange having jurisdiction over the offering.

10. We shall have full authority to take such action as we may deem advisable in respect of all matters pertaining to any offering covered by this Agreement. We shall be under no liability to you except for our lack of good faith and for obligations assumed by us in this Agreement, except that you do not waive any rights that you may have under the 1933 Act or the rules and regulations thereunder.

11. Any notice from us shall be deemed to have been duly given if mailed or transmitted by any standard form of written telecommunications to you at the above address or at such other address as you shall specify to us in writing.

12. With respect to any offering of securities covered by this Agreement, the price restrictions contained in Paragraph 1 hereof and the provisions of Paragraphs 6 and 7 hereof shall terminate as to such offering at the close of business on the 45th day after the securities are released for sale or, as to any or all such provisions, at such earlier time as we may advise. All other provisions of this Agreement shall remain operative and in full force and effect with respect to such offering.

13. This Agreement shall be governed by the laws of the State of New York.

Please confirm your agreement hereto by signing the enclosed duplicate copy hereof in the place provided below and returning such signed duplicate copy to us at World Headquarters, North Tower, World Financial Center, New York, N.Y. 10281-1305, *Attention: Corporate Syndicate*. Upon receipt thereof, this instrument and such signed duplicate copy will evidence the agreement between us.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED



By:
Name: Fred F. Hessinger

Confirmed and accepted as of the
day of , 19

.....
Name of Dealer

.....
Authorized Officer or Partner
(if not Officer or Partner, attach copy of
Instrument of Authorization)

MASTER AGREEMENT AMONG UNDERWRITERS

Revised October 29, 1990

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
Merrill Lynch World Headquarters
North Tower
World Financial Center
New York, N.Y. 10281-1303

April 15, 1985

Dear Sirs:

We understand that from time to time you may act as Representative or as one of the Representatives of the several underwriters of offerings of securities of various issuers. This Agreement shall apply to any offering of securities in which we elect to act as an underwriter after receipt of an invitation from you which shall identify the issuer, contain information regarding certain terms of the securities to be offered and specify the amount of our proposed participation and the names of the other Representatives, if any, and that our participation as an underwriter in the offering shall be subject to the provisions of this Agreement. Your invitation will include instructions for our acceptance of such invitation. At or prior to the time of an offering, you will advise us, to the extent applicable, as to the expected offering date, the expected closing date, the initial offering price, the interest or dividend rate (or the method by which such rate is to be determined), the conversion price, the underwriting discount, the management fee, the selling concession and the reallowance, except that if the offering price of the securities is to be determined as contemplated by Rule 430A under the Securities Act of 1933 (such procedure being hereinafter referred to as "430A Pricing"), you shall so advise us and shall specify the maximum underwriting discount, management fee and selling concession. Such information may be conveyed by you in one or more communications (such communications received by us with respect to the offering are hereinafter collectively referred to as the "Invitation"). If the Purchase Agreement (as hereinafter defined) provides for the granting of an option to purchase additional securities to cover over-allotments or otherwise (an "over-allotment option"), you will notify us, in the Invitation, of such option and of our maximum obligation upon exercise of such option.

This Agreement, as amended or supplemented by the Invitation, shall become effective with respect to our participation in an offering of securities if you receive our oral or written acceptance and you do not receive a written communication revoking our acceptance prior to the time and date specified in the Invitation (our unrevoked acceptance after expiration of such time and date being hereinafter referred to as our "Acceptance"). Our Acceptance will constitute our confirmation that, except as otherwise stated in such Acceptance, each statement included in the Master Underwriters' Questionnaire set forth as Exhibit A hereto (or otherwise furnished to us) is correct. The issuer of the securities in any offering of securities made pursuant to this Agreement is hereinafter referred to as the "Issuer". If the Purchase Agreement does not provide for an over-allotment option, the securities to be purchased are hereinafter referred to as the "Securities"; if the Purchase Agreement provides for an over-allotment option, the securities the Underwriters (as hereinafter defined) are initially obligated to purchase pursuant to the Purchase Agreement are hereinafter called the "Initial Securities" and any additional securities which may be purchased upon exercise of the over-allotment option are hereinafter called the "Option Securities", with the Initial Securities and all or any part of the Option Securities being hereinafter collectively referred to as the "Securities". Any underwriters of Securities under this Agreement, including the Representatives (as hereinafter defined), are hereinafter collectively referred to as the "Underwriters". All references herein to "you" or to the "Representatives" shall mean Merrill Lynch, Pierce, Fenner & Smith Incorporated and the other firms, if any, which are named as Representatives in the Invitation. The Securities to be offered may, but need not, be registered for a delayed or continuous offering pursuant to Rule 415 under the Securities Act of 1933 (the "1933 Act").

The following provisions of this Agreement shall apply separately to each individual offering of Securities. This Agreement may be supplemented or amended by you by written notice to us and, except for supplements or amendments set forth in an Invitation relating to a particular offering of Securities,

any such supplement or amendment to this Agreement shall be effective with respect to any offering of Securities to which this Agreement applies after this Agreement is so amended or supplemented.

Section 1. Purchase Agreement; Authority of Representatives. We authorize you to execute and deliver a purchase agreement and any amendment or supplement thereto and any associated Terms Agreement or other similar agreement (collectively, the "Purchase Agreement") on our behalf with the Issuer and/or any selling securityholder with respect to the Securities in such form as you determine. We will be bound by all terms of the Purchase Agreement as executed. We understand that changes may be made in those who are to be Underwriters, and in the amount of Securities to be purchased by them, but the amount of Securities to be purchased by us in accordance with the terms of this Agreement, including the maximum amount of Option Securities, if any, which we may become obligated to purchase by reason of the exercise of any over-allotment option provided in the Purchase Agreement, shall not be changed without our consent except as provided in the Purchase Agreement.

As Representatives of the Underwriters, you are authorized to take such action as you deem necessary or advisable to carry out this Agreement, the Purchase Agreement, and the purchase and sale of the Securities, and to agree to any waiver or modification of any provision of the Purchase Agreement. To the extent applicable, you are also authorized to determine (i) the amount of Option Securities, if any, to be purchased by the Underwriters pursuant to any over-allotment option and (ii) with respect to offerings using 430A Pricing, the initial offering price and the price at which the Securities are to be purchased in accordance with the Purchase Agreement. It is understood and agreed that Merrill Lynch, Pierce, Fenner & Smith Incorporated may act on behalf of all Representatives.

It is understood that, if so specified in the Invitation, arrangements may be made for the sale of Securities by the Issuer pursuant to delayed delivery contracts (hereinafter referred to as "Delayed Delivery Contracts"). References herein to delayed delivery and Delayed Delivery Contracts apply only to offerings to which delayed delivery is applicable. The term "underwriting obligation", as used in this Agreement with respect to any Underwriter, shall refer to the amount of Securities, including any Option Securities (plus such additional Securities as may be required by the Purchase Agreement in the event of a default by one or more of the Underwriters) which such Underwriter is obligated to purchase pursuant to the provisions of the Purchase Agreement, without regard to any reduction in such obligation as a result of Delayed Delivery Contracts which may be entered into by the Issuer.

If the Securities consist in whole or in part of debt obligations maturing serially, the serial Securities being purchased by each Underwriter pursuant to the Purchase Agreement will consist, subject to adjustment as provided in the Purchase Agreement, of serial Securities of each maturity in a principal amount which bears the same proportion to the aggregate principal amount of the serial Securities of such maturity to be purchased by all the Underwriters as the respective principal amount of serial Securities set forth opposite such Underwriter's name in the Purchase Agreement bears to the aggregate principal amount of the serial Securities to be purchased by all the Underwriters.

Section 2. Registration Statement and Prospectus; Offering Circular. In the case of an Invitation regarding an offer of Securities registered under the 1933 Act (a "Registered Offering"), you will furnish to us, to the extent made available to you by the Issuer, copies of any registration statement or registration statements relating to the Securities which may be filed with the Securities and Exchange Commission (the "Commission") pursuant to the 1933 Act and of each amendment thereto (excluding exhibits but including any documents incorporated by reference therein). Such registration statement(s) as amended, and the prospectus(es) relating to the sale of Securities by the Issuer constituting a part thereof, including all documents incorporated therein by reference, as from time to time amended or supplemented by the filing of documents pursuant to the Securities Exchange Act of 1934 (the "1934 Act"), the 1933 Act or otherwise, are referred to herein as the "Registration Statement" and the "Prospectus", respectively; provided however, that a supplement to the Prospectus filed with the Commission pursuant to Rule 424 under the 1933 Act with respect to an offering of Securities (a "Prospectus Supplement") shall be deemed to have supplemented the Prospectus only with respect to the offering of Securities to which it relates.

With respect to Securities for which no Registration Statement is filed with the Commission, you will furnish to us, to the extent made available to you by the Issuer, copies of any private placement

memorandum, offering circular or other offering materials to be used in connection with the offering of the Securities and of each amendment thereto (the "Offering Circular").

Section 3. *Offering.* The sale of the securities to the public shall commence as soon as you deem advisable. We will not sell any Securities until they are released by you for that purpose. When notified by you that the Securities are released for sale, we will offer in conformity with the terms of the offering set forth in the Prospectus or Offering Circular, such of the Securities to be purchased by us as are not reserved for our account for sale to Selected Dealers and others pursuant to Section 5. After the initial offering, the offering price and the concession and discount therefrom may be changed by you by notice to the Underwriters, and we agree to be bound by any such change.

If, in accordance with the terms of offering set forth in the Prospectus or Offering Circular, the offering of the Securities is not at a fixed price but at varying prices set by individual Underwriters based on market prices or at negotiated prices, the provisions above relating to your right to change the offering price and concession and discount to dealers shall not apply, and other references in this Section and elsewhere in this Agreement to the offering price or Selected Dealers' concession shall be deemed to mean the prices and concessions determined by you from time to time in your discretion.

Unless otherwise permitted in the Invitation, we will not sell any Securities to any account over which we have discretionary authority. We will also comply with any other restrictions which may be set forth in the Invitation.

The initial public advertisement, if any, with respect to the Securities shall appear on such date, and shall include the names of such of the Underwriters, as you may determine.

Section 4. *Delayed Delivery Arrangements.* We authorize you to act on our behalf in making all arrangements for the solicitation of offers to purchase Securities from the Issuer pursuant to Delayed Delivery Contracts, and we agree that all such arrangements will be made only through you (directly or through Underwriters or Selected Dealers). You may allow to Selected Dealers in respect to such Securities a commission equal to the concession allowed to Selected Dealers pursuant to Section 5.

The obligations of the Underwriters shall be reduced in the aggregate by the principal amount of Securities covered by Delayed Delivery Contracts made by the Issuer, the obligation of each Underwriter to be reduced by the principal amount of such Securities, if any, allocated by you to such Underwriter. Your determination of the allocation of Securities covered by Delayed Delivery Contracts among the several Underwriters shall be final and conclusive, and we agree to be bound by any notice delivered by you to the Issuer setting forth the amount of the reduction in our obligation as a result of Delayed Delivery Contracts.

Upon receiving payment from the Issuer of the fee for arranging Delayed Delivery Contracts, you will credit our account with the portion of such fee applicable to the Securities covered by Delayed Delivery Contracts allocated to us. You will charge our account with any commission allocated to Selected Dealers in respect of Securities covered by Delayed Delivery Contracts allocated to us.

Section 5. *Offering to Selected Dealers and Others; Management of Offering.* We authorize you, for our account, to reserve for sale and sell to dealers ("Selected Dealers"), among whom any of the Underwriters may be included, such amount of Securities to be purchased by us as you shall determine. Reservations for sales to Selected Dealers for our account need not be in proportion to our underwriting obligation, but sales of Securities reserved for our account for sale to Selected Dealers shall be made as nearly as practicable in the ratio which the amount of Securities reserved for our account bears to the aggregate amount of Securities reserved for the account of all Underwriters, as calculated from day to day. Sales to Selected Dealers may be made under the Merrill Lynch, Pierce, Fenner & Smith Incorporated Standard Dealer Agreement, or otherwise. The price to Selected Dealers initially shall be the offering price less a concession not in excess of the Selected Dealers concession set forth in the Invitation. Selected Dealers shall be actually engaged in the investment banking or securities business and shall be either (i) members in good standing of the National Association of Securities Dealers, Inc. (the "NASD") or (ii) dealers with their principal place of business located outside the United States, its territories and its possessions and not registered under the 1934 Act who agree to make no sales within the United States, its territories or its possessions or to persons who are nationals thereof or residents therein

or (iii) banks that are not eligible for membership in the NASD. Each Selected Dealer shall agree to comply with the provisions of Section 24 of Article III of the Rules of Fair Practice of the NASD, and each foreign Selected Dealer or bank who is not a member of the NASD also shall agree to comply with the NASD's interpretation with respect to free-riding and withholding, to comply, as though it were a member of the NASD, with the provisions of Sections 8 and 36 of Article III of such Rules of Fair Practice, and to comply with Section 25 of Article III thereof as that Section applies to a non-member foreign dealer or bank.

With your consent, the Underwriters may allow, and Selected Dealers may realow, a discount on sales to any dealer who meets the above NASD requirements in an amount not in excess of the amount set forth in the Invitation. Upon your request, we will advise you of the identity of any dealer to whom we allow such a discount and any Underwriter or Selected Dealer from whom we receive such a discount.

We also authorize you, for our account, to reserve for sale and to sell Securities to be purchased by us at the offering price to others, including institutions and retail purchasers. Except for such sales which are designated by a purchaser to be for the account of a particular Underwriter, such reservations and sales shall be made as nearly as practicable in proportion to our underwriting obligation, unless you agree to a smaller proportion at our request.

At or before the time the Securities are released for sale, you shall notify us of the amount of Securities which have not been reserved for our account for sale to Selected Dealers and others and which is to be retained by us for direct sale.

We will from time to time, upon your request, report to you the amount of Securities retained by us for direct sale which remains unsold and, upon your request, deliver to you for our account, or sell to you for the account of one or more of the Underwriters, such amount of unsold Securities as you may designate at the offering price less an amount determined by you not in excess of the concession to Selected Dealers. You may also repurchase Securities from other Underwriters and Selected Dealers, for the account of one or more of the Underwriters, at prices determined by you not in excess of the offering price less the concession to Selected Dealers.

You may from time to time deliver to any Underwriter, for carrying purposes or for sale by such Underwriter, any of the Securities then reserved for sale to, but not purchased and paid for by, Selected Dealers or others as above provided, but to the extent that Securities are so delivered for sale by such Underwriter, the amount of Securities then reserved for the account of such Underwriter shall be correspondingly reduced. Securities delivered for carrying purposes only shall be redelivered to you upon demand.

The Underwriters and Selected Dealers may, with your consent, purchase Securities from and sell Securities to each other at the offering price less a concession not in excess of the concession to Selected Dealers.

Section 6. Repurchase of Securities Not Effectively Placed. In recognition of the importance of distributing the Securities to bona fide investors, we agree to repurchase on demand any Securities sold by us, except through you, which are purchased by you in the open market or otherwise during a period terminating as provided in Section 16, at a price equal to the cost of such purchase, including accrued interest, amortization of original issue discount or dividends, commissions and transfer and other taxes, if any, on redelivery. The certificates delivered to us need not be identical certificates delivered to you in respect of the Securities purchased. In lieu of requiring repurchase, you may, in your discretion, sell such Securities for our account at such prices, upon such terms and to such persons, including any of the other Underwriters, as you may determine, charging the amount of any loss and expense, or crediting the amount of any net profit, resulting from such sale, to our account, or you may charge our account with an amount determined by you not in excess of the concession to Selected Dealers.

Section 7. Stabilization and Over-Allotment. In order to facilitate the sale of the Securities, we authorize you, in your discretion, to purchase and sell Securities or any other securities of the Issuer or any guarantor of the Securities specified in the Invitation in the open market or otherwise, for long or

short account, at such prices as you may determine, and, in arranging for sales to Selected Dealers or others, to over-allot. You may liquidate any long position or cover any short position incurred pursuant to this Section at such prices as you may determine. You shall make such purchases and sales (including over-allotments) for the accounts of the Underwriters as nearly as practicable in proportion to their respective underwriting obligations. It is understood that, in connection with any particular offering of Securities to which this Agreement applies, you may have made purchases of securities of the Issuer or securities of any guarantor of the Securities for stabilizing purposes prior to the time when we become an Underwriter, and we agree that any such securities so purchased shall be treated as having been purchased for the respective accounts of the Underwriters pursuant to the foregoing authorization. At the close of business on any day our net commitment, either for long or short account, resulting from such purchases or sales (including over-allotments) shall not exceed 20% (or such other amount as may be specified in the Invitation) of our underwriting obligation, except that such percentage may be increased with the approval of a majority in interest of the Underwriters. We will take up at cost on demand any Securities or other securities of the Issuer or any securities of any guarantor of the Securities so sold or over-allotted for our account, including accrued interest, amortization of original issue discount or dividends, and we will pay to you on demand the amount of any losses or expenses incurred for our account pursuant to this Section. In the event of default by any Underwriter in respect of its obligations under this Section, each non-defaulting Underwriter shall assume its share of the obligations of such defaulting Underwriter in the proportion that its underwriting obligation bears to the underwriting obligations of all non-defaulting Underwriters without relieving such defaulting Underwriter of its liability hereunder.

If you effect any stabilizing purchase pursuant to this Section, you shall promptly notify us of the date and time of the first stabilizing purchase and the date and time when stabilizing was terminated. You shall prepare and maintain such records as are required to be maintained by you as manager pursuant to Rule 17a-2 under the 1934 Act.

Section 8. Open Market Transactions. We represent and agree in connection with the offering of Securities we have complied and will comply with the provisions of Rule 10b-6 under the 1934 Act with regard to trading in the Securities. For purposes of the foregoing sentence, we agree that, in addition to the Securities, other securities of the Issuer or securities of any guarantor of the Securities or the right or option to purchase or otherwise acquire any securities of the Issuer or any securities of any guarantor of the Securities specified in the Invitation shall be considered securities of the same class and series as the Securities.

Section 9. Payment and Delivery. At or before such time, on such dates and at such places as you may specify in the Invitation, we will deliver to you a certified or official bank check in such funds as are specified in the Invitation, payable to the order of Merrill Lynch, Pierce, Fenner & Smith Incorporated (unless otherwise specified in the Invitation) in an amount equal to, as you direct, either (i) the offering price or prices plus accrued interest, amortization of original issue discount or dividends, if any, set forth in the Prospectus or Offering Circular less the concession to Selected Dealers in respect of the amount of Securities to be purchased by us in accordance with the terms of this Agreement, or (ii) the amount set forth in the Invitation with respect to the Securities to be purchased by us. We authorize you to make payment for our account of the purchase price for the Securities to be purchased by us against delivery to you of such Securities (which may be in temporary form), and the difference between such purchase price of the Securities and the amount of our funds delivered to you therefor shall be credited to our account.

Delivery to us of Securities retained by us for direct sale shall be made by you as soon as practicable after your receipt of the Securities. Upon termination of the provisions of this Agreement as provided in Section 16, you shall deliver to us any Securities reserved for our account for sale to Selected Dealers and others which remain unsold at that time.

You are authorized to make appropriate arrangements for payment for and/or delivery through the facilities of The Depository Trust Company or any such other depository or similar facility, the Securities to be purchased by us, or, if we are not a member, settlement may be made through a correspondent that is a member pursuant to our timely instructions to you.

Upon receiving payment for Securities sold for our account to Selected Dealers and others, you shall remit to us an amount equal to the amount paid by us to you in respect of such Securities and credit or charge our account with the difference, if any, between such amount and the price at which such Securities were sold.

In the event that the Purchase Agreement for an offering provides for the payment of a commission or other compensation to the Underwriters, we authorize you to receive such commission or other compensation for our account.

Section 10. Management Compensation. As compensation for your services in the management of the offering, we will pay you an amount equal to the management fee specified in the Invitation in respect of the Securities to be purchased by us pursuant to the Purchase Agreement, and we authorize you to charge our account with such amount. If there is more than one Representative, such compensation shall be divided among the Representatives in such proportions as they may determine.

Section 11. Authority to Borrow. We authorize you to advance your own funds for our account, charging current interest rates, or to arrange loans for our account or the account of the Underwriters, as you may deem necessary or advisable for the purchase, carrying, sale and distribution of the Securities. You may execute and deliver any notes or other instruments required in connection therewith and may hold or pledge as security therefor all or any part of the Securities which we or such Underwriters have agreed to purchase. The obligations of the Underwriters under loans arranged on their behalf shall be several in proportion to their respective participations in such loans, and not joint. Any lender is authorized to accept your instructions as to the disposition of the proceeds of any such loans. You shall credit each Underwriter with the proceeds of any loans made for its account.

Section 12. Legal Qualifications. You shall inform us, upon request, of the states and other jurisdictions of the United States in which it is believed that the Securities are qualified for sale under, or are exempt from the requirements of, their respective securities laws, but you assume no responsibility with respect to our right to sell Securities in any jurisdiction. You are authorized to file with the Department of State of the State of New York a Further State Notice with respect to the Securities, if necessary.

If we propose to offer Securities outside the United States, its territories or its possessions, we will take, at our own expense, such action, if any, as may be necessary to comply with the laws of each foreign jurisdiction in which we propose to offer Securities.

Section 13. Membership in National Association of Securities Dealers, Foreign Underwriters and Banks. We understand that you are a member in good standing of the NASD. We confirm that we are actually engaged in the investment banking or securities business and are either (i) a member in good standing of the NASD or (ii) a dealer with its principal place of business located outside the United States, its territories and its possessions and not registered under the 1934 Act who hereby agrees to make no sales within the United States, its territories or its possessions or to persons who are nationals thereof or residents therein (except that we may participate in sales to Selected Dealers and others under Section 5 of this Agreement) or (iii) a bank not eligible for membership in the NASD. We hereby agree to comply with Section 24 of Article III of the Rules of Fair Practice of the NASD, and if we are a foreign dealer or bank and not a member of the NASD we also hereby agree to comply with the NASD's interpretation with respect to free-riding and withholding, to comply, as though we were a member of the NASD, with the provisions of Sections 8 and 36 of Article III of such Rules of Fair Practice, and to comply with Section 25 of Article III thereof as that Section applies to a non-member foreign dealer or bank.

Section 14. Distribution of Prospectuses; Offering Circulars. We are familiar with Securities Act of 1933 Release No. 4968 and Rule 15c2-8 under the 1934 Act, relating to the distribution of preliminary and final prospectuses, and we confirm that we will comply therewith, to the extent applicable, in connection with any sale of Securities. You shall cause to be made available to us, to the extent made available to you by the Issuer, such number of copies of the Prospectus as we may reasonably request for purposes contemplated by the 1933 Act, the 1934 Act and the rules and regulations thereunder.

Our Acceptance of an Invitation relating to an offering made pursuant to an Offering Circular shall constitute our agreement that, if requested by you, we will furnish a copy of any amendment to a preliminary or final Offering Circular to each person to whom we shall have furnished a previous preliminary or final Offering Circular. Our Acceptance shall constitute our confirmation that we have delivered and our agreement that we will deliver all preliminary and final Offering Circulars required for compliance with the applicable federal and state laws and the applicable rules and regulations of any regulatory body promulgated thereunder governing the use and distribution of offering circulars by underwriters and any additional instructions contained in the Invitation and, to the extent consistent with such laws, rules and regulations, our Acceptance shall constitute our confirmation that we have delivered and our agreement that we will deliver all preliminary and final Offering Circulars which would be required if the provisions of Rule 15c2-8 (or any successor provision) under the 1934 Act applied to such offering.

Section 15. *Net Capital.* The incurrence by us of our obligations hereunder and under the Purchase Agreement in connection with the offering of the Securities will not place us in violation of the net capital requirements of Rule 15c3-1 under the 1934 Act, or, if we are a financial institution subject to regulation by the Board of Governors of the Federal Reserve System, the Comptroller of the Currency or the Federal Deposit Insurance Corporation, will not place us in violation of the capital requirements of such regulator or any other regulator to which we are subject.

Section 16. *Termination.* With respect to each offering of Securities pursuant to this Agreement, all limitations in this Agreement on the price at which the Securities may be sold, the period of time referred to in Section 6, the authority granted by the first sentence of Section 7, and the restrictions contained in Section 8 shall terminate at the close of business on the 45th day after the commencement of the offering of such Securities. You may terminate any or all of such provisions at any time prior thereto by notice to the Underwriters. All other provisions of this Agreement shall remain operative and in full force and effect with respect to such offering.

Section 17. *Expenses and Settlement.* You may charge our account with any transfer taxes on sales of Securities made for our account and with our proportionate share (based upon our underwriting obligation) of all other expenses incurred by you under this Agreement or otherwise in connection with the purchase, carrying, sale or distribution of the Securities. With respect to each offering of Securities pursuant to this Agreement, the respective accounts of the Underwriters shall be settled as promptly as practicable after the termination of all the provisions of this Agreement as provided in Section 16, but you may reserve such amounts as you may deem advisable for additional expenses. Your determination of the amount to be paid to or by us shall be conclusive. You may at any time make partial distributions of credit balances or call for payment of debit balances. Any of our funds in your hands may be held with your general funds without accountability for interest. Notwithstanding any settlement, we will remain liable for any taxes on transfers for our account and for our proportionate share (based upon our underwriting obligation) of all expenses and liabilities which may be incurred by or for the accounts of the Underwriters with respect to each offering of Securities pursuant to this Agreement.

Section 18. *Indemnification.* With respect to each offering of Securities pursuant to this Agreement, we will indemnify and hold harmless each other Underwriter and each person, if any, who controls each other Underwriter within the meaning of Section 15 of the 1933 Act, to the extent that and on the terms upon which we agree to indemnify and hold harmless the Issuer and other specified persons as set forth in the Purchase Agreement.

Section 19. *Claims Against Underwriters.* With respect to each offering of Securities pursuant to this Agreement, if at any time any person other than an Underwriter asserts a claim (including any commenced or threatened investigation or proceeding by any governmental agency or body) against one or more of the Underwriters or against you as Representatives of the Underwriters arising out of an alleged untrue statement or omission in the Registration Statement (or any amendment thereto) or in any preliminary prospectus or the Prospectus or any amendment or supplement thereto, or in any preliminary or final Offering Circular, or relating to any transaction contemplated by this Agreement, we authorize

you to make such investigation, to retain such counsel for the Underwriters and to take such action in the defense of such claim as you may deem necessary or advisable. You may settle such claim with the approval of a majority in interest of the Underwriters. We will pay our proportionate share (based upon our underwriting obligation) of all expenses incurred by you (including the fees and expenses of counsel for the Underwriters) as incurred, in investigating and defending against such claim and our proportionate share of the aggregate liability incurred by all Underwriters in respect to such claim (after deducting any contribution or indemnification obtained pursuant to the Purchase Agreement, or otherwise, from persons other than Underwriters), whether such liability is the result of a judgment against one or more of the Underwriters or the result of any such settlement. Any Underwriter may retain separate counsel at its own expense. A claim against or liability incurred by a person who controls an Underwriter shall be deemed to have been made against or incurred by such Underwriter. In the event of default by any Underwriter in respect of its obligations under this Section, the non-defaulting Underwriters shall be obligated to pay the full amount thereof in the proportions that their respective underwriting obligations bear to the underwriting obligations of all non-defaulting Underwriters without relieving such defaulting Underwriter of its liability hereunder.

Section 20. Default by Underwriters. Default by any Underwriter in respect of its obligations hereunder or under the Purchase Agreement shall not release us from any of our obligations or in any way affect the liability of such defaulting Underwriter to the other Underwriters for damages resulting from such default. If one or more Underwriters default under the Purchase Agreement, if provided in such Purchase Agreement you may (but shall not be obligated to) arrange for the purchase by others, which may include yourselves or other non-defaulting Underwriters, of all or a portion of the Securities not taken up by the defaulting Underwriters.

In the event that such arrangements are made, the respective underwriting obligations of the non-defaulting Underwriters and the amounts of the Securities to be purchased by others, if any, shall be taken as the basis for all rights and obligations hereunder; but this shall not in any way affect the liability of any defaulting Underwriter to the other Underwriters for damages resulting from its default, nor shall any such default relieve any other Underwriter of any of its obligations hereunder or under the Purchase Agreement except as herein or therein provided. In addition, in the event of default by one or more Underwriters in respect of their obligations under the Purchase Agreement to purchase the Securities agreed to be purchased by them thereunder and, to the extent that arrangements shall not have been made by you for any person to assume the obligations of such defaulting Underwriter or Underwriters, we agree, if provided in the Purchase Agreement, to assume our proportionate share, based upon our underwriting obligation, of the obligations of each such defaulting Underwriter (subject to the limitations contained in the Purchase Agreement) without relieving such defaulting Underwriter of its liability therefor.

In the event of default by one or more Underwriters in respect of their obligations under this Agreement to take up and pay for any securities purchased, or to deliver any securities sold or over-allotted, by you for the respective accounts of the Underwriters, or to bear their proportion of expenses or liabilities pursuant to this Agreement, and to the extent that arrangements shall not have been made by you for any persons to assume the obligations of such defaulting Underwriter or Underwriters, we agree to assume our proportionate share, based upon our respective underwriting obligation, of the obligations of each defaulting Underwriter without relieving any such defaulting Underwriter of its liability therefor.

Section 21. Legal Responsibility. As Representatives of the Underwriters, you shall have no liability to us, except for your lack of good faith and for obligations assumed by you in this Agreement and except that we do not waive any rights that we may have under the 1933 Act or the 1934 Act or the rules and regulations thereunder. No obligations not expressly assumed by you in this Agreement shall be implied herefrom.

Nothing herein contained shall constitute the Underwriters an association, or partners, with you, or with each other, or, except as otherwise provided herein or in the Purchase Agreement, render any Underwriter liable for the obligations of any other Underwriter; and the rights, obligations and liabilities of the Underwriters are several in accordance with their respective underwriting obligations, and not joint.

If the Underwriters are deemed to constitute a partnership for federal income tax purposes, we elect to be excluded from the application of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1954, as amended, and agree not to take any position inconsistent with such election, and you, as Representatives, are authorized, in your discretion, to execute on behalf of the Underwriters such evidence of such election as may be required by the Internal Revenue Service.

Unless we have promptly notified you in writing otherwise, our name as it should appear in the Prospectus or Offering Circular and our address are set forth on the signature pages hereof.

Section 22. *Notices.* Any notice from you shall be deemed to have been duly given if mailed or transmitted to us at our address appearing below.

Section 23. *Governing Law.* This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in said State.

Please confirm this Agreement and deliver a copy to us.

Very truly yours,

Name of Firm:

By:
Authorized Officer or Partner

Address:

.....
.....
.....

Confirmed as of the date
first above written.

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED



By:
Name: Fred F. Hessinger

MASTER UNDERWRITERS' QUESTIONNAIRE

In connection with each offering of Securities pursuant to the Merrill Lynch, Pierce, Fenner & Smith Incorporated Master Agreement Among Underwriters, dated April 15, 1985 as revised (the "Agreement"), each Underwriter confirms the following information, except as indicated in such Underwriter's Acceptance or other written communication furnished to Merrill Lynch, Pierce, Fenner & Smith Incorporated. Defined terms used herein have the same meaning as defined terms in the Master Agreement Among Underwriters.

(a) Neither such Underwriter nor any of its directors, officers or partners have any material (as defined in Regulation C under the 1933 Act) relationship with Issuer, its parent (if any), any other seller of the Securities or any guarantor of the Securities.

(b) Except as described or to be described in the Agreement, the Merrill Lynch, Pierce, Fenner & Smith Incorporated Standard Dealer Agreement, the Purchase Agreement or the Invitation, such Underwriter does not know: (i) of any discounts or commissions to be allowed or paid to dealers, including all cash, securities, contracts, or other consideration to be received by any dealer in connection with the sale of the Securities, or of any other discounts or commissions to be allowed or paid to the Underwriters or of any other items that would be deemed by the NASD to constitute underwriting compensation for purposes of the NASD's Rules of Fair Practice, (ii) of any intention to over-allot, or (iii) that the price of any security may be stabilized to facilitate the offering of the Securities.

(c) No report or memorandum has been prepared for external use (i.e., outside such Underwriter's organization) by such Underwriter in connection with the proposed offering of Securities and, in the case of a Registered Offering, where the Registration Statement is on Form S-1, such Underwriter has not prepared or had prepared for it any engineering, management or similar report or memorandum relating to the broad aspects of the business, operations or products of the Issuer, its parent (if any) or any guarantor of the Securities within the past twelve months (except for reports solely comprised of recommendations to buy, sell or hold the securities of the Issuer, its parent (if any) or any guarantor of the Securities, unless such recommendations have changed within the past six months). If any such report or memorandum has been prepared, furnish to Merrill Lynch, Pierce, Fenner & Smith Incorporated three copies thereof, together with a statement as to the actual or proposed use, identifying each class of persons who have received or will receive the report or memorandum, the number of copies distributed to each class and the period of distribution.

(d) If the Securities are debt securities to be issued under an indenture to be qualified under the Trust Indenture Act of 1939, neither such Underwriter nor any of its directors, officers or partners is an "affiliate", as that term is defined under the Trust Indenture Act of 1939, of the Trustee for the Securities as specified in the Invitation, or of its parent (if any); neither the Trustee nor its parent (if any) nor any of their directors or executive officers is a director, officer, partner, employee, appointee or representative of such Underwriters as those terms are defined in the Trust Indenture Act of 1939 or in the relevant instructions to Form T-1; neither such Underwriter nor any of its directors, partners or executive officers, separately or as a group, owns beneficially 1% or more of its shares of any class of voting securities of the Trustee or of its parent (if any); and if such Underwriter is a corporation, it does not have outstanding nor has it assumed or guaranteed any securities issued otherwise than in its present corporate name, and neither the Trustee nor its parent (if any) is a holder of any such securities.

(e) If the Issuer is a public utility, such Underwriter is not a "holding company" or a "subsidiary company" or an "affiliate" of a "holding company" or of a "public utility company", each as defined in the Public Utility Holding Company Act of 1935.

(f) Neither such Underwriter nor any "group" (as that term is defined in Section 13(d)(3) of the 1934 Act) of which it is a member and is the beneficial owner (determined in accordance with Rule 13d-3 under the 1934 Act) of more than 5% of any class of voting securities of the Issuer, its parent (if any), any other seller of the Securities or any guarantor of the Securities nor does it have any knowledge that more than 5% of any class of voting securities of the Issuer is held or to be held subject to any voting trust or other similar agreement.



Equity Capital Markets

Debt and Equity Markets Group

World Financial Center
North Tower
New York, New York 10281-1305
212 449 6500

May 9 1996

RE:

1,500,000 Shares
NYT Circulation
Common Stock

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG
UNDERWRITERS AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

Grace Caruso
AUTHORIZED SIGNATURE

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DAI

Monday, May 20, 1996 3:42PM

Dalnet Wire #79824

Dalnet Master Message #IUI8U12

TO: Merrill Lynch, Pierce, Fenner & Smith Incorporated
(Manager)

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==	PARAGRAPH WIRE	==
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RE: NUI CORP.

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

WE WILL NEED 0 COPIES OF THE FINAL PROSPECTUS.

FOR 10-B-6 PURPOSES, WE WILL RESTRICT THE ABOVE SECURITY ONLY, UNLESS INSTRUCTED
BY YOU TO DO OTHERWISE.

DIANE B. BRENDEN
VICE PRESIDENT

BY: DEAN WITTER REYNOLDS INC.

Monday, May 20, 1996 3:42PM

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SYND 1377155A001.001 (/3561) SIML5FLR 09MAY96 20:51
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1EDJ000

ATTENTION: SYNDICATE DEPARTMENT

MAY 9, 1996
PAS
BK:EDJ-7981

RE: 1,000,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

5,000 FINALS.

PHIL SCHWAB, PRINCIPAL

EDWARD D. JONES & CO.

Via ComScan Inc.

NR-101

00:00

SYND 13023450001.001 (/3729) SIMLSFLR 16MAY96 13:53
TO: NEHRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TYMER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P100000

ATTENTION: SYNDICATE DEPARTMENT

MAY 16, 1996

PAG

NR100-0579

RE: 1,000,000 SHARES
MUT CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

760 FIMLL

ALEXANDER T. DAIENWALT, MANAGING DIRECTOR

ALEX. BROWN & SONS, INCORPORATED

U.S. Securities Inc.

CommScan

CommScan

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C

Friday, May 17, 1996 4:38PM

Dalnet Wire #77815

Dalnet Master Message #1U17866

TO: Merrill Lynch, Pierce, Fenner & Smith Incorporated
(Manager)

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=====	PARABKAPH WIRE	=====
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RE: NUI CORP.

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

WE WILL NEED 335 COPIES OF THE FINAL PROSPECTUS.

DUFF ANDERSON
MANAGING DIRECTOR

BY: DONALDSON, LOFRIN & JENNETTE SECURITIES CORPORATION

Friday, May 17, 1996 4:38PM

NN-NN

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SYND 1379159A001.001 (/3628) S1ML5FLR 13MAY96 19:05
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1AGE000

ATTENTION: SYNDICATE DEPARTMENT

MAY 13, 1996

PAS

BK:AGE-8217

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

500 FINALS.

HOWARD POSNER, SENIOR VICE PRESIDENT

A.G. EDWARDS & SONS, INC.

Via ComScan Inc.

NN-NN

LEV

SYND 1384614A001.001 (/3804) S1ML5FLR 20MAY96 15:28
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1880000

ATTENTION: SYNDICATE DEPARTMENT

MAY 20, 1996

PAS

BK:88-8774

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

-0- FINALS.

STEPHEN R. PIERCE, VICE PRESIDENT/EQUITY CAPITAL MARKETS
GOLDMAN, SACHS & CO.

NN-NN

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9

SYND 1379317A001.001 (/3634) S1ML5FLR 13MAY96 20:52
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: PIJMS000

ATTENTION: SYNDICATE DEPARTMENT

MAY 13, 1996

PAS

BK:JMS-8246

RE: 1,000,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

200 FINALS.

RICHARD A. THOMPSON, FIRST VICE PRESIDENT

JANNEY MONTGOMERY SCOTT INC.

Via ComScan Inc.
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DALNET

DALNET

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Thursday, May 16, 1975 4:11PM

Dalnet Wire #79803

Dalnet Master Message #10Y7234

TO: Merrill Lynch, Pierce, Fenner & Smith Incorporated
(Manager)

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PARAGRAPH WIRE

RE: NUI CORP.

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

WE WILL NEED 630 COPIES OF THE FINAL PROSPECTUS.

MARC L. FALEY
MANAGING DIRECTOR

NN-NN

3000nu

SYND 1384339A001.001 (/3793) 81ML5FLR 20MAY96 12:53
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1MS0000

ATTENTION: SYNDICATE DEPARTMENT

MAY 20, 1996
PAS
BK:MS-8749

RE: 1,000,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

400 FINALS.

THOMAS FARRAYE, VICE PRESIDENT
MORGAN STANLEY & CO. INCORPORATED

01250
SYND 13829400001.001 (3724) 614L5FLR 1400196 10:39
TO: HENKILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, 11 TIMES 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1200000

ATTENTION: SYNDICATE DEPARTMENT

JULY 16, 1996

PRO

BLKCN-8547

RE: 1,000,000 SHARES
NUE CORPORATION

COMMON STOCK, ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND MAKE NO EXCEPTIONS TO THE QUESTIONNAIRE.

PETER J. HANCOCK, VICE PRESIDENT
HANCOCK INVESTMENT LIMITED

12
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CommScan

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13

SYND 1382628A001.001 (/3736) S1ML5FLR 16MAY96 18:13
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1PW0000

ATTENTION: SYNDICATE DEPARTMENT

MAY 16, 1996

PAS

BK:PW-8602

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

225 FINALS.

JILL G. MONROE, FIRST VICE PRESIDENT

PAINWEBBER INCORPORATED

ConnScan Inc.

00-1

SYND 13023150001.001 (/3727) 810L3FLR 16MAY96 13:44
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, 80 TOWER STN FLR
NEW YORK, NEW YORK 10281
FROM: PIP00000

ATTENTION: SYNDICATE DEPARTMENT

MAY 16, 1996

PMB

BR:PSB-0575

RE: 1,000,000 SHARES
NUT CORPORATION
COMMON STOCK - ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE WRITER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

345 FINLEY

JOHN J. KELLY, VICE PRESIDENT
PACIFIC SECURITIES INCORPORATED

CONFIDENTIAL

CompuScan

CompuScan

SYND 13020100001.001 (/3721) 01ML5FLR 16MAY96 10:34
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, 11 TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1500000

ATTENTION: SYNDICATE DEPARTMENT

MAY 16, 1996
PAB
BK:SB-0542

RE: 1,000,000 SHARES
MII CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

SBS FINALS

DANIEL E. BELL, VICE PRESIDENT

SMITH BARNEY INC.

15
CommScan

CommScan

00/000

SYND 1377550A001.001 (/3578) S1ML5FLR 10MAY96 11:09
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1ADV000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996

PAS

BK:ADV-8019

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

100 FINALS

PHILIP SKIDMORE, SENIOR VICE PRESIDENT
ADVEST, INC.

Via ComScan Inc.

000

SYND 1378180A001.001 (/3600) S1ML5FLR 10MAY96 20:37
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1AFI000

17

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:AFI-8096

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

25 FINALS.

TOM SHERIDAN, SENIOR VICE PRESIDENT

ALLEN & COMPANY OF FLORIDA INC.

Allen & Company Inc.

J(0

18
SYND 1377380A001.001 (/3567) S1ML5FLR 10MAY96 09:07
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1DD0000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:DD-7995

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

20 FINALS

BRADLEY SWEENY, EXECUTIVE VICE PRESIDENT

DOMINICK & DOMINICK, INCORPORATED

NN-NN .

ee_p

19

SYND 1377375A001.001 (/3566) S1ML5FLR 10MAY96 09:05
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1FAH000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:FAH-7994

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

25 FINALS

ROGER D. ELSAS, SENIOR VICE PRESIDENT

FAHNESTOCK & CO. INC.

SYND 1378185A001.001 (/3601) SIML5FLR 10MAY96 20:42
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1ISC000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996

PAS

BK:ISC-8098

RE: 1,800,000 SHARES
NUJ CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

75 FINALS.

CLAYTON W. HILSMAN, SENIOR VICE PRESIDENT
INTERSTATE/JOHNSON LANE CORPORATION

Via ComScan Inc.

etee

SYND 1378151A001.001 (/3598) S1ML5FLR 10MAY96 20:08
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1LT0000

21

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996

PAS

BK:LT-8087

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

25 FINALS.

HOWARD L. BLUM, JR., CHAIRMAN/CHIEF EXECUTIVE OFFICER
LADENBURG, THALMANN & CO. INC.

Via ComScan Inc.

000 .

22

SYND 1377490A001.001 (/3573) S1ML5FLR 10MAY96 10:33
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1LMW000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:LMW-8009

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

154 FINALS

EDMUND J. CASHMAN, JR., SENIOR EXECUTIVE VICE PRESIDENT
LEGG MASON WOOD WALKER, INCORPORATED

Via ComScan Inc.

23

SYND 1378175A001.001 (/3599) S1ML5FLR 10MAY96 20:31
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: P1MCD000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:MCD-8094

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

140 FINALS.

MICHAEL L. ESSEX, SENIOR VICE PRESIDENT

MCDONALD & COMPANY SECURITIES, INC.

Via ComScan Inc.
=====

ET

DALNET

DALNET

24

Monday, May 13, 1996 10:59AM
Dalnet Wire #74775
Dalnet Master Message #IUI5200
TO: Merrill Lynch, Pierce, Fenner & Smith Incorporated
(Manager)

=====

PARAGRAPH WIRE

RE: NUI CORP.

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

WE WILL NEED 50 COPIES OF THE FINAL PROSPECTUS.

SCOTT B. COOK
VICE PRESIDENT

BY: RAYMOND JAMES & ASSOCIATES, INC.

Monday, May 13, 1996 10:59AM

NN-NN

eg

25

SYND 1379266A001.001 (/3633) S1ML5FLR 13MAY96 20:24
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: PIRHY000

ATTENTION: SYNDICATE DEPARTMENT

MAY 13, 1996

PAS

BK:RHY-8236

RE: 1,800,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.
130 FINALS.

ROBERT J. GLENN, EXECUTIVE VICE PRESIDENT
THE ROBINSON-HUMPHREY COMPANY, INC.

Via ComScan Inc.



Ryan, Beck & Co.

Excellence in Investments Since 1946



80 Main Street
West Orange, NJ 07062
(201) 325-3000
1-800-342-2325

To: Merrill Lynch & Co. - Equity Syndicate Department
From: Bruce Chodash
Date: May 17, 1996
Re: NUI Corporation

We accept the invitation to participate in the offering of the above issue. We agree to be bound by the master AAU and have no exceptions to the questionnaire.

Sincerely,

Bruce Chodash
Executive Vice President
RYAN, BECK & COMPANY
80 Main Street
West Orange, NJ 07052

26
SYND 1378190A001.001 (/3602) S1ML5FLR 10MAY96 20:47
TO: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
WORLD FINANCIAL CENTER, N TOWER 5TH FLR
NEW YORK, NEW YORK 10281
FROM: PITKA000

ATTENTION: SYNDICATE DEPARTMENT

MAY 10, 1996
PAS
BK:TKA-8100

RE: 1,000,000 SHARES
NUI CORPORATION
COMMON STOCK ALL PRIMARY

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE
ABOVE ISSUE.

WE AGREE TO BE BOUND BY THE MASTER AGREEMENT AMONG UNDERWRITERS
AND HAVE NO EXCEPTIONS TO THE QUESTIONNAIRE.

-0- FINALS.

LARRY G. MCBUIRE, EXECUTIVE VICE PRESIDENT
TUCKER ANTHONY INCORPORATED

Via ComScan Inc.
=====

DAINET

27

DAINET

DAINET

Monday, May 13, 1996 4:20PM

Dalnet Wire #79781

Dalnet Master Message #1015448

TO: Merrill Lynch, Pierce, Fenner & Smith Incorporated
(Manager)

=====

=====	PARAGRAPH WIRE	=====
==		==
=====		=====

RE: NUI CORP.

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

WE WILL NEED 100 COPIES OF THE FINAL PROSPECTUS.

R. SCOTT TURNER
MANAGING DIRECTOR

BY: HEATH FIRST SECURITIES, INC.

(C1 -2- INVITATION)

MAY 9, 1996

AMENDMENT NO.1 TO REGISTRATION FILED MAY 8, 1996 ON FORM S-3 COVERING
PROPOSED OFFERING OF 1,000,000 SHARES NUI CORPORATION
COMMON STOCK ALL PRIMARY

OFFERING SCHEDULED: WEEK OF MAY 20, 1996, PURSUANT TO RULE 430A
NYSE SYMBOL: "NUI"

WE INVITE YOU TO UNDERWRITE APPROX. A SHARES.

THE ISSUER HAS INDICATED THAT PROSPECTUS DISCLOSURE IN THIS OFFERING
WILL BE ACCOMPLISHED USING THE CONVENTIONAL PROSPECTUS METHOD. YOU
WILL BE NOTIFIED OF ANY CHANGES IN THE PLAN.

PAPERS ARE BEING SENT BY HAND

PLEASE ADVISE SYNDICATE DEPARTMENT OF MERRILL LYNCH PROMPTLY
OF YOUR ACCEPTANCE.

THE MERRILL LYNCH MASTER AGREEMENT AMONG UNDERWRITERS DATED APRIL 15,
1985 (AS REVISED) ('MASTER AAU') AND THE MERRILL LYNCH MASTER
UNDERWRITERS QUESTIONNAIRE ('QUESTIONNAIRE') WILL BE IN EFFECT
FOR THIS OFFERING. IN ORDER TO PARTICIPATE IN THIS OFFERING, PLEASE
STATE THE FOLLOWING VIA COM SCAN WIRE TO MLPF&S SYND. DEPT:

RE: NUI CORPORATION

WE ACCEPT THE INVITATION TO PARTICIPATE IN THE OFFERING OF THE ABOVE
ISSUE. WE AGREE TO BE BOUND BY THE MASTER AAU AND HAVE NO EXCEPTIONS
TO THE QUESTIONNAIRE.

THIS WIRE MUST BE SIGNED WITH YOUR FIRM'S OFFICIAL NAME AND ADDRESS
ALSO STATING NAME AND TITLE OF OFFICER OR PARTNER SIGNING THIS WIRE.
FOR ADDITIONAL PREL. PROB. NEW YORK UNDERWRITERS PLEASE PICK
UP AT MERRILL LYNCH, 250 VESEY STREET, STREET LEVEL, NEW YORK, NY
10281 PROSPECTUS DEPARTMENT. OUT OF TOWN UNDERWRITERS, SEND LABELS
TO THE ABOVE ADDRESS.

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
DEAN WITTER REYNOLDS INC.
EDWARD D. JONES & CO.
AS REPRESENTATIVES

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

INCLUDE BRACKETING

@=42603	
Merrill Lynch	304,000
Dean Witter Reynolds	304,000
Edward Jones	304,000
Alex. Brown	50,000
CS First Boston	50,000
Donaldson Lufkin	50,000
A.G. Edwards	50,000
Goldman Sachs	50,000
Janney Montgomery	50,000
Lehman Brothers Inc.	50,000
Morgan Stanley	50,000
Natwest Securities	50,000
PaineWebber	50,000
Prudential Securities	50,000
Smith Barney Inc.	50,000
Advest	24,000
Allen & Co. of Fla.	24,000
Dominick & Dominick	24,000
Fahnestock	24,000
Interstate/Johnson	24,000
Ladenburg Thalmann	24,000
Legg Mason	24,000
McDonald	24,000
Raymond James	24,000
Robinson Humphrey	24,000
Tucker Anthony Inc.	24,000
Wheat, First Sec.	24,000
==END WIRE: DEAL.NUI96C	

LIST INVITATION

LINES = 72

C2 -7- RETENTION/10(B)-6)

MAY 15, 1996

RE PROPOSED OFFG. 1,800,000 SHARES NUI CORPORATION
COMMON STOCK

OFFG. SCHED. WEEK OF MAY 20, 1996

UNDERWRITING __A__ SHARES RETAINING __B__ SHARES

PURSUANT TO RULE 10(B)-6 IT WILL BE NECESSARY FOR YOU TO RESTRICT THE
APPROPRIATE SECURITIES AT 4:00 P.M. ON THURSDAY, MAY 16, 1996

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

DEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO., L.P.

AS REPRESENTATIVES

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
#42603

Merrill Lynch	296,000	750,000
Dean Witter Reynolds	296,000	700,000
Edward Jones	296,000	150,000
Alex. Brown	50,000	20,000
CS First Boston	50,000	0
Donaldson Lufkin	50,000	0
A.G. Edwards	50,000	15,000
Goldman Sachs	50,000	0
Janney Montgomery	50,000	0
Lehman Brothers Inc.	50,000	0
Morgan Stanley	50,000	0
Natwest Securities	50,000	0
PaineWebber	50,000	0
Prudential Securitie	50,000	0
Smith Barney Inc.	50,000	0
Advest	24,000	10,000
Allen & Co. of Fla.	24,000	5,000
Dominick & Dominick	24,000	10,000
Fahnestock	24,000	10,000
Interstate/Johnson	24,000	10,000
Ladenburg Thalmann	24,000	10,000
Legg Mason	24,000	10,000
McDonald	24,000	10,000
Raymond James	24,000	7,000
Robinson Humphrey	24,000	50,000
Ryan Beck	24,000	10,000
Tucker Anthony Inc.	24,000	3,000
Wheat, First Sec.	24,000	10,000
WEND WIRE: DEAL.NUI96C	24,000	10,000

LIST.RETENTION

LINES = 48

C5 -8- RELEASE S/G)
AY 21, 1996

E OFFG. 1,800,000 SHARES NUI CORPORATION
COMMON STOCK

REGISTRATION STATEMENT EFFECTIVE AND STOCK RELEASED AT THE CLOSE OF
BUSINESS ON MAY 20, 1996

OFFG. PRICE: \$ 18.00

/C: \$.40

REALLOW: \$.10

SETTLE: 05/24/96

CUSIP #: 629430109

SELLING GROUP ALLOTMENT A SHARES.

SELLING GROUP PRICE RESTRICTIONS TERMINATED AS OF 9:25 A.M. ON
MAY 21, 1996.

PAYMENT WIRE TO FOLLOW. ALL PROPOSED BLUE SKY ACTION CLEARED.

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

DEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO.

AS REPRESENTATIVES

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
#42603

Pryor, McClendon, Counts & Co.,

**END WIRE: DEAL.NUI96C

LIST.CONFIRM

5,000

LINES = 30

OK
July 21/96

C11 -3- U/W TERMINATION)

AY 21, 1996

E OFFG. 1,800,000 SHARES NUI CORPORATION COMMON STOCK

RICE AND TRADING RESTRICTIONS TERMINATED AS OF 09:25 A.M. ON
AY 21, 1996

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

JEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO., L.P.

S REPRESENTATIVES

Y: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
=42603

Merrill Lynch

jean Witter Reynolds

Edward Jones

Alex. Brown

Donaldson Lufkin

J.G. Edwards

Goldman Sachs

Manney Montgomery

Lehman Brothers Inc.

Morgan Stanley

Natwest Securities

Prudential Securities

Smith Barney Inc.

Investment

Advest

Allen & Co. of Fla.

Dominick & Dominick

Fahnestock

Interstate/Johnson

Ladenburg Thalmann

Legg Mason

McDonald

Raymond James

Robinson Humphrey

Ryan Beck

Tucker Anthony Inc.

Wheat, First Sec.

**END WIRE: DEAL.NUI96C

LIST.MAIL - U/W - WO COMM

LINES = 42

OK
Wright
Carlson
Trish

Mo
@10:15

C45 -14- DIRECTED ORDERS)

MAY 22, 1996

OFFG 1,600,000 SHARES NUI CORPORATION COMMON STOCK

THE FOLLOWING ARE YOUR POT ORDERS AND MBD'S

INST	POT PROTECTED	
NAME	POT SUPPLIED	MBD'S
A-	B SHARES	C SHARES

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

DEAN WITTER REYNOLDS, INC.

EDWARD D. JONES & CO.

AS REPRESENTATIVES

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

9=42603

Merrill Lynch

BANQUE BRUXELLES LAM	1,600	0
UNION BANCAIRE PRIVE	8,000	0
CAPEL CURE MYERS (LD	1,600	0
MELLON INDEX	8,000	0
NORTHERN ASSET	4,000	0
PUTNAM INVESTMENTS I	216,000	0
TOTAL:	239,200	0

Dean Witter Reynolds

BANQUE BRUXELLES LAM	200	0
UNION BANCAIRE PRIVE	1,000	0
CAPEL CURE MYERS (LD	200	0
MELLON INDEX	1,000	0
NORTHERN ASSET	500	0
PUTNAM INVESTMENTS I	27,000	0
TOTAL:	29,900	0

Edward Jones

BANQUE BRUXELLES LAM	200	0
UNION BANCAIRE PRIVE	1,000	0
CAPEL CURE MYERS (LD	200	0
MELLON INDEX	1,000	0
NORTHERN ASSET	500	0
PUTNAM INVESTMENTS I	27,000	0
TOTAL:	29,900	0

**END WIRE: DEAL.NUI96C

LIST.DIRECTED ORDERS

LINES = 44

CB'-9- U/W PAYMENT DTC)

AY 22, 1996

E OFFG. 1,800,000 SHARES NUI CORPORATION COMMON STOCK

FFG. PRICE: \$18.00

/C: \$.40

ETENTION: A SHARES WHICH INCLUDES SELLING GROUP IF ANY

GR. BILL & DLVR: B SHARES

PAYMENT: \$ C EFFECTED THROUGH DEPOSITORY TRUST CO.,

DFS ON MAY 24, 1996

USIP #: 629430109

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

JEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO.

S REPRESENTATIVES

Y: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

=42603

Merrill Lynch	760,000	239,200	13,376,000.00
jean Witter Reynolds	691,000	29,900	12,161,600.00
Edward Jones	140,000	29,900	2,464,000.00
Alex. Brown	20,000	0	352,000.00
Donaldson Lufkin	5,000	0	88,000.00
R.G. Edwards	15,000	0	264,000.00
Goldman Sachs	0	0	0.00
Janney Montgomery	45,000	0	792,000.00
Lehman Brothers Inc.	0	0	0.00
Morgan Stanley	0	0	0.00
Natwest Securities	10,000	0	0.00
RaineWebber	20,000	0	176,000.00
Prudential Securitie	15,000	0	352,000.00
Smith Barney Inc.	25,000	0	264,000.00
Invest	10,000	0	440,000.00
Allen & Co. of Fla.	7,000	0	176,000.00
Dominick & Dominick	10,000	0	123,200.00
Fahnestock	10,000	0	176,000.00
Interstate/Johnson	10,000	0	176,000.00
Ladenburg Thalmann	10,000	0	176,000.00
Legg Mason	10,000	0	176,000.00
McDonald	10,000	0	176,000.00
Raymond James	7,000	0	123,200.00
Robinson Humphrey	25,000	0	440,000.00
Ryan Beck	10,000	0	176,000.00
Tucker Anthony Inc.	5,000	0	88,000.00
Heat, First Sec.	10,000	0	176,000.00
WEND WIRE: DEAL.NUI96C	10,000	0	176,000.00
LIST.UPAY			LINES = 52

C9 -10- S/G PAYMENT DTC)

MAY 22, 1996

THIS IS YOUR CONFIRMATION.

OFFERING 1,800,000 SHARE NUI CORPORATION COMMON STOCK

THIS IS YOUR DTC# ON FILE WITH US. IF OTHERWISE PLEASE NOTIFY US

IMMEDIATELY AT (212)449-6500

CONFIRM. SALE SELLING GROUP B SHARES

GR. BILL & DLVR: C SHARES FOR WHICH YOU WILL RECEIVE A CHECK EQUAL

TO THE SELLING CONCESSION ON THOSE SHARES, ONCE YOU HAVE EXECUTED
OUR STANDARD DEALER AGREEMENT WHICH REMAINS ON FILE WITH US.

OFFG. PRICE: \$18.00

S/C: \$.40

PAYMENT: \$ D EFFECTED THROUGH DEPOSITORY TRUST CO.,

SDFS ON MAY 24, 1996

CUSIP #: 629430109

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

DEAN WITTER REYNOLDS INC.

EDWARD D. JONES & CO.

AS REPRESENTATIVES

BY: MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

2=42603

Pryor, McClendon, Co 00030

**END WIRE: DEAL.NUI96C

5,000

LIST.SELLING GROUP BLOTTER

88,000.00
LINES = 33

The Robinson-Humphrey Company, Inc.

Member New York Stock Exchange, Inc.

Corporate Syndicate
Department

TO WHOM IT MAY CONCERN:

The Robinson-Humphrey Company, Inc. is registered in all 50 states, as well as in Washington, D.C. and Puerto Rico.



National Utility Investors

Exhibit D (6)

NUI Companies:
City Gas Company of Florida
Elizabethtown Gas Company
Elkton Gas Service
Natural Gas Services, Inc.
North Carolina Gas Service
Utility Billing Services, Inc.
Valley Cities Gas Service
Waverly Gas Service

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-8000

March 27, 1996

The Hon. James Nappi, Esq.
Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In the Matter of the Petition of NUI Corporation
For Authority Under N.J.S.A. 48:3-9 To Issue Up
To 2,000,000 Shares of Additional Common Stock

Dear Secretary Nappi:

Enclosed please find an original and ten copies of a petition seeking the Board's authority to issue up to 2,000,000 shares of common equity pursuant to N.J.S.A. 48:3-9. NUI Corporation intends to use the proceeds from such an offering to retire a revolving credit instrument and other short term debt. A second petition is also being filed this day to request authority to enter into a loan agreement with the New Jersey Economic Development Authority and borrow up to \$39,000,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Revenue Bonds.

Included as part of this filing are a case statement and supporting schedules detailing a comparative consolidated balance sheet; summary plant and equipment costs; consolidated income statements; statement of cash flows; statement of capitalization and such pro-forma statements to reflect the effect of the financing. Journal entries are proposed to reflect recording of the financing. In addition, statements of interest coverage and interest expense are included in the supporting schedules. The draft registration statement and estimated issuance costs will be supplied before the end of this week.

Please stamp the additional copy of this petition as "FILED"

page two
Secretary Nappi
March 27, 1996

and return in the overnight mailing envelope which is enclosed.
Thank you.

Very truly yours,

Mary Patricia Keefe
MARY PATRICIA KEEFE
Senior Vice President
and
General Counsel

MPK:dc

cc: Fred S. Grygiel, w/encl.
Mark Beyer, w/encl.
Leo Lim, w/encl.
Robert Chilton, w/encl.

CASE STATEMENT

NUI Corporation's petition seeks authorization to issue up to 2,000,000 shares of common stock through a public offering.

	X	
	:	
In the Matter of the Petition Of	:	
NUI Corporation For Authority	:	
Under <u>N.I.S.A.</u> 48:3-9 To Issue	:	Docket No.
Up To 2,000,000 Shares of	:	
Additional Common Stock	:	
	:	
	X	

Pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9, Petitioner, NUI Corporation, a public utility corporation duly organized under the laws of the States of New Jersey, subject to the jurisdiction of the Board of Public Utilities, respectfully states:

- | | |
|---------------------------|-------------------------------|
| Mary Patricia Keefe | Robert Lurie |
| Senior Vice President And | Treasurer |
| General Counsel | NUI Corporation |
| Elizabethtown Gas Company | 550 Route 202-206 |
| One Elizabethtown Plaza | Bedminister, New Jersey 07921 |
| Union, New Jersey 07083 | |

3. Petitioner is engaged in the business of distributing natural and mixed gas in service territories located in portions of the State of New Jersey, Florida, Maryland, New York, North Carolina, and Pennsylvania. Petitioner's New Jersey Division, Elizabethtown Gas Company, distributes natural and mixed gas to approximately 239,000

customers in a service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union, and Warren Counties.

4. Petitioner seeks authority to issue up to 2,000,000 shares of common stock in May 1996 through a public offering. The price of the stock will be determined by market conditions at the time of issuance.

5. It is requested that the financial dockets of Petitioner and its predecessor, Elizabethtown Gas Company, be incorporated by reference to show the approval of the issuance of securities, execution and delivery of trust agreements and indentures, mergers and consolidations of predecessor companies and subsidiaries, and certificate of incorporation as amended.

6. No franchise or franchise right is proposed to be capitalized directly or indirectly.

7. The proceeds from the issuance of stock shall be utilized to retire Petitioner's revolving credit facility and short term debt on the corporate books of Petitioner.

8. All corporate action necessary under the statutes of the states of New Jersey, Florida and the other states in which NUI operates in connection with the proposed transaction has been or will be taken prior to the issuance of additional shares.

9. Specific formal approvals from regulatory authorities in the other states where NUI operates are being sought where necessary.

10. In support of this Petition, the following Exhibits are attached:

- A. Comparative consolidated balance sheet as of December 31, 1995 and 1994.
- B. Rollforward of property, plant and equipment costs for the years ended December 31, 1995 and 1994.
- C. Comparative consolidated income statement for the years ended December 31, 1995 and 1994.
- D. Consolidating balance sheet as of December 31, 1995.
- E. Consolidating income statement for the twelve months ended December 31, 1995.
- F. Consolidating statement of cash flows for the twelve months ended December 31, 1995.
- G. Consolidating statement of capitalization as of December 31, 1995.
- H. Consolidating pro-forma balance sheet and income statement as of and for the twelve months ended December 31, 1995, reflecting the financings.
- I. Journal entries to record the financings.
- J. Consolidating pro-forma statement of capitalization as of December 31, 1995, reflecting the financings.
- K. Actual and pro-forma interest coverage ratios for the twelve months ended December 31, 1995.
- L. Consolidating balance sheet as of the previous fiscal year ended September 30, 1995.
- M. Consolidating income statement for the previous fiscal year ended September 30, 1995.
- N. Statement of dividends paid for the previous fiscal year ended September 30, 1995.

- O. Statement of interest expenses (income) for the previous fiscal year ended September 30, 1995.
- P. Statement of use of proceeds from the financing.
- Q. Statement of estimated issuance costs. (To be supplied)
- R. Resolution of the NUI Board of Directors authorizing the proposed transactions.
- S. Draft order. (To be supplied)
- T. Draft registration information concerning the proposed common stock issue. (To be supplied)
- U. Affidavit of Robert Lurie, NUI's Treasurer.

15. Petitioner wishes to assure its ability to commence issuing stock no later than May 10, 1996. Accordingly, Petitioner requests the Board to issue an order approving the proposed stock issuance no later than May 9, 1996.

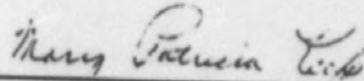
CONCLUSION

WHEREFORE, Petitioner requests that the Board issue an order authorizing Petitioner to issue up to 2,000,000 shares of common stock. Petitioner requests the Board to act on this Petition as quickly as possible in order that the Board may issue a final order in this proceeding no later than May 8, 1996.

Respectfully submitted,

NUI Corporation

By:



Mary Patricia Keefe
Senior Vice President and General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Union, New Jersey 07083

Date: March 27, 1996

NUI Corporation and Subsidiaries
Comparative Consolidated Balance Sheet
(Dollars in Thousands)

Exhibit A
Page 1 of 2

	Balance at 31-Dec-95	Balance at 31-Dec-94	Change
Assets And Other Debits			
<u>Utility Plant</u>			
101 Utility Plant in Service	\$570,387	\$562,145	\$8,842
107 Construction Work in Progress	9,457	9,149	308
108 Accumulated Provision for Depreciation	(179,075)	(174,302)	(4,773)
114 Gas Plant Acquisition Adjustments	42,711	39,449	3,262
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	(8,095)	(5,917)	(2,178)
117 Gas Stored Underground - Noncurrent Net Utility Plant	-	184	(184)
	<u>435,985</u>	<u>430,708</u>	<u>5,277</u>
<u>Other Property And Investments</u>			
121 Non-Utility Property	25,229	1,551	23,678
122 Accumulated Provision for Depreciation	(9,406)	(786)	(8,620)
124 Other Investments	3,037	3,181	(144)
125 Special Funds	-	15	(15)
Total Other Property And Investments	<u>18,860</u>	<u>3,961</u>	<u>14,899</u>
<u>Current And Accrued Assets</u>			
131 Cash	422	5,534	(5,112)
134 Special Deposits	904	-	904
135 Working Funds	49	55	(6)
136 Temporary Cash Investments	1,724	-	1,724
141 Notes Receivable	-	35	(35)
142 Customer Accounts Receivable	63,776	44,747	19,029
143 Other Accounts Receivable	1,828	6,001	(4,173)
144 Accumulated Provision for Uncollectible Accounts	(2,322)	(1,899)	(423)
146 Accounts Receivable from Associated Companies	-	-	-
154 Plant Materials & Operating Supplies	2,870	3,000	(130)
155 Merchandise	452	824	(372)
156 Other Material & Supplies	25	-	25
164.1 Gas Stored Underground-Current	20,217	22,988	(2,771)
165 Prepayments	4,915	4,630	285
171 Interest and Dividends Receivable	-	63	(63)
173 Accrued Utility Revenues	3,273	4,122	(849)
Total Current And Accrued Assets	<u>98,133</u>	<u>90,100</u>	<u>8,033</u>
<u>Deferred Debits</u>			
181 Unamortized Debt Expense	3,211	2,989	222
182.3 Other Regulatory Assets	54,124	48,425	5,699
186 Miscellaneous Deferred Debits	3,469	7,940	(4,471)
189 Unamortized Loss on Reacquired Debt	2,335	2,194	141
190 Accumulated Deferred Income Taxes	6,078	3,420	2,658
191 Unrecovered Purchased Gas Costs	4,344	2,154	2,190
Total Deferred Charges and Other Assets	<u>73,561</u>	<u>67,122</u>	<u>6,439</u>
Total Assets And Other Debits	<u>\$626,539</u>	<u>\$591,891</u>	<u>\$34,648</u>

NUI Corporation and Subsidiaries
Comparative Consolidated Balance Sheet
(Dollars in Thousands)

Exhibit A
Page 2 of 2

	Balance at 31-Dec-95	Balance at 31-Dec-94	Change
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
201 Common Stock Issued	\$139,353	\$139,217	\$136
211 Miscellaneous Paid-in-Capital	(671)	(1,396)	725
216 Retained Earnings	8,293	8,615	(322)
217 Reacquired Capital Stock	(1,526)	(798)	(728)
Total Proprietary Capital	<u>145,449</u>	<u>145,638</u>	<u>(189)</u>
<u>Long-Term Debt</u>			
221 Bonds	107,728	112,009	(4,281)
224 Other Long-Term Debt	101,044	31,186	69,858
226 Unamortized Discount on Long Term Debt	(362)	-	(362)
Total Long-Term Debt	<u>208,410</u>	<u>143,195</u>	<u>65,215</u>
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,890	11,738	(848)
228.2 Accumulated Provision for Injuries & Damages	1,069	164	905
228.3 Accumulated Provision for Pensions & Benefits	4,616	2,966	1,650
228.4 Accumulated Miscellaneous Operating Provisions	40,276	37,313	2,963
Total Other Noncurrent Liabilities	<u>56,851</u>	<u>52,181</u>	<u>4,670</u>
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	58,221	110,350	(52,129)
232 Accounts Payable	40,447	29,467	10,980
234 Accounts Payable to Associated Companies	-	-	-
235 Customer Deposits	10,034	11,526	(1,492)
236 Taxes Accrued	5,081	8,954	(3,873)
237 Interest Accrued	5,186	3,617	1,569
241 Tax Collections Payable	866	883	(17)
242 Miscellaneous Current & Accrued Liabilities	6,864	6,068	796
243 Obligations Under Capital Leases	1,518	1,557	(39)
Total Current Liabilities	<u>128,217</u>	<u>172,422</u>	<u>(44,205)</u>
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,714	1,723	(9)
253 Other Deferred Credits	10,534	7,900	2,634
254 Other Regulatory Liabilities	7,068	4,350	2,718
255 Accumulated Deferred Investment Tax Credits	6,986	7,452	(466)
282 Accumulated Deferred Federal Income Taxes	61,310	57,030	4,280
Total Deferred Credits	<u>87,612</u>	<u>78,455</u>	<u>9,157</u>
Total Liabilities And Other Credits	<u>\$626,539</u>	<u>\$591,891</u>	<u>\$34,648</u>

NUI CORPORATION AND SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 1 OF 4

FERC DESCRIPTION		01/01/94 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/94 BALANCE
PRODUCTION							
304	LAND RIGHTS	16,249	476,559	0	-476,559	0	16,249
304	LAND & LAND RIGHTS	164,436	0	0	0	0	164,436
305	STRUC & IMPROVEMENTS	668,493	0	-49,906	0	0	618,587
311	L.P. GAS EQUIP	7,795,628	63,798	-246,106	11,378	0	7,624,698
320	OTHER EQUIP-YARD PIPE	526,612	734	0	0	0	527,346
320	OTHER EQUIP-MISC.	527,890	7,880	0	0	0	535,770
	TOTAL PRODUCTION	<u>9,699,308</u>	<u>548,971</u>	<u>-296,012</u>	<u>-465,181</u>	<u>0</u>	<u>9,487,086</u>
TRANSMISSION							
363	RIGHTS OF WAY	452,544	0	0	0	0	452,544
366	STRUCTURES & IMPROVEMENTS	2,983	0	0	0	0	2,983
367	TRANSMISSION MAINS	2,991,444	0	-106,013	-541,553	0	2,343,878
369	M & R EQUIP	62,975	117,225	0	25	0	180,225
371	OTHER EQUIPMENT	127	0	0	0	0	127
	TOTAL TRANSMISSION	<u>3,510,073</u>	<u>117,225</u>	<u>-106,013</u>	<u>-541,528</u>	<u>0</u>	<u>3,979,757</u>
STORAGE							
360	LAND & LAND RIGHTS-GAS HLDG	68,417	0	0	0	0	68,417
361	STRUCTURES & IMPROVEMENTS	96,288	0	0	0	0	96,288
362	GAS HOLDERS	2,623,654	15,406	0	0	0	2,639,060
362	LNG TANKS	3,160,543	10,573	-2,472	0	0	3,168,644
363	VAPORIZING EQUIPMENT	813,014	11,214	0	0	0	824,228
363	MEASURING & REG EQUIPMENT	1,029,125	14,163	0	0	0	1,043,288
	TOTAL STORAGE	<u>7,791,041</u>	<u>51,356</u>	<u>-2,472</u>	<u>0</u>	<u>0</u>	<u>7,839,925</u>
DISTRIBUTION							
374	LAND & LAND RIGHTS-DIST OPER	1,642,607	-4,297	0	0	0	1,638,310
374	LAND RIGHTS	1,711,415	12,839	0	0	0	1,724,254
375	STRUCTURES & IMPROVEMENTS	5,492,945	445,767	-5,738	0	0	5,928,974
376	DISTRIBUTION MAINS	234,172,381	27,128,986	-762,910	539,444	0	261,077,901
378	MEASUR & REGUL EQUIP-GEN.	12,069,628	1,597,666	-293,162	-90	0	13,374,042
379	MEASUR & REGUL EQUIP-GATE ST	10,480,602	862,211	-721,854	0	0	10,620,959
380	SERVICES	113,632,192	10,417,853	-713,102	111	0	123,337,054
381	METERS	21,363,484	1,809,665	-130,165	0	0	23,042,984
381	METERS-TIN	439,063	0	-105,888	0	0	333,175
382	METER INSTALLATIONS	12,945,140	800,565	-53,203	0	0	13,692,602
383	HOUSE REGULATORS	4,002,308	371,199	-31,078	0	0	4,342,429
385	IND. MEAS. & REG. EQUIP.	7,944,255	1,574,812	-10,940	65	0	9,508,192
386	OTHER PROPERTY	19,452,171	4,175,437	-881,353	0	0	22,746,255
387	OTHER EQUIPMENT	1,806,745	63,782	0	0	0	1,870,527
	TOTAL DISTRIBUTION	<u>447,155,036</u>	<u>49,256,485</u>	<u>-3,713,393</u>	<u>539,530</u>	<u>0</u>	<u>493,237,658</u>

NUI CORPORATION AND SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 2 OF 4

GENERAL	PERC DESCRIPTION	01/01/94 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/94 BALANCE
389	LAND & LAND RIGHTS-UTILITY	543,456	0	0	0	0	745,472
390	STRUCTURES & IMPROVEMENTS	3,773,045	132,026	-22,787	202,016	0	4,156,827
390	LEASEHOLD IMPROVEMENTS	897,518	27,316	0	274,543	0	924,834
391	LEASED STRUCTURE IMPROV.	12,537,436	987	0	0	0	12,538,423
391	FURNITURE & FIXTURES	3,018,930	855,839	-219,557	0	0	3,655,212
391	PERSONAL COMPUTERS-CRTS	2,852,991	675,754	-9,295	0	0	3,519,450
391	COMPUTER EQUIPMENT-LEASED	1,289,210	0	-263,220	0	0	1,025,990
391	COMP. EQUIP.-MAINFRAME	893,999	3,744	0	0	0	897,743
392	VEHICLES - OWNED	1,585,335	184,890	-93,442	0	0	1,676,783
392	LIGHT TRUCKS-OWNED	21,170	0	-21,170	0	0	0
392	HEAVY TRUCKS-OWNED	71,115	8,480	-78,987	0	0	608
393	BLC LEASES	6,977,590	909,076	-41,865	0	0	7,844,801
393	SOYRAN LEASES	414,733	256,769	-274,733	0	0	396,769
393	STORES EQUIPMENT	354,597	9,394	-55,254	0	0	308,737
394	TOOLS, SHOP & GARAGE EQUIP.	4,285,419	539,995	-76,687	1,613	0	4,750,340
395	LABORATORY EQUIPMENT	229,485	0	-5,402	0	0	224,083
396	POWER EQUIPMENT-COMPRESSORS	457,035	45,393	-24,926	0	0	477,502
396	POWER EQUIPMENT-TRACTORS	184,230	0	-114,619	0	0	184,230
397	COMMUNICATION EQUIPMENT	2,231,870	137,976	0	0	0	2,355,227
397	COMMUNICATION EQUIP-LEASED	997,232	0	-1,760	43,927	0	997,232
398	MISCELLANEOUS EQUIPMENT	512,449	5,520	-1,303,704	522,099	0	560,136
	TOTAL GENERAL	44,128,845	3,793,159	-1,303,704	522,099	0	47,140,399
301	ORGANIZATION PLANT	101,630	0	0	0	0	101,630
302	FRANCHISES & CONSENTS	109,989	24,855	0	0	0	134,844
303	MISC. INTANGIBLE	1,098,947	125,209	0	0	0	1,224,156
	TOTAL INTANGIBLE	1,310,566	150,064	0	0	0	1,460,630
	TOTAL IN SERVICE	513,594,869	53,917,260	-5,421,594	54,920	0	562,143,455
	CONSTRUCTION WORK IN PROGRESS	4,377,918	4,771,122	0	0	0	9,149,040
	ACQUISITION ADJUSTMENT	18,427,063	21,022,310	0	0	0	39,449,373
	NON UTILITY PROPERTY	1,551,261	0	0	0	0	1,551,261
	TOTAL PLANT	537,951,111	79,710,692	-5,421,594	54,920	0	612,295,129

NUI CORPORATION & SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 3 OF 4

PERC DESCRIPTION	01/01/95 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/95 BALANCE
PRODUCTION						
304 LAND RIGHTS	16,249	0	0	0	0	16,249
304 LAND & LAND RIGHTS	164,436	0	0	0	0	164,436
305 STRUC & IMPROVEMENTS	618,587	616,114	-861	0	0	1,233,840
311 L.P. GAS EQUIP	7,624,698	11,508	-3,389	0	0	7,632,817
320 OTHER EQUIP-YARD PIPE	527,346	0	0	0	0	527,346
320 OTHER EQUIP-MISC.	535,770	24,872	0	0	0	560,642
TOTAL PRODUCTION	9,487,086	652,494	-4,250	0	0	10,135,330
TRANSMISSION						
365 RIGHTS OF WAY	452,544	0	0	0	0	452,544
366 STRUCTURES & IMPROVEMENTS	2,983	0	0	0	0	2,983
367 TRANSMISSION MAINS	2,343,878	0	0	0	0	2,343,878
369 M & R EQUIP	180,225	0	0	0	0	180,225
371 OTHER EQUIPMENT	127	0	0	0	0	127
TOTAL TRANSMISSION	2,979,757	0	-5,534	-1,717	0	2,972,506
STORAGE						
360 LAND & LAND RIGHTS-GAS HLDG	68,417	0	0	0	0	68,417
361 STRUCTURES & IMPROVEMENTS	96,288	0	0	0	0	96,288
362 GAS HOLDERS	2,639,060	0	0	0	0	2,639,060
362 LNG TANKS	3,168,644	387	0	0	0	3,169,031
363 VAPORIZING EQUIPMENT	824,228	59,340	0	0	0	883,568
363 MEASURING & REG EQUIPMENT	1,043,288	-4,460	0	0	0	1,038,828
TOTAL STORAGE	7,839,925	55,267	0	0	0	7,895,192
DISTRIBUTION						
374 LAND & LAND RIGHTS-DIST OPER	1,638,310	0	0	0	0	1,638,310
374 LAND RIGHTS	1,734,254	9,453	0	1,000	0	1,733,707
375 STRUCTURES & IMPROVEMENTS	5,928,975	87,124	-11,724	0	0	6,004,375
376 DISTRIBUTION MAINS	261,077,901	12,478,504	-667,924	3,645	0	272,892,126
378 MEASUR & REGUL EQUIP-GEN.	13,374,042	928,945	4,041	71,655	0	14,378,683
379 MEASUR & REGUL EQUIP-GATE ST	10,620,959	246,338	1,167	0	0	10,868,464
380 SERVICES	123,337,054	9,414,598	-536,114	5,169	0	132,220,707
381 METERS	23,042,983	1,478,376	-205,718	1,815	0	24,317,456
381 METERS-TIN	333,175	0	-179,075	0	0	154,100
382 METER INSTALLATIONS	13,692,602	862,084	-30,243	0	0	14,524,443
383 HOUSE REGULATORS	4,342,429	318,120	-15,122	0	0	4,645,427
385 IND. MEAS. & REG. EQUIP.	9,508,192	1,854,188	-29,278	5,740	0	11,338,842
386 OTHER PROPERTY	22,746,255	1,386,369	-622,686	-23,472,746	0	37,192
387 OTHER EQUIPMENT	1,870,527	51,810	-9,688	0	0	1,912,649
TOTAL DISTRIBUTION	493,237,658	29,115,909	-2,302,364	-23,383,722	0	496,667,481

NUI CORPORATION & SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 4 OF 4

		01/01/95 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/95 BALANCE
GENERAL	FERC DESCRIPTION						
389	LAND & LAND RIGHTS-UTILITY	745,472	0	0	0	0	745,472
390	STRUCTURES & IMPROVEMENTS	4,156,827	2,421,260	-110,986	-34,826	0	6,432,275
390	LEASEHOLD IMPROVEMENTS	924,834	67,477	-73,356	0	0	918,955
390	LEASED STRUCTURE IMPROV.	12,538,424	0	0	-880	0	12,537,544
391	FURNITURE & FIXTURES	3,655,212	130,874	-387,682	-162,133	0	3,236,271
391	PERSONAL COMPUTERS-CRIS	3,519,450	1,350,209	-73,426	216,051	0	5,012,284
391	COMPUTER EQUIPMENT-LEASED	1,025,990	0	0	0	0	1,025,990
391	COMP. EQUIP.-MAINFRAME	897,743	781,205	-5,202	-62,858	0	1,610,888
392	VEHICLES - OWNED	1,676,782	0	-66,262	-215	0	1,610,305
392	LIGHT TRUCKS-OWNED	0	944,012	-786,103	0	0	157,909
392	HEAVY TRUCKS-OWNED	608	97,443	-80,925	0	0	17,126
392	BLC LEASES	7,844,801	916,983	-727,792	0	0	8,033,992
393	SOVRAN LEASES	396,769	97,443	-80,925	0	0	413,287
393	STORES EQUIPMENT	308,737	26,658	-10,990	-281	1	324,124
394	TOOLS, SHOP & GARAGE EQUIP.	4,750,341	282,777	-5,394	-12,290	0	5,015,434
395	LABORATORY EQUIPMENT	224,083	0	0	0	0	224,083
396	POWER EQUIPMENT-COMPRESSORS	477,501	1,100	-40,719	432	0	438,314
396	POWER EQUIPMENT-TRACTORS	184,230	0	-48,254	0	0	135,976
397	COMMUNICATION EQUIPMENT	2,255,227	132,903	37,078	215	0	2,425,423
397	COMMUNICATION EQUIP-LEASED	997,232	0	0	0	0	997,232
398	MISCELLANEOUS EQUIPMENT	560,136	10,950	-40,261	0	0	530,825
	TOTAL GENERAL	47,140,399	7,261,294	-2,501,199	-56,785	0	51,843,709
INTANGIBLE PLANT							
301	ORGANIZATION PLANT	101,630	0	0	0	0	101,630
302	FRANCHISES & CONSENTS	134,844	0	0	0	0	134,844
303	MISC. INTANGIBLE	1,224,156	11,779	0	0	0	1,235,935
	TOTAL INTANGIBLE	1,460,630	11,779	0	0	0	1,472,409
	TOTAL IN SERVICE	562,145,455	37,096,743	-4,813,347	-23,442,224	0	570,986,627
	CONSTRUCTION WORK IN PROGRESS	9,149,040	308,128	0	0	0	9,457,168
	ACQUISITION ADJUSTMENT	39,449,373	3,261,841	0	0	0	42,711,214
	NON UTILITY PROPERTY	1,551,261	205,185	0	23,472,746	0	25,229,192
	TOTAL PLANT	612,295,129	40,871,895	-4,813,347	30,522	0	648,384,199

NUI Corporation and Subsidiaries
Comparative Consolidated Income Statement
(Dollars in Thousands)

Exhibit C

	Twelve Months Ended 31-Dec-95	Twelve Months Ended 31-Dec-94	Change
<u>Utility Operating Income</u>			
400 Operating Revenue	\$377,110	\$387,266	(\$10,156)
<u>Operating Expenses</u>			
401 Operation Expenses	272,061	300,125	(28,064)
402 Maintenance Expenses	6,733	6,785	(52)
403 Depreciation	18,059	16,244	1,815
406 Amortization of Utility Plant Acquisition Adjustment	1,260	1,098	162
407 Amortization of Conversion Expenses	78	33	45
408.1 Taxes Other Than Income Taxes	43,779	37,416	6,363
409.1 Income Taxes—Federal	3,413	(4,505)	7,918
410.1 Provision for Deferred Income Taxes	2,807	7,341	(4,534)
411.4 Investment Tax Credit Adjustments—Net	(350)	(334)	(16)
Total Operating Expenses	347,840	364,203	(16,363)
Net Operating Income	29,270	23,063	6,207
<u>Other Income (Deductions)</u>			
415—			
421.1 Other Income (Deductions)	(3,596)	(978)	(2,618)
426.1 Donations	(74)	(178)	104
426.5 Other Deductions	(571)	(298)	(273)
408.2 Taxes Other Than Income Taxes	(61)	(61)	—
409.2 Income Taxes—Federal	978	1,836	(858)
410.1 Provision for Deferred Income Taxes	181	—	181
Net Other Income (Deductions)	(3,143)	321	(3,464)
<u>Interest Charges</u>			
427 Interest on Long-Term Debt	14,051	10,292	3,759
428 Amortization of Debt Discount and Expense	291	176	115
428.1 Amortization of Loss on Reacquired Debt	109	56	53
431 Other Interest Expense	3,912	4,827	(915)
432 Allow. for Borrowed Funds Used During Constructk	(219)	(151)	(68)
Net Interest Charges	18,144	15,200	2,944
Net Income (Loss)	\$7,983	\$8,184	(\$201)

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Assets And Other Debits			
<u>Utility Plant</u>			
101 Utility Plant in Service	\$413,217	\$157,770	\$570,987
107 Construction Work in Progress	4,553	4,904	9,457
108 Accumulated Provision for Depreciation	(123,738)	(55,337)	(179,075)
114 Gas Plant Acquisition Adjustments	—	42,711	42,711
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	—	(8,095)	(8,095)
Net Utility Plant	<u>294,032</u>	<u>141,953</u>	<u>435,985</u>
<u>Other Property And Investments</u>			
121 Non-Utility Property	212	25,017	25,229
122 Accumulated Provision for Depreciation	(184)	(9,222)	(9,406)
124 Other Investments	—	3,037	3,037
Total Other Property And Investments	<u>28</u>	<u>18,832</u>	<u>18,860</u>
<u>Current And Accrued Assets</u>			
131 Cash	175	247	422
134 Special Deposits	4	900	904
135 Working Funds	30	19	49
136 Temporary Cash Investments	—	1,724	1,724
142 Customer Accounts Receivable	49,733	14,043	63,776
143 Other Accounts Receivable	944	884	1,828
144 Accumulated Provision for Uncollectible Accounts	(1,892)	(430)	(2,322)
146 Accounts Receivable from Associated Companies	34	(34)	—
154 Plant Materials & Operating Supplies	2,036	834	2,870
155 Merchandise	274	178	452
156 Other Material & Supplies	—	25	25
164.1 Gas Stored Underground—Current	18,676	1,541	20,217
165 Prepayments	3,443	1,472	4,915
173 Accrued Utility Revenues	2,318	955	3,273
Total Current And Accrued Assets	<u>75,775</u>	<u>22,358</u>	<u>98,133</u>
<u>Deferred Debits</u>			
181 Unamortized Debt Expense	2,438	773	3,211
182.3 Other Regulatory Assets	43,273	10,851	54,124
186 Miscellaneous Deferred Debits	947	2,522	3,469
189 Unamortized Loss on Recquired Debt	1,718	617	2,335
190 Accumulated Deferred Income Taxes	—	6,078	6,078
191 Unrecovered Purchased Gas Costs	3,170	1,174	4,344
Total Deferred Charges and Other Assets	<u>51,546</u>	<u>22,015</u>	<u>73,561</u>
Total Assets And Other Debits	<u>\$421,381</u>	<u>\$205,158</u>	<u>\$626,539</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>	\$ -	\$139,353	\$139,353
201 Common Stock Issued	42,504	(43,175)	(671)
211 Miscellaneous Paid-In-Capital	83,373	(75,080)	8,293
216 Retained Earnings	-	(1,526)	(1,526)
217 Reacquired Capital Stock	125,877	19,572	145,449
Total Proprietary Capital			
<u>Long-Term Debt</u>	101,100	6,628	107,728
221 Bonds	20,000	81,044	101,044
224 Other Long-Term Debt	-	(362)	(362)
226 Unamortized Discount on Long Term Debt	121,100	87,310	208,410
Total Long-Term Debt			
<u>Other Noncurrent Liabilities</u>	10,713	177	10,890
227 Obligations Under Capital Leases	661	408	1,069
228.2 Accumulated Provision for Injuries & Damages	2,377	2,239	4,616
228.3 Accumulated Provision for Pensions & Benefits	36,395	3,881	40,276
228.4 Accumulated Miscellaneous Operating Provisions	50,146	6,705	56,851
Total Other Noncurrent Liabilities			
<u>Current And Accrued Liabilities</u>	24,196	34,025	58,221
231 Notes Payable	32,638	7,809	40,447
232 Accounts Payable	672	(672)	-
234 Accounts Payable to Associated Companies	4,635	5,399	10,034
235 Customer Deposits	6,295	(1,214)	5,081
236 Taxes Accrued	2,616	2,570	5,186
237 Interest Accrued	140	726	866
241 Tax Collections Payable	3,204	3,660	6,864
242 Miscellaneous Current & Accrued Liabilities	1,493	25	1,518
243 Obligations Under Capital Leases	75,889	52,328	128,217
Total Current Liabilities			
<u>Deferred Credits</u>	1,430	284	1,714
252 Customer Advances for Construction	5,044	5,490	10,534
253 Other Deferred Credits	2,589	4,479	7,068
254 Other Regulatory Liabilities	5,164	1,822	6,986
255 Accumulated Deferred Investment Tax Credits	34,142	27,168	61,310
262 Accumulated Deferred Federal Income Taxes	48,369	39,243	87,612
Total Deferred Credits			
Total Liabilities And Other Credits	\$421,381	\$205,158	\$626,539

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Income Statement
For the Twelve Months Ended December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Utility Operating Income</u>			
400 Operating Revenue	\$286,620	\$90,490	\$377,110
<u>Operating Expenses</u>			
401 Operation Expenses	211,935	60,126	272,061
402 Maintenance Expenses	4,800	1,933	6,733
403 Depreciation	10,947	7,112	18,059
406 Amortization of Utility Plant Acquisition Adjustment	-	1,260	1,260
407 Amortization of Conversion Expenses	-	78	78
408.1 Taxes Other Than Income Taxes	32,719	11,060	43,779
409.1 Income Taxes—Federal	3,010	403	3,413
410.1 Provision for Deferred Income Taxes	3,068	(261)	2,807
411.4 Investment Tax Credit Adjustments—Net	(321)	(29)	(350)
Total Operating Expenses	266,158	81,662	347,840
Net Operating Income	20,462	8,808	29,270
<u>Other Income (Deductions)</u>			
415—			
421.1 Other Income (Deductions)	(58)	(3,538)	(3,596)
426.1 Donations	(71)	(3)	(74)
426.5 Other Deductions	(541)	(30)	(571)
408.2 Taxes Other Than Income Taxes	(55)	(6)	(61)
409.2 Income Taxes—Federal	237	741	978
410.1 Provision for Deferred Income Taxes	-	181	181
Net Other Income (Deductions)	(488)	(2,655)	(3,143)
<u>Interest Charges</u>			
427 Interest on Long—Term Debt	7,915	6,136	14,051
428 Amortization of Debt Discount and Expense	105	186	291
428.1 Amortization of Loss on Reacquired Debt	109	-	109
431 Other Interest Expense	1,366	2,546	3,912
432 Allow. for Borrowed Funds Used During Construction	(219)	-	(219)
Net Interest Charges	9,276	8,868	18,144
Net Income (Loss)	\$10,698	(\$2,715)	\$7,983

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Statement of Cash Flows
For the Twelve Months Ended December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Net Cash Flow From Operating Activities			
Net Income (Loss)	\$10,698	(\$2,715)	\$7,983
Noncash Charges (Credits) to Income:			
Depreciation and Depletion	12,409	9,071	21,480
Amortization of:			
Debt Expense, Deferred Charges & Credits and Other	6,784	1,576	8,360
Deferred Income Tax and Amortization of			
Investment Tax Credit Adjustment (Net)	3,779	(1,845)	2,134
Net (Increase) Decrease in Receivables	(11,309)	(4,884)	(16,193)
Net (Increase) Decrease in Inventories	2,757	14	2,771
Net (Increase) Decrease in Prepayments	2,445	266	2,711
Net Increase (Decrease) in Payables and Accrued Expenses	8,491	(5,838)	2,653
Net Increase (Decrease) in Unrecovered Purchased Gas Costs	(2,919)	3,526	607
Other	(6,618)	3,177	(3,441)
Net Cash Provided by Operating Activities	26,517	2,548	29,065
Net Cash Flow from Investing Activities			
Additions to Utility Plant	(27,243)	(6,472)	(33,715)
Proceeds From Marketable Securities	-	1,199	1,199
Cost of Removal on Disposal of Utility Plant	(1,624)	(97)	(1,721)
Net Cash Used in Investing Activities	(28,867)	(5,370)	(34,237)
Net Cash Flow from Financing Activities			
Proceeds From Sales of Common Stock, net of Treasury Stock Purchased	-	(558)	(558)
Funds for Construction Held by Trustee, Net	7,440	(1,950)	5,490
Proceeds from Long-Term Debt	20,000	50,000	70,000
Repayments of Long-Term Debt	-	(9,915)	(9,915)
Net Repayment of Short-Term Debt	(21,562)	(30,567)	(52,129)
Repayment of Capital Lease Obligations	(1,793)	(112)	(1,905)
Dividends to Shareholders	(3,350)	(4,951)	(8,301)
Net Cash Provided by Financing Activities	735	1,947	2,682
Net Increase (Decrease) in Cash and Cash Equivalents	(1,615)	(875)	(2,490)
Cash and Cash Equivalents at Beginning of Period	1,824	3,765	5,589
Cash and Cash Equivalents at End of Period	\$209	\$2,890	\$3,099

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Statement of Capitalization
As Of December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies	NUI Consolidated
<u>Long-Term Debt</u>			
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
Medium-Term Notes			
7.125% due August 1, 2002	-	20,000	20,000
8.35% due February 1, 2005	20,000	30,000	50,000
Credit Agreement Indebtedness, Variable Rate	-	30,000	30,000
ESOP Indebtedness, 6% due May 31, 2002	-	1,044	1,044
Long-Term Debt (Including Current Portion)	121,100	101,044	222,144
Unamortized Discount on Long-Term Debt	-	(362)	(362)
Funds for Construction Held by Trustee	-	(13,372)	(13,372)
Total Long-Term Debt	121,100	87,310	208,410
<u>Common Shareholders' Equity</u>			
Common Stock, 15,000,000 Shares Authorized, 9,201,237 Outstanding	-	139,353	139,353
Miscellaneous Paid-in-Capital	42,504	(43,175)	(€71)
Retained Earnings	83,373	(75,080)	8,293
Reacquired Capital Stock	-	(1,526)	(1,526)
Total Proprietary Capital	125,877	19,572	145,449
Total Capitalization	\$246,977	\$106,882	\$353,859

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As Of December 31, 1995

Exhibit H
Page 1 of 3

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
Assets And Other Debits								
Utility Plant								
101 Utility Plant in Service	\$413,217	\$ -		\$413,217	\$157,770	\$ -		\$570,987
107 Construction Work in Progress	4,553			4,553	4,804			9,457
108 Accumulated Provision for Depreciation	(123,738)			(123,738)	(55,337)			(179,075)
114 Gas Plant Acquisition Adjustments	-			-	42,711			42,711
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-			-	-			-
Net Utility Plant	294,032	-		294,032	(8,095)	-		(8,095)
Other Property And Investments								
121 Non-Utility Property	212			212	25,017			25,229
122 Accumulated Provision for Depreciation	(184)			(184)	(9,222)			(9,406)
124 Other Investments	-			-	3,037			3,037
Total Other Property And Investments	28	-		28	18,832	-		18,860
Current And Accrued Assets								
131 Cash	175	182	(11,13)	357	247	(247)	(2,4,5)	357
134 Special Deposits	4			4	900			904
135 Working Funds	30			30	19			49
136 Temporary Cash Investments	-			-	1,724			1,724
142 Customer Accounts Receivable	49,733			49,733	14,043			63,776
143 Other Accounts Receivable	944			944	884			1,828
144 Accumulated Provision for Uncollectible Accounts	(1,892)			(1,892)	(430)			(2,322)
146 Accounts Receivable from Associated Companies	34			34	(34)			-
154 Plant Materials & Operating Supplies	2,036			2,036	834			2,870
155 Merchandise	274			274	178			452
156 Other Materials & Supplies	-			-	25			25
164.1 Gas Stored Underground-Current	18,676			18,676	1,541			20,217
165 Prepayments	3,443			3,443	1,472			4,915
173 Accrued Utility Revenues	2,318			2,318	955			3,273
Total Current And Accrued Assets	75,775	182		75,957	22,358	(247)		98,088
Deferred Debits								
181 Unamortized Debt Expense	2,438	435	(7,12)	2,873	773			3,646
182.3 Other Regulatory Assets	43,273			43,273	10,851			54,124
186 Miscellaneous Deferred Debits	947	1,350	(10)	2,297	2,522			4,819
189 Unamortized Loss on Rescquired Debt	1,718			1,718	617			2,335
190 Accumulated Deferred Income Taxes	-			-	6,078			6,078
191 Unrecovered Purchased Gas Costs	3,170			3,170	1,174			4,344
Total Deferred Charges and Other Assets	51,546	1,785		53,331	22,015	-		75,346
Total Assets And Other Debits	\$421,381	\$1,967		\$423,348	\$205,158	(\$247)		\$628,259

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As Of December 31, 1995

Exhibit H
Page 2 of 3

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
Liabilities And Other Credits								
Proprietary Capital								
201 Common Stock Issued	\$ -			-	\$139,353			\$175,353
211 Miscellaneous Paid-In-Capital	42,504			42,504	(43,175)	\$36,000	(1)	(2,271)
216 Retained Earnings	83,373	(238)		83,135	(75,080)	(1,600)	(2)	7,808
217 Recquired Capital Stock	-			-	(1,528)	(447)	(3)	(1,528)
Total Proprietary Capital	125,877	(238)		125,639	18,572	33,953		179,164
Long-Term Debt								
221 Bonds	-			-	-	-		-
224 Other Long-Term Debt	101,100	3,250	(6,8)	104,350	6,626	-		110,976
226 Unamortized Discount on Long Term Debt	20,000			20,000	81,044	(30,000)	(1)	71,044
	121,100	3,250		124,350	87,310	(30,000)		181,660
Other Noncurrent Liabilities								
227 Obligations Under Capital Leases	-			-	-	-		-
228.2 Accumulated Provision for Injuries & Damages	10,713			10,713	177			10,890
228.3 Accumulated Provision for Pensions & Benefits	661			661	408			1,069
228.4 Accumulated Miscellaneous Operating Provisions	2,377			2,377	2,239			4,616
Total Other Noncurrent Liabilities	36,395			36,395	3,881			40,276
	50,146	-		50,146	6,705	-		56,851
Current And Accrued Liabilities								
231 Notes Payable	-			-	-			-
232 Accounts Payable	24,196	(1,045)	(7,8,9)	23,151	34,025	(4,200)	(1,3)	52,976
234 Accounts Payable to Associated Companies	32,638			32,638	7,609			40,447
235 Customer Deposits	672			672	(672)			-
236 Taxes Accrued	4,635			4,635	5,399			10,034
237 Interest Accrued	6,295			6,295	(1,214)			5,081
241 Tax Collections Payable	2,616			2,616	2,570			5,186
242 Miscellaneous Current & Accrued Liabilities	140			140	726			866
243 Obligations Under Capital Leases	3,204			3,204	3,880			6,884
Total Current Liabilities	1,493			1,493	25			1,518
	75,889	(1,045)		74,844	52,328	(4,200)		122,972
Deferred Credits								
252 Customer Advances for Construction	-			-	-			-
253 Other Deferred Credits	1,430			1,430	284			1,714
254 Other Regulatory Liabilities	5,044			5,044	5,490			10,534
255 Accumulated Deferred Investment Tax Credits	2,589			2,589	4,479			7,068
262 Accumulated Deferred Federal Income Taxes	5,164			5,164	1,822			6,986
Total Deferred Credits	34,142			34,142	27,168			61,310
	48,369			48,369	39,243			87,612
Total Liabilities And Other Credits	\$421,381	\$1,967		\$423,348	\$205,158	(\$247)		\$628,258

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Income Statement (Reflecting Financings)
For Twelve Months Ending December 31, 1995

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
Utility Operating Income								
400 Operating Revenue	\$286,620	—		\$286,620	\$90,490	—		\$377,110
Operating Expenses								
401 Operation Expenses	211,935			211,935	60,126			272,061
402 Maintenance Expenses	4,800			4,800	1,933			6,733
403 Depreciation	10,947			10,947	7,112			18,059
408 Amortization of Utility Plant Acquisition Adjustment	—			—	1,280			1,280
407 Amortization of Conversion Expenses	—			—	78			78
408.1 Taxes Other Than Income Taxes	32,719			32,719	11,060			43,779
409.1 Income Taxes—Federal	3,010	(122)	(13)	2,888	403	697	(5)	3,988
410.1 Provision for Deferred Income Taxes	3,068			3,068	(261)			2,807
411.4 Investment Tax Credit Adjustments—Net	(321)			(321)	(29)			(350)
Total Operating Expenses	288,158	(122)		288,036	81,682	697		348,415
Net Operating Income	20,462	122		20,584	8,808	(697)		28,695
Other Income (Deductions)								
415—								
421.1 Other Income (Deductions)	(58)			(58)	(3,536)			(3,596)
426.1 Donations	(71)			(71)	(3)			(74)
428.5 Other Deductions	(541)			(541)	(30)			(571)
408.2 Taxes Other Than Income Taxes	(58)			(58)	(6)			(64)
409.2 Income Taxes—Federal	237			237	741			978
410.1 Provision for Deferred Income Taxes	—			—	181			181
Net Other Income (Deductions)	(488)	—		(488)	(2,855)	—		(3,343)
Interest Charges								
427 Interest on Long-Term Debt	7,915	405	(9,10)	8,320	6,136	(1,800)	(4)	12,656
428 Amortization of Debt Discount and Expense	105	15	(12)	120	186			306
428.1 Amortization of Loss on Rescued Debt	109			109	—			109
431 Other Interest Expense	1,366	(60)	(11)	1,306	2,546	(250)	(4)	3,602
432 Allow. for Borrowed Funds Used During Construction	(219)			(219)	—			(219)
Net Interest Charges	9,276	360		9,636	8,868	(2,050)		16,454
Net Income (Loss)	\$10,696	(\$238)		\$10,460	(\$2,715)	\$1,353		\$9,098

NUI Corporation and Subsidiaries
Journal Entries to Record Financings

I. Common Stock Offering – All Other NUI Companies

The following journal entries, to be recorded on the corporate books of NUI, reflect the issuance of 2 million shares of NUI common stock as if these shares were issued as of January 1, 1995. The proceeds from the issuance will be used to refinance certain long-term debt and short-term debt currently on the corporate books of NUI.

Entry Number 1

224	DR Other Long-Term Debt	\$30,000,000	
231	DR Notes Payable	\$6,000,000	
201	CR Common Stock		\$36,000,000

To record the issuance of 2 million shares of NUI common stock at an assumed issuance price of \$18 (current market value). The proceeds from this issuance will be used to pay down credit agreement indebtedness and short-term debt on the corporate books of NUI.

Entry Number 2

211	DR Miscellaneous Paid-in-Capital	\$1,600,000	
131	CR Cash		\$1,600,000

To record estimated issuance expenses.

Entry Number 3

216	DR Retained Earnings	\$1,800,000	
231	CR Notes Payable		\$1,800,000

To record common stock dividends on the additional 2 million shares outstanding at the current annual dividend rate of \$0.90 per share.

Entry Number 4

131	DR Cash	\$2,050,000	
431	CR Other Interest Expense		\$250,000
427	CR Interest Expense		\$1,800,000

To record the interest savings of a decrease in long-term debt and notes payable.

Entry Number 5

409.1	DR Income Taxes – Federal	\$697,000	
131	CR Cash		\$697,000

To record the tax effect on the above entries.

NUI Corporation and Subsidiaries
Journal Entries to Record Financings

Exhibit I
Page 2 of 2

II. Gas Facilities Revenue Bond Issuance – ETG

The following journal entries, to be recorded on the separate divisional books of Elizabethtown Gas, reflect the issuance of \$39 million of Gas Facilities Revenue Bonds at an assumed average annual interest rate of 4.5%, as if this debt were outstanding at January 1, 1995.

Entry Number 6

221	DR Bonds (Funds for Construction Held by Trustee)	\$39,000,000	
221	CR Bonds		\$39,000,000

To record the issuance of \$39 million of Gas Facilities Revenue Bonds.

Entry Number 7

181	DR Unamortized Debt Expense	\$450,000	
231	CR Notes Payable		\$450,000

To record estimated issuance expense associated with the new debt financing.

Entry Number 8

231	DR Notes Payable	\$3,250,000	
221	CR Bonds (Funds for Construction Held by Trustee)		\$3,250,000

Upon issuance of the new bonds, certain proceeds will be used to repay short-term debt which was used in 1995 to finance qualified capital expenditures for the period October 1, 1995 to December 31, 1995. This entry reflects the use of the new bond proceeds instead of short-term debt to finance actual qualified capital expenditures for the period October 1 – December 31, 1995.

Entry Number 9

427	DR Interest Expense	\$1,755,000	
231	CR Notes Payable		\$1,755,000

The interest rate on the new bonds is a variable rate. It is estimated that this rate will average 4.5% based on current interest rates. This entry reflects the annual interest expense.

Entry Number 10

186	DR Miscellaneous Deferred Debits	\$1,350,000	
427	CR Interest Expense		\$1,350,000

To record interest income on the average amount of funds held by the trustee.

Entry Number 11

131	DR Cash	\$60,000	
431	CR Other Interest Expense		\$60,000

To adjust interest expense on a lesser amount of short-term debt.

Entry Number 12

428	DR Amortization of Debt Discount and Expense	\$15,000	
181	CR Unamortized Debt Expense		\$15,000

To reflect annual amortization of debt issuance costs over the life of the new bonds (30 years).

Entry Number 13

131	DR Cash	\$122,000	
409.1	CR Income Taxes--Federal		\$122,000

To record the tax effect on the above entries.

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Statement of Capitalization (Reflecting Financings)
As of December 31, 1995

(Dollars in Thousands)

	ETG Actual		ETG As Adjusted		NUI Consolidated Actual		NUI Consolidated As Adjusted	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-Term Debt								
Gas Facilities Revenue Bonds	\$8,400		\$8,400		\$8,400		\$8,400	
6.625% due October 1, 2021	46,200		46,200		46,200		46,200	
6.75% due October 1, 2021	46,500		46,500		46,500		46,500	
6.35% due October 1, 2022	-		-		20,000		20,000	
6.40% due October 1, 2024	-		39,000		-		39,000	
Variable Rate, due June 1, 2026	-		-		-		-	
Medium-Term Notes	-		-		20,000		20,000	
7.125% due August 1, 2002	20,000		20,000		50,000		50,000	
8.35% due February 1, 2005	-		-		30,000		-	
Credit Agreement Indebtedness, Variable Rate	-		-		1,044		1,044	
ESOP Indebtedness, 6% due May 31, 2002	-		-		222,144		231,144	
Long-Term Debt (including Current Portion)	121,100		160,100		(362)		(362)	
Unamortized Discount on Long-term Debt	-		(35,750)		(13,372)		(49,122)	
Funds for Construction Held by Trustees	-		-		208,410	58.90%	181,860	50.35%
Total Long-Term Debt	121,100	49.03%	124,350	49.74%	208,410	58.90%	181,860	50.35%
Common Shareholders' Equity								
Common Stock, 15,000,000 Shares Authorized, 9,201,237 (Actual) and 11,201,237 (Pro-Forma)	-		-		139,353		175,353	
Outstanding	42,504		42,504		(671)		(2,271)	
Miscellaneous Paid-in-Capital	83,373		83,135		8,293		7,808	
Retained Earnings	-		-		(1,526)		(1,526)	
Rescquired Capital Stock	-		-		-		-	
Total Proprietary Capital	125,877	50.97%	125,639	50.26%	145,449	41.10%	179,164	49.65%
Total Capitalization	\$246,977	100.00%	\$249,989	100.00%	\$353,859	100.00%	\$360,824	100.00%

Exhibit K

NUI Corporation and Subsidiaries
Interest Charges Coverage Ratio
For the Twelve Months ended December 31, 1995

(Dollars in Thousands)

	NUI Consolidated	
	<u>Actual</u>	<u>Proforma</u>
Earnings		
Income from Operations	\$7,983	\$9,098
Provision for Income Taxes	4,711	5,286
Interest Expense Before Reduction for Amounts Capitalized	20,627	18,937
Interest Element of Rents Charged to Expense	3,190	3,190
Earnings Before Income Taxes and Fixed Charges	<u>\$36,511</u>	<u>\$36,511</u>
Fixed Charges		
Interest Expense Before Reduction for Amounts Capitalized	\$20,627	\$18,937
Interest Element of Rents Charged to Expense	3,190	3,190
Total Fixed Charges	<u>\$23,817</u>	<u>\$22,127</u>
Interest Charges Coverage Ratio	<u>1.53</u>	<u>1.65</u>

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of September 30, 1995

Exhibit L
Page 1 of 2

(Dollars in Thousands)

		ETG	All Other Companies *	NUI Consolidated
Assets And Other Debits				
<u>Utility Plant</u>				
101	Utility Plant In Service			
107	Construction Work in Progress	\$407,039	\$180,981	\$588,020
108	Accumulated Provision for Depreciation	3,900	4,009	7,909
114	Gas Plant Acquisition Adjustments	(121,068)	(62,715)	(183,783)
115	Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-	42,360	42,360
	Net Utility Plant	-	(7,091)	(7,091)
		<u>289,871</u>	<u>157,544</u>	<u>447,415</u>
<u>Other Property And Investments</u>				
121	Non-Utility Property	213	1,219	1,432
122	Accumulated Provision for Depreciation	(175)	(600)	(775)
124	Other Investments	-	2,773	2,773
125	Special Funds	-	12	12
	Total Other Property And Investments	<u>38</u>	<u>3,404</u>	<u>3,442</u>
<u>Current And Accrued Assets</u>				
131	Cash	1,061	2,187	3,248
134	Special Deposits	4		4
135	Working Funds	29	7	36
136	Temporary Cash Investments			
142	Customer Accounts Receivable		1,251	1,251
143	Other Accounts Receivable	17,582	6,593	24,175
144	Accumulated Provision for Uncollectible Accounts	900	4,893	5,793
146	Accounts Receivable from Associated Companies	(1,290)	(399)	(1,689)
154	Plant Materials & Operating Supplies	623	(623)	-
155	Merchandise	2,175	707	2,882
164.1	Gas Stored Underground-Current	302	182	484
165	Prepayments	25,656	1,972	27,628
173	Accrued Utility Revenues	10,680	703	11,383
	Total Current And Accrued Assets	<u>4,428</u>	<u>857</u>	<u>5,285</u>
		<u>62,150</u>	<u>18,330</u>	<u>80,480</u>
<u>Deferred Debits</u>				
181	Unamortized Debt Expense	2,466	1,492	3,958
182.3	Other Regulatory Assets	42,915	9,670	52,585
186	Miscellaneous Deferred Debits	960	3,853	4,813
189	Unamortized Loss on Recquired Debt	1,742	313	2,055
190	Accumulated Deferred Income Taxes	-	5,986	5,986
191	Unrecovered Purchased Gas Costs	(2,174)	(849)	(3,023)
	Total Deferred Charges and Other Assets	<u>45,909</u>	<u>20,465</u>	<u>66,374</u>
		<u>\$397,968</u>	<u>\$199,743</u>	<u>\$597,711</u>
Total Assets And Other Debits				

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of September 30, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
201 Common Stock Issued	\$ -	\$139,093	\$139,093
211 Miscellaneous Paid-in-Capital	42,504	(43,341)	(837)
216 Retained Earnings	76,435	(72,514)	3,921
217 Reacquired Capital Stock	-	(1,265)	(1,265)
Total Proprietary Capital	118,939	21,973	140,912
<u>Long-Term Debt</u>			
221 Bonds	101,100	6,450	107,550
224 Other Long-Term Debt	20,000	81,088	101,088
Total Long-Term Debt	121,100	87,538	208,638
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,924	223	11,147
228.2 Accumulated Provision for Injuries & Damages	370	411	781
228.3 Accumulated Provision for Pensions & Benefits	2,407	2,179	4,586
228.4 Accumulated Miscellaneous Operating Provisions	36,023	3,881	39,907
Total Other Noncurrent Liabilities	49,727	6,694	56,421
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	12,829	25,106	37,935
232 Accounts Payable	29,079	6,097	35,176
234 Accounts Payable to Associated Companies	2,311	(2,311)	-
235 Customer Deposits	4,627	5,626	10,253
236 Taxes Accrued	3,296	3,672	6,968
237 Interest Accrued	4,372	1,695	6,067
241 Tax Collections Payable	138	791	929
242 Miscellaneous Current & Accrued Liabilities	2,760	2,944	5,704
243 Obligations Under Capital Leases	1,594	24	1,618
Total Current Liabilities	61,006	43,644	104,650
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,422	288	1,710
253 Other Deferred Credits	4,612	6,249	10,861
254 Other Regulatory Liabilities	2,585	4,389	6,974
255 Accumulated Deferred Investment Tax Credits	5,244	1,857	7,101
282 Accumulated Deferred Federal Income Taxes	33,333	27,111	60,444
Total Deferred Credits	47,196	39,894	87,090
Total Liabilities And Other Credits	\$397,968	\$199,743	\$597,711

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Income Statement
For the Twelve Months Ended September 30, 1995

Exhibit M

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Utility Operating Income</u>			
400 Operating Revenue	<u>\$276,943</u>	<u>\$85,938</u>	<u>\$362,881</u>
<u>Operating Expenses</u>			
401 Operation Expenses	205,903	59,118	265,021
402 Maintenance Expenses	4,833	1,850	6,483
403 Depreciation	10,718	7,050	17,768
406 Amortization of Utility Plant Acquisition Adjustment	-	1,221	1,221
407 Amortization of Conversion Expenses	-	33	33
408.1 Taxes Other Than Income Taxes	31,796	9,507	41,303
409.1 Income Taxes—Federal	2,356	383	2,739
410.1 Provision for Deferred Income Taxes	3,009	(803)	2,205
411.4 Investment Tax Credit Adjustments—Net	(321)	(31)	(352)
Total Operating Expenses	<u>258,093</u>	<u>78,328</u>	<u>336,421</u>
Net Operating Income	<u>18,850</u>	<u>7,610</u>	<u>26,460</u>
<u>Other Income (Deductions)</u>			
415—			
421.1 Other Income (Deductions)	(59)	(3,928)	(3,987)
426.1 Donations	(84)	(12)	(96)
426.5 Other Deductions	(595)	(48)	(643)
408.2 Taxes Other Than Income Taxes	(51)	(8)	(59)
409.2 Income Taxes—Federal	268	743	1,011
410.1 Provision for Deferred Income Taxes		181	181
Net Other Income (Deductions)	<u>(521)</u>	<u>(3,072)</u>	<u>(3,593)</u>
<u>Interest Charges</u>			
427 Interest on Long—Term Debt	7,386	5,163	12,549
428 Amortization of Debt Discount and Expense	97	154	251
428.1 Amortization of Loss on Reacquired Debt	115	-	115
431 Other Interest Expense	1,704	2,949	4,653
432 Allow. for Borrowed Funds Used During Construction	(218)	-	(218)
Net Interest Charges	<u>9,084</u>	<u>8,266</u>	<u>17,350</u>
Net Income (Loss)	<u>\$9,245</u>	<u>(\$3,728)</u>	<u>\$5,517</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Statement of Dividends Paid
Fiscal Year Ended September 30, 1995

During the fiscal year ended September 30, 1995, NUI Corporation paid dividends at a rate of \$0.90 per share of common stock, which totaled \$8,297,540.

NUI Corporation and Subsidiaries
Statement of Interest Expense/(Income)
For the Fiscal Year Ended September 30, 1995
(Dollars in Thousands)

	<u>9/30/95 Balance</u>	<u>FY 1995 Average Balance</u>	<u>Average Interest Rate</u>	<u>Interest Expense</u>
Gas Facilities Revenue Bonds				\$557
6.625% due October 1, 2021	\$8,400	\$8,400	6.625%	3,119
6.75% due October 1, 2021	46,200	46,200	6.750%	2,953
6.35% due October 1, 2022	46,500	46,500	6.350%	1,280
6.40% due October 1, 2024	20,000	20,000	6.400%	
First Mortgage Bonds				166
8% due April 1, 1997	—	2,078	8.000%	551
8.5% due May 1, 2002	—	6,477	8.500%	
Medium—Term Notes				475
7.125% due August 1, 2002	20,000	6,667	7.125%	2,609
8.35% due February 1, 2005	50,000	31,250	8.350%	1,800
	30,000	30,000	6.000%	69
Credit Agreement	1,088	1,153	6.000%	3,417
ESOP Indebtedness	37,935	57,907	5.900%	16,995
Notes Payable				
Total Interest Expense				(1,033)
Less: Interest Income on Funds Held By Trustee				\$15,962
Net Interest Expense				

EXHIBIT P

STATEMENT OF USE OF PROCEEDS

The proceeds from the issuance of additional shares of NUI common stock shall be utilized to retire petitioner's revolving credit facility and certain short term debt on the corporate books of Petitioner.

NUI CORPORATION

Secretary's Certificate

I, Carol Ann Silker, Assistant Secretary of NUI Corporation, do hereby certify that at a duly convened meeting of the Board of Directors of NUI Corporation held on March 26, 1996, the following resolutions were adopted and that such resolutions are still in force and effect and have not been rescinded:

RESOLVED, that a public offering of not more than 2,000,000 additional shares of common stock, no par value (the "Additional Common Stock") of the Company, for sale through a group of underwriters, as shall be approved by the appropriate officers of the Company (the "Managing Underwriters") at an offering price to be determined by a Pricing Committee, designated as provided in the following resolutions, be and it hereby is approved and that the appropriate officers of the Company be and they hereby are authorized to take all necessary action to issue and sell the Additional Common Stock;

RESOLVED FURTHER, that a pricing committee (the "Pricing Committee") consisting of John Kean, John Kean, Jr. and Calvin R. Carver, which is authorized to negotiate and fix the terms and conditions of the offering and sale of the Additional Common Stock, be and it hereby is appointed, with two members constituting a quorum, and that any two members of the Pricing Committee be and they hereby are authorized to approve any such terms and conditions;

RESOLVED FURTHER, that the Company be and it hereby is authorized to enter into an underwriting agreement (the "Underwriting Agreement") between the Company and the Managing Underwriters, as Representatives of the underwriters named in the Underwriting Agreement (together with the Managing Underwriters, the "Underwriters"), relating to the sale by the Company to the Underwriters of the Additional Common Stock for a price to be determined by the Pricing Committee, which Underwriting Agreement shall contain such terms and provisions as the Pricing Committee shall approve, which approval shall be conclusively evidenced by execution of the Underwriting Agreement as provided in the following resolution;

RESOLVED FURTHER, that each member of the Pricing Committee, acting individually or together with one or more other members, is hereby authorized to execute the Underwriting Agreement on behalf of the Company, and that each of such members, and each of the other officers of the Company, is hereby authorized to execute on behalf of the Company such other agreements, certificates and other documents and to perform on behalf of the Company any and all such other acts as he or they may deem necessary or appropriate in connection with the offering and sale of the Additional Common Stock;

RESOLVED FURTHER, that the appropriate officers of the Company be, and each of them hereby is, authorized and directed to prepare and file, or cause to be prepared and filed, with the Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-3 (the "Registration Statement"), relating to the Additional Common Stock and the preferred share purchase rights appurtenant thereto, and that the appropriate officers of the Company be, and each of them hereby is, authorized to execute, in the name and on behalf of the Company, the Registration Statement and cause the same to be filed with the Commission in accordance with the requirements of the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder;

RESOLVED FURTHER, that the appropriate officers of the Company be, and each of them hereby is, authorized and directed in the name and on behalf of the Company to cause the preparation, execution and filing with the Commission of any amendments or supplements to the Registration Statement or any other documents relating thereto;

RESOLVED FURTHER, that subject to the effectiveness of the Registration Statement, the Company reserve out of the authorized but unissued common stock of the Company the Additional Common Stock and that said Additional Common Stock, when issued, delivered and paid for as provided in the Underwriting Agreement, shall be fully paid and nonassessable;

RESOLVED FURTHER, that the appropriate officers of the company, be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to prepare and execute and to file with the various regulatory authorities having jurisdiction in the premises, appropriate applications for authority to issue and sell the Additional Common Stock together with any and all such amendments to such applications and any and all such exhibits and other documents pertaining to such applications or any amendments thereto;

RESOLVED FURTHER, that, without limiting the generality of the foregoing, any actions of the officers of the Company heretofore taken in connection with preparing, executing and filing regulatory applications for authority to issue and sell the Additional Common Stock, are hereby ratified, confirmed and approved;

RESOLVED FURTHER, that it is desirable and in the best interest of the Company that the shares of Additional Common Stock be qualified or registered for sale in various jurisdictions; that the appropriate officers of the Company be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, as its agents and attorneys-in-fact to determine the jurisdictions in which appropriate action shall be taken to qualify or register for sale all or such part of such Additional Common Stock as such officers may deem to be advisable; that such officers are hereby authorized to perform on behalf of the Company any and all such acts as they deem necessary or advisable in order to comply with the applicable laws of any such jurisdictions, and in connection therewith to execute, acknowledge, verify, deliver, file and publish all such applications, reports, issuer's covenants, resolutions and other papers and instruments, including but not limited to applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process, as may be required under such laws, all of which are hereby adopted by this Board of Directors as though the same were presented to this

meeting for approval, and to take any and all such further action which they deem necessary or appropriate in order to maintain any such registration or qualification for as long as they deem to be in the best interests of the Company;

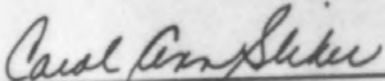
RESOLVED FURTHER, that James R. Van Horn, General Counsel and Secretary of the Company, be and he hereby is designated to act on behalf of the Company as its agent for service in respect of matters concerning the Registration Statement and registrations or qualifications under the "blue sky" and securities laws of the states and the District of Columbia referred to in the preceding resolutions;

RESOLVED FURTHER, that the appropriate officers of the Company, be, and each of them hereby is, authorized and directed, in the name and on behalf of the Company, to make application to the New York Stock Exchange, Inc. for the listing, subject to notice of issuance, of the shares of Additional Common Stock, to appear before officials of the New York Stock Exchange, Inc. in connection with such application, and to make such changes in such application and to execute such documents and to take such other action in connection therewith as they may deem necessary or appropriate;

RESOLVED FURTHER, that a common stock certificate in the form or in substantially the form of those currently used by the Company is hereby approved and adopted in all respects as the form of certificate for the 2,000,000 shares of the Additional Common Stock of the Company; and

RESOLVED FURTHER, that the appropriate officers of the Company be, and each of them hereby is, authorized and directed to take any and all action, including, but not limited to, the execution and delivery of documents, which they may deem necessary or appropriate in order to carry out the purposes of the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto affixed my signature the the corporate seal of NUI Corporation this 27th day of March, 1996.



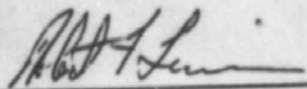
Carol Ann Sliker, Assistant Secretary

AFFIDAVIT

Robert Lurie, being duly sworn to deposes and says:

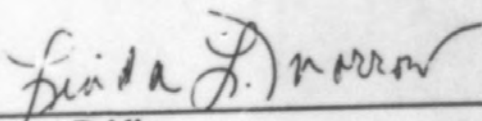
1. I am the Treasurer of Petitioner, NUI Corporation, and I am authorized to make this affidavit.

2. I have read the Petition of NUI requesting approval of the issuance of 2,000,000 shares of additional common stock and to the best of my knowledge, information, and belief, the statements set forth in the Petition are true.



Robert Lurie

Sworn and subscribed to me
this 27th day of March, 1996.



Notary Public

LINDA L. MORROW
Notary Public of New Jersey
No. 0049279
My Commission Expires Feb. 25, 1998



National Utility Investors

Exhibit D (7)

NUI Companies:
City Gas Company of Florida
Elizabethtown Gas Company
Elkton Gas Service
Natural Gas Services, Inc.
North Carolina Gas Service
Pennsylvania & Southern Gas Company
Utility Billing Services, Inc.
Valley Cities Gas Service
Waverly Gas Service

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-2000

April 19, 1996

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Abbreviated Securities Certificate Of NUI Corporation With Regard To An
Issuance of up to \$2,000,000 Shares of Common Equity

Dear Secretary Alford:

(1) The name and address of the public utility and the title of the representative
executing this letter is as follows:

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

Mary Patricia Keefe, Senior Vice President & General Counsel
Elizabethtown Gas Company, a Division of NUI Corporation

(2) NUI Corporation proposes to issue up to \$2,000,000 in shares of additional
Common Stock in May, 1996 through a public offering. The price of the stock will be
determined by market conditions at the time of the issuance; as of April 18, 1996, NUI
Corporation's Common Stock was trading at \$18.75 per share. The proceeds of the
issuance of stock are to be used to retire NUI Corporation's revolving credit facility and
short-term debt on the corporate books. For the Commission's further reference, attached
to this Abbreviated Securities Certificate filing is a copy of a Petition filed by NUI
Corporation requesting similar regulatory approval from the New Jersey Board of Public
Utilities.

(3) The issuance of the shares of Common Equity qualifies for an Abbreviated
Securities Certificate filing because the gross operating revenues of NUI Corporation during
the immediately preceding fiscal year, pursuant to tariffs filed with this Commission for
service within the Commonwealth, do not exceed ten percent (10%) of the total gross
operating revenues of NUI Corporation.

John G. Alford, Secretary

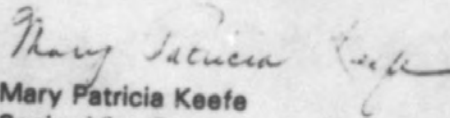
April 19, 1996

Page 2

(4) The statements made and the information provided in this Abbreviated Securities Certificate filing regarding NUI Corporation are true and correct to the best of my knowledge or information and belief, and I understand that the full statements are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to sworn falsification to authorities.

Very truly yours,

ELIZABETHTOWN GAS COMPANY



Mary Patricia Keefe
Senior Vice President & General Counsel

MPK*db
Enclosure



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

May 6, 1996

IN REPLY PLEASE
REFER TO OUR FILE

WILLIAM T HAWKE
MALATESTA HAWKE & MCKEON
100 NORTH TENTH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate
of NUI Corporation for the issuance
of up to two million shares of
common stock.

S-00960562

Date Filed: April 23, 1996

Dear Mr. Hawke:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.551 M., no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and
2. The Secretary has not extended the 10-day consideration period set forth in 52 Pa. Code § 3.551 M (c); and
3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. § 1903 extending the 30-day consideration period established therein.

It is therefore the view of the Pennsylvania Public Utility Commission that the above-captioned Abbreviated Securities Certificate is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa. C.S. §1903 and 52 Pa. Code §3.551 M.

Very truly yours,

John G. Alford
John G. Alford
Secretary

RECEIVED MAY 1 1996



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

May 6, 1996

IN REPLY PLEASE
REFER TO OUR FILE

MAY 23

WILLIAM T HAWKE
MALATESTA HAWKE & MCKEON
100 NORTH TENTH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate
of NUI Corporation for the issuance
of up to two million shares of
common stock.

S-00960562

Date Filed: April 23, 1996

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Very truly yours,

John G. Alford
John G. Alford
Secretary

RECEIVED

Exhibit D (8)



National Utility Investors

NUI Companies:
City Gas Company of Florida
Elizabethtown Gas Company
Elston Gas Service
Natural Gas Services, Inc.
North Carolina Gas Service
NUI Energy Brokers, Inc.
Utility Billing Services, Inc.
Valley Cities Gas Service
Waverly Gas Service

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-5000

October 1, 1996

Julie Huff, Accountant II
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In the Matter of the Petition of NUI Corporation For Authority
Under N.J.S.A. 48:3-9 to Issue Up To 2,000,000 Shares of
Additional Common Stock
Docket No. GF 96030251

Dear Ms. Huff:

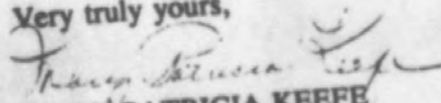
This letter is to advise you that NUI Corporation sold 1,800,000 shares of common stock to the public at \$18.00 per share on May 24, 1996. The Underwriters' fee amounted to \$1,260,000 netting the Company \$ 31,140,000 proceeds. From this amount all other fees, including legal, accounting and printing services, in the amount of \$51,891 were paid.

I am enclosing a copy of the Underwriting Agreement, signed in counterpart as (Ex.1). The Preliminary Prospectus was filed with the Securities and Exchange Commission on May 8, 1996 (Ex.2) and the final Prospectus was issued on May 20, 1996 (Ex.3).

Please contact me if you have any additional questions or need further information.

Thank you.

Very truly yours,


MARY PATRICIA KEEFE
Senior Vice President
and General Counsel

MPK/dc

ALL STATE LEGAL 800-367-0010 8011 RECYCLED

Exhibit E

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

AND

NUI CORPORATION

LOAN AGREEMENT

Dated as of JUNE 1, 1996

The interest of the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority") in this Agreement has been assigned (except for certain rights expressly reserved by the Authority) pursuant to the Trust Indenture dated as of the date hereof from the Authority to First Union National Bank, as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

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THIS Agreement is dated as of June 1, 1996, between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey and NUI CORPORATION, a corporation duly organized and validly existing under the laws of the State of New Jersey (the "Company").

W I T N E S S E T H:

WHEREAS, the New Jersey Economic Development Authority Act, as amended and supplemented, N.J.S.A. §34:1B-1, et seq. (the "Act"), declares that the Legislature has determined that Department of Labor and Industry statistics of recent years indicate a continuing decline in manufacturing employment within the State which is a contributing factor to the drastic unemployment existing within the State, which far exceeds the national average, thus adversely affecting the economy of the State and the prosperity, safety, health and general welfare of its inhabitants and their standard of living; and that the availability of financial assistance and suitable facilities are important inducements to new and varied employment promoting enterprises to locate in the State, and to existing enterprises to remain and expand in the State; and

WHEREAS, the Authority was created to aid in remedying the aforesaid conditions and to implement the purposes of the Act, and the Legislature has determined that the authority and powers conferred upon the Authority under the Act and the expenditure of moneys pursuant thereto constitute a serving of a valid public purpose and that the enactment of the provisions set forth in the Act is in the public interest and for the public benefit and good and has been so declared to be as a matter of express legislative determination; and

WHEREAS, the Authority, to accomplish the purposes of the Act, is empowered (i) to extend credit or make loans to any person for the planning, designing, acquiring, constructing, reconstructing, improving, equipping and furnishing of a project, which credit or loans may be secured by loan and security agreements, mortgages, leases, and any other instruments, upon such terms and conditions as the Authority shall deem reasonable; (ii) to require the inclusion in any mortgage, lease, contract, loan and security agreement or other instruments, such provisions for the construction, use, operation and maintenance and financing of a project as the Authority may deem necessary or desirable; and (iii) to enter into contracts with respect to the planning, designing, financing, constructing, reconstructing, improving, equipping, furnishing, operating and maintaining of a project, for such consideration and upon such terms and conditions as the Authority may determine to be reasonable; and

WHEREAS, as an inducement to the Company to undertake a certain project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution and mains, service lines, meters and miscellaneous equipment (the "Project"), said Project to be located in the Counties of Middlesex and Union, New Jersey, the Authority, in furtherance of the purposes of the Act, made certain findings and determinations and preliminarily approved the application of the Company for the financing of the Project by resolution duly adopted on November 14, 1995 and by further resolution duly adopted on May 14, 1996 authorized the issuance of its \$39,000,000 Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds") for the purpose of providing funds for the making of a loan to the Company to finance a portion of the costs of the Project; and

WHEREAS, the Authority proposes to secure the Bonds by a pledge of moneys to be received by the Authority and the assignment of certain rights of the Authority with respect to the Project, all pursuant to a Trust Indenture, dated as of June 1, 1996 (the "Indenture"), between the Authority and the Trustee, which pledge and assignment are hereby declared to further secure the payment of the principal of and interest on the Bonds; and

WHEREAS, the Authority proposes to apply the proceeds of the Bonds to make the Loan to the Company to finance a portion of the costs of the Project in accordance with the Act and the Bond Resolution; and

WHEREAS, the Company and the Authority each have full right and lawful authority to enter into this Agreement, and to perform and observe the provisions hereof on their respective parts to be performed and observed.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows; provided, that any obligation of the Authority created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit of the Authority or the faith and credit or taxing power of the State of New Jersey, any political subdivision or taxing district of the State but shall be payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds, anything herein contained to the contrary by implication or otherwise notwithstanding:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture. In addition, the following words and phrases shall have the following meanings:

"Affiliate" means any Person under the control of or in common control or ownership (direct or indirect) of or with the Company or any Subsidiary or affiliate of the Company. For the purposes of this definition, "control" shall mean ownership or control (direct or indirect) of 5% or more of the voting stock of the Person for which such determination is to be made or the exercise of management control over the business and affairs of such Person.

"Agreement" means this Loan Agreement as the same may be from time to time amended, modified or supplemented in accordance with its terms.

"Application" means the application for financial assistance of the Company dated October 8, 1995, submitted to the Authority, including all amendments thereto as are on file at the Authority's offices.

"Completion Date" means the date of completion of the Project, as that date shall be certified as provided in Section 3.5 of this Agreement.

"Construction Contract" means any contract or subcontract for construction, reconstruction, demolition, alteration, repair or maintenance work, including painting and decoration, undertaken in connection with the Project.

"Contractor" means the general contractor for the Project or, if the Company acts as its own general contractor, each subcontractor with whom the Company has a Construction Contract or to whom it disburses or causes to be disbursed funds for the payment of construction, reconstruction, demolition, alteration or repair work, undertaken in connection with the Project.

"Date of Issue" means the date on which there is physical delivery of the Bonds in exchange for the purchase price.

"Default" shall have the meaning set forth in Section 9.1 of this Agreement.

"Excepted Encumbrances" shall have the meaning set forth in Section 2.6(e).

"Excepted Property" shall have the meaning set forth in Section 2.6(e).

"Fiscal Year" means the fiscal year of the Company, presently being each twelve month period ending on September 30.

"Indemnified Party" shall have the meaning set forth in Section 8.2(b) of this Agreement.

"Loan" means the loan in an aggregate principal amount of \$39,000,000 made by the Authority, as lender, from the proceeds of the sale of the Bonds, to the Company, as borrower, to provide funds for the financing of a portion of the costs of the Project, all in accordance with the terms of this Agreement.

"Loan Payment" means each payment, other than payment in respect of Purchase Price, required to be paid by the Company with respect to the Bonds, including the principal of, redemption premium, if any, and interest on the Bonds, and all fees and expenses of the Trustee and the Paying Agent, together with any other payments required by the Bond Resolution, this Agreement or the Indenture.

"Proper Charge" means (i) an expenditure for Costs of the Project, paid and incurred not earlier than sixty (60) days prior to November 14, 1995 and used for the acquisition or improvement of land or the acquisition, construction, reconstruction or improvement of property of a character subject to the allowance for depreciation under Section 167 of the Code; or (ii) an expenditure which, when added to all previous expenditures from the Construction Fund, will not result in more than (A) 5% of the aggregate principal amount of the monies disbursed from the Construction Fund (including expenditures for bond issuance costs referred to in the following clause (B)) being expended for expenditures other than those referred to in (i) above and (B) 2% of the aggregate principal amount of the monies disbursed from the Construction Fund being expended to pay or to reimburse the Company for bond issuance costs within the meaning of Section 147(g) of the Code.

"Requisition" means a written request for a disbursement from the Construction Fund signed by a Company Representative, substantially in the form attached hereto as Exhibit A and satisfactorily completed as contemplated by said form.

"State" means the State of New Jersey.

"Subsidiary" means any entity of which at least a majority of the outstanding stock having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might

have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Company or one or more of its Subsidiaries.

"Term of Agreement" means the term of this Agreement as specified in Section 11.1 of this Agreement.

Section 1.2. Interpretation and Construction. In this Agreement, unless the context otherwise requires:

(a) Articles and Sections mentioned by number only are the respective Articles and Sections of this Agreement so numbered as originally executed;

(b) Words importing a particular gender mean and include every other gender, and words importing the singular number mean and include the plural number and vice versa;

(c) Words importing persons mean and include firms, associations, partnerships (including limited partnerships), societies, trusts, public or private, corporations or other legal entities, including public or governmental bodies, as well as natural persons;

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect;

(e) If any clause, provision or section of this Agreement or the application thereof to any circumstance shall be ruled invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any of the remaining provisions hereof or the application of such clause, provision or section to circumstances other than those as to which it is held invalid or unenforceable.

(f) References herein to the Authority, the Trustee and the Company shall include their respective successors and assigns.

[END OF ARTICLE I]

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Representations and Covenants of the Authority.
The Authority represents and covenants that:

(a) The Authority is a public body corporate and politic constituting an instrumentality of the State duly organized and existing under the laws of the State. Under the provisions of the Act, the Authority is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. The Authority has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) The Authority covenants that it will not pledge the amounts derived from this Agreement other than as contemplated by the Indenture.

(c) All covenants, stipulations, promises, agreements and obligations of the Authority set forth herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Bonds or for any claim based thereon or hereunder against any member, officer or employee of the Authority or any Person executing the Bonds.

Section 2.2. Representations and Warranties of the Company.
The Company represents and warrants that:

(a) Corporate Status. The Company is a duly organized and validly existing corporation in good standing under the laws of the State of New Jersey and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged or presently proposes to engage. The Company is duly qualified or licensed as a foreign corporation in good standing in every jurisdiction in which the nature of the respective businesses conducted by it makes such qualification or licensing necessary. The Company has no Subsidiary or Affiliate other than as listed on Exhibit B annexed hereto.

(b) Corporate Power and Authority. The Company has the corporate power and authority to execute, deliver and carry out its obligations under this Agreement, and has taken all necessary corporate action to authorize the execution and delivery of this Agreement. This Agreement constitutes the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, or other similar laws relating to creditors' rights generally.

(c) No Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company by or before any court, arbitrator or governmental or administrative body or agency which would materially adversely affect the ability of the Company to comply with this Agreement, or which would adversely affect, in any way, the validity or enforceability of the Bonds, this Agreement. The Company is not in default in any material respect with respect to any judgment, order, writ, injunction, decree, rule or regulation of any governmental instrumentality or agency.

(d) No Violation. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein or therein contemplated nor compliance with the terms and provisions hereof or thereof, will contravene any provision of any law, statute, rule or regulation to which the Company is subject or any judgment, decree, license, order or permit applicable to the Company, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the property or assets of the Company pursuant to the terms of, any indenture, mortgage, deed of trust, agreement or other instrument to which the Company is a party or by which it may be bound, or to which it may be subject, or violate any provision of the charter or by-laws of the Company.

(e) Governmental Approval. All consents or approvals of, or filings with, or exemptions by, any governmental or public body or authority which are presently required to authorize, or in connection with the execution, delivery and performance of, this Agreement or of any of the instruments or agreements herein referred to, or the taking of any action hereby or thereby contemplated have been obtained and are in full force and effect. To the best of the Company's knowledge, the Company is in compliance in all material respects with all applicable requirements of all Federal, state and local laws and with rules and regulations of Federal, state and local governmental and regulatory bodies.

- (f) [INTENTIONALLY OMITTED]
- (g) [INTENTIONALLY OMITTED]
- (h) [INTENTIONALLY OMITTED]
- (i) [INTENTIONALLY OMITTED]
- (j) [INTENTIONALLY OMITTED]

(k) The Project. The Project is included within the definition of a "project" in the Act and the Company will operate or cause the Project to be operated as a "project" under the Act.

(l) Use of Proceeds. The proceeds from the sale of the Bonds will be used only for the payment of Proper Charges relating to the Project.

(m) Compliance with Laws. The Company will use due diligence to cause the Project to be operated in accordance with the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Company has obtained or caused to be obtained all requisite approvals of the State and of other Federal, state, regional and local governmental bodies for the acquisition, construction, improving and equipping of the Project and the operation of the Project.

(n) Information in Application Accurate. All information and data contained in the Application relating to the Company was true, correct and complete in all material respects as of the date thereof. No information has been omitted therefrom which would make the Application misleading in any material respect and the Application does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein not misleading or incomplete.

(o) Inducement. The availability of financial assistance from the Authority as provided for herein has been an important inducement to the Company to undertake the Project and to locate the Project in the State.

(p) No Untrue Statements. The representations, statements and warranties of the Company set forth in this Agreement (i) are true, correct and complete in all material respects, (ii) do not contain any untrue statement of a material fact, and (iii) do not omit to state a material fact necessary in order to make the statements contained herein or therein not misleading or incomplete. The Company understands that all such statements, representations and warranties have been relied upon as an inducement by the Authority to make the Loan.

(q) Commencement of Project. Except as otherwise disclosed in the Application, the Project commenced subsequent to November 14, 1995, the date upon which the Authority adopted a resolution approving the Project, and prior to such date neither the Company nor any Related Person commenced or caused to be commenced any off-site production or entered into an agreement binding the Company or any Related Person to proceed with the Project.

Section 2.3. [INTENTIONALLY OMITTED]

Section 2.4. [INTENTIONALLY OMITTED]

Section 2.5. Notice of Determination of Taxability. Promptly after the Company first becomes aware of any Determination of Taxability, the Company shall give written notice thereof to the Authority, the Bond Insurer and the Trustee.

Section 2.6. Covenants of the Company. The Company agrees that, so long as any of the Bonds are outstanding or any amounts are due under this Agreement, it shall comply with the following provisions:

(a) Compliance with Agreement and Indenture. The Company shall observe and perform all of its obligations under this Agreement. The Company acknowledges and agrees to be bound by, and shall fully and faithfully perform, all the duties and obligations which the Authority has covenanted and agreed in the Indenture to cause the Company to perform and any duties and obligations which the Company is required in the Indenture to perform.

(b) Notice of Default. The Company shall furnish to the Trustee as soon as possible and in any event within five (5) Business Days after the discovery by any executive officer of the Company of any Default, a certificate setting forth the details of such Default and the action which the Company proposes to take with respect thereto.

(c) Corporate Existence. The Company covenants that it shall maintain its corporate existence in good standing under the laws of the State, and shall maintain, in each jurisdiction where material to the business of the Company, its right to transact business in each jurisdiction in which the nature of its business or the character of the properties which it owns or leases requires qualification as a foreign corporation and where failure to so qualify would permanently preclude the Company from enforcing its rights with respect to its assets. The Company will comply in all material respects with all applicable laws, ordinances, rules, regulations and requirements of governmental authorities, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings and the effect of noncompliance during such contest will not have a material adverse effect upon the business, properties or condition, financial or otherwise, of the Company.

(d) Reports to be Rendered. During the term hereof, the Company shall deliver to the Trustee, on behalf of the Authority, and to the Bond Insurer:

(i) within 120 days after the end of the Fiscal Year, duplicate copies of the Company's financial statements,

prepared in accordance with generally accepted accounting principles, which shall include a consolidated balance sheet of the Company and its subsidiaries as at the end of such year and consolidated income and retained earnings statements of the Company and its subsidiaries reflecting the operations during said year, all in reasonable detail and setting forth comparable figures for the preceding fiscal year, together with an opinion thereon of independent certified public accountants (two copies of the Company's Annual Report on Form 10-K for such year as filed with the Securities and Exchange Commission may be provided in satisfaction of the foregoing), which report shall be accompanied by a statement of such accountant or accounting firm certifying that in the making of the audit necessary for their report and opinions on such financial statements, they have obtained no knowledge of any Default hereunder or of any event which, with the passage of time or the giving of notice, or both, would constitute a Default hereunder;

(ii) within 120 days after the end of each fiscal quarter of the Company, duplicate copies of the Company's unaudited financial statements, prepared in accordance with generally accepted accounting principles, which shall include a consolidated balance sheet of the Company and its subsidiaries as at the end of such quarter and consolidated income and retained earnings statements of the Company and its subsidiaries reflecting the operations during said quarter, all in reasonable detail and setting forth comparable figures for the same quarter in the preceding Fiscal Year (two copies of the Company's Quarterly Report on Form 10-Q for such quarter as filed with the Securities and Exchange Commission may be provided in satisfaction of the foregoing);

(iii) together with each report submitted pursuant to (i) or (ii) above, a certificate signed by a Vice President or other authorized officer of the Company that no Default hereunder has occurred and is continuing and no event has occurred which, with the passage of time or the giving of notice, or both, would constitute a Default hereunder;

(iv) together with each report submitted pursuant to (i) or (ii) above, a certificate signed by a Vice President or other authorized officer stating that the Project is being operated by the Company in conformity with the proposed use set forth in the Application; and

(v) together with each report submitted pursuant to (i) or (ii) above, any Current Report on Form 8-K filed with the Securities and Exchange Commission during the prior fiscal quarter.

(e) Negative Pledge. The Company shall not create, assume, incur, or suffer to be created, assumed, or incurred or to exist any mortgage, lien, pledge, charge or encumbrance of any kind

(other than Excepted Encumbrances) upon any property of any character of the Company (other than Excepted Property), whether owned at the date hereof or hereafter acquired, to secure indebtedness for borrowed money without either making effective provision whereby the Company's obligations to repay the loan made by the Authority hereunder shall be directly secured equally and ratably with the indebtedness secured by such mortgage, lien, pledge, charge or encumbrance, or depositing with the Trustee, as collateral for such Company obligations hereunder, bonds or other evidences of indebtedness of the Company secured by such lien; provided, however, that this restriction shall not be applicable to nor prevent:

(1) the pledging by the Company of any property or assets as security for the payment of any tax, assessment, or other similar charge demanded of the Company by any governmental authority or public body so long as the Company in good faith contests its liability to pay the same, or as security to be deposited with any governmental authority or public body for any purpose at any time required by law or governmental regulation as a condition to the transaction of any business or the exercise of any franchise, grant, privilege, license, or right;

(2) the pledging by the Company of any property or assets for the purposes of securing a stay or discharge or for any other purpose in the course of any legal proceeding in which the Company is a party or by which it is bound; provided, however, that the fair market value, in the good faith opinion of the Board of Directors of the Company, of such property or assets at the time of such pledge, together with (i) the fair market value, in the good faith opinion of the Board of Directors of the Company, of any other property or assets so pledged (at the time such other property or assets was pledged) plus (ii) the fair market value, in the good faith opinion of the Board of Directors of the Company, of any property or assets pledged pursuant to paragraph (4) below (at the time such property or assets was pledged), does not exceed \$25,000,000 in the aggregate;

(3) any mortgage, lien, pledge, charge or encumbrance on any property or asset in favor of the United States of America, any State, or any department, agency, instrumentality, or political subdivision of any such jurisdiction, securing private activity bonds or industrial revenue bonds, the interest on which is exempt from Federal income tax under Section 103 of the Code; provided, however, that such bonds shall be issued for the purpose of financing or refinancing the construction or improvement of such property or asset and provided,

further, that such mortgage, lien, pledge, charge or encumbrance is a condition to the issuance of such bonds;

(4) mortgages, liens, pledges, charges or encumbrances arising in the ordinary course of its business which (i) do not secure indebtedness for borrowed money and (ii) do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business; provided, however, that the fair market value, in the good faith opinion of the Board of Directors of the Company, of any property or assets so pledged (at the time of such pledge), together with (i) the fair market value, in the good faith opinion of the Board of Directors of the Company, of any other property or assets so pledged (at the time such other property or assets was pledged) plus (ii) the fair market value, in the good faith opinion of the Board of Directors of the Company, of any property or assets pledged pursuant to paragraph (2) above (at the time of such property or assets was pledged), does not exceed \$25,000,000 in the aggregate;

(5) making good faith deposits in connection with tenders, contracts or leases to which the Company is a party; or

(6) the pledging by the Company of any property or assets in connection with the incurrence of indebtedness (under circumstances not otherwise excepted from the operation of this Section) in aggregate principal amount not exceeding 3% of the Company's net tangible utility assets at any time outstanding.

Any instrument creating a lien in favor of the Authority pursuant to the requirements of this Section shall contain reasonable and customary provisions for the enforcement of such lien and for the release of, or substitution for, the property subjected to such lien. Such lien shall be evidenced by an appropriate instrument or instruments executed and delivered to the Trustee (or to the extent legally necessary, to another trustee as additional or separate trustee). The Trustee may receive an opinion of counsel as conclusive evidence that any such instrument is in customary form and complies with the foregoing provisions of this paragraph; and the Trustee shall not be under any duty or responsibility to any Bondholder with respect to the form, validity or enforceability of any such instrument which it may accept in reliance in good faith upon any such opinion.

The term "Excepted Encumbrances" as used herein shall mean as of any particular time any of the following:

(1) mortgages, liens, pledges, charges or encumbrances in existence on the date hereof;

(2) liens for taxes, assessments of governmental charges not delinquent and liens for worker's compensation awards and similar obligations not delinquent and liens for taxes, assessments, or governmental charges delinquent but the validity of which is being contested at the time by the Company in good faith by appropriate proceedings;

(3) any liens securing indebtedness neither assumed nor guaranteed by the Company nor on which it customarily pays interest, existing in or relating to real estate or rights in real estate acquired by the Company for distribution system or right-of-way purposes or in connection with its usual operations;

(4) easements, rights of way, restrictions, exceptions or reservations in or affecting any property or asset of the Company created for the purpose of roads, railroads, railroadside tracks, electric lines, pipelines, sewers, water and gas transmission and distribution mains, conduits, transmission, distribution, or communication lines or for the joint or common use of real property and equipment and other like purposes, building and use restrictions and defects and irregularities of title to, or leases of, any property or asset of the Company which do not materially impair the use of such property or asset as an entirety in the operation of the business of the Company;

(5) undetermined liens and charges incidental to current construction, including mechanic's, laborers', materialmen's and similar liens;

(6) any obligations or duties affecting the property or assets of the Company to any municipality or public authority with respect to any franchise, grant, license, permit or certificate;

(7) rights reserved to or vested in any municipality or public authority to control or regulate any property or asset of the Company or to use such property in a manner which does not materially impair the use of such property or asset for the purposes for which it is held by the Company;

(8) any irregularities in or deficiencies of title to any rights of way for distribution mains or pipes and/or appurtenances to any thereto or other improvements thereon and to any real estate used or to be used

primarily for right of way purposes, which do not materially affect the use of such property or asset by the Company in the normal course of its business;

(9) purchase money mortgages, liens, pledges or security interests (which term for purposes of this subsection (9) shall include conditional sale agreements or other title retention agreements) upon or in property or assets acquired after the date of the Indenture (provided that the same is created concurrently with the acquisition of such property or assets by the Company), provided that no such mortgage, lien, pledge or security interest extends or shall extend to or cover any property or assets of the Company other than the property or assets then being acquired and fixed improvements then or thereafter erected thereon;

(10) leases made, or existing on property or assets acquired, in the ordinary course of business;

(11) any mortgage, lien, pledge, charge or encumbrance of any corporation existing at the time such corporation is merged or consolidated with or into the Company and not created in contemplation of such event;

(12) any mortgage, lien, pledge, charge or encumbrance existing on any property or asset at the time of the acquisition thereof by the Company and not created in contemplation of such acquisition, and any mortgage, lien, pledge, charge or encumbrance on any property or asset acquired or constructed by the Company and created not later than the date of (i) such acquisition or completion of such construction or (ii) commencement of full operation of such property or asset, whichever is later;

(13) the liens of any judgment in an aggregate amount not in excess of \$250,000; and

(14) zoning laws and ordinances.

The term "Excepted Property" as used herein shall mean (a) cash, bonds, stocks, obligations, and other securities (including, without limitation, securities issued by Subsidiaries of the Company); (b) choses in action, accounts receivable, unbilled revenues, judgments and other evidences of indebtedness and contracts, leases, and operating agreements; (c) stock in trade, merchandise, equipment, apparatus, materials or supplies and other personal property manufactured or acquired for the purpose of sale and/or resale in the usual course of business or consumable in the operation of any of the properties or businesses of the Company or held for the purpose of repair or replacement; (d) timber, gas,

fuel oil, electric energy, minerals (including, without limitation, developed and undeveloped natural gas reserves and natural gas in underground storage or otherwise), liquefied natural gas, propane gas, synthetic fuel, mineral rights and royalties; (e) materials or products generated, manufactured, stored, produced or purchased by the Company for sale, distribution, or use in the ordinary course of its business; and (f) office furniture and equipment, tools, rolling stock, buses, motor coaches, trucks and automobiles and other vehicles and aircraft.

(f) Information. The Company will permit the Bond Insurer to discuss the affairs, finances and accounts of the Company or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Company. The Company will permit the Bond Insurer to have access to the Project and to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

[END OF ARTICLE II]

ARTICLE III

ACQUISITION AND CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.1. Agreement to Acquire, Construct, Improve and Equip the Project. The Company agrees to acquire, construct and equip the Project with all reasonable dispatch and to use its best efforts to cause said acquisition, construction and installation to be completed as soon as practicable, delays incident to strikes, riots, and acts of God or the public enemy beyond the reasonable control of the Company only excepted, but if said acquisition, construction and installation is not completed within the time herein contemplated there shall be no diminution in or postponement or abatement of the payments required to be paid by the Company under Section 4.2 of this Agreement.

Section 3.2. Agreement to Issue the Bonds; Application of Bond Proceeds. The Authority, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof (other than accrued interest, if any, which shall be deposited in the Debt Service Fund) with the Trustee in the Construction Fund to be applied to pay a portion of the Costs of the Project. Pending disbursement pursuant to Section 3.3 of this Agreement, the proceeds of the Bonds so deposited in the Construction Fund, together with any investment earnings thereon, shall constitute a part of the Trust Estate and shall be subject to the lien of the Indenture pursuant to the granting clauses therein as security for the obligations described in such granting clauses, and to such end the Company hereby grants to the Authority as security for such obligations a security interest in all of the Borrower's right, title and interest in and to the Construction Fund and the Debt Service Fund.

Section 3.3. Disbursements from the Construction Fund. The Authority has, in the Indenture, authorized and directed the Trustee to disburse the Bond proceeds from the Construction Fund on the Date of Issue to pay a portion of the Costs of the Project or to reimburse the Company therefor. The Trustee shall not make any disbursement from the Construction Fund until the Company shall have provided the Trustee with a Requisition and the other documents required by Section 5.2 of this Agreement.

Section 3.4. Furnishing Documents to the Trustee. The Company agrees to cause such Requisitions to be directed to the Trustee as may be necessary to effect payments out of the Construction Fund in accordance with Section 3.3 of this Agreement.

Section 3.5. Establishment of Completion Date. The Completion Date shall be evidenced to the Authority and the Trustee by a certificate signed by a Company Representative stating that,

except for amounts retained by the Trustee at the Company's direction to pay any Cost of the Project not then due and payable or if due and payable not then paid and except for amounts retained by the Trustee pursuant to a notice from the Authority's Affirmative Action Office, (i) construction of the Project has been completed and all costs of labor, services, materials and supplies used in such construction have been paid, (ii) all equipment for the Project has been installed, such equipment so installed is suitable and sufficient for the operation of the Project, and all costs and expenses incurred in the acquisition and installation of such equipment have been paid, and (iii) all other facilities necessary in connection with the Project have been acquired, constructed, improved, and equipped and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Forthwith upon completion of the acquisition, construction, improving, and equipping of the Project, the Company agrees to cause such certificate to be furnished to the Authority and the Trustee. Upon receipt of such certificate, the Trustee shall retain in the Construction Fund a sum equal to the amounts necessary for payment of the Costs of the Project not then due and payable according to such certificate. If any such amounts so retained are not subsequently used, prior to any transfer of said amounts to the Debt Service Fund as provided below, the Trustee shall give notice to the Company of the failure to apply said funds for payment of the Costs of the Project. Any amount not to be retained in the Construction Fund for payment of the Costs of the Project, and all amounts so retained but not subsequently used, shall be applied as set forth in Section 3.02 of the Indenture.

* Section 3.6. Company Required to Pay Project Costs If Construction Fund Insufficient. If the moneys in the Construction Fund available for payment of the Costs of the Project should not be sufficient to pay the Costs thereof in full, the Company agrees to complete the Project and to pay all that portion of the Costs of the Project as may be in excess of the moneys available therefor in the Construction Fund. The Authority does not make any warranty, either express or implied, that the moneys which will be paid into the Construction Fund and which, under the provisions hereof, will be available for payment of the Project Costs, will be sufficient to pay all the Costs which will be incurred in that connection. The Company agrees that if after exhaustion of the moneys in the Construction Fund the Company should pay any portion of the Project Costs pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Authority or from the Trustee or from any Bondholders, nor shall it be entitled to any diminution in or postponement or abatement of the payments required to be made by the Company under Section 4.2 of this Agreement.

[END OF ARTICLE III]

ARTICLE IV

LOAN PROVISIONS

Section 4.1. Loan of Proceeds. The Authority agrees, upon the terms and conditions contained in this Agreement and the Indenture, to make a Loan to the Company in the principal amount of THIRTY-NINE MILLION DOLLARS (\$39,000,000), equal to the proceeds received by the Authority from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Company as provided in Section 3.3 of this Agreement.

Section 4.2. Amounts Payable.

(a) The Company hereby covenants and agrees to repay the Loan, as follows: Payment of all Loan Payments relating to the Bonds shall be made and deposited as required by this Agreement and the Indenture, including all such payments which may come due because of the acceleration of the maturity or maturities of the Bonds upon default, or otherwise, under the provisions of the Indenture. If any funds in excess of current requirements are held on deposit in an account of the Debt Service Fund relating to the Bonds at the time payment of any Loan Payment relating to the Bonds is due, such payment shall be reduced by the amount of the funds so held on deposit, to the benefit of the Company. Such Loan Payments, together with funds held on deposit in such account of the Debt Service Fund, except funds held therein for payment of matured installments of principal on the Bonds or interest payable thereon, shall be sufficient to pay when due all principal of, redemption premium, if any, and interest on the Bonds, and all fees and expenses of the Trustee and Paying Agent for such Bonds. The Company shall have the right to prepay all or a portion of each such Loan Payment at any time, and shall be obligated to do so timely, if and to the extent the Company requests redemption or prepayment of the Bonds. Any such prepayment by the Company shall not relieve it of liability for each remaining Loan Payment relating to the Bonds except as provided in this Agreement, the Bond Resolution and the Indenture. In addition, if the amount received by the Paying Agent from demands made under a Standby Purchase Agreement, together with all other amounts (including remarketing proceeds of Bonds) received by the Paying Agent for the purchase of Bonds tendered pursuant to the Indenture, is not sufficient to pay the Purchase Price of such Bonds on the Purchase Date, the Company shall pay to the Paying Agent an amount equal to the Purchase Price of such Bonds less the amount, if any, available to pay the Purchase Price in accordance with Section 3.08 of the Indenture from the proceeds of the remarketing of such Bonds or from demands made under a Standby Purchase Agreement, if any, all in accordance with Section 3.05 of the Indenture.

(b) The Company will also pay the reasonable expenses of the Authority related to the issuance of the Bonds, including the

payment on the Date of Issue of a fee equal to \$182,500. The Company shall also pay on the Date of Issue the fees and expenses of Bond Counsel.

(c) In the event the Company should fail to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate or rates then in effect on the Bonds.

Section 4.3. Mandatory Prepayment of Loan. The Company shall prepay the Loan in full, together with interest accrued and to accrue to the redemption date upon the occurrence of one of the following events: (a) the Company ceases to operate the Project or to cause the Project to be operated as an authorized project under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority, or (b) any representation or warranty made by the Company in this Agreement or in any document furnished in connection with this Agreement proves to have been false or misleading in any material respect when made. The Authority shall give notice to the Company and the Trustee of such occurrence; whereupon the Trustee shall give notice to the Bondholders and the Bond Insurer of the redemption of the Bonds pursuant to Sections 3.07(d) and 10.02 of the Indenture. The prepayment shall be due and payable on the second Business Day preceding the redemption date or, if earlier, such date as may be required in order to obtain an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an event of bankruptcy with respect to the Company, if such opinion is required pursuant to the Indenture in order to effectuate such redemption. Payment on the Loan by the Company pursuant to this Section shall be in an amount sufficient, together with other funds on deposit with the Trustee which are available for such purpose, to redeem the Bonds then Outstanding, and to pay (i) all administrative expenses accrued and to accrue through the Redemption Date and (ii) any other expenses and fees required to satisfy and discharge the Indenture.

Section 4.4. Obligations of Company Unconditional. The obligations of the Company to make the payments required in Section 4.2 of this Agreement and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Authority, the Trustee or the Bondholders, and, until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or

provision for the payment thereof shall have been made in accordance with the Indenture, the Company (a) will not suspend or discontinue any payments provided for in Section 4.2 of this Agreement, (b) will perform and observe all other agreements contained in this Agreement and (c) will not terminate the Term of Agreement for any cause, including, without limiting the generality of the foregoing, failure of the Company to complete the acquisition, construction, improving and equipping of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement or any other Loan Document. Nothing contained in this Section shall be construed to release the Authority from the performance of any of the agreements on its part herein contained, and in the event the Authority or the Trustee should fail to perform any such agreement on its part, the Company may institute such action against the Authority or the Trustee as the Company may deem necessary to compel performance so long as such action does not abrogate the obligations of the Company contained in the first sentence of this Section.

[END OF ARTICLE IV]

ARTICLE V

THE PROJECT

Section 5.1. Construction and Equipping of the Project.

(a) The Company agrees that it will, in accordance with and as contemplated by the Application, construct or cause such construction and improvements to be made to, and such machinery and equipment to be installed in, the Project as may be necessary to operate the Project in the manner contemplated in the Application and this Agreement. The Company shall operate or cause the Project to be operated as an authorized project for a purpose and use as provided for under the Act until the expiration or earlier termination of this Agreement.

(b) The proceeds of the Loan shall be disbursed from the Construction Fund by the Trustee in the manner and to the extent provided in Section 3.3 of this Agreement, in this Article V (and particularly Section 5.2) and the Indenture.

Section 5.2. Disbursements from the Construction Fund.

(a) In the Indenture, the Authority has authorized and directed the Trustee to make disbursements from the Construction Fund as required by this Agreement. Disbursement of the proceeds from the sale of the Bonds shall be made from the Construction Fund to reimburse the Company for payments made by it in respect of Proper Charges upon receipt by the Trustee of a Requisition signed by a Company Representative stating with respect to such disbursement to be made: (1) the requisition number; (2) the name and address of the Person to whom the payment was made by the Company together with proof of payment by the Company; (3) the amount to be paid; (4) that each payment for which reimbursement is sought is a Proper Charge against the Construction Fund, is unpaid or unreimbursed, and has not been the basis of any previously paid Requisition; (5) that if such payment is a reimbursement to the Company for costs or expenses incurred by reason of work performed or supervised by officers or employees of the Company or any of its Affiliates or Subsidiaries, that the amount to be paid does not exceed the actual cost thereof to the Company; and (6) that on the date thereof there has not occurred any act which, with the giving of notice or passage of time, or both, would constitute a Default.

(b) The Company hereby agrees that it shall pay all costs incurred by the Trustee in making any such disbursements from the Construction Fund. In making any such disbursements from the Construction Fund, the Trustee may conclusively rely on any such Requisitions and other documents delivered to it and the Trustee shall be relieved of all liability with respect to the making of such disbursements if made in accordance with the foregoing.

Section 5.3. Maintenance and Modification of the Project by the Company.

(a) The Company shall operate and maintain the Project in accordance with all applicable governmental laws, ordinances, approvals, rules and regulations and requirements, including, but not limited to, zoning, sanitary, pollution, environmental and safety ordinances, laws and rules and regulations promulgated thereunder.

(b) The Company shall (i) maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept in good repair, working order and condition, (ii) from time to time, make or cause to be made all necessary and proper repairs, replacements and renewals thereto and (iii) from time to time, make such substitutions, additions, modifications and improvements as may be necessary and as shall not impair the structural integrity, operating efficiency and economic value of the Project. Any alterations, replacements, renewals or additions made pursuant to this Section shall become and constitute a part of the Project.

(c) The Company shall not remove, relocate, discontinue the use of or sell, fail to restore, or otherwise dispose of any part of the Project except as may otherwise be permitted pursuant to the provisions of this Agreement.

(d) The Company shall not relocate the Project or any part thereof outside the State.

Section 5.4. Taxes, Other Governmental Charges and Utility Charges.

(a) The Company shall pay, as the same respectively become due, all taxes, assessments and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against the Company with respect to the Project and its other properties and assets, including, without limiting the generality of the foregoing, any taxes levied upon the Project which, if not paid, will become a lien or charge upon the Project or upon any payment pursuant to this Agreement or any other Loan Document. The Company shall also pay all utility, water and sewer rents and other charges incurred in connection with the Project, if any, and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project.

(b) The Company may, at its own expense and in its own name and in good faith, contest any such taxes, assessments and other charges, provided that such contest shall not result in a lien being placed on the Project or any part thereof or result in the Project being subject to loss or forfeiture, and further provided that the Company gives notice in writing of such contest to the Authority and the Trustee. Nothing herein shall preclude

the Company, at its own expense and in its own name and behalf, from applying for any tax exemption allowed by the Federal government, the State or any political subdivision which grants or may grant such tax exemption.

Section 5.5. Insurance Required. The Company shall obtain and maintain insurance on the Project and its other insurable properties and operations conducted therein and thereon in such manner and against such loss, damage and liability to third parties as is customary with corporations in the same or similar business and operating like properties in the State. Without limiting the generality of the foregoing sentence, the Company shall maintain adequate insurance against liability on account of damage to persons and property and under all applicable workers compensation laws. All policies of insurance shall be with reputable insurance companies and in such amounts as is customarily maintained by similarly situated companies operating similar businesses.

Section 5.6. [INTENTIONALLY OMITTED]

Section 5.7. Worker's Compensation. The Company shall comply with the laws of the State relating to Worker's Compensation and similar worker's protection laws.

Section 5.8. Leases and Subleases. Prior to leasing, subleasing or consenting to the subleasing or assignment of any leases of all or any part of the Project, the Company shall cause to be furnished to the Executive Director of the Authority by certified mail, return receipt requested, a project occupant application then in use by the Authority, completed and executed by the proposed tenant or lessee. The Executive Director or his or her duly appointed representative will have 20 days after receipt, excluding Saturdays, Sundays, and public holidays, to either approve or disapprove such leasing, subleasing or consents to subleasing or assignment of any lease of the Project. If the Authority takes no action within the 20 day period after receipt of the application, the prospective tenant or lessee shall be deemed to be approved by the Authority.

[END OF ARTICLE V]

ARTICLE VI
[INTENTIONALLY OMITTED]

[END OF ARTICLE VI]

ARTICLE VII

SPECIAL COVENANTS

Section 7.1. No Warranty of Condition or Suitability by Authority. THE AUTHORITY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE COMPANY. THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT THE COMPANY WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE COMPANY'S PURPOSES.

Section 7.2. Access to the Project. The Company agrees that the Authority, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project at all reasonable times and on reasonable notice. The Authority, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books and records of the Company with respect to the Project. The Authority shall have the right to request information and material relating to the Project or the Company as it may reasonably request from time to time.

Section 7.3. Further Assurances and Corrective Instruments. The Authority and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 7.4. Authority and Company Representatives. Whenever under the provisions of this Agreement the approval of the Authority or the Company is required or the Authority or the Company is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authority Representative and for the Company by a Company Representative. The Trustee shall be authorized to act on any such approval or request.

Section 7.5. Financing Statements. The Company agrees to execute and file or cause to be executed and filed any and all financing statements or amendments thereof or continuation statements necessary to perfect and continue the perfection of the security interests granted in the Indenture. Within 3 months of the expiration date of any financing statement or continuation statement, the Company shall furnish to the Trustee evidence satisfactory to the Trustee that such filing has taken place. The Trustee shall be entitled to rely conclusively upon an opinion of counsel reasonably satisfactory to it as to any of the matters set

forth in this Section 7.5. The Company shall pay all reasonable costs of the preparation and filing of such instruments.

Section 7.6. Compliance with Code. The Company shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall for the purposes of federal income taxation be excludable from the gross income of the holders of the Bonds, except in the event that any such holder is a Substantial User or Related Person thereto. For purposes of this Section 7.6, any and all actions of any Related Person shall be deemed to be actions of the Company. In addition, any and all actions to be undertaken by the Company or by any other person as to which the Authority or the Trustee must, pursuant to the terms hereof, consent or approve in advance, shall be deemed to be the actions of the Company or such other person (and not the actions of the Authority or the Trustee). The Company shall cause any Related Person to comply with all of the provisions of this Section as to its own operations. For purposes of this Section 7.6, the terms "Substantial User" and "Related Person" shall have the meanings given to them in Section 147(a) of the Code.

Section 7.7. [INTENTIONALLY OMITTED]

Section 7.8. Employment Records. Upon the Authority's written request (which shall not be more frequently than annually), the Company shall furnish a written report to the Authority of the total number of employees at the Project and shall separately indicate: (a) the number of permanent new jobs which was estimated to be created by the Project in the Application, with job descriptions and annual salaries; (b) which of these permanent new jobs are currently filled; and (c) the average number of full-time, part-time or seasonal employees at the Project for the current reporting period within the three (3) categories of (i) professional, managerial, technical, (ii) skilled, and (iii) semi-skilled and unskilled.

Section 7.9. Annual Certificate. On each anniversary hereof, the Company shall furnish to the Authority, with copies to the Trustee, the following:

(a) a certificate indicating whether or not the Company is aware of any condition, event or act which constitutes a Default, or which would constitute a Default with the giving of notice or passage of time, under this Agreement or the Indenture;

(b) a written description of the present use of the Project and a description of any anticipated material change in the use of the Project or in the number of employees employed at the Project, and

(c) a report from every entity that leases or occupies space at the Project indicating the number of persons the entity employs at the Project.

Section 7.10. Affirmative Action and Prevailing Wage Regulations. The Company shall comply with the Authority's Affirmative Action Program and Prevailing Wage Rate Regulations and to that end:

(a) Insert in all construction bid specifications for any Construction Contract the following provisions:

"Construction of this project is subject to an Affirmative Action Program of the New Jersey Economic Development Authority which program establishes hiring goals for minority and female workers. Any contractor or subcontractor must agree to make a good faith effort to meet the established goals and to submit certified reports and records required by the Authority. Copies of the Affirmative Action Program may be obtained by writing to: Office of Affirmative Action; New Jersey Economic Development Authority; CN 990; Trenton, New Jersey 08625.

Submission of a bid signifies that the bidder knows the requirements of the Affirmative Action Program and signifies the bidder's intention to comply. Construction of this project is subject to N.J.A.C. 19:30-3.1 et seq. Workers employed in construction of this project must be paid at a rate not less than the prevailing wage rate established by the New Jersey Commissioner of Labor";

(b) Include in all Construction Contracts those provisions which are set forth in the Addendum to Construction Contract annexed hereto as Exhibit C;

(c) Obtain from all Contractors and submit to the Authority a Contractor's Certificate in the form annexed hereto as Exhibit D within 5 days of the execution of any Construction Contract;

(d) Create an office of Company Affirmative Action Officer and maintain in that office until the Completion Date an individual having responsibility to coordinate compliance by the Company with the Authority's Affirmative Action Program and to act as liaison with the Authority's office of Affirmative Action;

(e) Submit to the Authority on the Completion Date, a Completion Certificate in the form annexed hereto was Exhibit E; and

(f) Furnish to the Authority all other reports and certificates required under the Authority's Affirmative Action Program and Prevailing Wage Rate Regulations.

[END OF ARTICLE VII]

ARTICLE VIII

PROJECT USERS; MAINTAIN EXISTENCE; MERGE, SELL, TRANSFER; INDEMNIFICATION; REDEMPTION

Section 8.1. Project Users; Maintain Existence; Merge, Sell, Transfer.

(a) Upon the request of the Authority from time to time, the Company shall cause a Project Occupant Information Form to be submitted to the Authority by every prospective lessee, sublessee or lease assignee of all or any part of the Project. The Company shall not permit any such leasing, subleasing or assigning of leases of all or any part of the Project that would impair the excludability of interest paid on the Bonds from the gross income of the holders thereof for purposes of federal income taxation, or that would impair the ability of the Company to operate the Project, or would cause the Project not to be operated, as an authorized project under the Act.

(b) The Company shall maintain its existence as a legal entity and shall not sell, assign, transfer or otherwise dispose of the Project or substantially all of its assets. The Company may merge with or into or consolidate with another entity, and the Project or this Agreement may be transferred without violating this Section 8.1(b) provided (i) the Company causes the proposed surviving, resulting or transferee company to furnish the Authority with a Change of Ownership Information Form; (ii) the net worth of the surviving, resulting or transferee company on a consolidated basis following the merger, consolidation or transfer is equal to or greater than the net worth of the Company immediately preceding the merger, consolidation or transfer; (iii) any litigation or investigations in which the surviving, resulting or transferee company or its officers and directors are involved, and any court, administrative or other orders to which the surviving, resulting or transferee company or its officers and directors are subject, relate to matters arising in the ordinary course of business; (iv) the merger, consolidation or transfer shall not impair the excludability of interest paid on the Bonds from the gross income of the holders thereof for purposes of federal income taxation pursuant to an opinion of Bond Counsel; (v) the surviving, resulting or transferee company assumes in writing the obligations of the Company under this Agreement, and (vi) after the merger, consolidation or transfer the Project shall be operated as an authorized project under the Act.

Section 8.2. Release and Indemnification Covenants.

(a) The Authority, the Trustee and their respective members, agents, servants, officers or employees shall not be liable for (i) any loss, damage or injury to, or death of, any person occurring at or about or resulting from any defect in the

Project, (ii) any damage or injury to the persons or property of the Company or any user of the Project, or their officers, agents, servants or employees, or any other person who may be about the Project, caused by an act of negligence of any person (other than the Authority, the Trustee or their respective members, officers, agents, servants and employees), or (iii) any costs, expenses or damages incurred as a result of any lawsuit commenced because of action taken in good faith by the Authority or the Trustee in connection with the Project.

(b) The Company shall and does hereby indemnify, protect, defend and hold harmless the Authority, the State, every agency of the State, the Trustee and any Person who "controls" the Authority or the Trustee within the meaning of Section 15 of the Securities Act of 1933, as amended, and their respective members, agents, servants, officers, employees and attorneys (each an "Indemnified Party"), from and against any and all losses, damages, injuries, costs or expenses (including reasonable attorneys fees) and from and against any and all claims, demands, suits, actions or other proceedings whatsoever, brought by any person or entity whatsoever (except the Company) and arising or purportedly arising from or in connection with the Project, this Agreement, the Indenture or the Bonds, or the transaction contemplated by this Agreement or the Indenture.

(c) The Company agrees to and hereby does indemnify and hold harmless each Indemnified Party from and against any and all losses, claims, damages, liabilities, costs or expenses, including reasonable attorneys' fees caused by any untrue statement or alleged untrue statement of a material fact contained in the Application or any other information submitted by or on behalf of the Company with respect to the issuance and purchase of the Bonds or caused by any omission or alleged omission of a material fact necessary to make such statements not misleading or incomplete.

(d) In case any action shall be brought against one or more of the Indemnified Parties based upon any of the above and in respect of which indemnity may be sought against the Company, such Indemnified Parties shall promptly notify the Company in writing, and the Company shall assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Parties unless the employment of such counsel has been specifically authorized by the Company. The Company shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Company or if there be a final judgment for the plaintiff in any such action, the Company shall discharge the liability and indemnify and hold

harmless the Indemnified Parties from and against any loss or liability by reason of such settlement or judgment.

Section 8.3. Redemption of Bonds. The Company shall have and is hereby granted the option to cause all or a portion of the Bonds to be redeemed at the times, at the prices and in the manner permitted by the Indenture. The Authority, at the request of the Company, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the Outstanding Bonds, as may be specified by the Company, on the date established for such redemption.

Section 8.4. Authority to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Authority shall assign to the Trustee, in order to secure payment of the Bonds, all of the Authority's right, title, and interest in and to this Agreement, except for certain of the Authority's rights as are expressly reserved pursuant to the granting clauses of the Indenture.

Section 8.5. Indemnification of Trustee. The Company shall and hereby agrees to indemnify the Trustee for, and hold the Trustee harmless against, any loss, liability or expense (including the costs and expenses of defending against any claim of liability) incurred without gross negligence or willful misconduct and arising out of or in connection with its acting as Trustee under the Indenture, the Standby Purchase Agreement or any other Loan Document.

[END OF ARTICLE VIII]

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.1. Defaults Defined. The following shall be "Defaults" under this Agreement and the term "Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay any amount required to be paid under subsection (a) of Section 4.2 hereof when due.

(b) Failure by the Company to comply with any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in Section 9.1(a) hereof, which failure continues for more than 30 days, after it first becomes known to any officer of the Company; provided, however, that in the event that the Company is diligently undertaking to cure such default but such default cannot be cured within said 30-day period, such 30-day period shall be extended for as long as the Company and the Authority shall agree is reasonably necessary in order to cure such default.

(c) [INTENTIONALLY OMITTED]

(d) If any warranty, representation or other written statement made by or on behalf of the Company, by an officer of the Company contained in this Agreement, the Indenture or any other Loan Document, or in any instrument or certificate furnished in compliance with same is false or misleading in any material respect as of the date it was made or given.

(e) [Intentionally Omitted]

(f) If a custodian, receiver or liquidator is appointed for the Company or the Company is adjudicated bankrupt or insolvent; or an order of relief is entered under the Federal Bankruptcy Code against the Company or any of its property is sequestered by court order and the order remains in effect for more than sixty (60) days; or a petition is filed against the Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect, and is not dismissed within sixty (60) days after filing.

(g) If the Company commences a voluntary case or files a petition in voluntary bankruptcy or seeking relief under any provision of the Federal Bankruptcy Code or any other bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or subsequently in effect; or consents to the filing of any petition against it under any such law; or applies for or consents to the

appointment of or taking possession by a custodian, receiver, trustee or liquidator of the Company or of all or any part of its property; or makes an assignment for the benefit of its creditors; or admits in writing its inability to pay its debts generally as they become due.

(h) This Agreement shall not be, or shall cease to be, the legal, valid, binding and enforceable obligation of each of the parties hereto in accordance with its terms, or this Agreement shall not be or cease to be in full force and effect.

Section 9.2. Trustee's Remedies on Default.

(a) Whenever any Default referred to in Section 9.1 hereof shall have happened and be continuing and the Trustee has received notice of such, the Trustee may, in addition to any other remedy (subject in the case of the Trustee to its mandatory obligations upon the occurrence of certain Defaults) take one or any combination of the following remedial steps:

(i) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 6.02 of the Indenture, by written notice to the Company, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable as liquidated damages under this Agreement and not as a penalty, whereupon the same shall become immediately due and payable;

(ii) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company if reasonably necessary in the opinion of the Trustee;

(iii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, and any other action permitted under the Indenture; or

(iv) Exercise any and all rights and remedies of a creditor or secured party under the Uniform Commercial Code or other applicable law.

(b) Any amounts collected pursuant to action taken under this Section shall be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture. The rights specified in this Section 9.2 are in addition to, and not in limitation of, any other obligations of the Company which may arise upon a default or acceleration in respect of the Bonds, including without limitation, under Section 4.2 of this Agreement.

Section 9.3. [INTENTIONALLY OMITTED]

Section 9.4. Specific Performance.

(a) In addition to the rights and remedies provided for in Section 9.2 of this Agreement, if the Company commits a breach or threatens to commit a breach of any of the provisions of this Agreement and the Indenture, the Authority and the Trustee shall each have the right, without posting bond or other security, to seek injunctive relief or specific performance, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Authority and the Trustee and that money damages will not provide an adequate remedy.

(b) Any amounts collected pursuant to action taken under this Section shall be paid into the Debt Service Fund and applied in accordance with the provisions of the Indenture.

Section 9.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 9.6. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Authority and the Trustee the reasonable fee of such attorneys and such other expenses so incurred by the Authority.

Section 9.7. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party,

such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

[END OF ARTICLE IX]

ARTICLE X

OPTIONS TO TERMINATE AGREEMENT

Section 10.1. Option to Terminate Upon Defeasance. The Company shall have, and is hereby granted, the option to terminate its obligations under this Agreement prior to full payment of the Bonds by providing for the payment of all of the Outstanding Bonds in accordance with Section 2.04 of the Indenture.

[END OF ARTICLE X]

ARTICLE XI

MISCELLANEOUS

Section 11.1. Term of Agreement. This Agreement shall remain in full force and effect from the date hereof to and including such time as all of the Bonds and the fees and expenses of the Authority and the Trustee and all amounts payable hereunder shall have been fully paid or provision made for such payments.

Section 11.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows: if to the Authority, to 200 South Warren Street, Capital Place One CN 990, Trenton, New Jersey 08625, Attention: Executive Director; if to the Trustee, to First Union National Bank, 765 Broad Street - C76607, Newark, New Jersey 07102, Attention: Corporate Trust; if to the Company, to NUI Corporation, 550 Route 202-206, Bedminster, New Jersey 07921-0760, Attention: Mr. Robert Lurie, Treasurer; and if to the Bank, to _____, or to the issuer of

an Alternate Liquidity Facility at its address designated in writing to the Trustee. A duplicate or other communication given hereunder by the Authority or the Company shall also be given to the Trustee and the Bank. The Authority, the Company, the Trustee and the Bank may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.3. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Authority, the Company, the Trustee, the Bondholders and their respective successors and assigns, subject, however, to the limitations contained in Section 2.2(b) hereof.

Section 11.4. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of this Agreement.

Section 11.5. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Debt Service Fund, the Construction Fund, or any other fund created under the Indenture upon expiration or earlier termination of this Agreement, as provided in this Agreement, shall be applied as provided in Section 3.03 of the Indenture.

Section 11.6. Amendments, Changes and Modifications. Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may be

effectively amended, changed, modified, altered or terminated only in accordance with the provisions of Article X of the Indenture.

Section 11.7. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

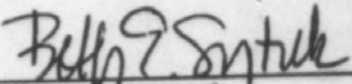
Section 11.9. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 11.10. Certain References Ineffective After Obligation Termination Date. At any time when the Standby Purchase Agreement or an Alternate Liquidity Facility is not in effect with respect to any of the Bonds, all references to the Bank, the Standby Purchase Agreement, or an Alternate Liquidity Facility in this Agreement, the Indenture and the Bonds shall be ineffective.

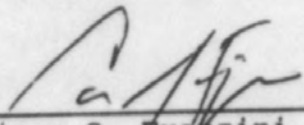
IN WITNESS WHEREOF, the Authority has caused this Agreement to be executed in its name and the Company has caused this Agreement to be executed in its name all as of the date first above written.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY



Beth E. Sztuk
Assistant Secretary

By: 

Caren S. Franzini
Executive Director

[SEAL]

ATTEST:

NUI CORPORATION

By: _____

[SEAL]

SIGNATURE PAGE TO LOAN AGREEMENT DATED AS OF JUNE 1, 1996

IN WITNESS WHEREOF, the Authority has caused this Agreement to be executed in its name and the Company has caused this Agreement to be executed in its name all as of the date first above written.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

Beth E. Sztuk
Assistant Secretary

[SEAL]

By: _____
Caren S. Franzini
Executive Director

ATTEST:

NUI CORPORATION

By: _____
Robert J. Lunn

[Signature]
[SEAL]

SIGNATURE PAGE TO LOAN AGREEMENT DATED AS OF JUNE 1, 1996

EXHIBIT A

REQUISITION NO.

Amount Requested:

Total Disbursements to Date: \$

The Company hereby certifies that:

(a) each obligation mentioned in Exhibit A has been properly incurred not earlier than sixty (60) days prior to November 14, 1995, is a Proper Charge against the Construction Fund, is unpaid or unreimbursed, and has not been the basis of any previous disbursement;

(b) no part of the disbursement requested hereby will be used to pay for materials not yet incorporated into the Project or for services not yet performed in connection therewith;

(c) with respect to any payments representing reimbursement for costs or expenditures incurred by reason of work performed or supervised by officers or employees of the Company or any of its Affiliates or Subsidiaries, the amount to be paid does not exceed the actual cost thereof to the Company;

(d) the expenditure of the amount requested under this Requisition, when added to all disbursements under previous Requisitions, will result in at least ninety-five percent (95%) of the total of such disbursements, other than disbursements for reasonable expenses incurred in connection with the issuance of the Bonds (which expenses do not exceed 2% of the aggregate face amount of the Bonds), having been used (i) for the acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation under the Code, or (ii) for payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Company or but for a proper election by the Company to deduct such amounts; and

(e) as of the date hereof, there has not occurred any act which, with the giving of notice or the passage of time, or both, would constitute a Default.

4. All Amounts requisitioned hereunder shall be wire transferred to _____.

5. All capitalized terms herein shall have the meanings assigned to them in the Loan Agreement dated as of June 1, 1996 between the New Jersey Economic Development Authority and NUI Corporation.

NUI CORPORATION

By: _____

Dated:

EXHIBIT B

Company Subsidiaries and Affiliates

Essel Corporation, a Florida corporation
Utility Billing Services, Inc., a New Jersey corporation
Natural Gas Services, Inc., a Delaware corporation

TRUST INDENTURE

Dated as of JUNE 1, 1996

between

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

and

FIRST UNION NATIONAL BANK, as Trustee

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TRUST INDENTURE

THIS TRUST INDENTURE is dated as of June 1, 1996, between the NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority") and FIRST UNION NATIONAL BANK, a national banking association (the "Trustee").

W I T N E S S E T H:

WHEREAS, the New Jersey Economic Development Authority Act, as amended and supplemented, N.J.S.A. §34:1B-1, et seq. (the "Act"), declares that the Legislature has determined that Department of Labor and Industry statistics of recent years indicate a continuing decline in manufacturing employment within the State which is a contributing factor to the drastic unemployment existing within the State, which far exceeds the national average, thus adversely affecting the economy of the State and the prosperity, safety, health and general welfare of its inhabitants and their standard of living; and that the availability of financial assistance and suitable facilities are important inducements to new and varied employment promoting enterprises to locate in the State, and to existing enterprises to remain and expand in the State; and

WHEREAS, the Authority was created to aid in remedying the aforesaid conditions and to implement the purposes of the Act, and the Legislature has determined that the authority and powers conferred upon the Authority under the Act and the expenditure of moneys pursuant thereto constitute a serving of a valid public purpose and that the enactment of the provisions set forth in the Act is in the public interest and for the public benefit and good and has been so declared to be as a matter of express legislative determination; and

WHEREAS, the Authority, to accomplish the purposes of the Act, is empowered (i) to extend credit or make loans to any person for the planning, designing, acquiring, constructing, reconstructing, improving, equipping and furnishing of a project, which credit or loans may be secured by loan and security agreements, mortgages, leases, and any other instruments, upon such terms and conditions as the Authority shall deem reasonable; (ii) to require the inclusion in any mortgage, lease, contract, loan and security agreement or other instruments, such provisions for the construction, use, operation and maintenance and financing of a project as the Authority may deem necessary or desirable; and (iii) to enter into contracts with respect to the planning, designing, financing, constructing, reconstructing, improving, equipping, furnishing, operating and maintaining of a project, for such consideration and upon such terms and conditions as the Authority may determine to be reasonable; and

WHEREAS, as an inducement to the Company to undertake a certain project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (the "Project"), said Project to be located in the Counties of Middlesex and Union, New Jersey, the Authority, in furtherance of the purposes of the Act, made certain findings and determinations and preliminarily approved the application of the Company for the financing of the Project by resolution duly adopted on November 14, 1995 and by further resolution duly adopted on May 14, 1996 authorized the issuance of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) for the purpose of providing funds for the making of a loan to the Company to finance a portion of the costs of the Project; and

WHEREAS, the Authority proposes to secure the Bonds by a pledge of moneys to be received by the Authority and the assignment of certain rights of the Authority with respect to the Project pursuant to the terms hereof, which pledge and assignment are hereby declared to further secure the payment of the principal of and interest on the Bonds; and

WHEREAS, the Authority proposes to apply the proceeds of the Bonds to make the Loan to the Company to finance a portion of the costs of the Project in accordance with the Act and the Bond Resolution; and

WHEREAS, the Authority has entered into the Agreement with the Company specifying the terms and conditions of the Loan and the repaying of the Loan providing, in part, for payments by the Company to the Authority sufficient to meet installments of interest and principal on the Bonds; and

WHEREAS, it has been determined that the Bonds should be issued, sold and delivered to provide proceeds for the Loan to finance a portion of the costs of the Project; and

WHEREAS, all right, title and interest of the Authority in and to the Agreement (except for such rights of the Authority retained pursuant to this Indenture) will be pledged and assigned to the Trustee to secure all Bonds issued under this Indenture; and

WHEREAS, all things necessary to make the Bonds when authenticated and issued as in this Indenture provided, the valid, binding and legal obligations of the Authority according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the payments under the Agreement for payment of the principal of, premium, if any, and interest on the Bonds, and to constitute this Indenture a valid assignment of the rights of the Authority under the Agreement (except for such rights of the

Authority retained by the Authority) have been done and performed, and the creation, execution and delivery of this Indenture, and the issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized; and

WHEREAS, the Trustee has the power to enter into the Indenture and to execute the trusts hereby created and has accepted the trusts so created and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

(a) Words. In addition to terms defined elsewhere herein, the following terms have the following meanings in this Indenture, including the preambles hereto, unless the context otherwise requires:

"Act" means the New Jersey Economic Development Authority Act, as amended, N.J.S.A. §34:1B-1, et seq., or any successor legislation, and any regulations and administrative pronouncements promulgated thereunder, as amended and supplemented.

"Act of Bankruptcy" means, when used with respect to any person, the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against such person under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"Agent" means the Bank appointed as "Agent" under the Standby Purchase Agreement, initially The Bank of New York, except that if an Alternate Liquidity Facility is in effect, such term shall mean the entity appointed as "Agent" under the Alternate Liquidity Facility.

"Agreement" means the Loan Agreement, dated as of June 1, 1996, by and between the Authority and the Company, and all amendments and supplements thereto.

"Alternate Liquidity Facility" means a standby bond purchase agreement or other liquidity device issued in accordance with Section 3.14(b).

"Authority" means the New Jersey Economic Development Authority, a public body corporate and politic constituting an

instrumentality of the State, exercising governmental functions and any body, board, authority, agency or political subdivision or other instrumentality of the State which shall hereafter succeed to the powers, duties and functions thereof.

"Authority Representative" means the Executive Director, Managing Director of Investment Banking and any other person or persons at the time designated by the Authority to act on its behalf.

"Authority's Administrative Fee" means the administrative fee payable to the Authority pursuant to Section 4.2(b) of the Agreement.

"Authorized Denominations" means (i) with respect to Bonds in the Multiannual Mode, \$5,000 or any integral multiple thereof (ii) with respect to Bonds in the Flexible Mode, \$100,000 or any multiple of \$1,000 in excess of \$100,000 and (iii) with respect to Bonds in the Daily Mode and the Weekly Mode, \$100,000 or any integral multiple thereof.

"Bank" means any bank or banks designated from time to time as a "Bank" (including the Agent) under the Standby Purchase Agreement, except that if one or more Alternate Liquidity Facilities are in effect, such term means any entity or entities obligated to make payments under each Alternate Liquidity Facility.

"Bank Bonds" has the meaning set forth in Section 3.01(i).

"Bank Rate" means, as of any given date, with respect to each Bank Bond, that variable rate of interest (but not in excess of 18%) determined as of such date to be necessary to produce an amount equal to interest at the Prime Rate (or with respect to any overdue amount, the Prime Rate plus two percent), calculated on (i) the principal amount of such Bank Bond plus (ii) to the extent permitted by law, the amount of accrued interest paid by a Bank to purchase such Bank Bond, until such principal and accrued interest have been paid to such Bank. The "Prime Rate" means, on any date, the rate specified as the "Prime Rate" in the Wall Street Journal under the table entitled "Money Rates" on such date, or if such rate is not published on such date, the rate so specified on the immediately preceding date that such rate was published.

"Beneficial Owner" has the meaning set forth in Section 3.01(b)(ii).

"Bond Counsel" means an attorney or firm of attorneys of recognized standing in the field of public finance law relating to revenue bonds, selected by the Authority and satisfactory to the Trustee and the Company.

"Bondholders", "holders" or words of similar import means the registered owners of the Bonds from time to time as shown in the books kept by the Paying Agent as bond registrar and transfer agent.

"Bond Insurer" means AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company.

"Bond Resolution" means the resolution of the Authority adopted on May 14, 1996, authorizing the issuance of the Bonds together with any supplemental resolutions or amendments to such resolution.

"Bonds" means the Authority's \$39,000,000 Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project), as well as all substitute or replacement Bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds, including any Bank Bond.

"Book-Entry System" means the system maintained by the Securities Depository described in Section 3.01(b)(ii).

"Business Day" means a day (i) on which banking institutions in any city in which an office of the Bank, if any, is located if drawings under a Standby Purchase Agreement may be required to be made from such office, in New York, New York or in any of the cities in which the corporate trust offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and (ii) on which the New York Stock Exchange is not closed.

"Code" means the provisions of the Internal Revenue Code of 1986 or the comparable provisions of any subsequent federal income tax laws of the United States in effect at any given date.

"Company" means NUI Corporation, a corporation organized and existing under the laws of the State of New Jersey and its successors and assigns as permitted under the Agreement.

"Company Affiliate" means, for the purposes of this Indenture, the Company and each Person controlling, controlled by or under common control with the Company.

"Company Bond" means any Bond registered in the name of the Company pursuant to Sections 3.05(d) and 3.09.

"Company Representative" means the person or persons at the time designated to act on behalf of the Company in a written certificate (or any alternate or alternates at the time so designated) furnished to the Trustee, containing the specimen signature of such person or persons and signed on behalf of the Company by its Chairman, President, or any Vice President, or any authorized employee of the Company. Such certificate may designate

an alternate or alternates. The Company Representative may be an employee of the Company or a Company Affiliate.

"Construction Fund" means the fund so designated and established pursuant to Section 3.02.

"Conversion Date" means the date on which a new Mode becomes effective with respect to a Bond, and with respect to a Bond in the Multiannual Mode, the date on which a new Rate Period becomes effective.

"Costs" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Act, including, but not limited to:

- (i) all costs which the Authority or the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction, improving, or equipping of the Project;

- (ii) obligations of the Company incurred for labor and materials (including obligations payable to the Company) in connection with the acquisition, construction, improving or equipping of the Project, including reimbursement to the Company for all advances and payments made in connection with the Project prior to or after delivery of the Bonds;

- (iii) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect during the course of construction of the Project;

- (iv) all costs of engineering and architectural services, including the costs of the Company for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper construction of the Project;

- (v) Costs of Issuance of the Bonds, but only to the extent that such costs, when added to all other Costs of Issuance financed with the proceeds of the Bonds, do not exceed 2% of the aggregate face amount of the Bonds, and the premium for the Insurance Policy; and

- (vi) any sums required to reimburse the Company for advances made by the Company for any of the above items or for any other costs incurred which are properly chargeable to the Project.

"Costs of Issuance" means all costs and expenses incurred by the Authority or the Company or any fee charged by the Authority in connection with the issuance and sale of the Bonds, including without limitation (i) fees and expenses of accountants, attorneys, engineers, underwriters (whether paid as a fee or a discount) and financial advisors, (ii) materials, supplies and printing and engraving costs, (iii) recording and filing fees, (iv) rating agency fees, (v) initial fees and expenses of the Trustee and any Paying Agent, and (vi) the Authority's administrative fee as provided for in the Agreement.

"Daily Mode" has the meaning set forth in the form of Daily Bonds in Section 3.01(a)(iii).

"Daily Rate" means a rate or rates of interest borne by a Bond while it is in the Daily Mode.

"Debt Service Fund" means the fund so designated and established pursuant to Section 3.03.

"Default" has the meaning given such term in Section 6.01.

"Delivery Date" means, with respect to a Bond tendered for purchase, the Purchase Date or any subsequent Business Day on which such Bond is delivered to the Paying Agent as provided in the forms of Flexible, Daily, Weekly and Multiannual Bonds in Section 3.01(a).

"Effective Date" means the date on which a new Rate Period for a Bond takes effect.

"Event of Default" has the meaning given such term in Section 6.01.

"Expiration Date" means the stated expiration date of the Standby Purchase Agreement, as such date may be extended from time to time by the Bank, or the date on which the Company terminates the Standby Purchase Agreement in accordance with Section 3.14, including the assignment by a Bank of all or part of its commitment under the Standby Purchase Agreement to a bank or other institution that is not at the time a Bank.

"Flexible Mode" has the meaning set forth in the form of Flexible Bonds in Section 3.01(a)(i).

"Flexible Rate" means a rate or rates of interest borne by a Bond while it is in the Flexible Mode.

"Government Obligations" means direct obligations of the United States of America which are noncallable and not subject to prepayment and which at the time of investment are legal

investments under the laws of New Jersey for the money proposed to be invested therein.

Except in the Bonds, "hereby," "herein," "hereof" or "hereunder" refer to this Indenture as a whole rather than the particular section, subsection, paragraph, subparagraph, clause or subclause in which the word appears; and in the Bonds such words refer to the Bonds as a whole.

"Indenture" means this Trust Indenture as hereafter amended or supplemented from time to time as permitted hereby.

"Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer that guarantees payment when due of principal of and interest on the Bonds.

"Insurer Default" means any of the following events:

(i) The occurrence and continuance of one or more of the following events: (A) the issuance of an order of rehabilitation, liquidation or dissolution of the Bond Insurer; (B) the commencement by the Bond Insurer of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (C) the consent of the Bond Insurer to or the acquiescence by the Bond Insurer in any case or proceeding described in the preceding clause (B) that is commenced against it; (D) the making by the Bond Insurer of an assignment for the benefit of creditors; (E) the failure of the Bond Insurer or the admission by the Bond Insurer in writing of its inability to generally pay its debts or claims as they become due; (F) the initiation by the Bond Insurer of any actions to authorize any of the foregoing; (G) the commencement of an involuntary case or other proceeding against the Bond Insurer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case remaining undismissed and unstayed for a period of 60 days; or (H) the entering of an order for relief against the Bond Insurer under the federal bankruptcy laws as now or hereafter in effect;

(ii) The Bond Insurer shall fail, wholly or partially, to make a payment when and as required under the provisions of

the Insurance Policy (including without limitation, principal of, and interest at the Bank Rate on, Bank Bonds);

(iii) The Insurance Policy is surrendered, canceled or terminated, or amended or modified in any material respect, without the Bank's prior written consent; or

(iv) A court of competent jurisdiction enters a final nonappealable judgment that the Insurance Policy is not valid and binding on or enforceable against the Bond Insurer.

"Maximum Interest Rate" means, except with respect to Bank Bonds, 12% per annum, being the maximum rate of interest to be borne by the Bonds other than Bank Bonds.

"Mode" means the manner in which the interest rates on the Bonds are set and includes the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode.

"Moody's" means Moody's Investors Service, Inc.

"Multiannual Mode" means the Mode in which the interest rate on the Bonds is fixed for periods of not less than 365 days as designated by the Company as described in the form of Multiannual Bonds in Section 3.01(a)(v).

"Multiannual Rate" means the rate of interest borne by a Bond while it is in the Multiannual Mode.

"Outstanding," when used to modify Bonds and subject to the provisions of Section 11.10, refers to Bonds issued, authenticated and delivered under this Indenture, excluding: (i) Bonds which have been exchanged or replaced or otherwise surrendered for cancellation; (ii) Bonds which have been paid; (iii) Bonds which have become due and for the payment of which moneys have been duly provided; (iv) Bonds deemed tendered for purchase and not delivered to the Paying Agent on the Purchase Date, provided sufficient funds for payment of the Purchase Price are on deposit with the Paying Agent; and (v) Bonds with respect to which this Indenture has been defeased pursuant to Section 2.04.

"Participant" means a direct participant in the book-entry system of a Securities Depository through which purchases of beneficial interests in the Bonds may be made.

"Paying Agent" means First Union National Bank, or any successor or successors designated for the Bonds from time to time pursuant to Section 3.10.

"Permitted Investments" has the meaning given such term in Section 3.12.

The word "Person" means any individual or entity so recognized by law.

"Project" means the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, all to be located in the Counties of Middlesex and Union, State of New Jersey.

"PSA Municipal Index" means the Public Securities Association Municipal Index, as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Public Securities Association.

"Purchase Date" means the date on which Bonds shall be required to be purchased pursuant to a mandatory or optional tender in accordance with the provisions in the forms of Flexible, Daily, Weekly and Multiannual Rate Bonds in Section 3.01(a).

"Purchase Price" means, with respect to any Bond, 100% of the principal amount thereof and accrued interest to the date established for purchase thereof.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond in the Flexible, Daily, Weekly or Multiannual Mode, the period during which such rate of interest determined for such Bond will remain in effect as described herein.

"Regulations" means the Income Tax Regulations promulgated pursuant to the Code.

"Remarketing Agent" means, with respect to the Bonds, Morgan Stanley & Co. Incorporated, or an affiliate thereof, and any successor Remarketing Agent appointed from time to time pursuant to Section 3.11.

"Remarketing Agreement" means the Remarketing Agreement dated as of this date by and between the Remarketing Agent and the Company, and any amendments or supplements thereto.

"Securities Depository" means a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, including The Depository Trust Company, New York, New York, or its nominee, and the successors and assigns of any such entity.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies.

"Standby Purchase Agreement" means the Standby Bond Purchase Agreement dated as of June 1, 1996 between the Company and the Agent, except that upon the issuance of an Alternate Liquidity Facility in accordance with Section 3.14, such term shall mean such Alternate Liquidity Facility.

"State" means the State of New Jersey.

"Tax Regulatory Agreement" means the tax regulatory agreement executed by the Company in connection with the original issuance of the Bonds and delivered to the Trustee.

"Tendered Bond" means any Bond tendered or deemed tendered for purchase pursuant to Sections 3.01(c)(iii), 3.01(d)(iii), 3.01(d)(iv), 3.01(e)(iii), 3.01(e)(iv) or 3.01(f)(iii).

"Term-Out Date" means, with respect to any Bonds, the earliest of (i) (A) the first anniversary of the date on which such Bonds were purchased by the Bank, or, if earlier, the date on which such Bonds are accelerated, or (B) if such Bonds have been accelerated on or prior to the date of purchase, the date on which such Bonds were purchased by the Bank, (ii) the Expiration Date, or (iii) the date on which the commitment of the Bank to purchase Bonds pursuant to the Standby Purchase Agreement is terminated in accordance with its terms.

"Trustee" means First Union National Bank, as trustee under this Indenture and its successors in such capacity.

"Weekly Mode" has the meaning set forth in the form of Weekly Bonds in Section 3.01(a)(iv).

"Weekly Rate" means a rate or rates of interest borne by a Bond while it is in the Weekly Mode.

(b) Number and Gender. Wherever appropriate (1) the singular and plural forms of words and (2) words of different gender shall, within those respective classifications, be deemed interchangeable.

(c) Use of Examples. When a condition, class, category, circumstance or other concept is described in general terms herein and a list of possible examples of components of what has been described generally is associated with that description, and regardless of whether the words "include" or "including" or the like are also used, the listing shall be deemed illustrative only and shall not be construed as excluding other possible examples or components or as otherwise limiting the generality of the description in any way.

(d) Use of "Bank," "Standby Purchase Agreement" or "Bank Bonds". Whenever "Bank," "Standby Purchase Agreement" or "Bank

Bonds" are used herein, and in the event that more than one Standby Purchase Agreement is in effect, such terms shall refer to the appropriate Bank, Standby Purchase Agreement or Bank Bonds which pertain to the Bonds supported by a particular Standby Purchase Agreement.

(e) References to Time. All references to events required to occur by a specific time shall mean New York, New York time.

ARTICLE II

ISSUANCE OF BONDS; THE ASSIGNMENT AND PLEDGE; DEFEASANCE OF THE INDENTURE

Section 2.01. Issuance of Bonds. The Authority shall issue the Bonds pursuant to the Act to finance the Costs of the Project as hereinafter provided. The Company has agreed pursuant to the Agreement to make any payments in respect of the loan when and as required in an amount sufficient to pay when due the principal of, redemption premium, if any, and interest on the Bonds, the Purchase Price of Bonds tendered for purchase, and all fees and expenses of the Trustee and the Paying Agent.

Upon initial issuance of the Bonds, the Trustee shall authenticate and deliver the Bonds to the initial purchaser thereof against receipt of the purchase price for the Bonds, but only upon receipt of the following:

- (a) executed counterpart originals of this Indenture, the Agreement and the Standby Purchase Agreement;
- (b) a written order of the Authority directing the authentication and delivery of the Bonds and the application of the proceeds received from the sale of the Bonds;
- (c) evidence that the Insurance Policy has been delivered to the United States Trust Company, as Insurance Trustee for the benefit of the Bondholders; and
- (d) evidence that all of the conditions precedent set forth in Sections 4.01 and 4.02 of the Standby Purchase Agreement have been satisfied or waived by the Bank.

Section 2.02. Assignment and Pledge of the Authority. The Authority, for consideration paid as hereinabove acknowledged, hereby irrevocably assigns and pledges to the Trustee in trust for the security of the Bondholders upon the terms hereof all the Authority's right, title and interest in and to the following:

(a) all right, title and interest of the Authority in and to the Agreement and the security granted thereunder, including, but not limited to, the obligation of the Company under Sections 4.2(a) and 4.3 of the Agreement to make payments in such amounts as are necessary to pay the principal of, premium, if any, and interest on the Bonds and the Purchase Price of Bonds tendered for purchase, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Agreement (except for amounts payable under Sections 4.2(b) and 8.2 of the Agreement), to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do under the Agreement.

(b) all right, title and interest of the Authority in and to all moneys and securities from time to time held by the Trustee in the Construction Fund and the Debt Service Fund established under this Indenture, including investment earnings thereon.

(c) any and all other property rights and interests of every kind and nature from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected hereto, as and for additional security herewith, by the Company or any other person on its behalf or with its written consent or by the Authority or any other person on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

EXPRESSLY RESERVING, however, to the Authority:

(a) any rights to release and indemnification of the Authority contained in the Agreement or any other agreement or instrument delivered by any party in connection with the issuance and sale of the Bonds;

(b) the right to exercise its rights provided for in Sections 4.2(b), 4.3, 5.8, 7.2, 7.8, 9.4, 9.5 and 9.6 of the Agreement; and

(c) the concurrent right to receive any and all reports, surveys, certificates and evidences of performance which the Company may be required to furnish pursuant to the terms of the Agreement and the right to exercise any rights of inspection granted to it pursuant to the terms of the Agreement.

TO HAVE AND TO HOLD all and singular the Trust Estate (as hereinafter defined), whether now owned or hereafter acquired, unto

the Trustee and its respective successors in said trust and assigns forever.

The Trustee shall hold (i) all the rights, title and interest received under this Section and (ii) all revenues (exclusive of funds to which the Trustee is entitled in its own right as fees, reimbursement, indemnity or otherwise) received from the Company or derived from the exercise of the Authority's powers hereunder (which shall include all payments under Sections 4.2(a) and 4.3 of the Agreement) in trust for the security of the Bondholders in accordance with the provisions hereof.

Section 2.03. Further Assurances. The Authority, at the expense of the Company, shall from time to time execute, deliver and record and file such instruments as are necessary to confirm, perfect or maintain the security created hereby and the assignment and pledge of rights hereunder.

Section 2.04. Defeasance.

(a) Payment, Advance Funding and Defeasance. Any Bond (except Bonds in the Daily Mode or the Weekly Mode) shall be deemed to be paid within the meaning of this Section 2.04 when payment of the principal of, redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise; provided that such provision for payment shall be made in a manner sufficient to redeem such Bonds on or before the next mandatory tender date of such Bonds to be defeased), (A) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Obligations, in each case, certified by an independent public accounting firm of national reputation to be sufficient, in the case of money, or to mature as to principal and interest in the case of Government Obligations, in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee and the Paying Agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee, and (B) prior to any defeasance of Bonds, the Paying Agent shall have received written evidence from S&P to the effect that such defeasance will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds or an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority. At such time as a Bond shall be deemed to be paid

hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such money or Government Obligations. The Company shall promptly give written notice to Moody's and S&P of the defeasance of all Outstanding Bonds and shall provide Moody's and S&P with a copy of any certified report prepared by the independent public accounting firm of national reputation referred to above in connection with a defeasance. No Bond tendered to the Paying Agent for payment shall be remarketed hereunder after the defeasance thereof.

(b) Notice of Redemption. Notwithstanding the foregoing, no deposit under clause (ii) of Section 2.04(a) shall be deemed a payment of a Bond as aforesaid until, with respect to a Bond to be redeemed prior to maturity, irrevocable instructions have been given to the Paying Agent by the Company, with a copy to the Trustee, to give proper notice of redemption of such Bond in accordance with the Indenture, and in any case until the Authority, at the request and expense of the Company shall have given the Paying Agent, on forms satisfactory to it, irrevocable instructions to notify, as soon as practicable, the owner of the Bond that the deposit required by clause (ii) of Section 2.04(a) has been made with the Trustee and that said Bond is deemed to have been paid in accordance with this Section 2.04, and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of, redemption premium, if any, and interest on such Bond. Any money so deposited with the Trustee as provided in this Section 2.04 may at the direction of the Company also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Trustee pursuant to this Section 2.04 which is not required for the payment of the Bond, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Company.

(c) Use of Moneys and Government Obligations Set Aside. Notwithstanding anything contained elsewhere in this Indenture, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section 2.04 for the payment of Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds, the redemption premium, if any, and interest thereon, with respect to which such money or Government Obligations have been so set aside in trust.

(d) No Amendment. Notwithstanding anything contained elsewhere in this Indenture, if money or Government Obligations have been deposited or set aside with the Trustee pursuant to this Section 2.04 for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions

of this Section 2.04 shall be made without the consent of the owner of each Bond affected thereby.

Section 2.05. Release of Indenture. If, when all of the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or shall have been duly called for redemption, and the whole amount of the principal, redemption premium, if any, and the interest so due and payable upon all of the Bonds then Outstanding (including, specifically, the Bank Bonds, if any) and the obligation of the Company to the Bank in respect of amounts paid under the Standby Purchase Agreement shall be paid, or sufficient money shall be held by the Trustee for such purposes, and provision shall also be made for paying all other sums payable hereunder and/or under the Agreement by the Company then and in that case all right, title, and interest of the Trustee in these presents and the estate and rights hereby granted with respect to the Bonds shall thereupon cease, determine, and become void, and the Trustee in such case shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall deliver any surplus funds held by it to the Company; and thereupon this Indenture shall terminate and be of no effect. Prior to the execution of any such documents in connection with the satisfaction and discharge of the Indenture and prior to the release of any liens granted hereunder, the Company shall deliver to the Trustee a certificate and an opinion of counsel each stating that all conditions precedent thereto have been complied with.

ARTICLE III

THE BONDS

Section 3.01. The Bonds.

(a) Forms of Bonds. The Bonds shall be issued in substantially the following forms for the four Modes:

(i) Form of Flexible Bond. The Bonds may be issued in the Flexible Mode in substantially the form prescribed below.

\$ _____

No. F-

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE

REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

ANY HOLDER HEREOF WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIMES AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF AND ACCRUED INTEREST UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Gas Facilities Revenue Bond, 1996 Series A
(NUI Corporation Project)

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

INTEREST DUE: \$
(on the Next Purchase Date)

INTEREST RATE:
(to the Next Purchase Date)

NEXT PURCHASE DATE:

COMMENCEMENT DATE OF RATE PERIOD:

MATURITY DATE: June 1, 2026

MODE: Flexible

CUSIP:

New Jersey Economic Development Authority, for value received, promises to pay to the REGISTERED OWNER, or registered assigns, but solely from the moneys to be provided under the Indenture mentioned below, upon presentation and surrender hereof, in lawful money of the United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, unless paid earlier as provided below, with interest from the most recent Interest Payment Date, as defined below, to which interest has been paid or duly provided for or, if no interest has been paid, from the COMMENCEMENT DATE OF RATE PERIOD set forth

above, until paid in full, at the rates per annum described below, payable on each Interest Payment Date, as defined below. Interest shall be due on this bond on each Purchase Date (as defined below) and on the MATURITY DATE (the "Interest Payment Dates"). This bond shall bear interest at the INTEREST RATE set forth above up to the NEXT PURCHASE DATE. Thereafter, the Remarketing Agent (as defined below) shall redetermine the Flexible Rate for each Rate Period (as defined below), which shall be the rate of interest determined by the Remarketing Agent designated as provided in the Indenture (herein, with its successors, the "Remarketing Agent"), for each Rate Period, as defined below, to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, is necessary on and as of the Effective Date, as defined below, to remarket this bond in a secondary market transaction at a price equal to the principal amount thereof, but not in excess of the Maximum Interest Rate; and provided that while a Standby Purchase Agreement (as defined below) is in effect, the interest rate on this bond (unless this bond is a Bank Bond) shall not exceed the rate used to determine the available interest commitment, initially 12%, under the Standby Purchase Agreement. The amount of interest due on any Interest Payment Date shall be the amount of unpaid interest accrued on this bond through the day preceding such Interest Payment Date.

This Bond is one of the duly authorized bonds designated as the New Jersey Economic Development Authority, Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) of the Authority issued in the aggregate principal amount of \$39,000,000 (herein referred to as the "Bonds") under and by virtue of the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (herein collectively called the "Act"), and by virtue of a preliminary resolution duly adopted by the Authority on November 14, 1995, and by a final resolution duly adopted by the Authority on May 14, 1996 (the "Bond Resolution"), and equally and ratably secured under a Trust Indenture dated as of June 1, 1996 by and between the Authority and First Union National Bank, as Trustee, or its successor in trust (herein called the "Trustee") as the same from time to time has been or may be amended, modified or supplemented (being herein collectively called the "Indenture"), for the purpose of raising funds to make a Loan to the Company (hereinafter defined) to finance a portion of the costs of a project consisting of the acquisition, construction and equipping of certain gas mains, distribution mains, service lines, meters and miscellaneous equipment, all to be located in the Counties of Middlesex and Union, State of New Jersey (hereinafter called the "Project"). The Loan is made pursuant to a Loan Agreement dated as of June 1, 1996 by and between the Authority and NUI Corporation (hereinafter called the "Company") (said agreement and any and all amendments

thereof and supplements thereto being herein collectively called the "Agreement"). Loan payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the Authority and deposited in the Debt Service Fund established by the Indenture and have been duly pledged for that purpose, all to the extent and in the manner provided in the Indenture.

The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Indenture, pursuant to which all payments due from the Company to the Authority under the Agreement (other than certain indemnification payments and the payment of certain expenses of the Authority) are assigned to the Trustee to secure the payment of the principal of, premium, if any and interest on the Bonds.

Reference is hereby made to the Indenture and the Agreement for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured; and the Owner of this Bond, by acceptance hereof, hereby consents to the terms and provisions of all of the foregoing as a material portion of the consideration for the issuance of this Bond.

The Bonds Outstanding from time to time are limited and special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the amounts to be paid under the Agreement and otherwise as provided in the Indenture and in the Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and shall not be deemed to constitute a general obligation or liability of the Authority, its officers or employees. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF AND DOES NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WHETHER LEGAL, MORAL OR OTHERWISE. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Copies of the Agreement and the Indenture are available for inspection at the corporate trust office of the Trustee.

[The following paragraph, completed or altered as necessary, is to be inserted in Bonds which are supported by a Standby Purchase Agreement]

The Purchase Price of this bond is also payable from moneys demanded by the Paying Agent under a standby bond purchase agreement (together with any extensions and renewals thereof, the "Standby Purchase Agreement") provided by the Bank (as defined in the Indenture) with an available commitment of \$_____ for the payment of the Purchase Price. The Standby Purchase Agreement initially expires on _____ but may be terminated earlier upon the occurrence of certain events set forth in the Indenture and the Standby Purchase Agreement or extended as provided in the Standby Purchase Agreement. The Company may substitute for the Standby Purchase Agreement in whole or in part, one or more new liquidity facilities (each an "Alternate Liquidity Facility") as provided in the Indenture and the Standby Purchase Agreement.

The principal amount of this bond together with accrued interest may become or be declared immediately due and payable in the manner and with the effect provided in the Indenture.

Unless otherwise defined herein, capitalized terms used in this bond shall have the meaning given them in the Indenture. The following terms are defined as follows:

"Business Day" means a day (i) on which banking institutions [in any city in which an office of the Bank is located if demands under the Standby Purchase Agreement or Alternate Liquidity Facility are required to be made to such office,] in New York, New York or in any of the cities in which the principal offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and (ii) on which the New York Stock Exchange is not closed.

"Effective Date" means the date on which a new Rate Period for a Bond takes effect.

"Mode" means the manner in which the interest rates on the Bonds are set and includes the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode.

* Bracketed language to be added to Bonds supported by a Standby Purchase Agreement.

"Purchase Date" means the date on which this bond shall be required to be purchased pursuant to a mandatory tender in accordance with the provisions hereof.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described herein.

At the option of the Company and upon certain conditions provided for in the Indenture described below, all or a portion of the Bonds (a) may be converted or reconverted from time to time to or from the Daily Mode, the Weekly Mode or the Multiannual Mode, which means that the Rate Period is, respectively, one day, one week or not less than 365 days and (b) may be converted or reconverted from time to time to or from the Flexible Mode.

Conversions of this bond to any other Mode may take place only on an Effective Date. Conversion of this bond to any other Mode shall be subject to certain conditions set forth in the Indenture. In the event that the conditions for a proposed conversion to a new Mode are not met (i) such new Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Bondholders of such conversion and (ii) this bond shall automatically convert to the Daily Mode until a New Mode is determined in accordance with the Indenture. In no event shall the failure of this bond to be converted to a new Mode be deemed to be a Default or an Event of Default under the Indenture as long as the Purchase Price is made available on the failed conversion date to holders of all Bonds that were to have been converted.

The interest rate for this bond in the Flexible Mode will be determined by the Remarketing Agent and will remain in effect from and including the Effective Date of the Rate Period selected for that Bond by the Remarketing Agent through the last date thereof. Bonds in the Flexible Mode may have successive Rate Periods of any duration up to 270 days each and ending on a day preceding a Business Day and any Bond may bear interest at a rate and for a period different from any other Bond. Notwithstanding anything in this bond or in the Indenture to the contrary, during the time that this bond is a Bank Bond, it shall bear interest at the Bank Rate.

In the event that the Remarketing Agent no longer determines, or fails to determine when required, any Rate Period or any Flexible Rate for any Bonds, or, if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Rate Period for any such Bond shall be deemed to be Daily Rate Periods until a new Mode is determined in accordance with the Indenture, and the Daily Rate shall be determined by reference to a published index as provided in the Indenture.

This bond is subject to mandatory tender for purchase and shall be purchased on the NEXT PURCHASE DATE set forth above at a price of 100% of the principal amount hereof (the "Purchase Price"). THE HOLDER OF THIS BOND, BY ACCEPTANCE HEREOF, AGREES TO SELL AND SURRENDER THIS BOND IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE AND, ON SUCH PURCHASE DATE, TO SURRENDER THIS BOND TO THE PAYING AGENT FOR PAYMENT OF THE PURCHASE PRICE AND ACCRUED INTEREST. All deliveries of tendered Bonds, including deliveries of Bonds subject to mandatory tender, shall be made to the Paying Agent at _____ or such other address specified in writing by the Paying Agent to the Bondholders. The Purchase Price of this bond shall be paid only upon surrender of this bond to the Paying Agent as provided herein. From and after such Purchase Date, no further interest shall be payable to the REGISTERED OWNER provided that there are sufficient funds available on such Purchase Date to pay the Purchase Price.

Each determination and redetermination of the Flexible Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders.

Interest shall be computed on this bond on the basis of a 365- or 366-day year, as appropriate, and actual days elapsed. From and after the date on which this bond becomes due, any unpaid principal will bear interest at the then Flexible Rate until paid or duly provided for.

The principal of and interest on this bond due on the MATURITY DATE are payable when due by check or, at the option of the REGISTERED OWNER, by wire transfer of immediately available funds within the continental United States to the REGISTERED OWNER hereof but only upon presentation and surrender of this bond at the offices of _____, as Paying Agent (with its successors in such capacity, the "Paying Agent"). The Purchase Price of this bond and accrued interest to the Purchase Date are payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER at its address shown on the registration books maintained by the Paying Agent. Payment of the Purchase Price and accrued interest of this bond to such owner shall be made on the Delivery Date, which shall be the Purchase Date or, if later, the day on which this bond is presented and surrendered, if presentation and surrender of this bond is made prior to 12:00 noon, New York City time, on the Delivery Date and will be made on the next succeeding Business Day if this bond is delivered to the Paying Agent after 12:00 noon, New York City time on the Delivery Date. Overdue interest on this bond, or interest on overdue principal is payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER, determined as of the close of

business on the applicable special record date as determined by the Trustee, at its address as shown on the registration books maintained by the Paying Agent. The special record date may be not more than thirty (30) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondholders at least ten (10) days before the special record date. The Paying Agent will promptly certify to the Authority, the Trustee and the Remarketing Agent that it has mailed such notice to all Bondholders, and such certificate will be conclusive evidence that notice was given in the manner required hereby.

Any notice required by this bond to be given to Bondholders shall be effective when given, notwithstanding when or if such notice is received by any Bondholder.

This bond is subject to mandatory redemption, in whole (except as provided below), within 180 days after a Determination of Taxability, as hereinafter defined, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium. "Determination of Taxability" means a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which the Company has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation, or warranty in the Agreement, the interest on the Bonds is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code).

Upon the occurrence of a Determination of Taxability, this bond shall be redeemed in whole as provided above, unless, in the opinion of a nationally recognized bond counsel ("Bond Counsel"), redemption of a portion of the Bonds outstanding would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be includable in the gross income (for federal income tax purposes) of holders thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code), in which event only such portion shall be required to be redeemed. Any such partial redemption shall be made within 180 days following the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium, at least in such aggregate amount as is deemed necessary by Bond Counsel to cause the interest on the remaining outstanding Bonds not to be includable in gross income, as described above.

If this bond is redeemed as provided above in accordance with the terms of the Indenture, then the failure by the Company to observe or perform a covenant, agreement, representation, or warranty in the Agreement which results in a Determination of Taxability shall not constitute an Event of Default under the Indenture or the Agreement, and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the holder of this bond for any claims, damages, costs, or expenses arising out of or based upon such failure by the Company.

This bond is subject to mandatory redemption prior to maturity at any time if the Authority gives notice to the Company and the Trustee that (a) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority, or (b) any representation or warranty made by the Company in the Agreement or in any document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for prepayment of the Loan (as defined in the Agreement) has been made by the Company.

Prior to any redemption of Bonds (other than Bank Bonds), other than as a result of a Determination of Taxability, the Paying Agent shall have received either (i) written evidence from S&P to the effect that such redemption will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds, or (ii) an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority.

If less than all of this bond is to be called for redemption, the portion thereof to be redeemed shall be selected as provided in the Indenture. If less than all of the principal amount of this bond is to be redeemed, upon surrender of this bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new bond or, at the option of the REGISTERED OWNER, bonds for the unredeemed principal amount.

At least 30 days prior to the date selected for the redemption of any of the Bonds prior to their scheduled maturity, the Paying Agent shall mail a written notice of such redemption, postage prepaid, not less than 30 days prior to the date selected for redemption, to each REGISTERED OWNER of the Bonds or portions thereof to be redeemed, addressed to such REGISTERED OWNER at its address appearing on the registration books maintained by the Paying Agent and to major securities depositories, national bond rating agencies and bond information services; but failure to mail

any such notice to any Bondholder, or any defect therein or in the mailing thereof, shall not affect the redemption of any other Bonds or portions thereof to be redeemed. Such notice of redemption shall identify the Bonds (or portions of Bonds) to be redeemed, the date selected for such redemption, the places of payment of the redemption price of the Bonds or portions thereof which are to be so redeemed and the redemption price at which the Bonds or portions thereof will be redeemed.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, if moneys for the redemption have been deposited with the Trustee, then, from and after the date fixed for redemption, no interest on this bond (or such portion) will accrue. The Paying Agent will not be required to make an exchange or transfer of this bond (i) if this bond (or any portion hereof) has been selected for redemption or (ii) within forty-five (45) days prior to the date fixed for redemption if this bond (or any portion hereof) is eligible to be selected for redemption.

With respect to any redemption of the Bonds, other than as a result of a Determination of Taxability, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such bonds and the Paying Agent shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

IN CERTAIN CIRCUMSTANCES SET OUT HEREIN, THIS BOND IS SUBJECT TO PURCHASE. IN EACH SUCH EVENT AND UPON DEPOSIT OF THE PURCHASE PRICE WITH THE PAYING AGENT ON THE PURCHASE DATE, THIS BOND SHALL BE DEEMED TENDERED FOR PURCHASE AND SHALL CEASE TO BE DEEMED TO BE OUTSTANDING UNDER THE INDENTURE, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED TO RECEIVE THE PURCHASE PRICE AND ACCRUED INTEREST SO DEPOSITED WITH THE PAYING AGENT ONLY UPON SURRENDER OF THIS BOND TO THE PAYING AGENT.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the office of the Paying Agent, upon surrender of this bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds in the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the

office of the Paying Agent for a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the owner except for applicable taxes or other governmental charges, if any.

Bonds in the Flexible Mode are issuable only in fully registered form and shall be in Authorized Denominations of \$100,000 or any multiple of \$1,000 in excess of \$100,000.

The Authority, the Trustee, the Paying Agent and the Company may treat the REGISTERED OWNER as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee or a duly appointed authenticating agent pursuant to the Indenture.

IN WITNESS WHEREOF, the New Jersey Economic Development Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Managing Director of Investment Banking and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of _____.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

By: _____

[SEAL]

Certificate of Authentication

This bond is one of the Bonds described in the Indenture.

Date of Registration:

_____ as Trustee

By: _____

Authorized Signatory

Assignment

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee
and irrevocably appoints _____
attorney-in-fact, to transfer it on the books kept for
registration of the bond, with full power of
substitution.

Dated:

Signature Guaranteed:

Bank, Trust Company or Brokerage Firm

By: _____

Authorized Signatory

NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee and the Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee or the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable law.

TEN COM - as tenants in common	UNIF GIFT MIN ACT -
TEN ENT - as tenants by the entirety	Custodian
JT TEN - as joint tenants with rights of survivorship and not as tenants in common	(Cust) (Minor)
	Act _____
	(State)

Additional abbreviations may also be used though not set forth in the list above.

(ii) Form of Initial Flexible Bond. Notwithstanding Section 3.01(a)(i), if the Bonds are initially issued in whole or in part in the Flexible Mode, the initial Flexible Bond so issued shall omit the words "INTEREST DUE: \$ _____ (on the Next Purchase Date)," "INTEREST RATE: (to the Next Purchase Date)," "NEXT PURCHASE DATE" and "CUSIP" which appear under the name of the Bonds and before the first paragraph of the Bonds. The third sentence of the second paragraph of such Flexible Bonds also shall be replaced in the initial bond with the following sentence: "This bond shall initially bear interest at a rate determined in accordance with the provisions of the Indenture up to the first Purchase Date." The first sentence of the sixteenth paragraph of such Flexible Bonds also shall be replaced in the initial bond with the following sentence: "This bond is subject to mandatory tender for purchase and shall be purchased on the next Effective Date at a price of 100% of the principal amount hereof (the "Purchase Price")."

(iii) Form of Daily Bond. The Bonds may be issued in the Daily Mode in substantially the form prescribed below.

\$ _____

No. D-

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A

CHARGE AGAINST THE GENERAL CREDIT OF THE
AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

ANY HOLDER HEREOF WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT
THE TIMES AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER
RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE
HEREOF AND ACCRUED INTEREST UPON PRESENTATION AND SURRENDER OF THIS
BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SHALL HOLD THIS
BOND AS AGENT FOR THE PAYING AGENT.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Gas Facilities Revenue Bond, 1996 Series A
(NUI Corporation Project)

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

INTEREST PAYMENT DATES:

- (i) the first Business Day of each calendar month, and
- (ii) the Maturity Date

MATURITY DATE: June 1, 2026

DATE OF THIS BOND:

(Date as of which Bonds were initially issued)

MODE: Daily

CUSIP:

New Jersey Economic Development Authority, for value received, promises to pay to the REGISTERED OWNER, or registered assigns, but solely from the moneys to be provided under the Indenture mentioned below, upon presentation and surrender hereof, in lawful money of the United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, unless paid earlier as provided below, with interest from the most recent INTEREST PAYMENT DATE to which interest has been paid or duly provided for or, if no interest has been paid, from the DATE OF THIS BOND set forth above, until paid in full, at the rates per annum described below, payable on each INTEREST PAYMENT DATE. The Daily Rate for this bond shall be the rate of interest determined by the Remarketing Agent designated as provided in the Indenture (herein, with its successors, the "Remarketing Agent"), for each Rate Period (as defined below) to be the lowest rate which in its judgment, on the basis of prevailing financial market

conditions, would permit the sale of the Bonds (as defined below) in the Daily Mode at par plus accrued interest on and as of the Effective Date, as defined below, but not in excess of the Maximum Interest Rate; and provided that while a Standby Purchase Agreement (as defined below) is in effect, the interest rate on this bond (unless this bond is a Bank Bond) shall not exceed the rate used to determine the available interest commitment, initially 12%, under the Standby Purchase Agreement. The Remarketing Agent shall determine the initial Daily Rate on or before the date of issuance or of conversion to the Daily Mode, which rate shall remain in effect as provided in the Indenture. Thereafter, the Remarketing Agent shall redetermine the Daily Rate for each Rate Period as provided below. The amount of interest due on any INTEREST PAYMENT DATE shall be the amount of unpaid interest accrued on this bond through the day preceding such INTEREST PAYMENT DATE.

This Bond is one of the duly authorized bonds designated as the New Jersey Economic Development Authority, Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) of the Authority issued in the aggregate principal amount of \$39,000,000 (herein referred to as the "Bonds") under and by virtue of the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (herein collectively called the "Act"), and by virtue of a preliminary resolution duly adopted by the Authority on November 14, 1995, and by a final resolution duly adopted by the Authority on May 14, 1996 (the "Bond Resolution"), and equally and ratably secured under a Trust Indenture dated as of June 1, 1996 by and between the Authority and First Union National Bank, as Trustee, or its successor in trust (herein called the "Trustee") as the same from time to time has been or may be amended, modified or supplemented (being herein collectively called the "Indenture"), for the purpose of raising funds to make a Loan to the Company (hereinafter defined) to finance a portion of the costs of a project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, all to be located in the Counties of Middlesex and Union, State of New Jersey (hereinafter called the "Project"). The Loan is made pursuant to a Loan Agreement dated as of June 1, 1996 by and between the Authority and NUI Corporation (hereinafter called the "Company") (said agreement and any and all amendments thereof and supplements thereto being herein collectively called the "Agreement"). Loan payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the Authority and deposited in the Debt Service Fund established by the Indenture and have been duly pledged for that purpose, all to the extent and in the manner provided in the Indenture.

The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Indenture, pursuant to which all payments due from the Company to the Authority under the Agreement (other than certain indemnification payments and the payment of certain expenses of the Authority) are assigned to the Trustee to secure the payment of the principal of, premium, if any and interest on the Bonds.

Reference is hereby made to the Indenture and the Agreement for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured; and the Owner of this Bond, by acceptance hereof, hereby consents to the terms and provisions of all of the foregoing as a material portion of the consideration for the issuance of this Bond.

The Bonds Outstanding from time to time are limited and special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the amounts to be paid under the Agreement and otherwise as provided in the Indenture and in the Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and shall not be deemed to constitute a general obligation or liability of the Authority, its officers or employees. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF AND DOES NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WHETHER LEGAL, MORAL OR OTHERWISE. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Copies of the Agreement and the Indenture are available for inspection at the corporate trust office of the Trustee.

[The following paragraph, completed or altered as necessary, is to be inserted in Bonds which are supported by a Standby Purchase Agreement.]

The Purchase Price of this bond is also payable from moneys demanded by the Paying Agent under a standby bond purchase

agreement (together with any extensions and renewals thereof, the "Standby Purchase Agreement") provided by the Bank (as defined in the Indenture) with an available commitment of \$_____ for the payment of the Purchase Price. The Standby Purchase Agreement initially expires on _____ but may be terminated earlier upon the occurrence of certain events set forth in the Indenture and the Standby Purchase Agreement or extended as provided in the Standby Purchase Agreement. The Company may substitute for the Standby Purchase Agreement in whole or in part, one or more new liquidity facilities (each an "Alternate Liquidity Facility") as provided in the Indenture and the Standby Purchase Agreement.

The principal amount of this bond together with accrued interest may become or be declared immediately due and payable in the manner and with the effect provided in the Indenture.

Unless otherwise defined herein, capitalized terms used in this bond shall have the meaning given them in the Indenture. The following terms are defined as follows:

"Business Day" means a day (i) on which banking institutions [in any city in which an office of the Bank is located if demands under the Standby Purchase Agreement or Alternate Liquidity Facility are required to be made to such office,] in New York, New York or in any of the cities in which the principal offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and (ii) on which the New York Stock Exchange is not closed.

"Effective Date" means the date on which a new Rate Period for a Bond takes effect.

"Mode" means the manner in which the interest rates on the Bonds are set and includes the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode.

"Purchase Date" means the date on which this bond shall be required to be purchased pursuant to a mandatory or optional tender in accordance with the provisions hereof.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described herein. A new interest rate shall take effect on the date the Daily Mode takes effect and thereafter on each Business Day.

* Bracketed language to be added to Bonds supported by a Standby Purchase Agreement.

At the option of the Company and upon certain conditions provided for in the Indenture described below, all or a portion of the Bonds (a) may be converted or reconverted from time to time to or from the Flexible Mode, the Weekly Mode or the Multiannual Mode, which means that the Rate Period is, respectively, from 1 to 270 days, one week or not less than 365 days and (b) may be converted or reconverted from time to time to or from the Daily Mode.

Conversions of this bond to any other Mode may take place only on an Effective Date upon fifteen (15) days' prior written notice from the Paying Agent to the REGISTERED OWNER of this bond. Conversion of this bond to any other Mode shall be subject to certain conditions set forth in the Indenture. In the event that the conditions for a proposed conversion to a new Mode are not met (i) such new Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Bondholders of such conversion and (ii) this bond shall remain in the Daily Mode until a new Mode is determined in accordance with the Indenture. In no event shall the failure of this bond to be converted to a new Mode be deemed to be a Default or an Event of Default under the Indenture as long as the Purchase Price is made available on the failed conversion date to holders of all Bonds that were to have been converted.

The interest rate for this bond in the Daily Mode will be determined by the Remarketing Agent not later than the Effective Date and shall be effective from the Effective Date until the next succeeding Business Day. If the Remarketing Agent fails to make such determination or fails to announce the Daily Rate, or in the event that the Remarketing Agent no longer determines, or fails to determine when required, any Daily Rate for any Bonds, or, if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Rate Period for any such Bonds shall be deemed to be the Daily Rate Period until a new Mode is determined in accordance with the Indenture, and the Daily Rate shall be determined by reference to a published index as provided in the Indenture. Notwithstanding anything in this bond or in the Indenture to the contrary, during the time that this bond is a Bank Bond, it shall bear interest at the Bank Rate. The Remarketing Agent shall announce the Daily Rate by telephone to the Paying Agent not later than 10:00 A.M., New York City time on the Effective Date, and shall promptly confirm such notice in writing. Any Bondholder may ascertain the Daily Rate at any time by contacting the Paying Agent or the Remarketing Agent.

Each determination and redetermination of the Daily Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders.

Interest shall be computed on this bond on the basis of a 365- or 366-day year, as appropriate, and actual days elapsed. From and

after the date on which this bond becomes due, any unpaid principal will bear interest at the then Daily Rate until paid or duly provided for.

The principal of this bond is payable when due by check or, at the option of the REGISTERED OWNER, by wire transfer of immediately available funds within the continental United States to the REGISTERED OWNER hereof but only upon presentation and surrender of this bond at the office of _____, as Paying Agent (with its successors in such capacity, the "Paying Agent"). Interest on this bond is payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER, determined as of the close of business on the record date on the registration books maintained by the Paying Agent. The Purchase Price of this bond and accrued interest to the Purchase Date are payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER at its address shown on the registration books maintained by the Paying Agent. Payment of the Purchase Price and accrued interest of this bond to such owner shall be made on the Delivery Date, which shall be the Purchase Date or, if later, the day on which this bond is presented and surrendered, if presentation and surrender of this bond is made prior to 12:00 noon, New York City time, on the Delivery Date and will be made on the next succeeding Business Day if this bond is delivered to the Paying Agent after 12:00 noon, New York City time on the Delivery Date. The record date for payment of interest on this bond is the Business Day preceding the date on which interest is to be paid. With respect to overdue interest or interest payable on redemption of this bond other than an INTEREST PAYMENT DATE or interest on any overdue amount, the Trustee may establish a special record date. Overdue interest on this bond, or interest on overdue principal is payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER, determined as of the close of business on the applicable special record date as determined by the Trustee, at its address as shown on the registration books maintained by the Paying Agent. The special record date may be not more than thirty (30) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondholders at least ten (10) days before the special record date. The Paying Agent will promptly certify to the Authority, the Trustee and the Remarketing Agent that it has mailed such notice to all Bondholders, and such certificate will be conclusive evidence that notice was given in the manner required hereby.

The REGISTERED OWNER of this bond shall have the right to tender this bond for purchase in multiples of \$100,000 at a price

(the "Purchase Price") equal to 100% of the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon compliance with the conditions described below, provided that if the Purchase Date is an INTEREST PAYMENT DATE, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. In order to exercise the right to tender, the REGISTERED OWNER must provide written or telephonic notice (and if notice is given by telephone, it must be promptly confirmed in writing, provided that no written notice or confirmation of notice may be delivered by facsimile transmission to the Paying Agent) to the Paying Agent, which notice must include (i) the CUSIP number of the bond being tendered, (ii) the settlement date of the tender and (iii) if the bond being tendered is registered in street name with a securities depository which requires book entry transfers of the bond, the identity of the depository participant through which the bond will be delivered to the Paying Agent. This bond will be purchased on the Business Day specified in such Bondholder's election notice, provided the Paying Agent receives such notice prior to 11:00 A.M., New York City time, on such Business Day. If the REGISTERED OWNER of this bond has elected to require purchase as provided above, the REGISTERED OWNER shall be deemed, by such election, to have agreed irrevocably to sell this bond to any purchaser determined in accordance with the provisions of the Indenture on the date fixed for purchase at the Purchase Price.

Notice of tender of this bond is irrevocable. All notices of tender of Bonds shall be made to the Paying Agent at _____, or such other address specified in writing by the Paying Agent to the Bondholders. All deliveries of tendered Bonds, including deliveries of Bonds subject to mandatory tender, shall be made to the Paying Agent at _____, or such other address specified in writing by the Paying Agent to the Bondholders.

This bond is subject to mandatory tender for purchase at the Purchase Price (i) on the date of conversion or proposed conversion from one Mode to another Mode, except upon a conversion from a Daily Mode to a Weekly Mode or from a Weekly Mode to a Daily Mode, and (ii) on the second Business Day preceding the Expiration Date of the current Standby Purchase Agreement unless at least 25 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Business Day, (a) the Paying Agent has received written notice that the Standby Purchase Agreement has been extended; or (b) the Paying Agent has received an Alternate Liquidity Facility and written evidence that the ratings of this bond will not be reduced, suspended or withdrawn as required by the Indenture. Notice of mandatory tender shall be given or caused to be given by the Trustee in writing to the REGISTERED OWNER at least fifteen (15) days prior to the mandatory Purchase Date. THE OWNER OF THIS BOND, BY ACCEPTANCE HEREOF, AGREES TO SELL AND SURRENDER THIS BOND AT SUCH PRICE TO ANY PURCHASER DETERMINED IN ACCORDANCE

WITH THE PROVISIONS OF THE INDENTURE IN THE EVENT OF SUCH MANDATORY TENDER AND, ON SUCH PURCHASE DATE, TO SURRENDER THIS BOND TO THE PAYING AGENT FOR PAYMENT OF THE PURCHASE PRICE. From and after the Purchase Date, no further interest on this bond shall be payable to the REGISTERED OWNER, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price.

This bond is subject to redemption in whole or in part at the direction of the Authority, to be exercised at the request and expense of the Company, on any Business Day at a redemption price of par plus accrued interest.

Any notice required by this bond to be given to Bondholders shall be effective when given, notwithstanding when or if any such notice is received by any Bondholder.

This bond is subject to mandatory redemption, in whole (except as provided below), within 180 days after a Determination of Taxability, as hereinafter defined, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium. "Determination of Taxability" means a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which the Company has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation, or warranty in the Agreement, the interest on the Bonds is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code).

Upon the occurrence of a Determination of Taxability, this bond shall be redeemed in whole as provided above, unless, in the opinion of a nationally recognized bond counsel ("Bond Counsel"), redemption of a portion of the Bonds outstanding would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be includable in the gross income (for federal income tax purposes) of holders thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code), in which event only such portion shall be required to be redeemed. Any such partial redemption shall be made within 180 days following the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium, at least in such aggregate amount as is deemed necessary by Bond Counsel to cause the interest on the remaining outstanding Bonds not to be includable in gross income, as described above.

This bond is subject to mandatory redemption prior to maturity at any time if the Authority gives notice to the Company and the Trustee that (a) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority, or (b) any representation or warranty made by the Company in the Agreement or in any document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for prepayment of the Loan (as defined in the Agreement) has been made by the Company.

Prior to any redemption of Bonds (other than Bank Bonds), other than as a result of a Determination of Taxability, the Paying Agent shall have received either (i) written evidence from S&P to the effect that such redemption will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds, or (ii) an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority.

If this bond is redeemed as provided above in accordance with the terms of the Indenture, then the failure by the Company to observe or perform a covenant, agreement, representation, or warranty in the Agreement which results in a Determination of Taxability shall not constitute an Event of Default under the Indenture or the Agreement, and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the holder of this Bond for any claims, damages, costs, or expenses arising out of or based upon such failure by the Company.

If this bond is of a denomination in excess of one hundred thousand dollars (\$100,000), portions of the principal amount of \$100,000 or any multiple thereof may be redeemed. If less than all of this bond is to be called for redemption, the portion thereof to be redeemed shall be selected as provided in the Indenture with Bonds being redeemed in units of \$100,000. If less than all of the principal amount of this bond is to be redeemed, upon surrender of this Bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new bond or, at the option of the REGISTERED OWNER, bonds for the unredeemed principal amount.

At least 30 days prior to the date selected for the redemption of any of the Bonds prior to their scheduled maturity, the Paying Agent shall mail a written notice of such redemption, postage prepaid, not less than 30 days prior to the date selected for redemption, to each REGISTERED OWNER of the Bonds or portions thereof to be redeemed, addressed to such REGISTERED OWNER at its

address appearing on the registration books maintained by the Paying Agent and to major securities depositories, national bond rating agencies and bond information services; but failure to mail any such notice to any Bondholder, or any defect therein or in the mailing thereof, shall not affect the redemption of any other Bonds or portions thereof to be redeemed. Such notice of redemption shall identify the Bonds (or portions of Bonds) to be redeemed, the date selected for such redemption, the places of payment of the redemption price of the Bonds or portions thereof which are to be so redeemed and the redemption price at which the Bonds or portions thereof will be redeemed.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, if the redemption have been deposited with the Trustee, no interest on moneys for the redemption shall accrue. The Paying Agent will not then, from and after the date fixed for redemption, this bond (or such portion) will accrue. The Paying Agent will not be required to make an exchange or transfer of this bond (i) if this bond (or any portion hereof) has been selected for redemption or (ii) within forty-five (45) days prior to the date fixed for redemption if this bond (or any portion hereof) is eligible to be selected for redemption.

With respect to redemption of the Bonds, other than as a result of a Determination of Taxability, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such bonds and the Paying Agent shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

IN CERTAIN CIRCUMSTANCES SET OUT HEREIN, THIS BOND (OR PORTION HEREOF) IS SUBJECT TO PURCHASE. IN EACH SUCH EVENT AND UPON DEPOSIT OF THE PURCHASE PRICE WITH THE PAYING AGENT ON THE PURCHASE DATE, THIS BOND (OR PORTION HEREOF) SHALL CEASE TO BE OUTSTANDING UNDER THE INDENTURE, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED TO RECEIVE THE PURCHASE PRICE SO DEPOSITED WITH THE PAYING AGENT ONLY UPON SURRENDER OF THIS BOND TO THE PAYING AGENT.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the office of the Paying Agent, upon surrender of this bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount will be issued

to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the office of the Paying Agent for a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the owner except for applicable taxes or other governmental charges, if any.

Except as provided in the Indenture, Bonds in the Daily Mode are issuable only in fully registered form and shall be in Authorized Denominations of \$100,000 or any integral multiple thereof.

The Authority, the Trustee, the Paying Agent and the Company may treat the REGISTERED OWNER as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee or a duly appointed authenticating agent pursuant to the Indenture.

IN WITNESS WHEREOF, the New Jersey Economic Development Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Managing Director of Investment Banking and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of _____.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

By: _____

[SEAL]

Certificate of Authentication

This bond is one of the Bonds described in the Indenture.

Date of Registration:

_____ as Trustee

By: _____

Authorized Signatory

Assignment

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee
and irrevocably appoints _____
attorney-in-fact, to transfer it on the books kept for
registration of the bond, with full power of
substitution.

Dated:

Signature Guaranteed:

Bank, Trust Company or Brokerage Firm

By: _____

Authorized Signatory

NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee and the Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee or the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable law.

TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN - as joint tenants with rights
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT -

(Cust) Custodian (Minor)

Act (State)

Additional abbreviations may also be used though not set forth in the list above.

(iv) Form of Weekly Bond. The Bonds may be issued in the Weekly Mode in substantially the form prescribed below.

No. W-

\$

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

ANY HOLDER HEREOF WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIMES AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF AND ACCRUED INTEREST UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Gas Facilities Revenue Bond, 1996 Series A
(NUI Corporation Project)

REGISTERED OWNER:

PRINCIPAL AMOUNT:

INTEREST PAYMENT DATES:

DOLLARS

- (i) the first Business Day of each calendar month, and
- (ii) the Maturity Date

MATURITY DATE: June 1, 2026

DATE OF THIS BOND:

(Date as of which Bonds were initially issued)

MODE: Weekly

CUSIP:

New Jersey Economic Development Authority, for value received, promises to pay to the REGISTERED OWNER, or registered assigns, but solely from the moneys to be provided under the Indenture mentioned below, upon presentation and surrender hereof, in lawful money of the United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, unless paid earlier as provided below, with interest from the most recent INTEREST PAYMENT DATE to which interest has been paid or duly provided for or, if no interest has been paid, from the DATE OF THIS BOND set forth above, until paid in full, at the rates per annum described below, payable on each INTEREST PAYMENT DATE. The Weekly Rate for this bond shall be the rate of interest determined by the Remarketing Agent designated as provided in the Indenture (herein, with its successors, the "Remarketing Agent"), for each Rate Period (as defined below) to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Bonds (as defined below) in the Weekly Mode at par plus accrued interest on and as of the Effective Date, as defined below, but not in excess of the Maximum Interest Rate; and provided that while a Standby Purchase Agreement (as defined below) is in effect, the interest rate on this bond (unless this bond is a Bank Bond) shall not exceed the rate used to determine the available interest commitment, initially 12%, under the Standby Purchase Agreement. The Remarketing Agent shall determine the initial Weekly Rate on or before the date of issuance or of conversion to the Weekly Mode, which rate shall remain in effect as provided in the Indenture. Thereafter, the Remarketing Agent shall redetermine the Weekly Rate for each Rate Period as provided below. The amount of interest due on any INTEREST PAYMENT DATE shall be the amount of unpaid interest accrued on this bond through the day preceding such INTEREST PAYMENT DATE.

This Bond is one of the duly authorized bonds designated as the New Jersey Economic Development Authority, Gas Facilities

Revenue Bonds, 1996 Series A (NUI Corporation Project) of the Authority issued in the aggregate principal amount of \$39,000,000 (herein referred to as the "Bonds") under and by virtue of the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (herein collectively called the "Act"), and by virtue of a preliminary resolution duly adopted by the Authority on November 14, 1995, and by a final resolution duly adopted by the Authority on May 14, 1996 (the "Bond Resolution"), and equally and ratably secured under a Trust Indenture dated as of June 1, 1996 by and between the Authority and First Union National Bank, as Trustee, or its successor in trust (herein called the "Trustee") as the same from time to time has been or may be amended, modified or supplemented (being herein collectively called the "Indenture"), for the purpose of raising funds to make a Loan to the Company (hereinafter defined) to finance a portion of the costs of a project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, all to be located in the Counties of Middlesex and Union, State of New Jersey (hereinafter called the "Project"). The Loan is made pursuant to a Loan Agreement dated as of June 1, 1996 by and between the Authority and NUI Corporation (hereinafter called the "Company") (said agreement and any and all amendments thereof and supplements thereto being herein collectively called the "Agreement"). Loan payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the Authority and deposited in the Debt Service Fund established by the Indenture and have been duly pledged for that purpose, all to the extent and in the manner provided in the Indenture.

The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Indenture, pursuant to which all payments due from the Company to the Authority under the Agreement (other than certain indemnification payments and the payment of certain expenses of the Authority) are assigned to the Trustee to secure the payment of the principal of, premium, if any and interest on the Bonds.

Reference is hereby made to the Indenture and the Agreement for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured; and the Owner of this Bond, by acceptance hereof, hereby consents to the terms and provisions of all of the foregoing as a material portion of the consideration for the issuance of this Bond.

The Bonds Outstanding from time to time are limited and special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the amounts to be paid under the Agreement and otherwise as provided in the Indenture and in the Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and shall not be deemed to constitute a general obligation or liability of the Authority, its officers or employees. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF AND DOES NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WHETHER LEGAL, MORAL OR OTHERWISE. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Copies of the Agreement and the Indenture are available for inspection at the corporate trust office of the Trustee.

[The following paragraph, completed or altered as necessary, is to be inserted in Bonds which are supported by a Standby Purchase Agreement.]

The Purchase Price of this bond is also payable from moneys demanded by the Paying Agent under a standby bond purchase agreement (together with any extensions and renewals thereof, the "Standby Purchase Agreement") provided by the Bank (as defined in the Indenture) with an available commitment of \$_____ for the payment of the Purchase Price. The Standby Purchase Agreement initially expires on _____ but may be terminated earlier upon the occurrence of certain events set forth in the Indenture and the Standby Purchase Agreement or extended as provided in the Standby Purchase Agreement. The Company may substitute for the Standby Purchase Agreement in whole or in part, one or more new liquidity facilities (each an "Alternate Liquidity Facility") as provided in the Indenture and the Standby Purchase Agreement.

The principal amount of this bond together with accrued interest may become or be declared immediately due and payable in the manner and with the effect provided in the Indenture.

Unless otherwise defined herein, capitalized terms used in this bond shall have the meaning given them in the Indenture. The following terms are defined as follows:

"Business Day" means a day (i) on which banking institutions [in any city in which an office of the Bank is located if demands under the Standby Purchase Agreement or Alternate Liquidity Facility are required to be made to such office,]* in New York, New York or in any of the cities in which the principal offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and (ii) on which the New York Stock Exchange is not closed.

"Effective Date" means the date on which a new Rate Period for a Bond takes effect.

"Mode" means the manner in which the interest rates on the Bonds are set and includes the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode.

"Purchase Date" means the date on which this bond shall be required to be purchased pursuant to a mandatory or optional tender in accordance with the provisions hereof.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described herein. A new interest rate shall take effect on the date the Weekly Mode takes effect and thereafter on each Wednesday.

At the option of the Company and upon certain conditions provided for in the Indenture described below, all or a portion of the Bonds (a) may be converted or reconverted from time to time to or from the Flexible Mode, the Daily Mode or the Multiannual Mode, which means that the Rate Period is, respectively, from 1 to 270 days or one day or not less than 365 days and (b) may be converted or reconverted from time to time to or from the Weekly Mode.

Conversions of this bond to any other Mode may take place only on a Business Day upon fifteen (15) days' prior written notice from the Paying Agent to the REGISTERED OWNER of this bond. Conversion of this bond to any other Mode shall be subject to certain conditions set forth in the Indenture. In the event that the conditions for a proposed conversion to a new Mode are not met (i) such new Mode shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Bondholders of such conversion and (ii) this bond shall automatically convert to the

* Bracketed language to be added to Bonds supported by a Standby Purchase Agreement.

Daily Mode until a new Mode is determined in accordance with the Indenture. In no event shall the failure of this bond to be converted to a new Mode be deemed to be a Default or an Event of Default under the Indenture as long as the Purchase Price is made available on the failed conversion date to holders of all Bonds that were to have been converted.

The interest rate for this Bond in the Weekly Mode will be determined by the Remarketing Agent not later than the Business Day next preceding the Effective Date and shall be effective through the following Tuesday. If the Remarketing Agent fails to make such determination or fails to announce the Weekly Rate, or in the event that the Remarketing Agent no longer determines, or fails to determine when required, any Rate Period or any Weekly Rate for any Bond, or, if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Rate Period for any such Bond shall be deemed to be the Daily Rate Period until a new Mode is determined in accordance with the Indenture, and the Daily Rate shall be determined by reference to a published index as provided in the Indenture. Notwithstanding anything in this bond or in the Indenture to the contrary, during the time that this bond is a Bank Bond, it shall bear interest at the Bank Rate. The Remarketing Agent shall announce the Weekly Rate by telephone to the Paying Agent on the date of determination thereof, and shall promptly confirm such notice in writing. Any Bondholder may ascertain the Weekly Rate at any time by contacting the Paying Agent or the Remarketing Agent.

Each determination and redetermination of the Weekly Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders.

Interest shall be computed on this bond on the basis of a 365- or 366-day year, as appropriate, and actual days elapsed. From and after the date on which this bond becomes due, any unpaid principal will bear interest at the then Weekly Rate until paid or duly provided for.

The principal of this bond is payable when due by check or, at the option of the REGISTERED OWNER, by wire transfer of immediately available funds within the continental United States to the REGISTERED OWNER hereof but only upon presentation and surrender of this bond at the office of _____, as Paying Agent (with its successors in such capacity, the "Paying Agent"). Interest on this bond is payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER, determined as of the close of business on the record date on the registration books maintained by the Paying Agent. The Purchase Price of this bond and accrued interest to the Purchase Date are payable by check or, at the option of the

REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER at its address shown on the registration books maintained by the Paying Agent. Payment of the Purchase Price and accrued interest of this bond to such owner shall be made on the Delivery Date, which shall be the Purchase Date or, if later, the day on which this bond is presented and surrendered, if presentation and surrender of this bond is made prior to 12:00 noon, New York City time, on the Delivery Date and will be made on the next succeeding Business Day if this bond is delivered to the Paying Agent after 12:00 noon, New York City time on the Delivery Date. The record date for payment of interest on this bond is the Business Day preceding the date on which interest is to be paid. With respect to overdue interest or interest payable on redemption of this bond other than an INTEREST PAYMENT DATE or interest on any overdue amount, the Trustee may establish a special record date. Overdue interest on this bond, or interest on overdue principal is payable by check or, at the option of the REGISTERED OWNER, in immediately available funds by wire transfer within the continental United States from the Paying Agent to the REGISTERED OWNER determined as of the close of business on the applicable special record date as determined by the Trustee, at its address as shown on the registration books maintained by the Paying Agent. The special record date may be not more than thirty (30) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondholders at least ten (10) days before the special record date. The Paying Agent will promptly certify to the Authority, the Trustee and the Remarketing Agent that it has mailed such notice to all Bondholders, and such certificate will be conclusive evidence that notice was given in the manner required hereby.

The REGISTERED OWNER of this bond shall have the right to tender this bond for purchase in multiples of \$100,000 at a price (the "Purchase Price") equal to 100% of the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon compliance with the conditions described below, provided that if the Purchase Date is an INTEREST PAYMENT DATE, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. In order to exercise the right to tender, the REGISTERED OWNER must provide written or telephonic notice (and if notice is given by telephone, it must be promptly confirmed in writing, provided that no written notice or confirmation of notice may be delivered by facsimile transmission to the Paying Agent), which notice must include (i) the CUSIP number of the bond being tendered, (ii) the settlement date of the tender and (iii) if the bond being tendered is registered in street name with a securities depository which requires book entry transfers of the bond, the identity of the depository participant through which the bond will be delivered to the Paying Agent. This bond will be purchased on the Business Day specified in such Bondholder's election notice,

provided such date is at least seven calendar days after receipt by the Paying Agent of such notice. If the REGISTERED OWNER of this bond has elected to require purchase as provided above, the REGISTERED OWNER shall be deemed, by such election, to have agreed irrevocably to sell this bond to any purchaser determined in accordance with the provisions of the Indenture on the date fixed for purchase at the Purchase Price.

Notice of tender of this bond is irrevocable. All notices of tender of Bonds shall be made to the Paying Agent at _____, or such other address specified in writing by the Paying Agent to the Bondholders. All deliveries of tendered Bonds, including deliveries of Bonds subject to mandatory tender, shall be made to the Paying Agent at _____, or such other address specified in writing by the Paying Agent to the Bondholders.

This bond is subject to mandatory tender for purchase at the Purchase Price (i) on the date of conversion or proposed conversion from one Mode to another Mode, except upon a conversion from a Daily Mode to a Weekly Mode or from a Weekly Mode to a Daily Mode, and (ii) on the second Business Day preceding the Expiration Date of the current Standby Purchase Agreement unless at least 25 days (or such shorter period as shall be acceptable to the Paying Agent) prior to such Business Day, (a) the Paying Agent has received written notice that the Standby Purchase Agreement has been extended; or (b) the Paying Agent has received an Alternate Liquidity Facility and written evidence that the ratings of this bond will not be reduced, suspended or withdrawn as required by the Indenture. Notice of mandatory tender shall be given or caused to be given by the Trustee in writing to the REGISTERED OWNER at least thirty (30) days prior to the mandatory Purchase Date. THE OWNER OF THIS BOND, BY ACCEPTANCE HEREOF, AGREES TO SELL AND SURRENDER THIS BOND AT SUCH PRICE TO ANY PURCHASER DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE IN THE EVENT OF SUCH MANDATORY TENDER AND, ON SUCH PURCHASE DATE, TO SURRENDER THIS BOND TO THE PAYING AGENT FOR PAYMENT OF THE PURCHASE PRICE. From and after the Purchase Date, no further interest on this bond shall be payable to the REGISTERED OWNER, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price.

This bond is subject to redemption in whole or in part at the direction of the Authority, to be exercised at the request and expense of the Company, on any Business Day at a redemption price of par plus accrued interest.

Any notice required by this Bond to be given to Bondholders shall be effective when given, notwithstanding when or if any such notice is received by any Bondholder.

This bond is subject to mandatory redemption, in whole (except as provided below), within 180 days after a Determination of Taxability, as hereinafter defined, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium. "Determination of Taxability" means a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which the Company has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation, or warranty in the Agreement, the interest on the Bonds is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code).

Upon the occurrence of a Determination of Taxability, this bond shall be redeemed in whole as provided above, unless, in the opinion of a nationally recognized bond counsel ("Bond Counsel"), redemption of a portion of the Bonds outstanding would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be includable in the gross income (for federal income tax purposes) of holders thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code), in which event only such portion shall be required to be redeemed. Any such partial redemption shall be made within 180 days following the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium, at least in such aggregate amount as is deemed necessary by Bond Counsel to cause the interest on the remaining outstanding Bonds not to be includable in gross income, as described above.

This bond is subject to mandatory redemption prior to maturity at any time if the Authority gives notice to the Company and the Trustee that (a) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority, or (b) any representation or warranty made by the Company in the Agreement or in any document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for prepayment of the Loan (as defined in the Agreement) has been made by the Company.

Prior to any redemption of Bonds (other than Bank Bonds), other than as a result of a Determination of Taxability, the Paying Agent shall have received either (i) written evidence from S&P to the effect that such redemption will not result in a withdrawal,

suspension or reduction of the S&P ratings with respect to the Bonds, or (ii) an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority.

If this bond is redeemed as provided above in accordance with the terms of the Indenture, then the failure by the Company to observe or perform a covenant, agreement, representation, or warranty in the Agreement which results in a Determination of Taxability shall not constitute an Event of Default under the Indenture or the Agreement, and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the holder of this Bond for any claims, damages, costs, or expenses arising out of or based upon such failure by the Company.

If this bond is of a denomination in excess of one hundred thousand dollars (\$100,000), portions of the principal amount in the amount of \$100,000 or any multiple thereof may be redeemed. If less than all of this bond is to be called for redemption, the portion thereof to be redeemed shall be selected as provided in the Indenture with Bonds being redeemed in units of \$100,000. If less than all of the principal amount of this bond is to be redeemed, upon surrender of this Bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new bond or, at the option of the REGISTERED OWNER, bonds for the unredeemed principal amount.

At least 30 days prior to the date selected for the redemption of any of the Bonds prior to their scheduled maturity, the Paying Agent shall mail a written notice of such redemption, postage prepaid, not less than 30 days prior to the date selected for redemption, to each REGISTERED OWNER of the Bonds or portions thereof to be redeemed, addressed to such REGISTERED OWNER at its address appearing on the registration books maintained by the Paying Agent and to major securities depositories, national bond rating agencies and bond information services; but failure to mail any such notice to any Bondholder, or any defect therein or in the mailing thereof, shall not affect the redemption of any other Bonds or portions thereof to be redeemed. Such notice of redemption shall identify the Bonds (or portions of Bonds) to be redeemed, the date selected for such redemption, the places of payment of the redemption price of the Bonds or portions thereof which are to be so redeemed and the redemption price at which the Bonds or portions thereof will be redeemed.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, if

moneys for the redemption have been deposited with the Trustee, then, from and after the date fixed for redemption, no interest on this bond (or such portion) will accrue. The Paying Agent will not be required to make an exchange or transfer of this bond (i) if this bond (or any portion hereof) has been selected for redemption or (ii) within forty-five (45) days prior to the date fixed for redemption if this bond (or any portion hereof) is eligible to be selected for redemption.

With respect to any redemption of the Bonds, other than as a result of a Determination of Taxability, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such bonds and the Paying Agent shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

IN CERTAIN CIRCUMSTANCES SET OUT HEREIN, THIS BOND (OR PORTION HEREOF) IS SUBJECT TO PURCHASE. IN EACH SUCH EVENT AND UPON DEPOSIT OF THE PURCHASE PRICE WITH THE PAYING AGENT ON THE PURCHASE DATE, THIS BOND (OR PORTION HEREOF) SHALL CEASE TO BE OUTSTANDING UNDER THE INDENTURE, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED TO RECEIVE THE PURCHASE PRICE SO DEPOSITED WITH THE PAYING AGENT ONLY UPON SURRENDER OF THIS BOND TO THE PAYING AGENT.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the office of the Paying Agent, upon surrender of this bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the office of the Paying Agent for a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the owner except for applicable taxes or other governmental charges, if any.

Except as provided in the Indenture, Bonds in the Weekly Mode are issuable only in fully registered form and shall be in Authorized Denominations of \$100,000 or any integral multiple thereof.

The Authority, the Trustee, the Paying Agent and the Company may treat the REGISTERED OWNER as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in connection with the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee or a duly appointed authenticating agent pursuant to the Indenture.

IN WITNESS WHEREOF, the New Jersey Economic Development Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Managing Director of Investment Banking and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of _____.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

By: _____

[SEAL]

Certificate of Authentication

This bond is one of the Bonds described in the Indenture.

Date of Registration:

as Trustee

By: _____
Authorized Signatory

Assignment

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee
and irrevocably appoints _____,
attorney-in-fact, to transfer it on the books kept for
registration of the bond, with full power of substitution.

Dated:

Signature Guaranteed:

Bank, Trust Company or Brokerage Firm

By:

Authorized Signatory

NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee and the Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee or the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable law.

TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN - as joint tenants with rights
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT -
Custodian _____
(Cust) (Minor)

Act _____
(State)

Additional abbreviations may also be used though not set forth in the list above.

(v) Form of Multiannual Bond. The Bonds may be issued in the Multiannual Mode in substantially the form prescribed below.

\$ _____

No. M-

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

ANY HOLDER HEREOF WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIME AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF AND ACCRUED INTEREST UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Gas Facilities Revenue Bond, 1996 Series A
(NUI Corporation Project)

REGISTERED OWNER:

PRINCIPAL AMOUNT:

INTEREST RATE:
(To Next Purchase Date)

NEXT PURCHASE DATE:

COMMENCEMENT DATE OF RATE PERIOD:

MATURITY DATE: June 1, 2026

MODE: Multiannual

CUSIP:

New Jersey Economic Development Authority, for value received, promises to pay to the REGISTERED OWNER, or registered assigns, but solely from the moneys to be provided under the Indenture mentioned below, upon presentation and surrender hereof, in lawful money of the United States of America, the PRINCIPAL AMOUNT on the MATURITY DATE, unless paid earlier as provided below, with interest from the most recent Interest Payment Date, as defined below, to which interest has been paid or duly provided for or, if no interest has been paid, from the COMMENCEMENT DATE OF RATE PERIOD set forth above, until paid in full, at the rates per annum described below, payable on the first day of the next succeeding June or December, whichever comes first, after the COMMENCEMENT DATE OF RATE PERIOD and the first day of each June and December thereafter to and including the earlier of the Purchase Date or the MATURITY DATE (the "Interest Payment Dates"). This bond shall bear interest at the INTEREST RATE set forth above up to the NEXT PURCHASE DATE. Thereafter, the Remarketing Agent shall redetermine the Multiannual Rate for each Rate Period, which shall be the rate of interest determined by the Remarketing Agent designated as provided in the Indenture (herein, with its successors, the "Remarketing Agent"), for each Rate Period (as defined below) to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, is necessary on and as of the Effective Date, as defined below, to remarket each bond having such Rate Period in a secondary market transaction at a price equal to the principal amount thereof, but not in excess of the Maximum Interest Rate; and provided that while a Standby Purchase Agreement (as defined below) is in effect, the interest rate on this bond (unless this bond is a Bank Bond) shall not exceed the rate used to determine the available interest commitment, initially 12%, under the Standby Purchase Agreement. If any payment date for principal, premium or interest shall not be a Business Day, then the payment thereof may be made on the next succeeding Business Day with the same force and effect as if made on the specified payment date and no interest shall accrue for the period after the specified payment date.

This Bond is one of the duly authorized bonds designated as the New Jersey Economic Development Authority, Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) of the Authority issued in the aggregate principal amount of \$39,000,000 (herein referred to as the "Bonds") under and by virtue of the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, and the acts amendatory thereof and supplemental thereto (herein collectively called the "Act"), and by virtue of a preliminary

resolution duly adopted by the Authority on November 14, 1995, and by a final resolution duly adopted by the Authority on May 14, 1996 (the "Bond Resolution"), and equally and ratably secured under a Trust Indenture dated as of June 1, 1996 by and between the Authority and First Union National Bank, as Trustee, or its successor in trust (herein called the "Trustee") as the same from time to time has been or may be amended, modified or supplemented (being herein collectively called the "Indenture"), for the purpose of raising funds to make a Loan to the Company (hereinafter defined) to finance a portion of the costs of a project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, all to be located in the Counties of Middlesex and Union, State of New Jersey (hereinafter called the "Project"). The Loan is made pursuant to a Loan Agreement dated as of June 1, 1996 by and between the Authority and NUI Corporation (hereinafter called the "Company") (said agreement and any and all amendments thereof and supplements thereto being herein collectively called the "Agreement"). Loan payments sufficient for the prompt payment when due of the principal of, premium, if any, and interest on the Bonds are to be paid to the Trustee for the account of the Authority and deposited in the Debt Service Fund established by the Indenture and have been duly pledged for that purpose, all to the extent and in the manner provided in the Indenture.

The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Indenture, pursuant to which all payments due from the Company to the Authority under the Agreement (other than certain indemnification payments and the payment of certain expenses of the Authority) are assigned to the Trustee to secure the payment of the principal of, premium, if any and interest on the Bonds.

Reference is hereby made to the Indenture and the Agreement for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds, and the terms upon which the Bonds are issued and secured; and the Owner of this Bond, by acceptance hereof, hereby consents to the terms and provisions of all of the foregoing as a material portion of the consideration for the issuance of this Bond.

The Bonds Outstanding from time to time are limited and special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the amounts to be paid under the Agreement and otherwise as provided in the Indenture and in the Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and shall not be deemed to constitute

a general obligation or liability of the Authority, its officers or employees. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS NOT AND SHALL NOT BE IN ANY WAY A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR OF ANY POLITICAL SUBDIVISION THEREOF AND DOES NOT AND SHALL NOT CREATE OR CONSTITUTE ANY INDEBTEDNESS, LIABILITY OR OBLIGATION OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WHETHER LEGAL, MORAL OR OTHERWISE. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Copies of the Agreement and the Indenture are available for inspection at the corporate trust office of the Trustee.

[The following paragraph, completed or altered as necessary, is to be inserted in Bonds which are supported by a Standby Purchase Agreement.]

The Purchase Price of this bond is also payable from moneys demanded by the Paying Agent under a standby bond purchase agreement (together with any extensions and renewals thereof, the "Standby Purchase Agreement") provided by the Bank (as defined in the Indenture) with an available commitment of \$_____ for the payment of the Purchase Price. The Standby Purchase Agreement initially expires on _____ but may be terminated earlier upon the occurrence of certain events set forth in the Indenture and the Standby Purchase Agreement or extended as provided in the Standby Purchase Agreement. The Company may substitute for the Standby Purchase Agreement in whole or in part, one or more new liquidity facilities (each an "Alternate Liquidity Facility") as provided in the Indenture and the Standby Purchase Agreement.

The principal amount of this bond together with accrued interest may become or be declared immediately due and payable in the manner and with the effect provided in the Indenture.

Unless otherwise defined herein, capitalized terms used in this bond shall have the meaning given them in the Indenture. The following terms are defined as follows:

"Business Day" means a day (i) on which banking institutions [in any city in which an office of the Bank is located if demands under the Standby Purchase Agreement or Alternate Liquidity

Facility are required to be made to such office,]* in New York, New York or in any of the cities in which the principal offices of the Trustee and the Paying Agent are located are not required or authorized to remain closed and (ii) on which the New York Stock Exchange is not closed.

"Effective Date" means the date on which a new Rate Period for a Bond takes effect.

"Mode" means the manner in which the interest rates on the Bonds are set and includes the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode.

"Purchase Date" means the date on which this bond shall be required to be purchased pursuant to a mandatory tender in accordance with the provisions hereof.

"Rate Period" or "Period" means, when used with respect to any particular rate of interest for a Bond, the period during which such rate of interest determined for such Bond will remain in effect as described herein.

At the option of the Company and upon certain conditions provided for in the Indenture described below, all or a portion of the Bonds (a) may be converted or reconverted from time to time to or from the Multiannual Mode and (b) may be converted or reconverted from time to time to or from the Flexible Mode, the Daily Mode or the Weekly Mode, which means that the Rate Period is, respectively, from 1 to 270 days or one day or one week as provided herein.

Conversions of this bond to any other Mode, or conversions to new Rate Periods of the same or different lengths, may take place only on a day next succeeding the last day of a Rate Period, or if conversion is to any other Mode and such day is not a Business Day, the first Business Day thereafter. Conversion of this bond to any other Mode, or to a new Rate Period in the Multiannual Mode of the same or a different length, shall be subject to the conditions set forth in the Indenture. In the event that the conditions for a proposed conversion to a new Mode, or to a new Rate Period in the Multiannual Mode of the same or different length, are not met (i) such new Mode or Rate Period shall not take effect on the proposed conversion date, notwithstanding any prior notice to the Bondholders of such conversion and (ii) this bond shall automatically convert to the Daily Mode until a new Mode is determined in accordance with the Indenture. In no event shall the failure of this bond to be converted to any other Mode or to a new Rate Period within the Multiannual Mode be deemed to be a Default

* Bracketed language to be added to Bonds supported by a Standby Purchase Agreement.

or an Event of Default under the Indenture as long as the Purchase Price is made available on the failed conversion date to holders of all Bonds that were to have been converted.

The Multiannual Rate in effect for each Rate Period shall be determined not later than two (2) Business Days prior to the Effective Date. If the Remarketing Agent fails to make such determination or fails to announce the Multiannual Rate as required with respect to any Bonds in the Multiannual Mode, or, if for any reason such manner of determination shall be determined to be invalid or unenforceable, the rate to take effect on any Effective Date shall be automatically converted to the Daily Mode until a new Mode is determined in accordance with the Indenture, and the Daily Rate shall be determined by reference to a published index as provided in the Indenture. Notwithstanding anything in this bond or in the Indenture to the contrary, during the time that this bond is a Bank Bond, it shall bear interest at the Bank Rate. The Remarketing Agent shall announce the Multiannual Rate by telephone to the Paying Agent on the date of determination thereof, and shall promptly confirm such notice in writing.

Each determination and redetermination of the Multiannual Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Company and the Bondholders.

Interest on this bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. From and after the date on which this bond becomes due, any unpaid principal will bear interest at the then Multiannual Rate until paid or duly provided for.

The principal of and premium, if any, on this bond are payable when due by check or draft to the REGISTERED OWNER hereof but only upon presentation and surrender of this bond at the office of _____, as Paying Agent (with its successors in such capacity, the "Paying Agent"). Interest on this bond is payable by check or draft mailed on the applicable payment date by the Paying Agent to the REGISTERED OWNER, determined as of the close of business on the applicable record date, at its address as shown on the registration books, except when an Interest Payment Date coincides with the Purchase Date, in which case interest shall be payable upon presentation and surrender of this bond. The Purchase Price and accrued interest to the Purchase Date shall be paid as provided below.

The record date for payment of interest on this bond is the fifteenth day of the month immediately preceding the date on which the interest is to be paid, provided that with respect to overdue interest or interest payable on redemption of this bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date. The special record

date may be not more than thirty (30) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondholders at least ten (10) days before the special record date. The Paying Agent will promptly certify to the Authority, the Trustee and the Remarketing Agent that it has mailed such notice to all Bondholders, and such certificate will be conclusive evidence that notice was given in the manner required hereby.

This bond is subject to mandatory tender for purchase and shall be purchased on the NEXT PURCHASE DATE set forth above at a price equal to 100% of the principal amount thereof (the "Purchase Price"). THE HOLDER OF THIS BOND, BY ACCEPTANCE HEREOF, AGREES TO SELL AND SURRENDER THIS BOND IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE AND, ON THE PURCHASE DATE, TO SURRENDER THIS BOND TO THE PAYING AGENT FOR PAYMENT OF THE PURCHASE PRICE AND ACCRUED INTEREST. All deliveries of tendered Bonds, including deliveries of Bonds subject to mandatory tender, shall be made to the Paying Agent at _____, or such other address specified in writing by the Paying Agent to the Bondholders.

The Purchase Price and accrued interest of this bond shall be paid to the REGISTERED OWNER by the Paying Agent on the Delivery Date, which shall be the Purchase Date, or, if later, the day on which this bond is delivered to the Paying Agent. The Purchase Price and accrued interest of this bond shall be paid by check or draft to the REGISTERED OWNER only upon surrender of this bond to the Paying Agent as provided herein. Payment of the Purchase Price of this bond and accrued interest upon mandatory tender for purchase shall be made on the Delivery Date if this bond is presented and surrendered prior to 11:00 A.M., New York City time, on the Delivery Date and will be made on the next succeeding Business Day if this bond is delivered to the Paying Agent after 11:00 A.M., New York City time on the Delivery Date.

This bond shall be subject to optional redemption by the Authority at the request and expense of the Company in whole or in part at any time during the following periods at the following redemption prices expressed as a percentage of the principal amount redeemed, plus interest accrued to the redemption date:

<u>Length of Multiannual Rate Period (expressed in years)</u>	<u>Redemption Prices (expressed as percentages of Principal Amount)</u>
greater than 17	after 10 years at 102% declining by 1% annually to 100%
less than or equal to 17 and greater than 10	after 5 years at 102% declining by 1% annually to 100%

less than or equal to 10 and greater than 8	after 5 years at 101½% declining by ¼ of 1% every 6 months to 100%
less than or equal to 8 and greater than 6	after 3 years at 101½% declining by ¼ of 1% every 6 months to 100%
less than or equal to 6 and greater than 4	after 2 years at 101½% declining by ¼ of 1% after 6 months to 100%
less than or equal to 4 and greater than 3	after 2 years at 100½% declining by ¼ of 1% every 6 months to 100%
less than or equal to 3 and greater than 2	after 1 year at 100½% declining by ¼ of 1% after 6 months to 100%
less than or equal to 2 and greater than 1	after 1 year at 100%
1 year	Not redeemable

This bond is subject to optional redemption on any date prior to scheduled maturity and may be redeemed prior to scheduled maturity by the Authority at the direction of the Company, in whole or in part, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption, and without premium, if one or more of the following events shall have occurred:

(a) The Company shall have determined that the operation of the Project or some portion of the Project, or operation of any unit served by such Project is impracticable, uneconomical, or undesirable for any reason; or

(b) All or substantially all of any unit served by the Project shall have been condemned or taken by eminent domain; or

(c) The operation of the Project or operation of any unit served by such Project shall have been enjoined or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule, or regulation of any court or of any federal, state, or local regulatory body, administrative agency, or other governmental body.

To direct the exercise of such option, the Company shall give written notice to the Authority, the Trustee and the Paying Agent, which notice shall specify that, as determined by the Company, one or more of such events has occurred or one or more of such conditions is continuing, and the Trustee shall have the right to rely conclusively on such determination.

Any notice required by this bond to be given to Bondholders shall be effective when given, notwithstanding when or if any such notice is received by any Bondholder.

This bond is subject to mandatory redemption, in whole (except as provided below), within 180 days after a Determination of Taxability, as hereinafter defined, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium. "Determination of Taxability" means a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which the Company has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation, or warranty in the Agreement, the interest on the Bonds is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are defined in the Code).

Upon the occurrence of a Determination of Taxability, this bond shall be redeemed in whole as provided above, unless, in the opinion of a nationally recognized bond counsel ("Bond Counsel"), redemption of a portion of the Bonds outstanding would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be includable in the gross income (for federal income tax purposes) of holders thereof (except for any holder who is a "substantial user" of the Project or a "related person" as those terms are used and defined in the Code), in which event only such portion shall be required to be redeemed. Any such partial redemption shall be made within 180 days following the Determination of Taxability, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium, at least in such aggregate amount as is deemed necessary by Bond Counsel to cause the interest on the remaining outstanding Bonds not to be includable in gross income, as described above.

This bond is subject to mandatory redemption prior to maturity at any time if the Authority gives notice to the Company and the Trustee that (a) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for twelve (12) consecutive months, without first obtaining the prior written consent of the Authority, or (b) any representation or warranty made by the Company in the Agreement or in any document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for prepayment of the Loan (as defined in the Agreement) has been made by the Company.

Prior to any redemption of Bonds (other than Bank Bonds), other than as a result of a Determination of Taxability, the Paying Agent shall have received either (i) written evidence from S&P to the effect that such redemption will not result in a withdrawal,

suspension or reduction of the S&P ratings with respect to the Bonds, or (ii) an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority.

If this bond is redeemed as provided above in accordance with the terms of the Indenture, then the failure by the Company to observe or perform a covenant, agreement, representation, or warranty in the Agreement which results in a Determination of Taxability shall not constitute an Event of Default under the Indenture or the Agreement, and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the holder of this Bond for any claims, damages, costs, or expenses arising out of or based upon such failure by the Company.

If less than all of this bond is to be called for redemption, the portion thereof to be redeemed shall be selected as provided in the Indenture. If less than all of the principal amount of this bond is to be redeemed, upon surrender of this Bond to the Paying Agent, there will be issued to the REGISTERED OWNER, without charge, a new bond or, at the option of the REGISTERED OWNER, bonds for the unredeemed principal amount.

At least 30 days prior to the date selected for the redemption of any of the Bonds prior to their scheduled maturity, the Paying Agent shall mail a written notice of such redemption, postage prepaid, not less than 30 days prior to the date selected for redemption, to each REGISTERED OWNER of the Bonds or portions thereof to be redeemed, addressed to such REGISTERED OWNER at its address appearing on the registration books maintained by the Paying Agent and to major securities depositories, national bond rating agencies and bond information services; but failure to mail any such notice to any Bondholder, or any defect therein or in the mailing thereof, shall not affect the redemption of any other Bonds or portions thereof to be redeemed. Such notice of redemption shall identify the Bonds (or portions of Bonds) to be redeemed, the date selected for such redemption, the places of payment of the redemption price of the Bonds or portions thereof which are to be so redeemed and the redemption price at which the Bonds or portions thereof will be redeemed.

Notice of redemption having been duly mailed, this bond, or the portion called for redemption, will become due and payable on the redemption date at the applicable redemption price and, if the moneys for the redemption have been deposited with the Trustee, then, from and after the date fixed for redemption, no interest on this bond (or such portion) will accrue. The Paying Agent will not be required to make an exchange or transfer of this bond (i) if

this bond (or any portion hereof) has been selected for redemption or (ii) within forty-five (45) days prior to the date fixed for redemption if this bond (or any portion hereof) is eligible to be selected for redemption.

With respect to any redemption of the Bonds, other than as a result of a Determination of Taxability, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice of redemption, such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys are not received, such notice shall be of no force and effect, the Authority shall not redeem such bonds and the Paying Agent shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

IN CERTAIN CIRCUMSTANCES SET OUT HEREIN, THIS BOND IS SUBJECT TO PURCHASE. IN EACH SUCH EVENT AND UPON DEPOSIT OF THE PURCHASE PRICE WITH THE PAYING AGENT ON THE PURCHASE DATE, THIS BOND SHALL BE DEEMED TENDERED FOR PURCHASE AND SHALL CEASE TO BE DEEMED TO BE OUTSTANDING UNDER THE INDENTURE, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED TO RECEIVE THE PURCHASE PRICE SO DEPOSITED WITH THE PAYING AGENT ONLY UPON SURRENDER OF THIS BOND TO THE PAYING AGENT.

This bond is transferable by the REGISTERED OWNER, in person or by its attorney duly authorized in writing, at the office of the Paying Agent, upon surrender of this bond to the Paying Agent for cancellation. Upon the transfer, a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This bond may also be exchanged at the office of the Paying Agent for a new Bond or Bonds in Authorized Denominations in the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the owner except for applicable taxes or other governmental charges, if any.

The Bonds in the Multiannual Mode are issuable only in fully registered form in Authorized Denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

The Authority, the Trustee, the Paying Agent and the Company may treat the REGISTERED OWNER as the absolute owner of this bond for all purposes, notwithstanding any notice to the contrary.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed

precedent to and in connection with the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Authority does not exceed or violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee or a duly appointed authenticating agent pursuant to the Indenture.

IN WITNESS WHEREOF, the New Jersey Economic Development Authority has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Managing Director of Investment Banking and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of _____.

ATTEST:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____

By: _____

[SEAL]

Certificate of Authentication

This bond is one of the Bonds described in the Indenture.

as Trustee

By: _____
Authorized Signatory

Date of Registration:

Assignment

For value received the undersigned sells, assigns and transfers this bond to

(Name and Address of Assignee)

Social Security or Other Identifying Number of Assignee
and irrevocably appoints
attorney-in-fact, to transfer it on the books kept for
registration of the bond, with full power of
substitution.

Dated:

Signature Guaranteed:

Bank, Trust Company or Brokerage Firm

By:

Authorized Signatory

NOTICE: Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee and the Paying Agent, which requirements include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee or the Paying Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities and Exchange Act of 1934, as amended.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable law.

TEN COM - as tenants in common
TEN ENT - as tenants by the entirety
JT TEN - as joint tenants with rights
of survivorship and not as
tenants in common

UNIF GIFT MIN ACT -
(Cust) Custodian (Minor)

Act _____
(State)

Additional abbreviations may also be used though not set forth in the list above.

(b) Details of the Bonds.

(i) General. The Bonds shall be signed on behalf of the Authority by the manual or facsimile signatures of its Chairman, Executive Director or Managing Director of Investment Banking or any other officer of the Authority who shall have the power to do so under the by-laws of the Authority and any resolution adopted thereunder, and the corporate seal of the Authority or a facsimile thereof shall be affixed, imprinted or reproduced thereon and attested by the manual or facsimile signature of its Secretary, Assistant Secretary or any other officer of the Authority who shall have the power to do so under the by-laws of the Authority and any resolution adopted thereunder. The Certificate of Authentication of the Trustee shall be manually signed by the Trustee or on behalf of the Trustee by its duly authorized agent.

In case any officer whose manual or facsimile signature shall appear on any Bond shall cease to be such officer before the delivery thereof, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until after such delivery.

The Bonds Outstanding from time to time are limited and special obligations of the Authority, the principal of, premium, if any, and interest on which are payable solely from the amounts to be paid under the Agreement and otherwise as provided herein and in the Agreement, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and shall not be deemed to constitute a general obligation or liability of the Authority, its officers or employees. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONIES OF THE AUTHORITY PLEDGED UNDER THIS INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THIS INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

The Bonds shall be issued in fully registered form, without interest coupons and shall be numbered from F-1 upwards for Bonds in the Flexible Mode, D-1 upwards for Bonds in the Daily Mode, W-1 upwards for Bonds in the Weekly Mode

and M-1 upwards for Bonds in the Multiannual Mode in the order of their issuance, or in any other manner deemed appropriate by the Paying Agent and the Trustee. The Bonds shall be denoted 1996 Series A, and the forms of the Bonds shall be completed where appropriate with such designation. The Bonds shall be in Authorized Denominations. The Bonds shall be dated the Issue Date, interest shall accrue on the Bonds from the date of original delivery thereof and the Bonds shall mature on June 1, 2026. The interest on the Bonds until they come due shall be payable on the interest payment dates specified therein.

The Bonds are subject to redemption as described in Section 3.07 and in the forms of Flexible Mode Bond, Daily Mode Bond, Weekly Mode Bond and Multiannual Mode Bond. At any time that Bonds shall be supported by a Standby Purchase Agreement, the Bonds shall be printed with appropriate insertions as provided in the forms of Bonds in Section 3.01(a). The 1996 Series A Bonds initially issued hereunder shall be supported by the Standby Purchase Agreement.

(ii) Book-Entry System. The Bonds may be issued or subsequently registered in the name of a Securities Depository or a nominee therefor, and held in the custody of the Securities Depository. In such event, a single bond will be issued and delivered to the Securities Depository for the Bonds in each Mode, and neither the actual purchasers of the Bonds (the "Beneficial Owners") nor the Paying Agent will receive physical delivery of Bond certificates except as provided herein, all transfers of beneficial ownership interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Bonds will receive, hold or deliver any Bond certificate. The Authority, the Company, the Trustee and the Paying Agent will recognize the Securities Depository or its nominee as the Bondholder for all purposes, including notices and voting.

The Authority and the Trustee covenant and agree, so long as The Depository Trust Company or any other Securities Depository serves as Securities Depository for the Bonds, to meet the requirements of The Depository Trust Company or such other Securities Depository with respect to required notices and other provisions of the letter of representations or agreement executed with respect to such Bonds.

The Authority, the Trustee, the Paying Agent and the Remarketing Agent may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System with respect to the Bonds and (ii) a certificate of any such Participant as to the

identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined through the books of the Securities Depository, the requirements in this Indenture of holding, delivering or transferring such Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository with respect to such actions to produce the same effect. Any provisions hereof permitting or requiring delivery of such Bonds shall, while such Bonds are in a Book-Entry System, be satisfied by the notation on the books of the Securities Depository in accordance with applicable state law.

The Trustee and the Authority, at the direction and expense of the Company and with the consent of the Remarketing Agent, may from time to time appoint a Securities Depository or a successor thereto and enter into a letter of representation or other agreement with such Securities Depository to establish procedures with respect to the Bonds. Any Securities Depository shall be a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended.

Neither the Authority, the Company, the Trustee, the Paying Agent nor the Remarketing Agent will have any responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of Bonds; or (v) any other action taken by the Securities Depository or any Participant.

Bond certificates are required to be delivered and registered in the name of the Beneficial Owner, under the following circumstances:

(A) A Securities Depository determines to discontinue providing its service with respect to such Bonds and no successor Securities Depository is appointed as described above; or

(B) The Authority determines not to continue the Book-Entry System through a Securities Depository.

If, at any time, the Securities Depository ceases to be the registered owner of the Bonds, thereafter all references herein to the Securities Depository shall be of no further force or effect.

None of the Authority, the Company, the Paying Agent or the Trustee will have any responsibility or obligation to any Participant for the Book-Entry System or to the Beneficial Owners with respect to the records delivered to the Authority and the Trustee in order to accomplish the delivery and registration in the names of the Beneficial Owners.

(c) Flexible Mode.

(i) Determination of Flexible Rates. The Remarketing Agent shall determine the Flexible Rates as provided in the form of Flexible Bonds and shall notify the Paying Agent thereof electronically or by telephone not later than 1:00 P.M., promptly confirmed in writing (including by facsimile), on the Effective Date. The Remarketing Agent shall give prompt written notice of the Flexible Rates to the Trustee, the Bank and the Company. Each determination and redetermination of the Flexible Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders. If for any reason the Remarketing Agent fails to determine the Flexible Rate or Rate Period for any Bond while in the Flexible Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, that Bond, until changed as provided in the form of Flexible Bond in Section 3.01(a) hereof, shall be deemed to be in the Daily Mode and the Daily Rate shall be equal to the lesser of (i) 100% of the PSA Municipal Index and (ii) the Maximum Interest Rate.

In determining the Flexible Rate and remarketing Bonds in the Flexible Mode, the Remarketing Agent shall, in addition to the constraints set forth in Section 3.01(a), (1) not offer Rate Periods extending beyond the expiration date of the Standby Purchase Agreement, if any, less five (5) days, (2) not offer Rate Periods applicable to Bonds to be converted extending beyond the day preceding any scheduled conversion of the Bonds to any other Mode or the final maturity of the Bonds, and (3) follow any written directions of the Company Representative, not inconsistent with the preceding clauses (1) and (2), as to the Rate Periods and interest rates to be made available. The Company, the Trustee, the Paying Agent and the Remarketing Agent shall cooperate to ensure compliance with this requirement.

(ii) Conversions from the Flexible Mode. The Bonds in the Flexible Mode or any portion of such Bonds may be

converted at the election of the Company from the Flexible Mode to the Daily Mode, the Weekly Mode or the Multiannual Mode as provided in the form of Flexible Bonds, so long as no Default hereunder exists as certified to the Trustee in writing by the Company Representative. If the Bonds that are to be converted to a different Mode are to be supported by a Standby Purchase Agreement in such different Mode, no such conversion shall be effective unless the Company shall have delivered to the Paying Agent by 11:00 A.M. on the Conversion Date a Standby Purchase Agreement in the minimum required face amount for the applicable Mode as provided in Section 3.14 and with an Expiration Date not earlier than (i) one year from the Conversion Date in the case of Bonds converted to the Daily Mode or Weekly Mode and (ii) five (5) Business Days after the end of the Rate Period in case of Bonds in the Multiannual Mode. Written notice of a conversion of Bonds from the Flexible Mode shall be given by the Company to the Authority, the Trustee, the Paying Agent, the Bank, the Remarketing Agent, Moody's and S&P not fewer than twenty-five (25) nor more than sixty (60) days before the Conversion Date, which date shall be specified by the Company in such notice and shall not be earlier than the day following the expiration of the Rate Period with the longest remaining term then in effect for the Bonds to be converted. Such notice shall also include the Company's election whether or not the Bonds to be converted to a different Mode are to be supported by a Standby Purchase Agreement.

Each notice required to be given under the preceding paragraph to the Authority of a conversion shall be given by providing facsimile notice of such change to the Executive Director of the Authority.

Notwithstanding the foregoing, if the conditions to conversion to another Mode established by the preceding paragraphs are not met by 11:00 A.M. on the Conversion Date, the Paying Agent shall deem the proposed conversion to have failed and shall immediately notify the Company, the Trustee and the Remarketing Agent. In such event (i) if no Standby Purchase Agreement is in effect, the Company shall provide to the Paying Agent by 4:00 P.M. on the proposed Conversion Date an amount which is sufficient to pay the Purchase Price on such date of all Bonds that were to have been converted, and (ii) if a Standby Purchase Agreement is in effect for the Bonds to be converted, the Paying Agent, by 12:30 P.M. on the proposed Conversion Date shall take such action as is specified by the Standby Purchase Agreement to provide immediately available funds by 2:00 p.m. on the proposed Conversion Date, in amount sufficient to pay the Purchase Price on such Bonds. In no event shall the failure of Bonds to be converted to another Mode for any reason be deemed to

be, in and of itself, a Default or Event of Default under this Indenture, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(iii) Mandatory Tender for Purchase. On each Effective Date, Bonds in the Flexible Mode are subject to mandatory tender for purchase and shall be purchased as provided in the form of Flexible Bonds.

(d) Daily Mode.

(i) Determination of Daily Rates. The Remarketing Agent shall determine the Daily Rate as provided in the form of Daily Bonds and shall notify the Paying Agent thereof electronically or by telephone not later than 10:00 A.M. on each Business Day, and if by telephone, promptly confirmed in writing (including by facsimile). The Remarketing Agent shall give prompt written notice of the Daily Rate to the Trustee, the Bank, and the Company. Each determination and redetermination of the Daily Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders. The Daily Rate for a date which is not a Business Day shall be the Daily Rate in effect on the Business Day preceding such date. If for any reason the Remarketing Agent fails to determine the Daily Rate or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Daily Rate shall be equal to the lesser of (i) the PSA Municipal Index and (ii) the Maximum Interest Rate.

(ii) Conversions from Daily Mode. The Bonds in the Daily Mode or any portion of such Bonds may be converted at the election of the Company on any Business Day to the Weekly Mode, the Flexible Mode or the Multiannual Mode, as provided in the form of Daily Bonds, so long as no Default hereunder exists as certified to the Trustee in writing by a Company Representative. If the Bonds that are to be converted to a different Mode are to be supported by a Standby Purchase Agreement in such different Mode, no such conversion shall be effective unless the Company shall have delivered to the Paying Agent by 11:00 A.M. on the Conversion Date a Standby Purchase Agreement in the minimum required face amount for the applicable Mode as provided in Section 3.14 and with an Expiration Date not earlier than (i) one year from the Conversion Date in the case of Bonds converted to the Flexible Mode or the Weekly Mode and (ii) five (5) Business Days after the end of the Rate Period in the case of Bonds in the Multiannual Mode. Written notice of a conversion of Bonds from the Daily Mode shall be given by the Company to the Authority, the Trustee, the Bank, the Paying Agent, the Remarketing Agent, Moody's and S&P not fewer than twenty-five

(25) nor more than sixty (60) days before the Conversion Date, which date shall be specified by the Company in such notice. Such notice shall include the Company's election whether or not the converted Bonds are to be supported by a Standby Purchase Agreement. Notice of a conversion of Bonds from the Daily Mode and if applicable, the mandatory tender of Bonds for purchase on such Conversion Date shall be given to the owners of such Bonds as provided in Section 3.01(d)(iv)(B) and the form of Daily Bonds.

Each notice required to be given under the preceding paragraph to the Authority of a conversion shall be given by providing facsimile notice of such change to the Executive Director of the Authority.

Notwithstanding the foregoing, if the conditions to conversion to another Mode established by the preceding paragraph are not met by 11:00 A.M. on the Conversion Date, the Paying Agent shall deem the proposed conversion to have failed and if the proposed conversion was to a Mode other than the Weekly Mode, the Paying Agent shall immediately notify the Company, the Trustee and the Remarketing Agent, and the Bonds shall be subject to mandatory tender as provided in Section 3.01(d)(iv)(B). In such event (i) if the Bonds to be converted are not supported by a Standby Purchase Agreement, the Company shall by 4:00 P.M. on the proposed Conversion Date deliver to the Paying Agent sufficient funds to pay the Purchase Price on the Bonds which were to be converted and (ii) if the Bonds to be converted are supported by a Standby Purchase Agreement, the Paying Agent, by 12:30 P.M. on the proposed Conversion Date, shall take such action as is specified by the Standby Purchase Agreement to provide immediately available funds by 2:00 P.M. on the proposed Conversion Date, in an amount sufficient to pay the Purchase Price on such Bonds. In no event shall the failure of Bonds to be converted to another Mode for any reason be deemed to be, in and of itself, a Default or Event of Default under this Indenture, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(iii) Bondholders' Option to Tender Bonds in Daily Mode. Bonds in the Daily Mode are subject to tender, at the election of the owner thereof, in the manner and subject to the limitations described in the form of Daily Bonds. The owners of Tendered Bonds shall receive on the Delivery Date 100% of the principal amount of the Tendered Bonds plus accrued interest to the Purchase Date, provided that if the Purchase Date is an interest payment date, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. The purchase of Tendered Bonds shall not

extinguish the debt represented by such Bonds which shall remain Outstanding and unpaid under this Indenture.

The Paying Agent shall accept all Tendered Bonds properly tendered to it for purchase as provided in the form of Daily Bonds and in this Section 3.01(d)(iii).

The Bondholder's Notice delivered to the Paying Agent as provided in the form of Daily Bonds on or prior to the Purchase Date of Tendered Bonds shall contain the information specified in the form of Daily Bond.

As soon as practicable after receiving notice of a tender of Bonds under this section, the Paying Agent shall notify the Remarketing Agent, the Company, the Bank and the Trustee by telephone promptly confirmed in writing of the amount of Tendered Bonds and the specified Purchase Date.

(iv) Events Requiring Mandatory Tender of Daily Bonds.

(A) Expiration of Standby Purchase Agreement Without Substitution or Replacement. If Bonds in the Daily Mode are supported by a Standby Purchase Agreement, such Bonds in the Daily Mode are subject to mandatory tender for purchase as provided in the form of Daily Bonds in connection with the expiration or termination of the Standby Purchase Agreement unless at least 25 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the second Business Day preceding the Expiration Date of the current Standby Purchase Agreement, (i) the Paying Agent has received written notice that the Standby Purchase Agreement has been extended; or (ii) the Paying Agent has received an Alternate Liquidity Facility pursuant to Section 3.14 and written evidence from Moody's, if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P with respect to the ratings of the Bonds under Section 3.14. At least fifteen (15) days prior to the mandatory tender date, the Trustee shall give notice to the Bondholders of the mandatory tender of Bonds.

(B) Change in Mode. In the event that Bonds in the Daily Mode are converted to another Mode other than the Weekly Mode, such Bonds are subject to mandatory tender for purchase upon not less than fifteen (15) days' prior written notice from the Paying Agent to the Bondholders as provided in the form of Daily Bonds, which notice shall state that the Bonds are subject to mandatory tender for purchase.

(e) Weekly Mode.

(i) Determination of Weekly Rates. The Remarketing Agent shall determine the Weekly Rate as provided in the form of Weekly Bonds and shall notify the Paying Agent thereof electronically or by telephone not later than 3:00 P.M. on the Business Day preceding the Effective Date, and if by telephone, promptly confirmed in writing (including by facsimile). The Remarketing Agent shall give prompt written notice of the Weekly Rate to the Trustee, the Bank, and the Company. Each determination and redetermination of the Weekly Rate shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders. If for any reason the Remarketing Agent fails to determine the Weekly Rate or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Rate Period for the Bonds shall be deemed to be the Daily Rate Period and the Daily Rate shall be equal to the lesser of (i) the PSA Municipal Index and (ii) the Maximum Interest Rate.

(ii) Conversions from Weekly Mode. The Bonds in the Weekly Mode or any portion of such Bonds may be converted at the election of the Company on any Business Day to the Daily Mode, the Flexible Mode or the Multiannual Mode as provided in the form of Weekly Bonds, so long as no Default hereunder exists as certified to the Trustee in writing by a Company Representative. If the Bonds that are to be converted to a different Mode are to be supported by a Standby Purchase Agreement in such different Mode, no such conversion shall be effective unless the Company shall have delivered to the Paying Agent by 11:00 A.M. on the Conversion Date a Standby Purchase Agreement in the minimum required face amount for the applicable Mode as provided in Section 3.14 and with an Expiration Date not earlier than (i) one year from the Conversion Date in the case of Bonds converted to the Daily Mode or the Flexible Mode and (ii) five (5) Business Days after the end of the Rate Period in the case of Bonds in the Multiannual Mode. Written notice of a conversion of Bonds from the Weekly Mode shall be given by the Company to the Authority, the Trustee, the Bank, the Paying Agent, the Remarketing Agent, Moody's and S&P not fewer than twenty-five (25) nor more than sixty (60) days before the Conversion Date, which date shall be specified by the Company in such notice. Such notice shall include the Company's election whether or not the converted Bonds are to be supported by a Standby Purchase Agreement. Notice of a conversion of Bonds from the Weekly Mode, and, if applicable, the mandatory tender of Bonds for purchase on such Conversion Date, shall be given to the owners of such Bonds as provided in Section 3.01(e) (iv) (B) and the form of Weekly Bonds.

Each notice required to be given under the preceding paragraph to the Authority of a conversion shall be given by providing facsimile notice of such change to the Executive Director of the Authority.

Notwithstanding the foregoing, if the conditions to conversion to another Mode established by the preceding paragraph are not met by 11:00 A.M. on the Conversion Date, the Paying Agent shall deem the proposed conversion to have failed and if the proposed conversion was to a Mode other than the Daily Mode, the Paying Agent shall immediately notify the Company, the Trustee and the Remarketing Agent, and the Bonds shall be subject to mandatory tender as provided in Section 3.01(e)(iv)(B). In such event, (i) if the Bonds to be converted are not supported by a Standby Purchase Agreement, the Company shall by 4:00 P.M. on the proposed Conversion Date deliver to the Paying Agent sufficient funds to pay the Purchase Price on the Bonds which were to be converted and (ii) if the Bonds to be converted are supported by a Standby Purchase Agreement, the Paying Agent, by 12:30 P.M. on the proposed Conversion Date, shall take such action as is specified by the Standby Purchase Agreement to provide immediately available funds by 2:00 P.M. on the proposed Conversion Date, in an amount sufficient to pay the Purchase Price on such Bonds. In no event shall the failure of Bonds to be converted to another Mode for any reason be deemed to be, in and of itself, a Default or Event of Default under this Indenture, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(iii) Bondholders' Option to Tender Bonds in Weekly Mode. Bonds in the Weekly Mode are subject to tender, at the election of the owner thereof, in the manner and subject to the limitations described in the form of Weekly Bonds. The owners of Tendered Bonds shall receive on the Delivery Date 100% of the principal amount of the Tendered Bonds plus accrued interest to the Purchase Date, provided that if the Purchase Date is an interest payment date, accrued interest shall be paid separately, and not as part of the Purchase Price on such date. The purchase of Tendered Bonds shall not extinguish the debt represented by such Bonds which shall remain Outstanding and unpaid under this Indenture.

The Paying Agent shall accept all Tendered Bonds properly tendered to it for purchase as provided in the form of Weekly Bonds and in this Section 3.01(e)(iii).

The Bondholder's Notice delivered to the Paying Agent as provided in the form of Weekly Bonds prior to the Purchase Date of Tendered Bonds shall contain the information specified in the form of Weekly Bond.

As soon as practicable after receiving notice of a tender of Bonds under this section, the Paying Agent shall notify the Remarketing Agent, the Company, the Bank and the Trustee by telephone promptly confirmed in writing of the amount of Tendered Bonds and the specified Purchase Date.

(iv) Events Requiring Mandatory Tender of Weekly Bonds.

(A) Expiration of Standby Purchase Agreement Without Substitution or Replacement. If Bonds in the Weekly Mode are supported by a Standby Purchase Agreement, such Bonds in the Weekly Mode are subject to mandatory tender for purchase as provided in the form of Weekly Bonds in connection with the expiration or termination of the Standby Purchase Agreement unless at least 25 days (or such shorter period as shall be acceptable to the Paying Agent) prior to the second Business Day preceding the Expiration Date of the current Standby Purchase Agreement, (i) the Paying Agent has received written notice that the Standby Purchase Agreement has been extended; or (ii) the Paying Agent has received an Alternate Liquidity Facility pursuant to Section 3.14 and written evidence from Moody's if the Bonds are then rated by Moody's, and S&P, if the Bonds are then rated by S&P with respect to the ratings of the Bonds under Section 3.14. At least fifteen (15) days prior to the mandatory tender date, the Trustee shall give notice to the Bondholders of the mandatory tender of Bonds.

(B) Change in Mode. In the event that Bonds in the Weekly Mode are converted to another Mode other than the Daily Mode, such Bonds are subject to mandatory tender for purchase upon not less than fifteen (15) days' prior written notice from the Paying Agent to the Bondholders as provided in the form of Weekly Bonds, which notice shall state that the Bonds are subject to mandatory tender for purchase.

(f) Multiannual Mode.

(i) Determination of Multiannual Rate. The Remarketing Agent shall determine the Multiannual Rate as provided in the form of Multiannual Bonds and shall notify the Paying Agent thereof electronically or by telephone not later than 2:00 P.M. two (2) Business Days preceding the Effective Date, and if by telephone, promptly confirmed in writing. The Remarketing Agent shall give prompt written notice of the Multiannual Rate to the Trustee, the Bank, if applicable, and the Company. Each determination and redetermination of the Multiannual Rate shall be conclusive and binding on the

Authority, the Trustee, the Paying Agent, the Bank, if applicable, the Company and the Bondholders. If for any reason the Remarketing Agent fails to determine the Multiannual Rate or if for any reason such manner of determination shall be determined to be invalid or unenforceable, the Rate Period for the Bonds shall be deemed to be the Daily Rate Period and the Daily Rate shall be equal to the lesser of (i) the PSA Municipal Index and (ii) the Maximum Interest Rate.

(ii) Conversions from Multiannual Mode and Changes of Rate Period. The Bonds in the Multiannual Mode or any portion of such Bonds may be converted at the election of the Company on and only on the Purchase Date relating to each such Bond from the Multiannual Mode to the Flexible Mode, the Daily Mode or the Weekly Mode and may be converted within the Multiannual Mode to a new Rate Period with the same or a different length as provided in the form of Multiannual Bonds so long as no Default hereunder exists as certified to the Trustee in writing by a Company Representative. If the Bonds that are to be converted to a different Mode or to another Rate Period within the Multiannual Mode are to be supported by a Standby Purchase Agreement in such different Mode, no such conversion shall be effective unless the Company shall have delivered to the Paying Agent by 11:00 A.M. on the Conversion Date a Standby Purchase Agreement in the minimum required available commitment thereunder for the applicable Mode as provided in Section 3.14 and with an Expiration Date not earlier than (i) one year from the Conversion Date in the case of Bonds converted to the Flexible Mode, the Daily Mode and the Weekly Mode and (ii) five (5) Business Days after the end of the Rate Period in the case of Bonds in the Multiannual Mode. Written notice of a change in Mode or Rate Period within the Multiannual Mode shall be given by the Company to the Authority, the Trustee, the Paying Agent, the Remarketing Agent, Moody's, S&P and the Bank, if applicable, not fewer than twenty-five (25) nor more than sixty (60) days before the Conversion Date. Such notice shall also include the Company's election whether or not the Bonds being converted to the Flexible Mode, the Daily Mode or the Weekly Mode are to be supported by a Standby Purchase Agreement.

Each notice required to be given under the preceding paragraph to the Authority of a conversion shall be given by providing facsimile notice of such change to the Executive Director of the Authority.

Notwithstanding the foregoing, if the conditions to conversion to another Mode or a new Rate Period within the Multiannual Mode established by the preceding paragraphs are not met by 11:00 A.M. on the Conversion Date, the Paying Agent

shall deem the proposed conversion to have failed and; if the proposed conversion was to have been to a Mode other than the Daily Mode, the Paying Agent shall immediately notify the Company, the Trustee and the Remarketing Agent. In such event, (i) if the Bonds to be converted are not supported by a Standby Purchase Agreement, the Company shall by 4:00 P.M. on the proposed Conversion Date deliver to the Paying Agent sufficient funds to pay the Purchase Price on the Bonds which were to be converted and (ii) if the Bonds to be converted are supported by a Standby Purchase Agreement, the Paying Agent by 12:30 P.M. on the proposed Conversion Date, shall take such action as is specified by the Standby Purchase Agreement to provide immediately available funds by 2:00 P.M. on the proposed Conversion Date, in an amount sufficient to pay the Purchase Price on such Bonds. In no event shall the failure of Bonds to be converted to another Mode for any reason be deemed to be, in and of itself, a Default or Event of Default under this Indenture, so long as the Purchase Price of all Bonds required to be purchased is made available as provided above.

(iii) Mandatory Tender for Purchase. On each Effective Date, Bonds in the Multiannual Mode are subject to mandatory tender for purchase and shall be purchased as provided in the form of Multiannual Bond.

(g) Favorable Opinion of Tax Counsel Required for Certain Conversions. Notwithstanding anything in this Indenture to the contrary, the Company must deliver to the Authority and the Trustee an opinion of Bond Counsel whenever there is a change from a period during which the interest rate on the Bonds is set at intervals of 365 days or less to a period during which the interest rate on the Bonds is set at intervals in excess of 365 days, or vice versa. Such opinion must be to the effect that the action proposed to be taken is permitted by the laws of the State and by this Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the Bonds.

(h) Partial Conversions. The Bonds may be converted in whole or in part to the Flexible Mode, the Daily Mode, the Weekly Mode or any Rate Period in the Multiannual Mode upon compliance with the conditions set forth in this Indenture. In the event the Bonds are in (or are to be converted to) more than one Mode, the provisions of this Indenture relating to Bonds in a particular Mode (or to be converted to a particular Mode) shall apply only to the Bonds in (or to be converted to) such Mode and, where necessary or appropriate, any reference in this Indenture to the Bonds shall be construed to mean the Bonds in (or to be converted to) such Mode and any reference to Standby Purchase Agreement or Bank shall be construed to mean the Standby Purchase Agreement supporting the

Bonds in (or to be converted to) such Mode and the Bank providing that Standby Purchase Agreement.

(i) Bank Bonds. Bonds purchased with moneys provided under the Standby Purchase Agreement shall be acquired for the benefit of the Bank, and the Bank shall be the beneficial owner of such Bonds. Such Bonds shall constitute "Bank Bonds" and shall be held by the Paying Agent as agent for the Bank unless and until (A) the Paying Agent has received a certificate from the Agent authorizing the release of such Bank Bonds and stating that the commitment of the Bank to purchase Bonds has been increased to cover the principal of and interest on the Bank Bonds to be released or (B) such Bank Bonds are transferred to the Company. Pending transfer to a purchaser, Bank Bonds are not transferable or deliverable to any party except a Bank or the Agent. The Remarketing Agent shall, unless instructed otherwise by the Agent after the Term-Out Date, continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to full reinstatement of the Standby Purchase Agreement, at a price equal to the principal amount thereof plus accrued interest. The Bank shall be entitled to receive all payments of principal of and interest on Bank Bonds.

Notwithstanding anything to the contrary in this paragraph, if and for so long as the Bonds are to be held under the book entry and for so long as the Bonds are to be held under the book entry only system in accordance with Section 3.01(b)(ii), the registration requirements under this Section 3.01(i) shall be deemed satisfied if Bank Bonds are (1) registered in the name of the Securities Depository or its nominee in accordance with Section 3.01 (b)(ii) hereof; (2) credited on the books of the Securities Depository to the account of the Paying Agent (or its nominee); and (3) further credited on the books of the Trustee (or such nominee) to the account of the Agent (or its designee).

(j) Bank Rate. Bank Bonds shall accrue interest at the Bank Rate, payable at the times set forth in the Standby Purchase Agreement from and including the date such Bonds are purchased with moneys provided by the Standby Purchase Agreement until (but not including) the day such Bank Bonds are remarketed pursuant to Section 3.09 and delivered to the purchasers thereof or purchased by the Company or the day the principal of such Bank Bonds is paid at maturity or upon acceleration or upon redemption.

(k) Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds surrendered in any exchanges or transfers, shall thereupon be promptly canceled. All Bonds acquired and owned by the Company and delivered to the Paying Agent for cancellation shall be deemed paid and shall be promptly canceled. Bonds so canceled may at any time be cremated or otherwise disposed of at the discretion of the Paying Agent, which

shall execute a certificate of cremation, destruction or other disposition in duplicate by the signature of one of its authorized officers describing the Bonds so cremated, otherwise destroyed or otherwise disposed of, and one executed certificate shall be filed with the Company and the other executed certificate shall be retained by the Paying Agent. The Paying Agent shall provide written notice to the Trustee, Moody's, if the Bonds are then rated by Moody's, and to S&P, if the Bonds are then rated by S&P, of the final payment or redemption of any of the Bonds, either at or before maturity, upon cancellation of any such Bonds.

(1) Replacement of Bonds. Replacement Bonds shall be issued pursuant to applicable law and the reasonable requirements of the Paying Agent and Trustee as a result of the destruction, loss or mutilation of the Bonds provided that: (i) the costs of a replacement shall be paid or reimbursed by the applicant, who shall provide indemnification in an amount satisfactory to the Authority, the Trustee, the Paying Agent, the Remarketing Agent and the Company against all liability and expense in connection therewith, (ii) in the case of a mutilated Bond the Bondholder shall surrender the Bond to the Paying Agent for cancellation and (iii) in the case of a lost, stolen or destroyed Bond, the Bondholder shall provide evidence, satisfactory to the Paying Agent, of the ownership and the loss, theft or destruction of the affected Bond.

Upon compliance with the foregoing, a new Bond of like tenor and denomination, executed by the Authority, shall be authenticated by the Paying Agent and delivered to the Bondholder, all at the expense of the Bondholder to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Paying Agent shall not be required to authenticate and deliver any substitute for a Bond which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price then due or becoming due shall be paid by the Paying Agent in accordance with the terms of the mutilated, lost, stolen or destroyed Bond without substitution therefor.

(m) Interest on Overdue Principal. Except as otherwise provided in the definition of Bank Rate, any overdue principal of any Bond shall bear interest after its maturity or acceleration at the last interest rate in effect on that Bond.

Section 3.02. Construction Fund: Payments from Construction Fund.

(a) There is hereby created and established with the Trustee the Construction Fund, which shall be expended in accordance with the provisions hereof and of the Agreement. The Authority hereby grants to the Trustee for the benefit of the Bondholders, to the extent provided below, a security interest in all deposits in the Construction Fund.

(b) The proceeds of the issuance and delivery of the Bonds (other than accrued interest, if any) shall be deposited in the Construction Fund. Thereafter, amounts on deposit in the Construction Fund shall be applied to pay or reimburse the Company for a portion of the Costs of the Project, as set forth in Sections 3.3 and 5.2 of the Agreement. The Trustee is hereby authorized and directed to make each disbursement from the Construction Fund required by the provisions of the Agreement. The Trustee shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, including records of all Requisitions made pursuant to the Agreement, and the Trustee shall, upon request of the Company, file an accounting thereof with the Authority and the Company. The Trustee shall furnish copies of all Requisitions received by it to the Authority at its request. The Trustee shall hold all monies and investments from time to time on deposit in the Construction Fund as trustee for the Owners and as the agent and bailee for the Bank.

(c) If, upon the completion of the Project (as evidenced by a completion certificate signed by the Company and delivered to the Trustee), there shall be any surplus funds remaining in the Construction Fund not required to provide for the payment of the Costs of the Project, such funds shall, upon the written request of the Company Representative, either (1) be used by the Trustee to purchase Bonds at any reasonable price as determined by the Company Representative, which price, however, shall not exceed the principal amount thereof plus accrued interest thereon; or (2) if the Bonds are then subject to redemption, any of such funds not to be used in a manner set forth in (1) above shall be applied to redeem Bonds in the largest principal amount then subject to redemption that does not exceed the amount of such funds (whether or not the Trustee shall have received any direction from the Company with respect thereto). Any of such surplus funds in the Construction Fund not to be applied for the purposes set forth in (1) above or which may not be applied to redeem Bonds in accordance with clause (2) above shall be deposited in an escrow account (outside the Debt Service Fund), and moneys on deposit in such escrow account shall be applied to pay the principal of Bonds upon redemption thereof on the earliest possible redemption date.

(d) If the principal of the Bonds and the interest accrued thereon shall become immediately due and payable as the result of an Event of Default specified in this Indenture, or if the Bonds shall be redeemed as a whole in accordance with their terms or if the Agreement is terminated in accordance with Article X of the Agreement prior to the completion of the Project, any proceeds of the Bonds remaining in the Construction Fund shall be promptly deposited into the Debt Service Fund and used by the Trustee for the purpose of paying principal of, premium, if any, and interest on the Bonds, including Bank Bonds, when due. In connection with the release of this Indenture under the terms hereof, any proceeds

of the Bonds remaining in the Construction Fund shall be either (1) promptly deposited by the Trustee into the Debt Service Fund and shall be applied to reduce the amount of the next succeeding payment or payments of the Loan Payments by the Company or (2) upon the written request of the Company, applied to the purchase, at a price not in excess of the principal amount thereof, of Bonds in the open market, which Bonds shall thereupon be cancelled.

Section 3.03. Debt Service Fund.

(a) Establishment and Purpose. A Debt Service Fund is hereby established with the Trustee and moneys shall be deposited therein as provided in this Indenture. The Authority hereby grants to the Trustee for the benefit of the Bondholders, to the extent provided below, a security interest in all deposits in the Debt Service Fund. The Trustee acknowledges that it holds the Debt Service Fund as agent for the Bondholders. The proceeds of the issuance and delivery of the Bonds, if any, attributable to accrued interest on the Bonds shall be deposited by the Trustee into the Debt Service Fund and shall be disbursed by the Trustee upon written instruction as provided herein to pay interest on the Bonds. The moneys in the Debt Service Fund and any investments held as part of such Fund shall be held in trust and, except as otherwise provided in this Indenture, shall be applied by the Trustee solely to pay principal of, premium, if any, and interest on the Bonds. When moneys in the Debt Service Fund are to be applied to the payment of the Bonds, the Trustee shall transfer such moneys to the Paying Agent on the payment date therefor in immediately available funds. Proceeds of demands under a Standby Purchase Agreement shall not be deposited in the Debt Service Fund, but shall be held by the Paying Agent pursuant to Section 3.10 in trust and applied as provided in this Indenture.

(b) Excess in Debt Service Fund. If at any time the amount of funds in the Debt Service Fund exceeds the amount necessary to pay the principal of, premium, if any, and interest on the Bonds in full and all amounts owing or to be owing under this Indenture to the Authority, the Trustee and the Paying Agent, then the Trustee, without further instructions, may disburse such excess first to the Bank, if any, in fulfillment of any obligations owed to it under the Standby Purchase Agreement, as certified by the Bank, and second, if any balance remains, to the Company.

(c) Unclaimed Moneys. In case any moneys deposited with the Paying Agent for the payment of the Purchase Price or principal of, premium, if any, or interest on any Bond remain unclaimed for two years after such Purchase Price, principal, premium or interest has been paid or has become due and payable, the Paying Agent or the Trustee may, and upon receipt of a written request by a Company Representative shall, pay over to the Company the amount so deposited and thereupon the Trustee, the Paying Agent and the

Authority shall be released from any further liability with respect to the payment of such Purchase Price or principal, premium or interest and the owner of such Bond shall be entitled (subject to any applicable statute of limitations) to look only to the Company as an unsecured creditor for the payment thereof.

Section 3.04. Application of Moneys. If available moneys in the Debt Service Fund are not sufficient on any day to pay all principal, premium, if any, and interest on the Outstanding Bonds then due or overdue, such moneys shall, after payment of all amounts owing to the Trustee and the Paying Agent under this Indenture, be applied first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal and redemption premiums, if any, without regard to the order in which the same became due in each case pro rata among Bondholders. In the event there exist Company Bonds on the date of any application of moneys under this Section, moneys otherwise to be paid to the Company pursuant to this Section shall be applied (subject to Section 3.05(c)(iii)) as follows: first, pro rata to all Bondholders other than the Company, second, if any balance remains, to the Bank in fulfillment of any obligations owed to it under the Standby Purchase Agreement, and third, if any further balance remains, to the Company in respect of any Company Bonds. Whenever moneys are to be applied pursuant to this Section, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys becoming available for such application and the likelihood of additional moneys becoming available for such application in the future. The Trustee shall incur no liability whatsoever to the Authority, the Bondholders, the Bank, the Company or any other person for any delay in applying any such moneys so long as the Trustee applies the same in accordance with the provisions of this Indenture as may be applicable at the time of the application by the Trustee. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first day of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. Whenever overdue interest is to be paid on the Bonds, the Trustee may establish a special record date as provided in the forms of Bonds. The Trustee shall notify the Paying Agent of any special record date at least 20 days prior to the special record date and give such other notice as it may deem appropriate of the fixing of any special record date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee or the Paying Agent may require presentation of the Bond for endorsement of the payment.

Section 3.05. Payments by the Company.

(a) Loan Payments by the Company. The Company shall make Loan Payments in immediately available funds to the Trustee for deposit in the Debt Service Fund on the date on which such payment of principal (including principal called for redemption) of, premium, if any, or interest on Bonds shall become due in an amount equal to the payment then coming due on such Bonds less the amounts, if any, then held in the Debt Service Fund and available to pay the same.

(b) Additional Payments.

(i) The Company shall pay when due the Authority's administrative fee and other expenses as provided in Section 8.03.

(ii) Within thirty (30) days after notice from the Trustee, the Company shall pay to the Trustee the reasonable fees and expenses of the Trustee as set forth in Section 7.03.

(iii) Within thirty (30) days after notice from the Paying Agent, the Company shall pay to the Paying Agent its reasonable fees and expenses as set forth in Section 3.10.

(c) Payment of Debt Service. Upon telephonic request of the Paying Agent, promptly confirmed in writing and made on or before 11:00 A.M. on a date when payment of principal or interest is due on the Bonds, for which amounts from the remarketing of Bonds are not available or sufficient, the Trustee shall disburse funds from the Debt Service Fund to the Paying Agent for the payment of principal, premium, if any, and interest payable on the Bonds as provided in Section 3.03(a).

(d) Company's Purchase of Bonds. If the amount received by the Paying Agent from demands made under a Standby Purchase Agreement, together with all other amounts (including remarketing proceeds of Bonds but excluding remarketing proceeds received from purchasers of such Bonds who are Company Affiliates or the Authority) received by the Paying Agent for the purchase of Bonds tendered pursuant to Sections 3.01(c)(iii); 3.01(d)(iii), 3.01(d)(iv), 3.01(e)(iii) or 3.01(e)(iv) or 3.01(f)(iii), is not sufficient to pay the Purchase Price of such Bonds on the Purchase Date, the Paying Agent shall before 3:30 P.M. on such Purchase Date, notify the Company, the Remarketing Agent and the Trustee of such deficiency by telephone promptly confirmed in writing. The Company shall pay to the Paying Agent in immediately available funds by 4:00 P.M. on the Purchase Date an amount equal to the Purchase Price of such Bonds less the amount, if any, available to pay the Purchase Price in accordance with Section 3.08 from the proceeds of the remarketing of such Bonds or from demands made

under a Standby Purchase Agreement, if any, as reported by the Paying Agent. Bonds so purchased with moneys furnished by the Company shall be Company Bonds.

Section 3.06. Unconditional Obligation. Pursuant to the Agreement, the obligation of the Company to make payments required by this Indenture is absolute and unconditional.

Section 3.07. Redemption of Bonds.

(a) General. The Bonds are redeemable prior to maturity by the Authority in accordance with the written direction of the Company to the Authority, the Paying Agent and the Trustee. Such redemption of Bonds shall be in accordance with the terms of such Bonds at the redemption prices plus accrued interest to the redemption date as described in the forms of Flexible Mode Bond, Daily Mode Bond, Weekly Mode Bond and Multiannual Mode Bond in Section 3.01(a). Notwithstanding anything in Section 3.01(a) or elsewhere herein to the contrary, Bank Bonds are subject to optional redemption by the Authority at the written direction of the Company, in whole or in part, at any time at the principal amount thereof, together with accrued interest to the redemption date, and without the notice required by Section 3.07(d). If less than all the Outstanding Bonds shall be called for redemption, the Company shall designate (to the extent not otherwise prohibited) the amount of Bonds of each Mode to be redeemed, and if less than all of the Outstanding Bonds of any Mode shall be called for redemption, the Bonds to be so redeemed in any Mode shall be selected by the Paying Agent by lot provided that any Bank Bonds shall be redeemed prior to the redemption of any other Bonds. In selecting Bonds to be redeemed, the Paying Agent shall treat each Bond as consisting of the quotient of the amount of the principal value of such Bond divided by \$1,000, provided that no Bond shall be redeemed which would result in the unredeemed portion thereof aggregating less than an Authorized Denomination. For purposes of this Section 3.07(a), references to the term Mode shall be deemed to include different Rate Periods within the Multiannual Mode.

(b) Notice by the Company. The Company shall exercise its option to have Bonds redeemed under Section 3.07(a) by giving notice to the Trustee, the Authority, the Paying Agent and the Remarketing Agent at least forty-five (45) days before the redemption date.

(c) Payment of Redemption Price and Accrued Interest. Whenever Bonds are called for redemption, the accrued interest thereon shall become due on the redemption date. Upon exercising its right to have Bonds redeemed, the Company shall deposit with the Trustee for deposit into the Debt Service Fund prior to the redemption date a sufficient sum in immediately available funds to pay the redemption price of and accrued interest on the Bonds to be

redeemed. If such sum is deposited, the Paying Agent shall redeem such Bonds on the date selected for redemption.

(d) Notice of Redemption. When Bonds are to be redeemed, the Paying Agent shall give notice to the affected Bondholders in the name of the Authority, which notice shall be given and shall be in the form required by the forms of the Flexible Mode Bond, Daily Mode Bond, Weekly Mode Bond and the Multiannual Mode Bond in Section 3.01(a) hereof.

(e) Mandatory Redemption of Bank Bonds.

(i) If any Bonds are Bank Bonds on the Term-Out Date, then one-tenth of the principal amount of such Bank Bonds shall be redeemed or repurchased, at the option of the Company, on the day six months after the Term-Out Date and every six months thereafter until all such Bank Bonds are redeemed or repurchased, at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption or repurchase; provided, however, that the Company may not elect that any such payment shall constitute a repurchase rather than a redemption unless the Bond Insurer shall have acknowledged in writing to the Agent, in a manner in form and substance reasonably satisfactory to the Agent, that the Insurance Policy would continue to cover such payment and all other payments required to be made pursuant to this Section 3.07(e) without regard to any such election by the Company. This mandatory redemption provision does not relieve the Remarketing Agent of its obligation to continue its efforts to remarket Bank Bonds that have not been redeemed. For purposes of determining which Bank Bonds have been remarketed on any date, it is assumed that they have been remarketed on a pro rata basis. If at any time, Bank Bonds are subject to mandatory redemption under both this Section 3.07(e) (i) and Section 3.07(e) (ii), Section 3.07(e) (ii) shall govern the redemption of the Bank Bonds.

(ii) If the Trustee receives notice from any Bank that an Insurer Default has occurred, all Bank Bonds shall be redeemed or repurchased at the option of the Company on the ninetieth day after receipt of such notice at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the redemption date; except that the Bank Bonds are not required to be redeemed if the Trustee has received notice prior to such proposed redemption date from the Bank that (i) the Insurer Default has been waived by the Bank; (ii) the Insurer Default has been cured; or (iii) an insurance policy provided by an additional or replacement bond insurer would result in a long-term rating on the Bonds by S&P and Moody's of AAA and Aaa, respectively (or their equivalent rating).

(iii) No further authorization from the Authority or the Company shall be required to effect any redemption of Bank Bonds pursuant to Sections 3.07(e)(i) or 3.07(e)(ii). The Trustee shall promptly provide a copy of any notice received under Section 3.07(e)(ii), and shall provide notice of redemption under Sections 3.07(e)(i) or 3.07(e)(ii) on the date thereof, to the Bank, the Agent, the Authority, the Paying Agent, the Remarketing Agent, the Bond Insurer and the Company. No further notice of redemption is required in connection with the redemption of Bank Bonds under this Section 3.07(e).

(f) Mandatory Redemption at the Direction of the Authority. The Bonds shall also be subject to mandatory redemption prior to maturity at any time if the Authority has notified the Trustee and the Company that (i) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for 12 consecutive months without first obtaining the written consent of the Authority, or (ii) any representation or warranty or the Company in the Agreement or in any other document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for the prepayment of the Loan by the Company has been made.

(g) Conditions to Certain Redemptions of Bonds. Prior to any redemption of Bonds (other than Bank Bonds), other than as a result of a Determination of Taxability, the Paying Agent shall have received either (i) written evidence from S&P to the effect that such redemption will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds, or (ii) an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an Act of Bankruptcy with respect to the Company or the Authority.

Section 3.08. Purchase of Bonds Tendered.

(a) Procedure.

(i) Notice. The Remarketing Agent shall give notice to the Paying Agent electronically or by telephone, promptly confirmed in writing (including by facsimile) for timely receipt by the Paying Agent, specifying the principal amount of Tendered Bonds as to which the Remarketing Agent has found purchasers who are not Company Affiliates, the Authority or any broker-dealer holding Bonds pursuant to an arrangement with any Company Affiliate, and the amounts the Remarketing Agent has received for the purchase of Tendered Bonds from such Persons, and shall give like notice to the Paying Agent and the Company of any deficiency in amounts so available to

pay the Purchase Price of Tendered Bonds at or before (A) 12:00 noon on each Purchase Date for Tendered Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, (B) 3:30 P.M. one (1) Business Day before the Purchase Date for Tendered Bonds that are to be in the Weekly Mode immediately after the Purchase Date, or (C) 2:00 P.M. two (2) Business Days before the Purchase Date for Tendered Bonds that are to be in the Multiannual Mode immediately after the Purchase Date. Notwithstanding the instructions to the Paying Agent set forth in Section 3.08(a)(ii) concerning the amount to be demanded under the Standby Purchase Agreement, if the Paying Agent has not received a notice from the Remarketing Agent by the appropriate time specified in the immediately preceding sentence, the Paying Agent shall take the actions specified by the Standby Purchase Agreement to obtain immediately available funds in an amount sufficient to purchase all the Bonds supported by a Standby Purchase Agreement to be tendered on the Purchase Date. The Remarketing Agent shall give electronic or telephonic notice to the Paying Agent of the names, addresses and taxpayer identification numbers of the purchasers and the number and denominations of Bonds to be delivered to each purchaser, and the current rate and the next scheduled Purchase Date of each such Bond successfully remarketed at or before (A) 1:00 P.M. on each Purchase Date for Tendered Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, (B) 3:30 P.M. one (1) Business Day before the Purchase Date for Tendered Bonds to be in the Weekly Mode immediately after the Purchase Date or (C) 2:00 P.M. two (2) Business Days before the Purchase Date for Tendered Bonds to be in the Multiannual Mode immediately after the Purchase Date. As soon as practicable after the remarketing of any Bank Bond, the Remarketing Agent shall give telephonic notice to the Trustee, the Paying Agent, the Agent and the Company, which shall be promptly confirmed in writing, specifying the principal amount of Bank Bonds which were remarketed.

(ii) Sources of Payment. If the Tendered Bonds are supported by a Standby Purchase Agreement, the Paying Agent shall take the action specified by the Standby Purchase Agreement to obtain an amount necessary to purchase the Tendered Bonds for which the Remarketing Agent has not received the Purchase Price from persons who are not Company Affiliates, the Authority or any broker-dealer holding Bonds pursuant to an arrangement with any Company Affiliate not later than (A) 1:00 P.M. on the Purchase Date for Tendered Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, or (B) 4:00 P.M. one (1) Business Day before the Purchase Date for Tendered Bonds that are to be in the Weekly Mode or the Multiannual Mode immediately after the Purchase Date. If the Tendered Bonds

are not supported by a Standby Purchase Agreement, the Paying Agent shall not later than (A) 1:30 P.M. on the Purchase Date for Tendered Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, or (B) 4:00 P.M. one (1) Business Day before the Purchase Date for Tendered Bonds that are to be in the Weekly Mode or the Multiannual Mode immediately after the Purchase Date, notify the Company of the amount necessary to purchase the Tendered Bonds for which the Remarketing Agent has not received the Purchase Price, and the Company shall pay the Paying Agent such amount at the time required by Section 3.05(e) hereof. The Remarketing Agent shall deliver to the Paying Agent all amounts received (other than amounts received from Company Affiliates, the Authority or any broker-dealer holding Bonds pursuant to an arrangement with any Company Affiliate) by the Remarketing Agent as proceeds of the remarketing of Bonds at or before (A) 4:30 p.m. on the Purchase Date on the Purchase Date for Tendered Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, (B) 2:00 P.M. on the Purchase Date for Tendered Bonds that are to be in the Weekly Mode immediately after the Purchase Date or (C) 2:00 P.M. on the Purchase Date for Tendered Bonds that are to be in the Multiannual Mode immediately after the Purchase Date. If Bonds are supported by a Standby Purchase Agreement and the Remarketing Agent does not deliver to the Paying Agent proceeds of remarketing sufficient, together with amounts previously received under the Standby Purchase Agreement, to pay in full the Purchase Price of all such Bonds due on the Purchase Date, the Bonds for which such proceeds shall not have been delivered shall not be considered to have been remarketed for purposes of this Indenture and the proposed purchaser of such Bonds shall not be deemed to be the owner of such Bonds, and the Paying Agent shall make an additional demand under the Standby Purchase Agreement in accordance with the terms thereof.

(iii) Limitation on Drawings under Standby Purchase Agreement. The Paying Agent shall not make drawings under the Standby Purchase Agreement, or apply any amounts received by it pursuant to the Standby Purchase Agreement, to pay the Purchase Price of any Bonds owned by the Company, any Company Affiliates, the Authority or any broker-dealer holding Bonds pursuant to an arrangement with any Company Affiliate.

(b) Payments by the Paying Agent. At or before the close of business on the Delivery Date and upon receipt by the Paying Agent of the Purchase Price of the Tendered Bonds that are delivered to it, the Paying Agent shall pay the Purchase Price of the Bonds to the registered owners thereof as provided in the applicable form of Bonds. The Paying Agent shall apply in order, first, moneys paid to it by the Remarketing Agent from proceeds of the remarketing of

such Bonds by the Remarketing Agent to Persons who are not Company Affiliates, the Authority or any broker-dealer holding Bonds pursuant to an arrangement with any Company Affiliate or the Authority, second, but only with respect to Bonds supported by the Standby Purchase Agreement, moneys derived from demands on the Standby Purchase Agreement for the purpose of purchasing Tendered Bonds (including amounts derived from demands under the Standby Purchase Agreement to pay accrued interest on the Tendered Bonds) and third, moneys paid to it by the Company and remarketing proceeds (but only with respect to Bonds not supported by the Standby Purchase Agreement) received by the Remarketing Agent from Company Affiliates or the Authority. If sufficient funds are not available for the purchase of all Bonds tendered on any Delivery Date, no purchase shall be consummated.

Section 3.09. Remarketing of Bonds Tendered.

(a) General. Subject to the provisions of Section 3.11(a)(v), the Remarketing Agent shall solicit offers to purchase and use its best efforts to find a purchaser for Tendered Bonds. Any such purchase shall be made by payment of the Purchase Price in immediately available funds to the Paying Agent at the time specified in Section 3.08(a)(ii). By (i) 2:15 P.M., in the case of Bonds that are to be in the Flexible Mode or the Daily Mode immediately after the Purchase Date, or (ii) 2:00 P.M., in the case of Bonds that are to be in the Weekly or Multiannual Mode immediately after the Purchase Date, Bonds remarketed under this Section shall be made available on the Purchase Date by the Paying Agent to the purchasers thereof (in the case of Bonds in the Flexible Mode or the Daily Mode, delivered by the Paying Agent to the Remarketing Agent) and shall be registered in the manner directed by the recipient thereof, provided that such Bonds shall not be delivered unless and until the Paying Agent has received the Purchase Price therefor, except that Bonds in the Flexible Mode or the Daily Mode may be delivered against a window receipt of the Remarketing Agent guaranteeing same day payment in immediately available funds. Bonds not remarketed shall be held by the Paying Agent.

Bonds the Purchase Price of which is paid for with funds provided by the Company pursuant to Section 3.05(d) or Section 3.08(a)(ii) shall be registered in the name of the Company by the Paying Agent and shall be "Company Bonds". Company Bonds shall be held by the Paying Agent for the account of the Company until transferred pursuant to this Section 3.09 or canceled pursuant to instructions of the Company. Upon receipt by the Paying Agent of notice from the Remarketing Agent that a purchaser has been found for Bank Bonds or Company Bonds held by the Paying Agent, the Paying Agent shall register and deliver such Bonds to such purchaser (at which time such Bonds shall cease to be Bank Bonds or Company Bonds) upon receipt by the Paying Agent of the Purchase

Price of such Bonds. The Paying Agent shall give notice to the Bank if and to the extent that the Paying Agent has received the proceeds of remarketing of any Bank Bonds promptly of the receipt thereof. The Paying Agent shall immediately notify (subsequently confirmed in writing) the Remarketing Agent whenever (i) it is prohibited from registering and delivering Bonds pursuant to this Indenture and (ii) if the Paying Agent has been so prohibited, upon the restoration of its power hereunder to register and deliver Bonds. Bank Bonds shall be delivered to and held by the Paying Agent as agent for the Bank and shall not be subsequently transferred or assigned by the Bank except as provided in this Section 3.09, Section 3.01(i) and Section 3.10(a)(iv). No Bonds that are automatically converted to the Daily Mode after failure of an optional conversion from one Mode to another (or from one Rate Period to another in the Multiannual Mode) shall be remarketed until the Paying Agent notifies the Remarketing Agent (promptly confirmed in writing) that such Bonds are supported by a Standby Purchase Agreement meeting the requirements of Section 3.14(b).

(b) Remarketing of Bonds Between Notice and Redemption or Conversion Date. No Bonds scheduled to be redeemed or converted to a different Mode may be remarketed under Section 3.09(a) after receipt by the Remarketing Agent of notice of redemption or conversion of such Bonds to a specified Mode from the Company unless the Remarketing Agent, on or before the redemption date or Purchase Date, gives notice to the purchaser that such purchaser will be required to surrender its Bonds for payment on the applicable redemption date or to tender its Bonds for mandatory purchase on the applicable Conversion Date, as the case may be.

(c) Compliance with Applicable Public Bidding Requirements. In connection with any remarketing of Bonds upon conversion of such Bonds to the Multiannual Mode, the Company shall comply with any then applicable public bidding requirements, and the Authority shall be under no obligation to participate in any such remarketing.

Section 3.10. Paying Agent.

(a) Appointment and Responsibilities. The initial Paying Agent for the Bonds shall be First Union National Bank. The Paying Agent shall be entitled to the advice of counsel (who may be counsel for any party) and shall not be liable for any action taken or omitted to be taken in good faith in reliance on such advice. The Paying Agent may rely conclusively on any telephone or written notice, certificate or other document furnished to it under this Indenture and reasonably believed by it to be genuine. The Paying Agent shall not be liable for any action taken or omitted to be taken by it in good faith and reasonably believed by it to be within the discretion or power conferred upon it, or taken by it pursuant to any direction or instruction by which it is governed

under this Indenture or omitted to be taken by it by reason of the lack of direction or instruction required for such action, or be responsible for the consequences of any error of judgment reasonably made by it. When any action (other than payment of principal of, premium, if any, and interest on the Bonds) by the Paying Agent is called for by this Indenture, it may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof. The duties of the Paying Agent are only those expressly set forth in this Indenture, and no additional duties shall be implied. A permissive right or power to act shall not be construed as a requirement to act. The Paying Agent shall not in any event be liable for the application or misapplication of funds, or for other acts or defaults, by any person, firm or corporation, except, subject to Section 3.10, by its respective directors, officers, agents and employees. Nothing contained in this Indenture shall in any way obligate the Paying Agent to expend its own funds in making any payments required to be made by it in performing its duties and obligations hereunder. No recourse shall be had by the Company, the Authority, the Trustee or any Bondholder for any claim based on this Indenture or the Bonds against any director, officer, agent or employee of the Paying Agent unless such claim is based solely upon the gross negligence or willful misconduct of such person. For the purposes of this Indenture matters shall not be considered to be known to the Paying Agent unless they are known to an officer in its corporate trust division; provided that the Paying Agent shall not be required to take notice, and shall not be deemed to have notice or knowledge, of any Default or Event of Default hereunder, except Events of Default described in paragraph (i) of Section 6.01 hereof, unless the Paying Agent shall be notified specifically of the Default or Event of Default in a written instrument or document delivered to it by the Authority, the Company, the Bank or by the Holders of at least 25 percent in aggregate principal amount of Bonds then outstanding, and, in the absence of delivery of a notice satisfying those requirements, the Paying Agent may assume conclusively that there is no Default or Event of Default. The Paying Agent shall not require indemnification either prior to making a draw under a Standby Purchase Agreement pursuant to Section 3.05(c), taking any actions required to be taken by it in respect of the Insurance Policy pursuant to Article XI of this Indenture or prior to making any payment when due of principal, premium, interest or Purchase Price on any Bond to be made by the Paying Agent to any Bondholder, except and unless such drawing or payment is prohibited by or violates applicable law or any outstanding or pending court or governmental order or decree.

The Company shall pay to the Paying Agent reasonable compensation for its services and pay or reimburse the Paying Agent for its reasonable expenses and disbursements, including reasonable attorneys' fees hereunder. The Company shall indemnify and save the Paying Agent, its officers, directors, employees and agents

harmless against any losses, liabilities and reasonable expenses which it or any of them may incur in connection with or arising out of the acceptance or exercise of its duties hereunder and which are not due solely to its gross negligence or willful misconduct, including the costs and expenses of defending itself against or investigating any claim or liability in connection therewith. Any fees, expenses, reimbursements or other charges which the Paying Agent may be entitled to receive from the Company hereunder shall be due and payable 30 days after a request for payment has been made by the Paying Agent to the Company, and any such fees, expenses, reimbursements or other charges not paid when due shall bear interest at the "commercial lending rate" of the Trustee as announced from time to time (or, if none, the nearest equivalent). Notwithstanding the foregoing, the Paying Agent shall have no claim for such payment and indemnification from, and shall assert no lien against, funds held in the Debt Service Fund or moneys held by the Trustee or the Paying Agent for the payment of the purchase price of Bonds tendered for purchase, until after all of the Bonds have been paid in full.

The Paying Agent shall act as such and, as agent of and on behalf of the Authority, as Bond registrar and transfer agent. The Trustee shall be entitled to receive from time to time upon request therefor made to the Paying Agent and may conclusively rely upon a list of the registered holders of the Bonds certified by the Paying Agent to be true and complete as of a given date. The Paying Agent, which may act by means of agents, shall signify its acceptance of the duties and obligations imposed upon it hereunder by its written instrument of acceptance under which the Paying Agent will agree to:

(i) hold all sums delivered to it by the Trustee for the payment of principal of, premium, if any, and interest on any Bonds, segregated from other moneys of any Company Affiliate or the Authority, uninvested and in trust for the benefit of the holders such Bonds until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(ii) hold all Bonds tendered to it hereunder in trust for the benefit of the holders of such Bonds until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders;

(iii) hold all moneys delivered to it hereunder for the purchase of any Bonds (including amounts paid under a Standby Purchase Agreement, amounts received from the Company and remarketing proceeds), separate from its other accounts and segregated from other moneys of any Company Affiliate or the Authority, uninvested and in trust uninvested for the benefit of the Person that shall have so delivered such moneys until

the Bonds purchased with such moneys shall have been delivered to or for the account of such Person;

(iv) hold all Bank Bonds as agent for the Bank until such Bank Bonds have been remarketed by the Remarketing Agent, purchased by the Company, or redeemed and pay to the Bank, in accordance with the Standby Purchase Agreement, moneys tendered to it upon a remarketing of Bonds secured by a Standby Purchase Agreement, to the extent that the Purchase Price of such Bonds was paid from moneys drawn under the Standby Purchase Agreement;

(v) hold all Company Bonds in trust for the benefit of the Company until such Company Bonds have been remarketed by the Remarketing Agent, redeemed, or canceled;

(vi) keep such books and records as shall be consistent with industry practice and make such books and records, including the books of registration for the Bonds, available for inspection by the parties hereto and the Remarketing Agent at all reasonable times;

(vii) promptly report to the Trustee all authentications of Bonds transferred, exchanged or remarketed and any information received by it concerning the names and addresses of Bondholders;

(viii) give all notices required of it in this Indenture at the times and in the manner required by this Indenture and send to the Remarketing Agent copies of all such notices;

(ix) act as agent of the Trustee for the purpose of executing the Certificate of Authentication on the Bonds; and

(x) take all other actions and perform all other duties and obligations as may be required of it as Paying Agent under this Indenture.

(b) Removal or Resignation of Paying Agent. So long as there shall not have occurred and then be continuing a Default or Event of Default, the Company may discharge the Paying Agent from time to time and appoint a successor approved by the Trustee, the Bank, the Remarketing Agent and the Authority, which approval shall not be unreasonably withheld. The Company shall also designate a successor Paying Agent subject to the approval of the Trustee, the Bank, the Remarketing Agent and the Authority, which approval shall not be unreasonably withheld if the Paying Agent resigns or becomes ineligible. The Paying Agent may resign by giving at least sixty (60) days' written notice to the parties hereto, the Company, the Bank and the Remarketing Agent. The Paying Agent's rights of indemnity under Section 3.10 shall survive any removal or

resignation of such Paying Agent. Each successor Paying Agent shall be a commercial bank or trust company having a capital and surplus of not less than \$50,000,000, shall at the time of the appointment be rated at least Baa3/P-3 by Moody's or otherwise be acceptable to Moody's, shall be registered as a transfer agent with the Securities and Exchange Commission, shall have the power to authenticate bonds and shall be capable of performing the duties prescribed for it herein in New Jersey or in New York, New York. The Paying Agent may but need not be the same person as the Trustee. The Trustee shall give notice of the appointment of a successor Paying Agent in writing to each affected Bondholder at its address as it appears on the registration books maintained by the Paying Agent. The Trustee will promptly certify to the Company that it has mailed such notice to all affected Bondholders, and such certificate will be conclusive evidence that such notice was given in the manner required hereby.

(c) Successors. Any corporation, association, partnership or firm which succeeds to the business of the Paying Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Paying Agent under this Indenture and shall be subject to all the duties and obligations of the Paying Agent under this Indenture.

In the event that the Paying Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Paying Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor within thirty (30) days, the Trustee shall appoint a successor, provided, however, that in no event shall the Paying Agent resign or be removed until such time as a successor Paying Agent has been appointed, has accepted its duties hereunder and has met any requirements under the Standby Purchase Agreement to become entitled to exercise the rights thereunder of the Paying Agent for the Bonds supported by the Standby Purchase Agreement.

The Paying Agent shall send or cause to be sent notice to affected Bondholders of a change of address for the delivery of Bonds or notices or the payment of principal or purchase price of Bonds.

Section 3.11. Remarketing Agent.

(a) Qualifications and Responsibilities. The Company shall appoint, with the consent of the Bank if a Standby Purchase Agreement is in effect with respect to the Bonds, one or more Remarketing Agents the Bonds. The Remarketing Agent shall be authorized by law to perform all of the duties imposed upon it by this Indenture. In addition, the Remarketing Agent shall either

(i) have a capitalization of at least \$10,000,000 and outstanding securities rated at least Baa3 (or a substantially equivalent rating) by Moody's if such a requirement is then necessary to the maintenance of any then existing Moody's rating on the Bonds or (ii) have a capitalization of at least \$15,000,000. The Remarketing Agent, which may act by means of agents, shall signify its acceptance of the duties and obligations imposed upon it hereunder by a written agreement with the Company under which the Remarketing Agent will agree, among other things, to:

(i) determine the Flexible, Daily, Weekly or Multiannual Rate pursuant to and in accordance with Sections 3.01(c)(i), (d)(i) and (e)(i), respectively, and the forms of Flexible, Daily, Weekly and Multiannual Bonds;

(ii) give all notices to the Trustee and Paying Agent regarding the determination of interest rates on the respective Bonds and regarding Tendered Bonds as are required of the Remarketing Agent in this Indenture;

(iii) hold, uninvested, all moneys received hereunder from the remarketing of Tendered Bonds for the benefit of the person or entity which shall have delivered such moneys until the Remarketing Agent shall have transferred such moneys to the Paying Agent as provided in this Indenture;

(iv) keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice and make such books and records available for inspection by the parties hereto and the Paying Agent at all reasonable times; and

(v) unless otherwise instructed by the Company, use its best efforts to remarket Bonds in accordance with this Indenture and any remarketing agreement entered into by the Remarketing Agent and the Company.

The Remarketing Agent may enter into custodial agreements with one or more banking or similar institutions for the deposit and holding of the Bonds in order to facilitate the tendering and remarketing of Bonds as provided in this Indenture, provided, however, that in no event shall the Authority, the Company, the Trustee or the Paying Agent be responsible or held liable for any action taken or not taken under any such custodial agreement and in no way shall any such custodial agreement relieve or otherwise alter the obligations and responsibilities of the Remarketing Agent set forth in this Indenture. The Remarketing Agent may use an on-line issuing and reporting system in the discharge of its duties.

(b) Removal or Resignation of Remarketing Agent. With the written approval of the Bank delivered to the Company, the Trustee,

the Authority and the Paying Agent, the Company may (i) remove the Remarketing Agent at any time by written notice to the Remarketing Agent, Trustee and the Authority and the parties hereto and appoint a successor which meets the qualifications set forth in Section 3.11(a), and (ii) appoint a successor with similar qualifications if the Remarketing Agent resigns or becomes ineligible. The Company shall give the Authority, the Bank, the Paying Agent and the Trustee at least two (2) days' notice prior to the appointment of a successor Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' written notice to the Authority, the Trustee, the Bank, the Company and the Paying Agent. The Trustee shall give written notice to the related Bondholders of any removal or appointment of the Remarketing Agent.

(c) Successors. Any corporation, association, partnership or firm which succeeds to the business of the Remarketing Agent as a whole or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall thereby become vested with all the property, rights and powers of the Remarketing Agent under this Indenture and shall be subject to all the duties and obligations of the Remarketing Agent under this Indenture. In the event that the Remarketing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the Company shall not have appointed its successor within thirty (30) days, the Trustee shall apply to a court of competent jurisdiction for such appointment.

Section 3.12. Investments.

(a) Pending their use under this Indenture, moneys in the Debt Service Fund and the Construction Fund may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Company if no Default known to the Trustee then exists under this Indenture. Any investments pursuant to this subsection shall be held by the Trustee as a part of the Debt Service Fund or the Construction Fund, as the case may be, and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such fund.

(b) Any interest realized on investments in the Debt Service Fund or the Construction Fund and any profit realized upon the sale or other disposition thereof shall be credited to the Debt Service Fund or the Construction Fund, as the case may be, and any loss shall be charged thereto. The Trustee shall not be liable or

responsible for any loss or penalty resulting from any such investment. The Trustee shall not be liable or responsible for the Bonds becoming "arbitrage bonds" within the meaning of the Code as a result of investments it makes pursuant to instructions from the Company. The Trustee may make any and all investments through its own bond or securities department or the bond or securities department of any affiliate of the Trustee.

(c) The term "Permitted Investments" means any of the following obligations or securities on which neither the Company nor any of its subsidiaries is the obligor: (i) Government Obligations; (ii) interest bearing deposit accounts (which may be represented by certificates of deposit) in national, state or foreign banks having a combined capital and surplus of not less than \$10,000,000, or savings and loan associations having total assets of not less than \$25,000,000 and having a short term rating of not less than A1 from S&P and not less than P1 from Moody's; (iii) bankers' acceptances drawn on and accepted by commercial banks having a combined capital and surplus of not less than \$10,000,000 and having a short term rating of not less than A1 from S&P and not less than P1 from Moody's; (iv) (A) direct obligations of, (B) obligations the principal of and interest on which are unconditionally guaranteed by, and (C) any other obligations the interest on which is exempt from federal income taxation issued by any State of the United States of America, the District of Columbia or the Commonwealth of Puerto Rico, or any political subdivision of any of the foregoing, which are rated by a nationally recognized rating agency in any of its three highest rating categories; (v) obligations of any agency or instrumentality of the United States of America; (vi) commercial or finance company paper which is rated by a nationally recognized rating agency in its highest rating category; (vii) corporate debt securities (other than commercial or finance company paper) or municipal debt securities rated by a nationally recognized rating agency in any of its three highest rating categories; (viii) repurchase agreements meeting the requirements set forth below with banking or financial institutions having a combined capital and surplus of not less than \$10,000,000 with respect to any of the foregoing obligations or securities; (ix) an investment agreement with (A) a commercial bank or trust company or a national banking association in any case having a combined capital stock and surplus of more than \$10,000,000, or (B) an insurance company with the highest rating provided by A.M. Best Company, or (C) a corporation the credit of which is rated (or whose obligations thereunder are guaranteed by a corporation whose credit is rated) by a nationally recognized rating agency in any of its three highest rating categories and (x) any common or pooled trust fund containing any of the securities specified above. The commercial banks and banking institutions referred to in clauses (ii), (iii) and (viii) above may include the entities acting as Trustee and Paying Agent hereunder if such entities shall otherwise satisfy the requirements thereof. Repurchase agreements delivered

pursuant to clause (viii) above shall either be approved in writing in advance by the Bond Insurer or shall meet the following additional requirements:

I. Acceptable Providers:

- A. Registered broker/dealers subject to the Securities Investor Protection Corporation. Such dealer or its parent must be rated at least A3/P1 by Moody's or at least A-/A1 by S&P.
- B. Commercial banks rated at least A3/P1 or A-/A1.

II. Term of the Agreement:

- A. Not more than one year, or
- B. Due on demand.

III. Permitted Collateral:

- A. Direct obligations of the United States of America and securities fully and unconditionally guaranteed by the United States of America;
- B. Direct obligations of any of the following federal agencies which obligations are fully guaranteed by the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Farmers Home Administration
- General Service Administration
- Government National Mortgage Corporation (GNMA)
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration;

- C. Senior debt obligations rated Aaa/AAA issued by Federal National Mortgage Association or Federal Home Loan Mortgage Association.

IV. A master repurchase agreement or specific written agreement substantially similar in form and substance to the Public Securities Association master repurchase

agreement must govern the transaction, which agreement shall:

- A. specify the interest rate;
 - B. require a margin maintenance call if the level of collateral (as required by paragraph VIII below) falls below the required level by a valuation date. The procedures and notice provisions for satisfying a margin call must be specified. Failure to maintain the requisite collateral percentage requires the Trustee to liquidate collateral;
 - C. specify events of default and require that the trustee terminate the agreement within one business day following notice of default;
 - D. require transfer of funds by cash or wire;
 - E. require that the agreement remain at all times in compliance with applicable laws and regulations.
- V. The securities must be held either by the trustee or an independent third party acting solely as agent for the trustee. Such third party shall be:
- A. a Federal Reserve Bank,
 - B. a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits of not less than \$25 million, or
 - C. a bank approved in writing for such purposes by the Bond Insurer.

The trustee shall receive written confirmation from such third party that it holds such securities, free of any lien, as agent for the bond trustee.

- VI. The Trustee will value the collateral securities at least weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within 2 business days.
- VII. The repurchase agreement must mature at least 5 days (or other appropriate liquidation period as approved by the Bond Insurer) prior to a debt service payment date.
- VIII. The market value of the collateral is maintained at levels rated A or better by S&P and Moody's (accrued

interest to the settlement of the originating transaction must be included in determining value of collateral).

- IX. If the provider's rating falls below A3/P1 by Moody's or A-/A1 by S&P, or if its rating is suspended or withdrawn, the contract may be terminated at par plus accrued interest, at any time, by the Trustee acting at the direction of the Bond Insurer, and the funds will become due and payable by the provider.
- X. After closing the agreement may not be amended or assigned without the prior written consent of the Bond Insurer.

The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash investment fees, which may be deducted from income earned on investments.

(d) The Trustee shall maintain records of each Permitted Investment which shall specify: (1) its date of acquisition, (2) its purchase price (without adjustment for commissions or other administrative charges), (3) its principal amount, (4) its interest rate, (5) the amount realized upon disposition (without adjustment for commissions or other administrative charges), (6) the amount and nature of any commissions or administrative charges paid in connection with the transaction, and (7) if such Investment is not acquired or disposed of (as the case may be) at arms-length from unrelated persons over an established securities market such other information as may be required to ascertain the fair market value of the Permitted Investment as of its date of purchase and date of disposition.

Section 3.13. Reduction of Standby Purchase Agreement on Change in Mode. If Bonds are converted from one Mode to another Mode for which the Paying Agent is entitled to demand funds under the Standby Purchase Agreement for a reduced number of days' interest, as described in Section 3.14(b)(i), the Paying Agent may reduce the amount available under the Standby Purchase Agreement upon such conversion in accordance with the Standby Purchase Agreement.

If no Standby Purchase Agreement is to be in effect for the Bonds as converted to any Mode, the Trustee (or the Paying Agent at the request of the Trustee) shall reduce (or if all the Bonds are so converted, release) the Standby Purchase Agreement upon such conversion so that the Standby Purchase Agreement, if any, in effect satisfies the requirements described in Section 3.14(b)(i).

In no event shall any reduction in or release of the Standby Purchase Agreement pursuant to this Section 3.13 take effect until five (5) Business Days after the conversion.

Section 3.14. Standby Purchase Agreements.

(a) Substitution or Replacement. Upon satisfaction of the requirements set forth in, and subject to the requirements of, this Section 3.14, the Company may provide for an Alternate Liquidity Facility or replace a Standby Purchase Agreement or Alternate Liquidity Facility then in effect with an Alternate Liquidity Facility. The approval by the Company of an assignment of all or a part of a Bank's commitment under the Standby Purchase Agreement or an Alternate Liquidity Facility shall be deemed the replacement of the Standby Purchase Agreement or an Alternate Liquidity Facility, as the case may be, for the purposes of this Section 3.14. Unless the Company is permitted by Section 3.14(c) to terminate a Standby Purchase Agreement and elects to so terminate a Standby Purchase Agreement, the Company shall replace a Standby Purchase Agreement with an Alternate Liquidity Facility within forty-five (45) days of a reduction in the short-term ratings on any Bonds supported by a Standby Purchase Agreement to ratings lower than those described in Section 3.14(b)(iv). In no event, however, shall the Standby Purchase Agreement being replaced be terminated or released until (1) the Company has given not less than forty-five (45) days' written notice to the Trustee, the Paying Agent and the Remarketing Agent, and the Paying Agent has received the proceeds of all outstanding demands on the Standby Purchase Agreement being replaced, and (2) if any Bonds supported by the Standby Purchase Agreement being replaced are in the Daily Mode or the Weekly Mode, the Paying Agent has given not less than thirty (30) days' written notice of the termination or release of the Standby Purchase Agreement and the identity of the issuer of the Alternate Liquidity Facility which will replace the Standby Purchase Agreement to owners of such Bonds in the Daily Mode or the Weekly Mode and (3) if any of the Bonds supported by the Standby Purchase Agreement being replaced are in the Flexible Mode or the Multiannual Mode, the Standby Purchase Agreement shall in no event be terminated or released earlier than on an Effective Date for all such Bonds supported by the Standby Purchase Agreement. If a notice of mandatory tender for purchase required by the Form of the Daily Mode Bond or the Weekly Mode Bond is given in connection with the expiration or termination of the Standby Purchase Agreement, then the Trustee shall not accept an Alternate Liquidity Facility during the period between the giving of such notice and the Purchase Date.

Prior to the provision of an Alternate Liquidity Facility or the replacement of any Standby Purchase Agreement, the Company shall have delivered to the Trustee and the Paying Agent: (i) an opinion of counsel for the issuer of the Alternate Liquidity

Facility to the effect that it constitutes a legal, valid and binding obligation of the issuer enforceable in accordance with its terms; (ii) an opinion of Bond Counsel to the effect that the substitution does not impair the tax-exempt status of the Bonds for purposes of federal income taxation, (iii) an opinion of counsel for the issuer of the Alternate Liquidity Facility, counsel for the Company or the Trustee to the effect that the Alternate Liquidity Facility meets the requirements of this Section 3.14; (iv) a certificate of the Bank that all amounts due under the Standby Purchase Agreement have been paid and that the Company has fulfilled all its obligations arising out of such Agreement; and (v) written evidence from Moody's, if such Bonds are then rated by Moody's, and from S&P, if such Bonds are then rated by S&P, that the replacement of the Standby Purchase Agreement will not in itself result in the reduction, suspension or withdrawal of the short-term rating or ratings on the Bonds to ratings lower than those required by Section 3.14(b)(iv).

(b) Requirements. Notwithstanding anything to the contrary contained herein, each Alternate Liquidity Facility must:

(i) be on terms no less favorable to the Company than the Standby Purchase Agreement, in the case of a substitution or replacement thereof, and entitle the Paying Agent to draw upon or demand payment and receive in immediately available funds an amount equal to the sum of the principal amount of Tendered Bonds supported by the Alternate Liquidity Facility, any premium applicable thereto, and thirty-five (35) days' accrued interest at the Maximum Interest Rate on the principal amount of Bonds then outstanding in the Daily Mode or the Weekly Mode;

(ii) provide for a term which may not expire in less than one year and which may not expire or be terminated prior to the fifth Business Day after the mandatory tender for purchase as provided in Sections 3.01(c)(iii), 3.01(d)(iv), 3.01(e)(iv) or 3.01(f)(iii);

(iii) support all of the Bonds; and

(iv) have short-term ratings of the higher of the then current ratings or A-1 for S&P and P-1 for Moody's.

(c) At its option, the Company may at any time terminate the Standby Purchase Agreement for all or part of the Bonds without making provision for an Alternate Liquidity Facility, provided that (1) the Company has given not less than forty-five (45) days' written notice to the Trustee, the Paying Agent and the Remarketing Agent, and the Paying Agent has received the proceeds of all outstanding demands on the Standby Purchase Agreement being terminated, and (2) if any of the Bonds supported by the Standby

Purchase Agreement being replaced are in the Flexible Mode or the Multiannual Mode, the Standby Purchase Agreement shall in no event be terminated earlier than on an Effective Date for all such Bonds supported by the Standby Purchase Agreement.

Prior to the termination of any Standby Purchase Agreement pursuant to the provisions of this Section 3.14(c), the Company shall have delivered to the Trustee and the Paying Agent the written consent of the Bond Insurer to such termination; provided, however, that if the Bonds will be in the Multiannual Mode with a Rate Period of at least seven years immediately after the termination of the Standby Purchase Agreement, the Company shall not be obligated to deliver to the Trustee and the Paying Agent such consent.

Section 3.15. Insurance Policy. The Trustee and the Company shall not cause or permit the Insurance Policy to be surrendered, canceled or terminated, or amended or modified in any material respect.

ARTICLE IV

[INTENTIONALLY OMITTED]

ARTICLE V

[INTENTIONALLY OMITTED]

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.01. Default by the Company.

(a) Events of Default; Default. "Event of Default" in this Indenture means any one of the events set forth below with respect to the Bonds and "Default" means any event with respect to the Bonds which with the lapse of time or notice or both would be an Event of Default.

(i) Debt Service on Bonds; Required Purchase. Any principal of or interest on any Bond shall not be paid when due, whether at maturity or otherwise, or any Purchase Price for Bonds shall not be paid as provided in Sections 3.01, 3.05, 3.08 or 3.09.

(ii) Other Obligations. The Authority shall fail to observe or perform any of its other covenants or agreements

contained herein and such failure shall continue for a period of sixty (60) days after written notice given to the Authority by the Trustee or the Bondholders of at least 25% in principal amount of the Bonds Outstanding; provided, however, that if such Default cannot be cured by the Authority within such sixty (60) day period, it shall not constitute an Event of Default if curative action is instituted by the Authority within such sixty (60) day period and thereafter is diligently pursued until such Default is cured.

(iii) Agreement Default. The occurrence of any "Default" as defined in the Agreement.

(iv) Insurer Default. The occurrence of an Insurer Default.

The Company agrees to notify the Authority, the Bank, the Remarketing Agent, the Paying Agent and the Trustee promptly in writing of the occurrence of any Default or Event of Default of which it has knowledge. Within seven (7) days after being notified of a Default or an Event of Default as provided in Section 7.02(e), the Trustee (or the Paying Agent at the request of the Trustee) will give notice thereof to the Bank and to holders of Bonds.

(b) Waiver. At any time before an acceleration pursuant to Section 6.02(a)(i), the Trustee may waive a Default (other than a Default in the payment of the Purchase Price, principal of, premium, if any, or interest on Bonds) and its consequences with respect to Bonds subject to acceleration pursuant to Section 6.02(a), by written notice to the Company, and in the absence of inconsistent instructions from Bondholders pursuant to Sections 6.05 or 9.01 shall do so upon written instruction of the owners of at least twenty-five percent (25%) in aggregate principal amount of such Bonds Outstanding, but no such waiver shall extend to or affect any subsequent Events of Default or Default or impair any right or remedy consequent thereto. No waiver under this Section shall affect the right of the Trustee or the Authority to enforce the payment of any amounts owing to it. The Trustee shall not waive any Event of Default under Section 6.01(a)(i).

If and to the extent that the Standby Purchase Agreement was in effect immediately prior to the Event of Default, the Trustee shall not waive any Event of Default hereunder and its consequences or rescind any declaration of maturity of principal until the commitments of the Bank to provide moneys in accordance with the Standby Purchase Agreement to purchase Tendered Bond shall have been fully reinstated.

Section 6.02. Remedies for Events of Default.

(a) Acceleration. If an Event of Default described in Section 6.01(a)(i) hereof, 6.01(a)(iii) hereof resulting from a breach by the Company of its covenant contained in Section 2.6(e) of the Agreement, or 6.01(a)(iv) hereof occurs and is continuing, the Trustee may, and upon the written request of the Bondholders of at least 25% in aggregate principal amount of the Outstanding Bonds (other than Company Bonds) shall, by written notice to the Company, the Authority, the Paying Agent and the Remarketing Agent, declare immediately due and payable the principal of the Outstanding Bonds and the accrued interest thereon, whereupon the same shall become immediately due and payable without any further action or notice. If within 15 days after such declaration, all amounts payable to the Authority and the Trustee hereunder and on Bonds (except principal of and interest on Bonds which are due solely by reason of such acceleration) shall have been paid or provided for by deposit with the Trustee and all existing Events of Default or Defaults with respect to the Bonds shall have been cured or waived, then the Bondholders representing a majority in aggregate principal amount of the Bonds subject to acceleration under this Section 6.02 may annul such acceleration and its consequences by written notice to the Authority, the Trustee and the Company. Such annulment shall be binding upon the Authority, the Trustee and all of the Bondholders, but no such annulment shall extend to or affect any subsequent Events of Default or Default or impair any right or remedy consequent thereto. Notwithstanding the foregoing, if and to the extent that the Standby Purchase Agreement was in effect immediately prior to the Event of Default, no declaration under this Section 6.02 shall be annulled until the commitments of each Bank to provide moneys in accordance with the Standby Purchase Agreement to purchase pursuant to Sections 3.01, 3.05, 3.08 or 3.09 shall have been fully reinstated.

Section 6.03. Court Proceedings. The Trustee may enforce the provisions of this Indenture by appropriate legal proceedings for the specific performance of any covenant, obligation or agreement contained herein whether or not a Default or an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach by the Company of the provisions of this Indenture, including (to the extent this Indenture may lawfully provide) court costs, reasonable attorney's fees and other costs and expenses incurred in enforcing the obligations of the Company under the Agreement. The Authority may likewise enforce obligations owed to it hereunder which it has not assigned to the Trustee. All rights under this Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Bondholders.

Section 6.04. Revenues after Default. After the occurrence of an Event of Default, any funds pledged as security hereunder for the Bonds and any other moneys received by the Trustee for the Bonds (other than amounts irrevocably set aside to pay particular Bonds) shall be applied to amounts due under Section 3.05 (without regard to any grace periods), which amounts shall be applied in the order specified in Section 3.04.

Section 6.05. Rights of Bondholders. If an Event of Default occurs and is continuing, and if the Bondholders representing not less than 25% in aggregate principal amount of the Outstanding Bonds shall have requested the Trustee in writing to exercise one or more of the rights and remedies provided hereunder and offered it indemnity as provided in Section 7.02(e), the Trustee shall be required to exercise such one or more of the rights and remedies hereunder as the Trustee shall determine to be in the best interest of the affected Bondholders and not inconsistent with any directions given in accordance with Section 9.01. The Trustee may refuse to follow any direction that conflicts with law or would involve the Trustee in personal liability. No Bondholder shall have any right to institute an action in law or equity or to pursue any other remedy hereunder with respect to any Bond unless (i) an Event of Default of which the Trustee has been notified has occurred and Bondholders representing not less than 25% in aggregate principal amount of the Outstanding Bonds shall have requested the Trustee in writing to exercise its rights and remedies with respect thereto and shall have offered the Trustee reasonable opportunity to do so and indemnity as provided in Section 7.02(e), (ii) the Trustee shall within 60 days thereafter fail to exercise any of such rights or remedies, and (iii) during such 60-day period, the holders of a majority aggregate principal amount of the Outstanding Bonds do not give the Trustee a direction inconsistent with the request. No Bondholder shall have any right to institute any action or pursue any other remedy if and to the extent that the surrender, impairment, waiver, or loss of the lien of this Indenture would, under applicable law, result. Notwithstanding the foregoing, each Bondholder shall have a right of action to enforce payment of the Bonds owned by such Bondholder at and after the due dates thereof at the place, from the sources and in the manner expressed in the Bonds.

Section 6.06. Performance of Company's Obligations. If the Company shall fail to observe or perform any of its agreements or obligations under the Agreement, the Trustee may but shall not be obligated to perform the same in its own name or in the Company's name and the Trustee is hereby irrevocably appointed the Company's attorney-in-fact for such purpose. Unless an Event of Default exists, the Trustee shall give at least five (5) days' notice to the Company before taking action under this section, except that in case of emergency as reasonably determined by the Trustee, it may act on lesser notice or give the notice promptly after rather than

before taking the action. The reasonable cost of any such action performed by the Trustee shall be paid or reimbursed by the Company within thirty (30) days after the Trustee notifies the Company of such cost.

Section 6.07. Remedies Cumulative; No Waiver. The rights and remedies under this Indenture shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. Neither the failure to insist upon a strict performance of any of the obligations of the Authority or the Company nor the failure to exercise any remedy for any violation thereof, shall be taken as a waiver for the future of the right to insist upon strict performance of the obligation or of the right to exercise any remedy for the violation.

Section 6.08. [INTENTIONALLY OMITTED]

Section 6.09. Trustee May File Proofs of Claim. The Trustee may file such proof of claim and other papers and documents as may be necessary or advisable in order to have the claim of the Trustee and the Bondholders allowed in any judicial proceeding relating to the Company, its creditors or its property.

ARTICLE VII

THE TRUSTEE

Section 7.01. Corporate Organization, Authorization and Capacity. The Trustee represents and warrants that it is a national banking association with fiduciary powers duly organized and validly existing under the laws of the United States of America and duly licensed or qualified to do business in New Jersey, with the capacity to exercise the powers and duties of the Trustee hereunder, and that by proper corporate action it has duly authorized the execution and delivery of this Indenture.

Section 7.02. Rights and Duties of the Trustee.

(a) Moneys to be Held in Trust. All moneys deposited with the Trustee under this Indenture (other than amounts received for its own use) shall be held by the Trustee in trust and applied subject to the provisions of this Indenture, but need not be segregated from other funds except as required herein or by law.

(b) Accounts. The Trustee shall keep proper accounts of its transactions hereunder (separate from its other accounts), which shall be open to inspection at reasonable times by the Authority, the Company and the Bondholders and their representatives duly authorized in writing.

(c) [INTENTIONALLY OMITTED]

(d) Responsibility.

(i) Except during the continuance of an Event of Default, (A) the Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and in the Agreement, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and (B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein upon notices, certificates, opinions, or other documents furnished to the Trustee and conforming to the requirements of this Indenture; provided, however, in the case of any such notices, certificates, opinions, or other documents which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(ii) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

(iii) No provision of this Indenture shall be construed to relieve the Trustee from liability caused solely by its own gross negligence or its willful misconduct, except that:

(A) this Section 7.02(d)(iii) shall not be construed to limit the effect of Section 7.02(d)(i) other than the proviso thereto and Section 7.02(d)(ii);

(B) the Trustee shall not be liable for any error in judgment made in good faith;

(C) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders as provided herein relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust power conferred upon the Trustee, under this Indenture; and

- (D) regardless of whether there is a Default or an Event of Default, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its right or powers, if it believes in good faith that repayment of such funds or adequate indemnity satisfactory to it is not reasonably assured.

(iv) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability or affording protection to the Trustee shall be subject to the provisions of this Section 7.02(d).

(v) The Trustee shall be entitled to the advice of counsel (who may be the Trustee's counsel, counsel or Bond Counsel for the Authority, the Company, or any Bondholder) and shall be wholly protected as to any action taken or omitted to be taken in good faith and reliance upon such advice. The Trustee may execute any of the trusts or powers or perform any duties hereunder, either directly or by or through agents, attorneys, accountants, experts, or other professionals, and may in all cases pay such reasonable compensation as it shall deem proper to all persons as reasonably may be required and employed in connection with the trusts hereof. The Trustee shall not be responsible for any misconduct or negligence on the part of any such agent, attorney, accountant, expert, or professional selected by it with reasonable care. Notwithstanding Section 6.06 hereof, the Trustee shall not be liable or responsible for the failure of the Authority, the Company, or other Persons to perform any act required of them by this Indenture or the Agreement. The Trustee shall not be liable for any action taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, in good faith omitted to be taken by it and reasonably believed to be beyond the discretion or powers conferred upon it, taken by it pursuant to any direction or instruction by which it is governed hereunder, or omitted to be taken by it by reason of the lack of such direction or instruction or other action by it as is called for hereby, in which case it may defer such action pending receipt of such evidence, if any, as it may reasonably require in support thereof and shall be fully protected in relying upon any such evidence. The Trustee shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any person, firm, or corporation, except its own directors, officers, employees and agents. No recourse shall be had by the Company, the Authority, or any Bondholder for any claim based on this Indenture or any Bond against any

director, officer, employee, or agent of the Trustee alleging personal liability on the part of such person except on account of bad faith, fraud, deceit or intentional misapplication of funds. The recitals contained herein and in the Bonds, except the Trustee's Certificate of Authentication, shall be taken as the statements of the Authority or the Company, as the case may be, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or the validity or sufficiency of the security therefor. The Trustee shall not be held accountable for the use or application by the Authority or the Company of the Bonds or proceeds thereof. The Trustee is not a party to, is not responsible for, and makes no representations with respect to, matters set forth in any Preliminary Official Statement, Official Statement, Private Offering Memorandum, or similar document prepared and distributed in connection with the sale of the Bonds. Neither the Trustee nor the Paying Agent shall be obligated to pay interest on any money received by them except as they may expressly agree. The Trustee shall not be responsible for the preparation or filing of any financing statements, amendments thereto, continuation statements or any instruments of further assurance or collateral assignment.

(e) Limitations on Actions. The Trustee shall not be required to monitor the financial condition of the Company or the physical condition of its properties and, unless otherwise expressly provided herein, shall not have any responsibility with respect to notices, certificates or other documents filed with it hereunder, except to make them available for inspection by the Bondholders. The Trustee shall not be deemed to have knowledge of and shall not be required to take notice of any Default or Event of Default unless the Trustee shall be specifically notified in writing at its principal trust office by the Company, the Authority, the Bank or Bondholders representing not less than 25% in aggregate principal amount of the Outstanding Bonds, or, in the case of a Default or an Event of Default under Section 6.01(a)(i) relating to the payment of principal, premium, if any, and interest on the Bonds, the Trustee shall be notified in writing by the Paying Agent, and in the absence of such notices so delivered, the Trustee may conclusively assume no Default or Event of Default exists, and wherever in this Indenture a provision exists that requires the Trustee to give a notice of Default or of an Event of Default, the Trustee shall not be required to give any such notice unless it has been notified of such Default or Event of Default as in this Section 7.02(e) provided. The Trustee shall not be required to take any remedial action (other than the giving of notice) unless indemnity reasonably satisfactory to it is furnished for any reasonable expense or liability to be incurred therein, other than liability for failure to meet the standards set forth in this

section. Notwithstanding the foregoing, the Trustee shall not be entitled to require indemnification prior to or as a condition of (i) making drawings under the Standby Purchase Agreement when required pursuant to the terms of this Indenture and the Bonds, (ii) making payments when due of principal or redemption price of, interest on and Purchase Price of Bonds from funds available for such purposes, and (iii) calling bonds for redemption, mandatory tender for purchase or acceleration when required pursuant to the terms of this Indenture and the Bonds, except and unless any such action is prohibited by or violates applicable law or any outstanding or pending court or governmental order or decree. The Trustee shall be entitled to reimbursement from the Company for its expenses reasonably incurred or advances reasonably made, which reimbursement shall be due and payable thirty (30) days after notifying the Company of such expenses or advances, in the exercise of its rights or the performance of its obligations hereunder, whether or not it acts without previously obtaining indemnity.

A permissive right or power to act granted to the Trustee herein shall not be construed as a requirement for the Trustee to so act. Upon receipt of written notice, direction, instruction, and indemnity as provided above and, after making such investigation, if any, as it deems appropriate to verify the occurrence of any Default or Event of Default of which it is notified by the Bondholders, the Trustee shall pursue such remedies hereunder (not contrary to such direction) as it deems appropriate for the protection of the Bondholders; and in its actions under this provision, the Trustee shall be required to act for the protection of the Bondholders with the same prudence as would be expected of a prudent person in the conduct of such person's affairs.

(f) Financial Obligations. Nothing contained in this Indenture shall in any way obligate the Trustee to pay any debt or meet any financial obligations to any person in relation to the Project except from moneys received under the provisions of this Indenture (including from the exercise of its rights and remedies hereunder) other than moneys received for its own purposes.

(g) Ownership of Bonds. The Trustee or any affiliate of the Trustee may be or become the owner of Bonds with the same rights as if it were not Trustee.

(h) No Surety Bond. The Trustee shall not be required to furnish any bond or surety.

(i) Requests by the Company. Upon any request by the Company to the Trustee to take any action under this Indenture (including but not limited to any proposed amendment pursuant to Section 10.01) the Trustee shall be entitled to receive from the Company prior to taking such action, and to rely upon, a certificate of a

Company Representative and an opinion of counsel reasonably satisfactory to the Trustee (who may be counsel to the Company), and, if applicable in the reasonable judgment of the Trustee, a certificate of an accountant satisfactory to the Company (who may be an employee of the Company), each to the effect that in the signer's opinion all conditions precedent applicable to such action under this Indenture, if any, have been satisfied (and, in the case of the certificate of the Company Representative, including but not limited to the absence of any Default or Event of Default) and such action is permitted by this Indenture.

(j) Authentication of Bonds. The Trustee shall act as authenticating agent for the Bonds. The Trustee may either sign the Certificate of Authentication in its own name or may appoint one or more agents to sign the Certificate of Authentication on the Trustee's behalf. So long as Bonds are in the Flexible Mode, the Daily Mode or the Weekly Mode, the Trustee shall use its best efforts to have the ability to cause the Certificate of Authentication to be executed in Newark, New Jersey at a location satisfactory to the Paying Agent. The Trustee shall have no liability for the negligence or wrongful conduct (in each case whether by act or omission) of any such agent appointed with reasonable care. The Trustee shall have no liability if, after its best efforts, it finds that it does not have the ability (either directly or through an agent) to cause the Certificate of Authentication to be executed and delivered in New York, New York on a timely basis when Bonds are in the Flexible Mode, the Daily Mode or the Weekly Mode. The Trustee or any such authenticating agent appointed by it hereunder shall authenticate and deliver any Bond or Bonds in substitution for any Bond or Bonds entitled under any of the provisions of this Indenture to be exchanged, registered for transfer, or replaced on account of destruction, loss or mutilation, or otherwise under any of the provisions of this Indenture.

Section 7.03. Fees and Expenses of the Trustee. The Company shall pay the Trustee reasonable compensation for its services and shall indemnify the Trustee to the extent required by the Agreement. Notwithstanding the foregoing, the Trustee acknowledges that it has no claim for such compensation and indemnification from, and shall assert no lien against, funds held in the Debt Service Fund or moneys held by the Trustee or the Paying Agent for the payment of the purchase price of Bonds tendered for purchase until after all of the Bonds have been paid in full.

Section 7.04. Resignation or Removal of Trustee. The Trustee may resign on not less than sixty (60) days' notice given in writing to the Authority, the Bond Insurer, the Bondholders and the Company, but such resignation shall not take effect until a successor has been appointed and has assumed the duties hereunder. If the Trustee has given notice of its resignation, the Trustee may

petition a court of competent jurisdiction for the appointment of a temporary Trustee to serve as Trustee until a successor Trustee has been duly appointed. The Trustee will promptly certify to the other parties that it has mailed such notice to all Bondholders and such certificate shall be conclusive evidence that such notice was given in the manner required hereby. The Trustee may be removed by written notice to the Authority, the Company (if applicable) and the Trustee from (a) so long as there shall not have occurred and then be continuing a Default or an Event of Default, the Company or (b) the Bondholders representing a majority in aggregate principal amount of the Bonds Outstanding, but no such removal shall take effect until a successor has been appointed and assumed the duties hereunder. The Trustee's rights of indemnity under Section 6.02 of the Agreement and amounts due and payable to it shall survive any such removal. A petition in a court of competent jurisdiction for removal of the Trustee and the appointment of a successor may be filed by the Bondholders representing not less than 25% in principal amount of the Bonds Outstanding.

Section 7.05. Successor Trustee. Any corporation or association which succeeds to the corporate trust business of the Trustee as a whole, or substantially as a whole, whether by sale, merger, consolidation or otherwise, shall become vested with all the property, rights and powers of the Trustee hereunder, without any further act or conveyance.

In case the Trustee resigns or is removed or becomes incapable of acting, or becomes bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property is appointed, or if a public officer takes charge or control of the Trustee, or of its property or affairs, a successor shall be appointed by the Company with the consent of the Authority, which consent shall not be unreasonably withheld upon written notice from the Company to the Authority. The Company shall notify the Bondholders of the appointment in writing within twenty (20) days from the appointment. The Company will promptly certify to the successor Trustee that it has mailed such notice to all Bondholders and such certificate will be conclusive evidence that such notice was given in the manner required hereby. If no appointment of a successor is made within twenty (20) days after the giving of written notice in accordance with Section 7.04 or after the occurrence of any other event requiring or authorizing such appointment, the outgoing Trustee or any Bondholder may apply to any court of competent jurisdiction for the appointment of such a successor, and such court may thereupon, after such notice, if any, as such court may deem proper, appoint such successor. Any successor Trustee appointed under this Section shall be a trust company or a bank having the powers of a trust company, shall have a capital and surplus of not less than \$75,000,000 and shall at the time of the appointment be rated not less than Baa3/P-3 by Moody's or otherwise be acceptable to Moody's. Any such successor Trustee

shall notify the Authority and the Company of its acceptance of the appointment and, upon giving such notice, shall become Trustee, vested with all the property, rights and powers of the Trustee hereunder, without any further act or conveyance. Such successor Trustee shall, after payment of all sums then owing to the Trustee hereunder, execute, deliver, record and file such instruments as are required to confirm or perfect its succession hereunder and any predecessor Trustee shall from time to time execute, deliver, record and file such instruments as the incumbent Trustee may reasonably require to confirm or perfect any succession hereunder. Notwithstanding anything else contained in this Indenture, any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, provided that such successor corporation continuing to act as the Trustee shall meet the requirements of this Section 7.05, and if such corporation does not meet said requirements, a successor trustee shall be appointed pursuant to this Section 7.05.

ARTICLE VIII

THE AUTHORITY

Section 8.01. Limited Obligation. THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR PREMIUM, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THIS INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THIS INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Section 8.02. Rights and Duties of the Authority.

(a) Remedies of the Authority. Notwithstanding any contrary provision in this Indenture, the Authority shall have the right to take any action or make any decision with respect to proceedings for indemnity against the liability of the Authority and for collection or reimbursement. The Authority may enforce its rights under this Indenture and the Agreement which have not been assigned to the Trustee by legal proceedings for the specific performance of any obligation contained herein or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages

caused by any breach by the Company of its obligations to the Authority under this Indenture or the Agreement, including court costs, reasonable attorney's fees and other costs and expenses incurred in enforcing such obligations.

(b) Limitations on Actions. The Authority shall not be required to monitor the financial condition of the Company or the physical condition of the Project and shall not have any responsibility with respect to notices, certificates or other documents filed with it hereunder. The Authority shall be entitled to reimbursement pursuant to Section 8.03 to the extent that it acts without previously obtaining full indemnity.

(c) Responsibility. The Authority shall be entitled to the advice of counsel (who may be counsel for any party, for the Paying Agent or the Remarketing Agent, or for any Bondholder) and shall be wholly protected as to any action taken or omitted to be taken in good faith in reliance on such advice. The Authority may rely conclusively on any notice, certificate or other document furnished to it under this Indenture or the Agreement and reasonably believed by it to be genuine. When any consent or other action by the Authority is called for by this Indenture, the Authority may defer such action pending such investigation or inquiry or receipt of such evidence, if any, as it may require in support thereof. A permissive right or power to act shall not be construed as a requirement to act, and no delay in the exercise of a right or power shall affect the subsequent exercise thereof. The Authority shall in no event be liable for the application or misapplication of funds, or for other acts or defaults by any person or entity. No recourse shall be had by the Company, the Trustee or any Bondholder for any claim based on this Indenture, the Agreement or the Bonds against any director, officer, employee or agent of the Authority. No covenant, obligation or agreement of the Authority contained in this Indenture shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, employee or agent of the Authority in his or her individual capacity, and no person executing a Bond shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 8.03. Expenses of the Authority. The Company shall pay when due the Authority's administrative fee set forth in the Agreement and shall prepay or reimburse the Authority within thirty (30) days after notice for all expenses (including reasonable attorney's fees) incurred by the Authority in connection with the remarketing of the Bonds and all expenses reasonably incurred or advances reasonably made in the exercise of the Authority's rights or their performance of its obligations hereunder. Any fees, expenses, reimbursements or other charges which the Authority may be entitled to receive from the Company hereunder, if not paid when

due, shall bear interest at the Authority's then cost of funds as determined by the Authority in its discretion.

Section 8.04. [INTENTIONALLY OMITTED]

Section 8.05. Actions by Authority. Any action which may be taken by the Authority hereunder shall be deemed sufficiently taken if taken by an Authority Representative.

ARTICLE IX

THE BONDHOLDERS

Section 9.01. Action by Bondholders. Subject to Section 6.02 and Section 10.01 (as to the waivers and consents granted thereby), Bondholders representing a majority in aggregate principal amount of the Outstanding Bonds shall have the right at any time, by written notice to the Trustee and upon offering it indemnity as provided in Section 7.02(e), to direct the Trustee (i) in the granting of any consents, waivers or similar actions pertaining to the Bonds, (ii) in the time, method and place of conducting all proceedings, (iii) in the exercise of any rights or remedies available to the Trustee hereunder, or (iv) in the exercise of any other right or power conferred upon the Trustee for the protection of the affected Bondholders, provided that such direction shall be in accordance with the provisions of law and this Indenture, and the Trustee may take any other action determined proper by the Trustee which is not inconsistent with such direction.

Any request, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be contained in and evidenced by one or more writings of substantially the same tenor signed by the Bondholders of the requisite percentage of aggregate principal amount of Outstanding Bonds or their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Authority or the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

The fact and date of the execution by any Bondholder or his or her attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgements of the deeds to be recorded in the state in which he or she purports to act, that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an

affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its clerk or secretary or an assistant clerk or assistant secretary.

The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books for the Bonds maintained by the Trustee.

Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond. Bonds owned or held by or for the account of the Authority, the Company, or any Related Person to the Company within the meaning of Section 147(a) of the Code shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondholders.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendments.

(a) Without Bondholders' Consent. Subject to the approval of the Company, the Trustee and the Authority may from time to time, without the consent of any Bondholder, amend or supplement this Indenture in order to (i) cure any ambiguity, defect or omission in this Indenture that does not materially adversely affect the interests of the Bondholders, (ii) grant additional rights or security to the Trustee for the benefit of the Bondholders, (iii) in connection with the substitution or replacement of a Standby Purchase Agreement or the providing of an Alternate Liquidity Facility, change the provisions for payment, remedies and other matters in a way which affects the holders of Bonds to be supported by such Alternate Liquidity Facility, (iv) add additional Events of Default as shall not be inconsistent with the provisions of this Indenture and which shall not materially adversely affect the interests of the Bondholders, (v) qualify this Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (vi) provide for the establishment of, or changes in, a book entry system of registration for the Bonds through a securities depository, (vii) effective upon any Conversion Date to a new Mode, make any amendment affecting only the Bonds being converted or (viii) make such other provisions in regard to matters or questions arising under this Indenture as shall not be inconsistent with the provisions of this Indenture and which shall not in the opinion of

Bond Counsel materially adversely affect the interests of the Bondholders.

(b) With Bondholders' Consent. Subject to the approval of the Company, except as set forth in Section 10.01(a), the Trustee and the Authority may from time to time amend this Indenture with the consent of the owners of more than 50% in aggregate principal amount of the Bonds Outstanding; provided, that no amendment permitted by Section 10.01 (a) or (b) shall be made which adversely affects the rights of some but less than all the Bonds Outstanding without the consent of the owners of more than 50% in aggregate principal amount of the Bonds so affected; and provided further, that no amendment of this Indenture shall be effective to (i) change the principal, premium or interest on any Bonds, (ii) change the interest payment dates, maturity dates or purchase or redemption provisions of any Bonds, (iii) reduce the percentage of Bondholders whose consent is required for the amendment of this Indenture or (iv) modify the lien upon or pledge of the payments and other revenues assigned and pledged hereunder, without the consent, in each case, of the owner of each Bond which would be affected by the action proposed to be taken.

Anything herein to the contrary notwithstanding, so long as any Bond is outstanding and the Standby Purchase Agreement is in effect, a supplemental indenture under this Article X, which in the judgment of the Bank or the Agent adversely affects the rights of the Bank or the Agent, shall not become effective unless and until the Bank or the Agent, as the case may be, shall have consented to the execution and delivery of such supplemental indenture; provided that the consent of the Bank or the Agent shall not be required with respect to any supplemental indenture described in Section 10.01(a)(iii). In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Bank and the Agent at least 15 days prior to the publication of notice of the proposed execution of such supplemental indenture or, if publication of notice is not required, at least 15 days prior to execution of such supplemental indenture; provided that no such notice need be given to the Bank and the Agent with respect to any supplemental indenture described in Section 10.01(a)(iii) of this Indenture. The Bank and the Agent shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Bank or the Agent on or before 4:30 P.M. on the fifteenth day after the receipt of said notice and a copy of the proposed supplemental indenture by the Bank.

(c) General. When the Trustee determines that the requisite number of consents have been obtained for an amendment which

requires Bondholder consents, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Company and the Bondholders. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the Authority and the Company that it has mailed such notice to all Bondholders and such certificate will be conclusive evidence that such notice was given in the manner required hereby. A consent to an amendment may be revoked by a notice given by the Bondholder and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained.

Any amendment of this Indenture shall be accompanied by an opinion of Bond Counsel reasonably satisfactory to the Authority and the Trustee to the effect that the amendment is permitted by this Indenture and does not impair the exclusion of the interest on the Bonds from gross income for the purposes of federal income taxation. The Trustee may, but shall not be required to, execute any amendment to this Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. So long as a Standby Purchase Agreement supports any of the Bonds and the Bank is not in default thereunder, no amendment to this Indenture shall be made without the consent of the Bank.

Notice of any amendment of this Indenture, or any material change to the Standby Purchase Agreement, the Agreement or any remarketing agreement entered into by the Remarketing Agent and the Company and notice of a change in the identity of the entity serving as Trustee or Paying Agent shall be sent by the Company to Moody's and S&P.

Section 10.02. Notices.

(a) Unless otherwise expressly provided, all notices to the Authority, the Trustee, the Paying Agent and the Company shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, by recognized private overnight carrier, with delivery charges prepaid and with acknowledgement of delivery, or delivered during a Business Day as follows: (i) to the Authority at its office at 200 South Warren Street, Capital Place One - CN 990, Trenton, New Jersey 08625, attention of Executive Director, (ii) to the Trustee or the Paying Agent at First Union National Bank, 765 Broad Street - C76607, Newark, New Jersey 07102, Attention: Corporate Trust Administration; (iii) to the Company at 550 Route 202-206, Bedminster, New Jersey 07921-0760, attention of Treasurer, (iv) to the Bond Insurer, as provided in Section 11.08, (v) to Moody's at 99 Church Street, New York, New York 10007, and (vi) to S&P at 25 Broadway, New York, New York 10004, or, as to all of the foregoing, to such other address as the addressee shall have indicated by

prior written notice to the one giving notice. All notices to a Bondholder shall be in writing and shall be deemed sufficiently given if sent by first class mail, postage prepaid, to the Bondholder at the address shown on the registration books for the Bonds maintained by the Paying Agent. A Bondholder may direct the Paying Agent to change its address as shown on the registration books by written notice to the Paying Agent. All notices to Bondholders shall identify the Bonds by name, CUSIP number, date of original issuance, maturity date, and such other descriptive information as may be needed to identify accurately the Bonds.

All notices sent to Bondholders by the Trustee or Paying Agent shall simultaneously be sent by registered or certified mail, postage prepaid, to Moody's, S&P, at least two (2) national information services that publish or disseminate notices of redemption of obligations such as the Bonds, such as S&P's Called Bond Service and Kenney Information Systems Notification Service, and all registered securities depositories that are registered owners of the Bonds, provided that the failure to give such notice shall not affect the validity of any notice given to the Bondholders. The selection of the national information services to receive any notice shall be at the sole discretion of the Trustee or the Paying Agent, as the case may be.

Notice hereunder may be waived prospectively or retrospectively by the person entitled to the notice, but no waiver shall affect any notice requirement as to other persons.

(b) Notwithstanding anything herein to the contrary, the Trustee shall give notice to S&P and Moody's of any of the following events which pertains to Bonds then rated by S&P and Moody's: (i) the expiration or other termination, extension or substitution of any Standby Purchase Agreement, (ii) the acceleration, redemption or purchase of all Outstanding Bonds; (iii) the conversion of Bonds to a new Mode; (iv) any proposed modification of this Indenture, the Agreement, a Standby Purchase Agreement or the Insurance Policy, and (v) any change in the entity serving as Remarketing Agent, Trustee or Paying Agent.

Section 10.03. Time. All references to times of day in this Indenture are references to New York City time.

Section 10.04. Indenture Not for the Benefit of Other Parties. This Indenture is not intended for the benefit of and shall not be construed to create rights in parties other than the Company, the Authority, the Trustee, the Paying Agent, the Bank and the Bondholders.

Section 10.05. Severability. In the event that any provision of this Indenture shall be held to be invalid in any circumstance,

such invalidity shall not affect any other provisions or circumstances.

Section 10.06. Counterparts. This Indenture may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 10.07. Captions. The captions and table of contents of this Indenture are for convenience only and shall not affect the construction hereof.

Section 10.08. Governing Law. This instrument shall be governed by the laws of State of New Jersey.

Section 10.09. Legal Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for purchase or redemption of any Bond shall not be a Business Day, then payment of principal, purchase price, premium, if any, or interest may not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for purchase or redemption, and, in the case of such payment, no interest shall accrue from the period from and after such date.

ARTICLE XI

PROVISIONS RELATING TO BOND INSURANCE

Section 11.01. Notice of Certain Redemptions. The Paying Agent shall notify the Bond Insurer in the manner required by Section 11.08 of any redemption of Bonds pursuant to the provisions of Section 3.07(d).

Section 11.02. Notice of Default; Notices of Claims Under Insurance Policy.

(a) The Paying Agent shall give the Bond Insurer Immediate Notice of any Event of Default with respect to the Bonds set forth in Section 6.01(a)(i) of which the Trustee has been notified, as provided in Section 7.02(e). The Paying Agent shall also give the Bond Insurer Immediate Notice if the Paying Agent has been notified by the Company by the Business Day prior to any payment date referenced in Section 6.01(a)(i) that the Company does not intend to make a payment due on any such payment date. The Paying Agent shall give the Bond Insurer notice of an Event of Default under Sections 6.01(a)(ii) and 6.01(a)(iii) within 30 days after any Responsible Officer has knowledge of an Event of Default under Sections 6.01(a)(ii) and 6.01(a)(iii).

(b) The Paying Agent shall, at the time it provides notice to the Bond Insurer under either of the first two sentences of Section 11.02(a), notify registered owners of Bonds, and in the case of Bank Bonds the Agent, entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement; (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of entitlement of holders of Bonds to interest payments and delivery to the Insurance Trustee, in form satisfactory to the registered owner's Trustee, of an appropriate assignment of the registered owner's right to payment; (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Trustee; and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Bonds for payment thereon first to the Paying Agent, who shall note on such Bonds the portion of the principal paid by the Trustee and then, along with the appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(c) In the event that a Responsible Officer of the Paying Agent has notice that any payment of principal of or interest on a Bond which has become due for payment and which is made to a holder of a Bond by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified that the Paying Agent does not have sufficient funds to pay principal of or interest on the Bonds when due, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

Section 11.03. Deemed Holder for Default and Remedies. For all purposes of Article VI of this Indenture other than the last sentence of Section 6.05, the Bond Insurer shall be deemed to be the sole holder of the Bonds. Notwithstanding Section 6.02, without the written consent of the Bond Insurer, (a) upon the occurrence of an Event of Default, the principal of the Bonds then outstanding and interest thereon shall not become immediately due

and payable and (b) the Trustee may not waive a Default or annul a declaration that the principal of the Bonds and interest thereon are immediately due and payable.

Section 11.04. Supplemental Indentures and Amendments to Agreement. Anything in the Indenture to this contrary notwithstanding, no consent or approval of any holder of Bonds to any Supplemental Indenture pursuant to Section 10.01(a) of the Indenture or to any amendment of the Agreement pursuant to Section 6.04 thereof shall become effective without the written consent of the Bond Insurer. In the case of any Supplemental Indenture or any amendment to the Agreement requiring the consent of holders of Bonds, at least 15 Business Days prior to executing such proposed Supplemental Indenture or any amendment to the Agreement, the Trustee shall give notice of such execution together with a copy of such Supplemental Indenture or any amendment to the Agreement to the Bond Insurer and to Moody's, if the Bonds are rated by such at the time, S&P, if the Bonds are rated by such at the time and Fitch, if the Bonds are rated by such at the time. The Trustee shall give notice to the Bond Insurer of any Supplemental Indenture or amendment to the Agreement not requiring the consent of Bondholders.

Section 11.05. Successor Trustees. The Trustee shall give written notice of its resignation, in accordance with Section 7.04, to the Bond Insurer at the same time such notice is given to the Authority. The Authority shall give notice to the Bond Insurer of its removal of the Trustee and of its appointment of a successor Trustee in the event of a resignation or removal of the Trustee, all in accordance with Section 11.08. The Bond Insurer shall be treated as the sole holder of Bonds for purposes of approving any successor Trustee.

Section 11.06. Bond Insurer as Party in Interest. The Bond Insurer shall be included as a party in interest with respect to the Bonds and as a party entitled to (a) notify the Trustee of the occurrence of an Event of Default, and (b) request the Trustee to intervene in judicial proceedings that affect the Bonds or the security therefor. The Trustee shall be required to accept notice of an Event of Default from the Bond Insurer as the sole holder of the Bonds.

Section 11.07. Access to the Register. Upon the occurrence of an Event of Default which would require the Bond Insurer to make payments of principal of or interest on the Bonds in accordance with the Insurance Policy, the Registrar shall provide access to the books kept for the registration of transfer of Bonds to the Bond Insurer, the Insurance Trustee or other designee of the Bond Insurer.

Section 11.08. Notices to Bond Insurer. All notices, consents or other communications required or permitted to be given to the Bond Insurer under the Indenture shall be deemed sufficiently given if given in writing, mailed by registered or certified mail, postage prepaid and addressed as follows: AMBAC Indemnity Corporation, One State Street Plaza, 17th Floor, New York, New York 10004, Attention: General Counsel. The Bond Insurer may from time to time give notice in writing to all parties to this Indenture designating a different address or addresses for notice hereunder.

Section 11.09. Termination of Special Insurance Requirements. The provisions of this Article shall apply only so long as there is no Insurer Default.

Section 11.10. Confirmation of Application of Term "Outstanding" to Bonds paid by Bond Insurer; Recordation of Rights of Subrogation in Registration Books.

(a) Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Bonds shall be paid by the Bond Insurer pursuant to the Insurance Policy, the Bonds (i) shall continue to be outstanding within the meaning of the Indenture for all purposes; (ii) shall not be considered defeased, otherwise satisfied or paid by the Authority; and (iii) the assignment and pledge of the Indenture and all covenants, agreements and other obligations of the Authority and the Company to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners to the extent of each such payment.

(b) To assist the Trustee in allocating available moneys held under the Indenture, (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books of the Authority maintained by the Trustee upon surrender of the Bonds by the registered owners thereof together with proof of the payment of principal thereof.

Section 11.11. Definitions for Purposes of Article XI. For purposes of this Article the following terms shall have the following meanings:

(a) "Immediate Notice" shall mean telephonic or facsimile notice, promptly followed by written notice by registered or certified mail to such address as the addressee shall have directed

in writing; provided, however, that telephonic or facsimile notice shall be effective notwithstanding any failure to receive such written notice.

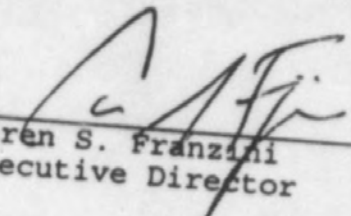
(b) "Insurance Trustee" shall mean United States Trust Company of New York, or its successor, as Insurance Trustee under the Insurance Policy.

(c) "Responsible Officer" shall mean (i) with respect to the Trustee, an officer of the Trustee assigned to the Trustee's corporate trust department, including, without limitation, any Vice President, any Assistant Vice President, any Trust Officer, or any other officer performing functions similar to those performed by the persons who at the time shall be such officers and also means any other officer of the Trustee to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject, and (ii) with respect to the Paying Agent, an officer of the Paying Agent assigned to the Paying Agent's corporate trust department, including, without limitation, any Vice President, any Assistant Vice President, any Trust Officer, or any other officer performing functions similar to those performed by the persons who at the time shall be such officers and also means any other officer of the Paying Agent to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

IN WITNESS WHEREOF, the Authority has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

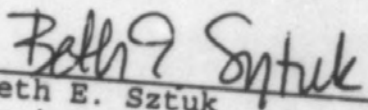
NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

(SEAL)

By: 

Caren S. Franzini
Executive Director

ATTEST:


Beth E. Sztuk
Assistant Secretary

(SEAL)

ATTEST

FIRST UNION NATIONAL BANK

By: _____
Assistant Vice President

By: _____
Vice President

SIGNATURE PAGE TO TRUST INDENTURE DATED AS OF JUNE 1, 1996

IN WITNESS WHEREOF, the Authority has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

(SEAL)

By: Caren S. Franzini
Executive Director

ATTEST:

Beth E. Sztuk
Assistant Secretary

(SEAL)

ATTEST

FIRST UNION NATIONAL BANK

By: Thomas J. Brett
~~Assistant Vice President~~
THOMAS J. BRETT
CORPORATE TRUST OFFICER

By: Susan E. Musso
~~Vice President~~
SUSAN E. MUSSO
ASSISTANT VICE PRESIDENT

SIGNATURE PAGE TO TRUST INDENTURE DATED AS OF JUNE 1, 1996

The date of the payment for and the delivery of the Bonds (such payment and delivery being herein sometimes called the "Closing") shall be June __, 1996 or such other date agreed to by the Underwriter, the Company and the Issuer (the "Closing Date").

The Bonds shall be as described in, and shall be issued and secured under the provisions of, a Trust Indenture, dated as of June 1, 1996 (the "Indenture"), between the Issuer and First Union National Bank, Newark, New Jersey, as trustee (the "Trustee"). The Bonds are to be issued in connection with the loan by the Issuer to the Company of the proceeds thereof pursuant to a Loan Agreement (the "Loan Agreement"), dated as of June 1, 1996, between the Issuer and the Company. The Bonds are being issued to (i) provide funds for the acquisition, construction and equipping by the Company of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (the "Project") and (ii) pay certain costs of issuance of the Bonds. The proceeds of the Bonds shall be applied in accordance with the provisions of the Indenture. The Bonds will be payable out of payments made by the Company to the Issuer under the Loan Agreement. The Bonds will be special obligations of the Issuer, payable solely out of revenues or other receipts, funds or moneys pledged therefor.

As further consideration for the issuance of the Bonds and the loan of the proceeds thereof to the Company by the Issuer, the Company has agreed to cause a Standby Bond Purchase Agreement, dated as of June __, 1996, with respect to the payment of the purchase price of the Bonds (the "Liquidity Facility") to be delivered prior to the Closing by The Bank of New York (the "Bank") to the Paying Agent (as defined in the Indenture) simultaneously with the issuance and delivery by the Issuer of the Bonds and providing for the Bank to make certain payments to the Paying Agent for the benefit of the owners of the Bonds. As an additional condition to the delivery of the Bonds, on the Closing Date, the Company and the Authority shall have entered into a Tax Regulatory Agreement, dated June __, 1996, with respect to the exclusion of interest on the Bonds from gross income of the respective beneficial owners of the Bonds for federal income tax purposes (the "Tax Regulatory Agreement").

In connection with the execution and delivery of the Indenture, the Issuer, the Trustee, the Paying Agent and the Remarketing Agent (as defined below) will execute and deliver a Letter of Representations (the "Letter of Representations") to The Depository Trust Company, New York, New York ("DTC"). The Company has appointed the Underwriter as remarketing agent for the Bonds (the "Remarketing Agent") pursuant to a Remarketing Agreement, dated as of June __, 1996, between the Company and the Remarketing Agent (the "Remarketing Agreement").

On the Closing Date, AMBAC Indemnity Corporation (the "Bond Insurer") will issue a municipal bond insurance policy in substantially the form attached to the Official Statement as Appendix B (the "Bond Insurance Policy") providing for the full and timely payment of the principal of and interest on the Bonds when due.

Section 2. Official Statement. Promptly after their acceptance of this Agreement, the Issuer and the Company will deliver to the undersigned an official statement dated the date hereof, signed on behalf of the Issuer, including Appendix A consisting of financial and other information in respect of the Company, Appendix B consisting of the form of the Bond

Section 4. Representations, Warranties and Agreements of the Issuer. The Issuer represents, warrants and agrees to and with the Company and the Underwriter as follows:

(a) The Issuer is a body politic and corporate and a duly constituted and validly existing political subdivision of the State of New Jersey, with full legal right, power and authority under and pursuant to Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on August 7, 1974, as amended and supplemented (the "Enabling Legislation"), to execute and deliver this Agreement, the Tax Regulatory Agreement, the Loan Agreement and the Indenture and to perform its obligations under each thereof and to issue and sell the Bonds pursuant hereto and to the Indenture.

(b) The Issuer has taken all necessary action and has complied with all provisions of the Constitution of the State of New Jersey and the Enabling Legislation, including but not limited to a Bond Resolution adopted on _____, 1996 (the "Bond Resolution"), required to make this Agreement, the Loan Agreement, the Tax Regulatory Agreement, the Indenture and the Bonds the valid and binding obligations they purport to be; and, when executed and delivered by the parties thereto, this Agreement, the Loan Agreement, the Tax Regulatory Agreement, the Indenture and the Bonds (when authenticated by the Trustee) will constitute legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Issuer has duly authorized all necessary action to be taken by it for the execution and delivery of the Official Statement.

(c) The Issuer will refrain from knowingly taking any action with regard to which the Issuer may exercise control that would result in the loss of the exclusions from gross income for federal and New Jersey income tax purposes referred to under the caption ["Tax Exemption"] in the Official Statement.

(d) The execution, delivery and due performance by the Issuer of this Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Bonds will not conflict with or result in a violation or breach of, or constitute a default under, the Issuer's rules of procedure, or any indenture, agreement or instrument to which the Issuer is a party or by which it is bound, or, to the knowledge of the Issuer, any order or decree to which the Issuer is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except pursuant to the Indenture). The Issuer has obtained all consents of any governmental authority of the State of New Jersey or the United States of America required in connection with the issuance and sale of the Bonds and the performance of the Issuer's obligations under this Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Bonds; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or blue sky laws of the various states.

the conduct of such business in such States, such States being the only jurisdictions in which the conduct of its business requires qualification.

(b) At the date of this Agreement, the Official Statement is, and at all times subsequent thereto up to and including the Closing Date the Official Statement, as amended or supplemented pursuant to Section 2 hereof, will be, and the Preliminary Official Statement as of its date was, true and correct in all material respects for the purposes for which their respective uses are or were authorized, and the Official Statement does not, and the Preliminary Official Statement as of its date did not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading, except that the foregoing does not apply to information (1) furnished in writing to the Company by or on behalf of the Underwriter specifically for inclusion in the Preliminary Official Statement or the Official Statement, or any amendment thereof or supplement thereto, (2) contained under the captions, or referring to or summarizing information contained under the captions, ["The Authority," "The Bonds -- Book-Entry-Only System," "Municipal Bond Insurance Policy" or "Tax Exemption"] or (3) contained in [Appendix C] to the Preliminary Official Statement and the Official Statement.

(c) Except as may be specifically set forth in the Official Statement, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency or body, pending or, to the best knowledge of the Company, threatened against the Company that is likely to (1) materially and adversely affect the Company, (2) materially and adversely affect the transactions contemplated by this Agreement, (3) materially and adversely affect the operation, condition or feasibility of the Project or (4) adversely affect the validity or enforceability of the Loan Agreement, the Bonds, the Indenture, the Remarketing Agreement, the Bond Insurance Policy, the Tax Regulatory Agreement, the Liquidity Facility or this Agreement.

(d) This Agreement, the Remarketing Agreement, the Loan Agreement, the Tax Regulatory Agreement and the Liquidity Facility have been duly authorized, executed and delivered by, and will constitute legal, valid and binding obligations of, the Company enforceable against the Company in accordance with their respective terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other laws affecting the enforcement of creditors' rights and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

(e) No event of default or event that, with notice or lapse of time or both, would constitute an event of default or a default under any agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject has occurred and is continuing; neither the execution or delivery of the Loan Agreement, the Remarketing Agreement, the Liquidity Facility, the Tax Regulatory Agreement or this Agreement, nor the consummation of any other of the transactions contemplated thereby or by this Agreement or the Official Statement nor the fulfillment of the terms hereof or thereof, will conflict with or result

IN WITNESS WHEREOF, the Authority has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

(SEAL)

By: _____
Caren S. Franzini
Executive Director

ATTEST:

Beth E. Sztuk
Assistant Secretary

(SEAL)

ATTEST

FIRST UNION NATIONAL BANK

By: _____
~~Assistant Vice President~~
THOMAS J. BRETT
CORPORATE TRUST OFFICER

By: _____
~~Vice President~~
SUSAN E. MUSSO
ASSISTANT VICE PRESIDENT

SIGNATURE PAGE TO TRUST INDENTURE DATED AS OF JUNE 1, 1996

\$39,000,000

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Gas Facilities Revenue Bonds, 1996 Series A
(NUI Corporation Project)

BOND PURCHASE AGREEMENT

June __, 1996

New Jersey Economic Development Authority
200 South Warren Street
Capital Place One - CN 990
Trenton, New Jersey 08625

Attention: Executive Director

NUI Corporation
550 Route 202-206
Bedminster, New Jersey 07921-0760

Attention: Treasurer

Ladies and Gentlemen:

Morgan Stanley & Co. Incorporated (the "Underwriter") offers to enter into this agreement (this "Agreement") with you, the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "Issuer"), and NUI Corporation, a regulated public utility company organized under the laws of the State of New Jersey (the "Company"), with respect to the purchase of \$39,000,000 principal amount of the Issuer's Gas Facilities Revenue Bonds, 1996 Series A (the "Bonds").

Section 1. Purchase and Sale of Bonds. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, the Bonds in the principal amount set forth in the heading of this Agreement. The Bonds shall be dated the date of their delivery, shall initially bear interest at the ____ Rate (as defined in the Indenture described below), and shall be purchased at the price of ____ % of their principal amount and shall have the other terms specified herein, in the Indenture and in the Official Statement (as defined below).

The date of the payment for and the delivery of the Bonds (such payment and delivery being herein sometimes called the "Closing") shall be June __, 1996 or such other date agreed to by the Underwriter, the Company and the Issuer (the "Closing Date").

The Bonds shall be as described in, and shall be issued and secured under the provisions of, a Trust Indenture, dated as of June 1, 1996 (the "Indenture"), between the Issuer and First Union National Bank, Newark, New Jersey, as trustee (the "Trustee"). The Bonds are to be issued in connection with the loan by the Issuer to the Company of the proceeds thereof pursuant to a Loan Agreement (the "Loan Agreement"), dated as of June 1, 1996, between the Issuer and the Company. The Bonds are being issued to (i) provide funds for the acquisition, construction and equipping by the Company of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (the "Project") and (ii) pay certain costs of issuance of the Bonds. The proceeds of the Bonds shall be applied in accordance with the provisions of the Indenture. The Bonds will be payable out of payments made by the Company to the Issuer under the Loan Agreement. The Bonds will be special obligations of the Issuer, payable solely out of revenues or other receipts, funds or moneys pledged therefor.

As further consideration for the issuance of the Bonds and the loan of the proceeds thereof to the Company by the Issuer, the Company has agreed to cause a Standby Bond Purchase Agreement, dated as of June __, 1996, with respect to the payment of the purchase price of the Bonds (the "Liquidity Facility") to be delivered prior to the Closing by The Bank of New York (the "Bank") to the Paying Agent (as defined in the Indenture) simultaneously with the issuance and delivery by the Issuer of the Bonds and providing for the Bank to make certain payments to the Paying Agent for the benefit of the owners of the Bonds. As an additional condition to the delivery of the Bonds, on the Closing Date, the Company and the Authority shall have entered into a Tax Regulatory Agreement, dated June __, 1996, with respect to the exclusion of interest on the Bonds from gross income of the respective beneficial owners of the Bonds for federal income tax purposes (the "Tax Regulatory Agreement").

In connection with the execution and delivery of the Indenture, the Issuer, the Trustee, the Paying Agent and the Remarketing Agent (as defined below) will execute and deliver a Letter of Representations (the "Letter of Representations") to The Depository Trust Company, New York, New York ("DTC"). The Company has appointed the Underwriter as remarketing agent for the Bonds (the "Remarketing Agent") pursuant to a Remarketing Agreement, dated as of June __, 1996, between the Company and the Remarketing Agent (the "Remarketing Agreement").

On the Closing Date, AMBAC Indemnity Corporation (the "Bond Insurer") will issue a municipal bond insurance policy in substantially the form attached to the Official Statement as Appendix B (the "Bond Insurance Policy") providing for the full and timely payment of the principal of and interest on the Bonds when due.

Section 2. Official Statement. Promptly after their acceptance of this Agreement, the Issuer and the Company will deliver to the undersigned an official statement dated the date hereof, signed on behalf of the Issuer, including Appendix A consisting of financial and other information in respect of the Company, Appendix B consisting of the form of the Bond

Insurance Policy, Appendix C consisting of certain information regarding the Bank and Appendix D consisting of the proposed form of the approving opinion of Wolff & Samson, P.A. ("Bond Counsel"). Such official statement, together with such Appendices, including the information incorporated by reference in Appendix A, is hereinafter called the "Official Statement." Each of the Issuer and the Company hereby authorizes the use by the Underwriter of the Indenture, the Loan Agreement, the Bond Insurance Policy, the Liquidity Facility, the Tax Regulatory Agreement and the Official Statement and any amendments or supplements thereto pursuant to this Section 2, and the information contained therein, in connection with the offering and sale of the Bonds. Each of the Issuer and the Company hereby consents to the use by the Underwriter of a preliminary official statement dated June __, 1996, including similar Appendices. Such preliminary official statement, together with such Appendices, including the information incorporated by reference in Appendix A, is hereinafter called the "Preliminary Official Statement".

During such period (terminating not later than 30 days after the delivery of the Bonds) as the Underwriter believes delivery of the Official Statement, as it may be amended or supplemented, is necessary or desirable in connection with sales of the Bonds, if any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order that the Official Statement not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, the Issuer and the Company will prepare and furnish to the Underwriter, at the Company's expense, either amendments or supplements to the Official Statement so that the Official Statement, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances when the Official Statement is so amended or supplemented, not misleading. The Issuer and the Company also agree that, before the Official Statement is amended or supplemented, they shall furnish a copy of each proposed amendment or supplement to the Underwriter, who shall have the right to approve such amendment or supplement, which approval shall not be unreasonably withheld.

The parties acknowledge that the offering of the Bonds is exempt from the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act") because the Bonds will be offered in authorized denominations of \$100,000 or more and may be tendered by the holder thereof to the Remarketing Agent for purchase at par on seven days notice.

Section 3. Sale of all the Bonds: Offering. It shall be a condition to the Issuer's obligation to sell and deliver the Bonds to the Underwriter and to the Underwriter's obligation to purchase and accept delivery of the Bonds, that all Bonds be sold and delivered by the Issuer and accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to offer all the Bonds at prices not in excess of the initial offering price, as set forth on the cover of the Official Statement.

Section 4. Representations, Warranties and Agreements of the Issuer. The Issuer represents, warrants and agrees to and with the Company and the Underwriter as follows:

- (a) The Issuer is a body politic and corporate and a duly constituted and validly existing political subdivision of the State of New Jersey, with full legal right, power and authority under and pursuant to Chapter 80 of the Pamphlet Laws of 1974 of the State of New Jersey, approved on August 7, 1974, as amended and supplemented (the "Enabling Legislation"), to execute and deliver this Agreement, the Tax Regulatory Agreement, the Loan Agreement and the Indenture and to perform its obligations under each thereof and to issue and sell the Bonds pursuant hereto and to the Indenture.
- (b) The Issuer has taken all necessary action and has complied with all provisions of the Constitution of the State of New Jersey and the Enabling Legislation, including but not limited to a Bond Resolution adopted on _____, 1996 (the "Bond Resolution"), required to make this Agreement, the Loan Agreement, the Tax Regulatory Agreement, the Indenture and the Bonds the valid and binding obligations they purport to be; and, when executed and delivered by the parties thereto, this Agreement, the Loan Agreement, the Tax Regulatory Agreement, the Indenture and the Bonds (when authenticated by the Trustee) will constitute legal, valid and binding agreements of the Issuer, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Issuer has duly authorized all necessary action to be taken by it for the execution and delivery of the Official Statement.
- (c) The Issuer will refrain from knowingly taking any action with regard to which the Issuer may exercise control that would result in the loss of the exclusions from gross income for federal and New Jersey income tax purposes referred to under the caption ["Tax Exemption"] in the Official Statement.
- (d) The execution, delivery and due performance by the Issuer of this Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Bonds will not conflict with or result in a violation or breach of, or constitute a default under, the Issuer's rules of procedure, or any indenture, agreement or instrument to which the Issuer is a party or by which it is bound, or, to the knowledge of the Issuer, any order or decree to which the Issuer is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except pursuant to the Indenture). The Issuer has obtained all consents of any governmental authority of the State of New Jersey or the United States of America required in connection with the issuance and sale of the Bonds and the performance of the Issuer's obligations under this Agreement, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Bonds; provided, however, that no representation is made concerning compliance with the federal securities laws or the securities or blue sky laws of the various states.

(e) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency or body, pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby and by the Tax Regulatory Agreement, the Loan Agreement and the Indenture, or which, in any way, would adversely affect the validity of the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement, this Agreement or any agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and by the Indenture or the exclusions from gross income for federal and New Jersey income tax purposes as set forth in the approving opinion of Bond Counsel.

(f) The information contained in the Preliminary Official Statement and in the Official Statement under the caption ["The Authority"] is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. It is specifically understood and agreed that the Issuer makes no representation as to any other statements in the Preliminary Official Statement or the Official Statement, including, without limitation, the financial position or business condition of the Company and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Company in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy of such statements.

(g) The Issuer agrees to cooperate with the Underwriter and its counsel in endeavoring to qualify the Bonds for offering and sale under the securities or blue sky laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the Issuer will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction; and provided, further, that the Issuer's out-of-pocket costs in respect thereof are provided for.

Any certificate signed by the Executive Director or Assistant Director of the Issuer and delivered to the Underwriter shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

Section 5. Representations, Warranties and Agreements of the Company. The Company represents, warrants and agrees to and with the Issuer and the Underwriter as follows:

(a) The Company is a regulated public utility company, duly organized, validly existing and in good standing under the laws of the State of New Jersey, has all corporate power and authority necessary to conduct its business as the same is described in the Official Statement, is duly qualified to conduct such business in the States of Florida, Maryland, New York and North Carolina and the Commonwealth of Pennsylvania, and has adequate, valid and subsisting franchises, licenses and permits for

the conduct of such business in such States, such States being the only jurisdictions in which the conduct of its business requires qualification.

(b) At the date of this Agreement, the Official Statement is, and at all times subsequent thereto up to and including the Closing Date the Official Statement, as amended or supplemented pursuant to Section 2 hereof, will be, and the Preliminary Official Statement as of its date was, true and correct in all material respects for the purposes for which their respective uses are or were authorized, and the Official Statement does not, and the Preliminary Official Statement as of its date did not, include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are or were made, not misleading, except that the foregoing does not apply to information (1) furnished in writing to the Company by or on behalf of the Underwriter specifically for inclusion in the Preliminary Official Statement or the Official Statement, or any amendment thereof or supplement thereto, (2) contained under the captions, or referring to or summarizing information contained under the captions, ["The Authority," "The Bonds -- Book-Entry-Only System," "Municipal Bond Insurance Policy" or "Tax Exemption"] or (3) contained in [Appendix C] to the Preliminary Official Statement and the Official Statement.

(c) Except as may be specifically set forth in the Official Statement, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency or body, pending or, to the best knowledge of the Company, threatened against the Company that is likely to (1) materially and adversely affect the Company, (2) materially and adversely affect the transactions contemplated by this Agreement, (3) materially and adversely affect the operation, condition or feasibility of the Project or (4) adversely affect the validity or enforceability of the Loan Agreement, the Bonds, the Indenture, the Remarketing Agreement, the Bond Insurance Policy, the Tax Regulatory Agreement, the Liquidity Facility or this Agreement.

(d) This Agreement, the Remarketing Agreement, the Loan Agreement, the Tax Regulatory Agreement and the Liquidity Facility have been duly authorized, executed and delivered by, and will constitute legal, valid and binding obligations of, the Company enforceable against the Company in accordance with their respective terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other laws affecting the enforcement of creditors' rights and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).

(e) No event of default or event that, with notice or lapse of time or both, would constitute an event of default or a default under any agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject has occurred and is continuing; neither the execution or delivery of the Loan Agreement, the Remarketing Agreement, the Liquidity Facility, the Tax Regulatory Agreement or this Agreement, nor the consummation of any other of the transactions contemplated thereby or by this Agreement or the Official Statement nor the fulfillment of the terms hereof or thereof, will conflict with or result

in a breach of any of the terms, conditions or provisions of, or constitute a default under, any corporate restriction or any indenture, agreement or instrument to which the Company is bound, any order, rule or regulation applicable to the Company of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its properties or operations, or (except as contemplated thereby) will result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any such restriction, indenture, agreement, instrument, order, rule or regulation.

(f) The audited financial statements with respect to the Company from which certain information has been derived and included in Appendix A to the Official Statement or the Preliminary Official Statement, as the case may be, in all material respects, have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods concerned (except as otherwise disclosed in the notes to such financial statements), and fairly present the financial position and results of operations of the Company at the respective dates and for the respective periods indicated therein.

The unaudited financial statements with respect to the Company from which certain information has been derived and included in Appendix A to the Official Statement or the Preliminary Official Statement, as the case may be, in all material respects (i) have been prepared in conformity with generally accepted accounting principles reflected in the audited financial statements of the Company referred to in the immediately preceding paragraph, and (ii) in the opinion of management of the Company fairly present the financial position and results of operations of the Company for the periods indicated therein and reflect all adjustments necessary to that effect.

(g) All of the net proceeds of the Bonds will be used to pay a portion of the costs of financing the Project and paying certain costs of issuance of the Bonds. The Company will not take or omit to take any action which action or omission will in any way cause the proceeds from the sale of the Bonds (including investment income thereon) to be applied in a manner contrary to that provided in the Indenture and the Loan Agreement, as in force from time to time.

(h) The representations and warranties of the Company contained in Section 2.2 of the Loan Agreement and in Article V of the Liquidity Facility are true and correct as of the date hereof.

(i) The Company has obtained all approvals required in connection with the execution and delivery of, and performance by the Company of its obligations under, this Agreement, the Tax Regulatory Agreement, the Loan Agreement, the Liquidity Facility and the Remarketing Agreement, including the approval of the Board of Public Utilities of the State of New Jersey (the "BPU"), and such approvals will be in full force and effect on and as of the Closing Date.

(j) During the period between the date hereof and the Closing Date, the Company will furnish to the Underwriter, promptly upon transmission thereof, copies of such financial statements and reports as it shall file with the Commission.

(k) Except as disclosed in the Official Statement, since March 31, 1996, there has been no material adverse change in the condition (financial or other), earnings, business or properties of the Company, whether or not arising from transactions in the ordinary course of business.

Any certificate signed by an officer of the Company and delivered to the Underwriter shall be deemed a representation and warranty by the Company to the Underwriter as to the statements made therein.

Section 6. Closing. At 10:00 a.m., New York time, on the Closing Date, the Issuer will deliver the Bonds to the Underwriter through the facilities of DTC in New York, New York in definitive form bearing a CUSIP number, duly executed and authenticated, and registered in the name of Cede & Co., as nominee for DTC, and will deliver to the Underwriter the other documents herein mentioned, at the office of Bond Counsel, 5 Becker Farm Road, Roseland, New Jersey. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by wire transfer, payable in immediately available funds, to the order or at the written direction of the Trustee for the account of the Issuer.

Section 7. Conditions of Closing. The obligation of the Underwriter to purchase and pay for the Bonds on the Closing Date shall be subject to the performance by the Issuer and the Company, prior to or concurrently with the Closing, of their respective obligations to be performed under this Agreement and the accuracy of the representations and warranties of the Issuer and the Company contained herein as of the date hereof and as of the Closing Date, and shall also be subject to the following additional conditions:

(a) Each of the Indenture, the Official Statement (and any amendments or supplements thereto), the Loan Agreement, the Liquidity Facility, the Bond Insurance Policy, the Remarketing Agreement, the Tax Regulatory Agreement and the Letter of Representations shall have been duly authorized, executed and delivered, and each of the foregoing shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter.

(b) Subsequent to the date hereof, the marketability of the Bonds or the market price thereof shall not, in the reasonable opinion of the Underwriter, have been materially adversely affected by (i) an amendment to or proposal to amend the Constitution of the State of New Jersey or any federal or New Jersey legislation or proposed legislation or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the Treasury Department of the United States, the United States Internal Revenue Service, or other federal authority or authority of the State of New Jersey, affecting the tax status of the Issuer, its property or income, its bonds (including the Bonds) or the interest thereon, (ii) an outbreak or escalation of hostilities or other calamity or crisis, (iii) a general suspension of or material limitation on trading on the New York Stock Exchange or other

national securities exchange, the establishment of minimum prices on such exchange or the declaration of a general banking moratorium by the authorities of the United States, the State of New Jersey or the State of New York, (iv) a downgrading or withdrawal by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc. ("Standard & Poor's"), of a rating on the Bonds or any class of securities of the Company, the Bond Insurer or the Bank, (v) an amendment or supplement to the Official Statement or (vi) the establishment of any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange or other national securities exchange, the Commission, any other federal or state agency or the Congress of the United States, or by Executive Order.

(c) No decision of any federal or state court and no ruling or regulation (final, temporary or proposed) of the Commission or other governmental agency shall have been made or issued after the date hereof to the effect that (i) the Bond Insurance Policy, the Bonds or any securities of the Issuer or of any similar body of the type contemplated herein, the option of holders of the Bonds to tender the Bonds or the remarketing of the Bonds by the Remarketing Agent as contemplated by the Liquidity Facility, the Indenture and the Remarketing Agreement or the obligations of the Company under the Loan Agreement are subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), or (ii) the qualification of the Indenture or any other agreement in respect of the Bonds or any such securities is required under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby.

(d) At or prior to the Closing, the Underwriter shall have received the following documents, in each case reasonably satisfactory in form and substance to the Underwriter and to counsel for the Underwriter:

(1) Executed counterparts of the Indenture, the Loan Agreement, the Liquidity Facility, the Remarketing Agreement, the Letter of Representations, the Tax Regulatory Agreement and the executed Bond Insurance Policy (to be held by the Trustee).

(2) The Official Statement signed on behalf of the Issuer by the Executive Director or Assistant Director.

(3) The copies of the record of all proceedings of the Issuer relating to the authorization and issuance of the Bonds, duly certified by an appropriate official of the Issuer.

(4) A certificate, dated the Closing Date, of the Executive Director or Assistant Director of the Issuer, to the effect that, to the best knowledge of such official, (i) the representations and warranties of the Issuer contained in Section 4 hereof are true and correct in all material respects on and as of the Closing

Date as if such representations and warranties had been made on and as of the Closing Date and (ii) the Issuer has complied in all material respects with all the terms of this Agreement, the Indenture, the Tax Regulatory Agreement and the Loan Agreement to be complied with by it prior to or concurrently with the Closing.

(5) A certificate, dated the Closing Date, of the Executive Director or Assistant Director of the Issuer, to the effect that, to the best knowledge of such official, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency or body pending or, to the knowledge of such official, threatened against the Issuer to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the payments to be made pursuant to the Loan Agreement or in any way contesting or affecting the validity of this Agreement, the Indenture, the Bonds, the Letter of Representations, the Tax Regulatory Agreement or the Loan Agreement or contesting the powers of the Issuer to enter into or perform its obligations under any of the foregoing.

(6) A certificate, dated the Closing Date, of an appropriate executive officer of the Company, to the effect that, to the best knowledge of such officer, (i) the representations and warranties of the Company contained in Section 5 hereof are true and correct in all material respects on and as of the Closing Date, (ii) the Company has complied in all material respects with all the terms of this Agreement, the Remarketing Agreement, the Liquidity Facility, the Tax Regulatory Agreement and the Loan Agreement to be complied with by it prior to or concurrently with the Closing, and (iii) since the date of the Official Statement or the date of the most recent financial statements of the Company included or incorporated in the Official Statement, there has been no material adverse change in the condition (financial or other), earnings, business or properties of the Company, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Official Statement.

(7) A certificate, dated the Closing Date, of an appropriate executive officer of the Company, to the effect that, to the best knowledge of such officer, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency or body pending or, to the knowledge of such officer, threatened against the Company to restrain or enjoin the payments to be made by the Company pursuant to the Loan Agreement or in any way contesting or affecting the validity of this Agreement, the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement or the Liquidity Facility or contesting the powers of the Company to enter into or perform its obligations hereunder or thereunder.

(8) A certificate of one or more duly authorized officers of the Trustee, dated the Closing Date, as to the due execution and delivery of the

Indenture by the Trustee and the due authentication and delivery of the Bonds by the Trustee.

(9) An approving opinion addressed to the Issuer, dated the Closing Date, of Bond Counsel, in substantially the form attached as Exhibit A to this Agreement, together with a letter addressed to [the Underwriter, the Company and the Trustee] to the effect that such opinion may be relied upon by the Underwriter, the Company and the Trustee to the same extent as if it were addressed to them.

(10) A certificate, dated the Closing Date, of a Deputy Attorney General of the State of New Jersey, in substantially the form attached as Exhibit B to this Agreement.

(11) Supplemental opinion, dated the Closing Date, of Bond Counsel in substantially the form attached as Exhibit C to this Agreement, addressed to the Underwriter.

(12) Opinions, dated the Closing Date, addressed to [Bond Counsel, the Issuer, the Company, the Trustee and the Underwriter,] of (i) James R. Van Horn, General Counsel and Secretary of the Company in substantially the form attached as Exhibit D to this Agreement and (ii) Reid & Priest LLP, counsel to the Company, in substantially the form attached as Exhibit E to this Agreement.

(13) An opinion, dated the Closing Date, addressed to the Underwriter, of Winthrop, Stimson, Putnam & Roberts, counsel for the Underwriter and the Remarketing Agent, in substantially the form attached as Exhibit F to this Agreement.

(14) A letter from Arthur Andersen LLP, independent auditors for the Company, dated the Closing Date and addressed to the Underwriter, with respect to certain financial information and, to the extent permitted by Statement in Auditing Standards No. 72 issued by the American Institute of Certified Public Accountants, other matters as may be reasonably specified by the Underwriter.

(15) An opinion, dated the Closing Date, addressed to [the Trustee and the Underwriter,] of Winthrop, Stimson, Putnam & Roberts, counsel to the Bank, in substantially the form attached as Exhibit G to this Agreement.

(16) Opinion, dated the Closing Date, addressed to [the Trustee and the Underwriter,] of a Vice President and Assistant General Counsel of the Bond Insurer, in substantially the form attached as Exhibit H to this Agreement.

(17) A certificate, dated the Closing Date, of an officer of the Bank to the effect that the information under ["The Standby Bond Purchase Agreement"] in the Official Statement with respect to the Liquidity Facility and in Appendix C to the Official Statement with respect to the Bank is true and accurate in all

material respects as of the Closing Date and that the Bank has authorized the inclusion of such information in the Official Statement.

(18) An opinion, dated the Closing Date, addressed to the Underwriter, the Trustee, Moody's and Standard & Poor's of Winthrop, Stimson, Putnam & Roberts as to certain bankruptcy law matters, in form and substance reasonably satisfactory to the Underwriter.

(19) A copy of the order of the BPU, approved at its _____, 1996 meeting, authorizing the Company to enter into the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement, the Liquidity Facility and this Agreement.

(20) Copies of resolutions adopted by the Board of Directors of the Company and certified by its Secretary or an Assistant Secretary authorizing the execution and delivery of the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement, the Liquidity Facility and this Agreement.

(21) Arbitrage certification by the Company and the Issuer in form and substance reasonably satisfactory to Bond Counsel.

(22) Such additional certificates, proceedings, opinions, instruments or documents as the Underwriter or counsel to the Underwriter may reasonably request in connection with the transactions contemplated by this Agreement.

(e) Subsequent to the respective dates as of which information is given in the Official Statement, there shall not have been any material change, or any development involving a prospective material change, in or affecting the business, financial condition or properties of the Company, the Bank or the Bond Insurer, which change or development makes it impractical or inadvisable in the reasonable judgment of the Underwriter to proceed with the offering or the delivery of the Bonds as contemplated by the Official Statement.

(f) Subsequent to the execution of this Agreement, there shall not have been any downgrading, suspension or official statement as to a possible downgrading of the "___" and "___" ratings by Moody's and the "___" and "___" ratings by Standard & Poor's of the Bonds. No issues of the Company, the Bond Insurer or the Bank shall have been listed with negative implications in Standard & Poor's Credit Watch or Moody's Corporate Credit Reports Watch List.

(g) All matters relating to this Agreement, the Bonds and the sale thereof, the Indenture, the Loan Agreement, the Remarketing Agreement, the Letter of Representations, the Liquidity Facility, the Bond Insurance Policy, the Tax Regulatory Agreement and the consummation of the transactions contemplated by this Agreement shall have been approved by the Underwriter and counsel for the Underwriter, such approval not to be unreasonably withheld.

If the Issuer or the Company shall be unable to satisfy the conditions to the obligation of the Underwriter contained in this Agreement, this Agreement may be canceled by the Underwriter and, upon such cancellation, neither the Underwriter, the Issuer nor the Company shall be under further obligation hereunder except as provided in Sections 8 and 9 hereof.

Section 8. Expenses. The Underwriter shall be under no obligation to pay, and the Company shall pay or cause to be paid, any expenses incident to the performance of the Issuer's obligations hereunder, including but not limited to (1) all expenses in connection with the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either, (2) all expenses in connection with the preparation, issuance and delivery of the Bonds (including the Bond issuance fee of the Issuer), (3) all expenses in connection with the preparation, printing, issuance, delivery and recording or filing, if any, of the Indenture, the Loan Agreement, the Remarketing Agreement, the Letter of Representations, the Tax Regulatory Agreement, the Liquidity Facility, the Bond Insurance Policy and this Agreement and any financing statement or notice with respect thereto, (4) the fees and disbursements of Bond Counsel, (5) the fees and disbursements of counsel for the Company, (6) the fees and disbursements of counsel for the Underwriter and the Remarketing Agent, (7) the fees and disbursements of counsel to the Bank, (8) the insurance premiums for the Bond Insurance Policy, (9) the fees charged by the Bank for the Liquidity Facility, (10) all expenses in connection with obtaining a rating or ratings for the Bonds and (11) all other expenses and costs of the Issuer or the Company incident to the performance of their respective obligations in connection with the authorization, issuance, sale and distribution of the Bonds; provided, however, except as expressly provided below, the Company shall not be required to pay any amount for any expenses of the Underwriter, including compensation and disbursements of its counsel.

In the event that the Bonds are not sold by the Issuer to the Underwriter for any reason other than a default by the Underwriter, the Company will pay upon demand all expenses pursuant to this Section 8 and shall reimburse the Underwriter upon demand for all reasonable fees and disbursements of counsel that shall have been incurred by it in connection with the proposed purchase and sale of the Bonds.

If the consummation of the transactions contemplated hereby is prevented by the default of the Underwriter, the Underwriter shall pay all such expenses.

Section 9. Indemnification. (a) The Company will indemnify and hold harmless the Underwriter, the Issuer, each of their respective members, directors, officers and employees and each person who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (any such person being herein sometimes called an "Indemnified Party"), against any and all losses, claims, damages or liabilities, joint or several, to which any Indemnified Party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such Indemnified Party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds, the obligations of the Company under the Loan Agreement or the Remarketing Agreement or the obligations of the Bank under the Liquidity Facility (or the obligations of any entity or entities obligated to make payments under

an Alternate Liquidity Facility (as defined in the Indenture)) should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Official Statement or any amendment thereof or supplement thereto, or in the Preliminary Official Statement, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement of a material fact based upon information furnished in writing to the Company by or on behalf of the Underwriter specifically for inclusion in the Preliminary Official Statement, the Official Statement, or any amendment thereof or supplement thereto, or contained in that particular part of the Preliminary Official Statement, the Official Statement, or any amendment thereof or supplement thereto, under the captions, or referring to or summarizing information under the captions, ["The Authority," "The Bonds--Book-Entry-Only System" and "Tax Exemption"] or the omission or alleged omission to state under such caption a material fact necessary to make the statements therein not misleading. This indemnity agreement will not limit any other remedy that any such Indemnified Party otherwise may have, provided that in no event will the Company be obligated for double indemnification.

(b) An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Company, notify the Company in writing of the commencement of the action. Failure of the Indemnified Party to give such notice will not relieve the Company from any liability it may have to such Indemnified Party. If such an action is brought against an Indemnified Party and such Indemnified Party notifies the Company of its commencement, the Company may, or if so requested by such Indemnified Party will, participate in or assume its defense, with counsel reasonably satisfactory to such Indemnified Party and, after notice from the Company to such Indemnified Party of an election to assume the defense and approval by the Indemnified Party of counsel, the Company will not be liable to such Indemnified Party under this Section 9 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense other than reasonable costs of investigation. Until the Company assumes the defense of any such action at the request of the Indemnified Party, such Indemnified Party may have the right to participate at its own expense in the defense of the action. If the Company does not retain counsel to take charge of the defense or if an Indemnified Party reasonably concludes that there may be defenses available to it and/or other Indemnified Parties different from or in addition to those available to the Company (in which case the Company will not have the right to assume the defense of such action on behalf of such Indemnified Party), legal and other expenses reasonably incurred by the Indemnified Party shall be borne by the Company. Any obligation under this Section 9(b) of the Company to reimburse an Indemnified Party for expenses shall be payable in reasonable amounts and at reasonable periodic intervals not more often than monthly as required by the Indemnified Party, but if the Indemnified Party is later determined not to be entitled to indemnification under this Section 9(b) or otherwise, the Indemnified Party will promptly return any moneys paid pursuant to this sentence. No party will be liable with respect to any settlement effected without its written consent.

(c) (1) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 9(a) hereof is due in accordance with its terms but, for any reason, is held by a court to be unavailable on grounds of policy or otherwise, the Company and the Underwriter will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which the Company and the Underwriter may be subject in such proportion so that the Underwriter is responsible for that portion represented by the percentage that the underwriting discount for the Bonds is of the sum of such discount and the purchase price of the Bonds specified in Section 1 thereof, and the Company is responsible for the balance.

(2) In no case, however, will the Underwriter be responsible for any amount in excess of the underwriting discount applicable to the Bonds purchased by the Underwriter under this Agreement and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9(c)(ii), each person who controls the Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Underwriter, and each person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each officer and each director of the Company will have the same rights to contribution as the Company, subject to the foregoing sentence.

Section 10. Notices. Any notice or other communication to be given to the Issuer or the Company under this Agreement may be given by delivering the same in writing at such party's address set forth above, and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, Attention:

Section 11. Parties in Interest: Survival of Representations and Warranties. This Agreement is made solely for the benefit of the Issuer, the Company and the Underwriter, and no other person, including any purchaser, as such, of Bonds from the Underwriter, shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the Issuer or the Company in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter, (ii) delivery of and payment for the Bonds hereunder and (iii) any termination of this Agreement, other than by reason of the Underwriter's default.

Section 12. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to be part hereof.

Section 13. Severability. If any provision of this Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Agreement.

Section 14. Governing Law. Except for matters specifically relating to the rights, duties and obligations of the Issuer hereunder, which shall be governed by the laws of the State of New Jersey, this Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York.

Section 15. Counterparts. This Agreement may be executed in several counterparts, all of which, taken together, shall constitute a single agreement among the parties to such counterparts.

If the Issuer and the Company agree with the foregoing, please sign the enclosed counterpart of this letter and return it to the Underwriter. This letter will become a binding agreement among the Issuer, the Company and the Underwriter when at least one counterpart has been signed on behalf of each of the parties.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By _____
Name:
Title:

We agree to the foregoing:

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By _____
Name:
Title: Executive Director

NUI CORPORATION

By _____
Name:
Title:

EXHIBIT A

[LETTERHEAD OF WOLFF & SAMSON, P.A.]

EXHIBIT B

**CERTIFICATE AS TO LEGISLATION AND
NO-LITIGATION OF THE OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF NEW JERSEY**

This certification is made in connection with the issuance by the New Jersey Economic Authority (the "Authority") of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) in the aggregate principal amount of \$39,000,000 (the "Bonds"). The Bonds are being issued to (i) provide funds for the acquisition, construction and equipping by the Company of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (the "Project") and (ii) pay certain costs of issuance of the Bonds. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Indenture dated as of June 1, 1996 between the Authority and First Union National Bank, Newark, New Jersey, as Trustee (the "Indenture"), or the Loan Agreement dated as of June 1, 1996 between the Company and the Authority (the "Loan Agreement"), as applicable.

THE UNDERSIGNED, a Deputy Attorney General of the State of New Jersey, does hereby certify that:

1. I am a duly appointed, qualified and acting Deputy Attorney General of the State of New Jersey (the "State") with authority to execute and deliver this certification on behalf of the Attorney General of the State.
2. As of this date there is, to the best knowledge of the New Jersey Attorney General's Office, no action, suit, proceeding at law or in equity pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way contesting the validity or affecting the power of the Authority with respect to the issuance and sale of the Bonds or the documents or instruments executed by the Authority in connection therewith or the existence or powers of the Authority or the right of the Authority to finance the Project, nor to the best knowledge of such Office, any basis therefor.
3. To the best knowledge of the New Jersey Attorney General's Office, no legislation, ordinance, rule or regulation has been enacted or introduced or formally reported by any governmental body, department or agency of the State, nor any decision rendered by any court of competent jurisdiction of the State which would adversely affect the exemption of the property of the Authority from all taxation and the excludability of the interest on all bonds and obligations issued by the Authority from the gross income of any holder thereof for federal income tax purposes and for State income tax purposes.
4. The adoption of the Bond Resolution and the execution, delivery and due performance by the Authority of the Bond Purchase Agreement, the Tax Regulatory Agreement, the Loan Agreement, the Indenture and the Bonds and the execution and delivery of the official statement dated June __, 1996 relating to the Bonds will not

conflict with or result in a violation or breach of, or constitute a default under, the provisions of the Authority's rules of procedure, or to the best knowledge of the New Jersey Attorney General's Office, after due inquiry, any indenture, mortgage, deed or other agreement or instrument to which the Authority is a party or by which it or its properties is or may be bound, or any regulation, order or decree to which the Authority is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority except as contemplated by the Indenture, and do not and will not violate any provision of the Constitution and statutes of the State of New Jersey, including the Act, or any resolution of the Authority, or any applicable judgment, order, rule, ordinance, decree or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Authority or any of its property.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this ____ day of June, 1996.

ATTORNEY GENERAL OF NEW JERSEY

By _____

4. No consents, approvals, authorizations or orders of any court or governmental body are required for the valid adoption by the Authority of the Bond Resolution, the valid execution and delivery by the Authority of the Bonds, the Indenture, the Letter of Representations, the Loan Agreement, the Tax Regulatory Agreement and the Bond Purchase Agreement, the performance by the Authority of its obligations thereunder and the valid sale, issuance and delivery of the Bonds to you, except such as have been obtained and such as may be required under the blue sky or other securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

5. The adoption of the Bond Resolution and the execution and delivery by the Authority of the Bonds, the Indenture, the Letter of Representations, the Loan Agreement, the Tax Regulatory Agreement and the Bond Purchase Agreement will not conflict with or violate the Constitution of the State of New Jersey or any other existing provision of New Jersey legislation to which the Authority is subject.

6. The adoption of the Bond Resolution and the execution, delivery and due performance by the Authority of the Bond Purchase Agreement, the Loan Agreement, the Indenture, the Letter of Representations, the Tax Regulatory Agreement and the Bonds will not conflict with or result in a violation or breach of, or constitute a default under, the provisions of the Authority's rules of procedure, or to our best knowledge, after due inquiry, any indenture, mortgage, deed or other agreement or instrument to which the Authority is a party or by which it or its properties is or may be bound, or any regulation, order or decree to which the Authority is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority except as contemplated by the Indenture, and do not and will not violate any provision of the Constitution and statutes of the State of New Jersey, including the Enabling Legislation, or to our best knowledge, after due inquiry, any resolution of the Authority, or any applicable judgment, order, rule, ordinance, decree or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Authority or any of its property.

7. The Bonds are not required to be registered under the Securities Act, and such registration is not required under the rules and regulations of the Commission promulgated under the Securities Act. The Indenture is not required to be qualified under the Trust Indenture Act.

8. The summary descriptions in the Official Statement of the Authority, the Bonds, the Loan Agreement, the Tax Regulatory Agreement and the Indenture fairly and accurately describe the Authority and summarize the provisions of the Bonds, the Loan Agreement, the Tax Regulatory Agreement and the Indenture, respectively. The summary of our approving opinion under the heading ["Tax Exemption"] accurately reflects the substance of our legal conclusions.

9. Based upon the information made available to us in the course of our participation as Bond Counsel in the preparation of the Official Statement and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, we do not have any reason to believe that the Official Statement (except as to the information contained in Appendix A as to which we express no opinion) contained as of its date or contains as of the date hereof any untrue statement of material fact or omitted or omits to state a material fact necessary in order to make

[LETTERHEAD OF WOLFF & SAMSON, P.A.]

June __, 1996

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Re: \$39,000,000 principal amount of New Jersey
Economic Development Authority Gas Facilities
Revenue Bonds, 1996 Series A (NUI Corporation Project)

Ladies and Gentlemen:

In connection with the issuance by the New Jersey Economic Development Authority (the "Authority") of \$39,000,000 principal amount of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds"), which are today being purchased by you pursuant to the Bond Purchase Agreement dated June __, 1996 by and among you, NUI Corporation (the "Company") and the Authority (the "Bond Purchase Agreement"), we advise you as follows. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Bond Purchase Agreement.

1. The Authority has not pledged or assigned the right, title or interest to any of the payments due under the Loan Agreement, from the Company to the Authority, except to the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.
2. The Official Statement has been duly authorized, executed and delivered by the Authority.
3. The Authority has duly and lawfully authorized, executed and delivered the Bond Purchase Agreement and such instrument is in full force and effect and constitutes a valid and binding obligation of the Authority enforceable against the Authority in accordance with its respective terms, except as limited by laws relating to bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity.

4. No consents, approvals, authorizations or orders of any court or governmental body are required for the valid adoption by the Authority of the Bond Resolution, the valid execution and delivery by the Authority of the Bonds, the Indenture, the Letter of Representations, the Loan Agreement, the Tax Regulatory Agreement and the Bond Purchase Agreement, the performance by the Authority of its obligations thereunder and the valid sale, issuance and delivery of the Bonds to you, except such as have been obtained and such as may be required under the blue sky or other securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

5. The adoption of the Bond Resolution and the execution and delivery by the Authority of the Bonds, the Indenture, the Letter of Representations, the Loan Agreement, the Tax Regulatory Agreement and the Bond Purchase Agreement will not conflict with or violate the Constitution of the State of New Jersey or any other existing provision of New Jersey legislation to which the Authority is subject.

6. The adoption of the Bond Resolution and the execution, delivery and due performance by the Authority of the Bond Purchase Agreement, the Loan Agreement, the Indenture, the Letter of Representations, the Tax Regulatory Agreement and the Bonds will not conflict with or result in a violation or breach of, or constitute a default under, the provisions of the Authority's rules of procedure, or to our best knowledge, after due inquiry, any indenture, mortgage, deed or other agreement or instrument to which the Authority is a party or by which it or its properties is or may be bound, or any regulation, order or decree to which the Authority is subject, or result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority except as contemplated by the Indenture, and do not and will not violate any provision of the Constitution and statutes of the State of New Jersey, including the Enabling Legislation, or to our best knowledge, after due inquiry, any resolution of the Authority, or any applicable judgment, order, rule, ordinance, decree or regulation of any court or of any public or governmental agency or authority having jurisdiction over the Authority or any of its property.

7. The Bonds are not required to be registered under the Securities Act, and such registration is not required under the rules and regulations of the Commission promulgated under the Securities Act. The Indenture is not required to be qualified under the Trust Indenture Act.

8. The summary descriptions in the Official Statement of the Authority, the Bonds, the Loan Agreement, the Tax Regulatory Agreement and the Indenture fairly and accurately describe the Authority and summarize the provisions of the Bonds, the Loan Agreement, the Tax Regulatory Agreement and the Indenture, respectively. The summary of our approving opinion under the heading ["Tax Exemption"] accurately reflects the substance of our legal conclusions.

9. Based upon the information made available to us in the course of our participation as Bond Counsel in the preparation of the Official Statement and without having undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, we do not have any reason to believe that the Official Statement (except as to the information contained in Appendix A as to which we express no opinion) contained as of its date or contains as of the date hereof any untrue statement of material fact or omitted or omits to state a material fact necessary in order to make

[LETTERHEAD OF NUI CORPORATION]

June __, 1996

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Re: \$39,000,000 principal amount of New Jersey
Economic Development Authority Gas Facilities
Revenue Bonds, 1996 Series A (NUI Corporation Project)

Ladies and Gentlemen:

I, together with Reid & Priest LLP, of New York, New York, have acted as counsel to NUI Corporation (the "Company") in connection with the issuance and sale by the New Jersey Economic Development Authority (the "Issuer") of \$39,000,000 principal amount of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds") to you, under a Bond Purchase Agreement, dated June __, 1996, between the Company, the Issuer and you (the "Bond Purchase Agreement"). This opinion is rendered to you at the request of the Company.

In my capacity as such counsel, I have either participated in the preparation of or have examined originals, or copies duly certified or otherwise authenticated to my satisfaction, of and are familiar with: (a) the Company's Amended and Restated Certificate of Incorporation and By-Laws, each as amended (the "By-Laws"); (b) the Indenture; (c) the Loan Agreement; (d) the Liquidity Facility; (e) the Bond Insurance Policy; (f) the Remarketing Agreement; (g) the Tax Regulatory Agreement; and (h) the proceedings before the BPU relating to the proposed transaction. I have also examined or caused to be examined such records of the Company, certificates of public officials and officers of the Company, and other documents, instruments and agreements, and have satisfied myself as to such other matters, as I have deemed necessary for the purpose of rendering the opinions set forth herein. I have also participated in the preparation of, or have examined and am familiar with, the official statement, dated June __, 1996, including the appendices thereto and the documents incorporated by reference therein, relating to the Bonds (the "Official Statement"). I have not examined the Bonds, except a specimen thereof, and have relied upon a certificate of the Trustee as to the execution and authentication thereof. Capitalized terms used herein but not defined herein have the meanings set forth in the Bond Purchase Agreement.

the statements therein, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Wolff & Samson, P.A.

Subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

1. The Company is a regulated public utility, corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, has all corporate power and authority necessary to conduct its business as the same is described in the Official Statement, is duly qualified to conduct such business in the States of Florida, Maryland, New York and North Carolina and the Commonwealth of Pennsylvania, and has adequate, valid and subsisting franchises, licenses and permits for the conduct of such business in such States, such States being the only jurisdictions in which the conduct of its business requires qualification.
2. The Loan Agreement, the Tax Regulatory Agreement and the Liquidity Facility have been duly authorized, executed and delivered by the Company and (assuming they are valid and legally binding obligations of the other parties thereto) are valid and legally binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other laws affecting the enforcement of creditors' rights and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).
3. The Bond Purchase Agreement and the Remarketing Agreement have been duly authorized, executed and delivered by the Company.
4. The offer and sale of the Bonds do not require registration of any security under the Securities Act, and the Indenture is not required to be qualified under the Trust Indenture Act.
5. The execution, delivery and performance by the Company of the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement and the Liquidity Facility and the consummation of the transactions contemplated thereby will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any corporate restriction or any indenture, agreement or instrument to which the Company is bound, any order, rule or regulation applicable to the Company of any court, federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its properties or operations, or (except as contemplated thereby) will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any such restriction, indenture, agreement, instrument, order, rule or regulation.
6. An appropriate order has been issued by the BPU and an appropriate Secretarial Letter has been issued by the Public Utility Commission of the Commonwealth of Pennsylvania authorizing the execution, delivery and performance by the Company of the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement and the Liquidity Facility, and such order and Letter, to the best of our knowledge, remain in effect; such order and Letter are sufficient for the execution and delivery by the Company of the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement and the Liquidity Facility and no other approval or consent of any governmental body (other than in connection or compliance

with the provisions of the securities or blue-sky laws of any jurisdiction) is legally required for the execution, delivery and performance by the Company of the Loan Agreement, the Remarketing Agreement, the Tax Regulatory Agreement and the Liquidity Facility.

7. The statements contained in the Official Statement under the headings ["The Bonds", "The Loan Agreement", "The Standby Bond Purchase Agreement" and "The Indenture"], insofar as such statements summarize the provisions of the documents referred to therein, accurately and fairly present the information purported to be shown.

In the course of preparation of this opinion and the Official Statement, I have conferred with certain officers, employees and representatives of the Company and other counsel for the Company, with Bond Counsel, with your representatives and counsel and with the independent certified public accountants of the Company who examined certain of the financial statements included, or incorporated by reference, in the Official Statement. My examination of the Official Statement and my discussions in the above-mentioned conferences did not disclose any information that gives me reason to believe that the Official Statement at the date hereof (except the information contained therein under the captions ["The Authority" and "Tax Exemption"] and in Appendix B, Appendix C and Appendix D and other than the financial statements and other financial and statistical data included, or incorporated by reference, therein, as to all of which I express no opinion herein) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

My opinions are expressed as of the date hereof, and I do not assume any obligation to update or supplement them to reflect any fact or circumstance that hereafter comes to my attention, or any change in law that hereafter occurs.

I am a member of the Bar of the State of New Jersey and do not hold myself out as an expert on the law of any other state for the purpose of this opinion. As to all matters of New York law, I have, with your approval, relied upon the opinion of even date herewith of Reid & Priest LLP. In rendering the opinion in paragraph 4, I have, with your approval, relied upon an opinion of even date herewith of Bond Counsel, that, to the extent stated therein, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes. In rendering the opinion in paragraph 6, as to matters involving the application of the laws of states other than the State of New Jersey, I have, with your approval, relied upon opinions of other counsel that have been furnished to you herewith; I believe that such opinions are satisfactory and that you are justified in relying thereon.

The opinions set forth above are solely for the benefit of the addressees hereof in connection with the Bond Purchase Agreement and the transactions contemplated thereunder and may not be relied upon in any manner by any other person or for any other purpose without my prior written consent, except that Reid & Priest LLP and Winthrop, Stimson, Putnam & Roberts may rely upon this opinion as to all matters of New Jersey law in rendering their opinions of even date herewith.

Very truly yours,

[LETTERHEAD OF REID & PRIEST LLP]

June __, 1996

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Re: \$39,000,000 principal amount of New Jersey
Economic Development Authority Gas Facilities
Revenue Bonds, 1996 Series A (NUI Corporation Project)

Ladies and Gentlemen:

We, together with James R. Van Horn, General Counsel and Secretary of NUI Corporation (the "Company"), have acted as counsel to the Company in connection with the issuance and sale by the New Jersey Economic Development Authority (the "Issuer") of \$39,000,000 principal amount of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds"), to you under a Bond Purchase Agreement, dated June __, 1996, between the Issuer, the Company and you (the "Bond Purchase Agreement"). This opinion is rendered to you at the request of the Company.

In our capacity as such counsel, we have either participated in the preparation of, or have examined and are familiar with: (a) the Company's Amended and Restated Certificate of Incorporation and By-Laws, each as amended; (b) the Indenture; (c) the Loan Agreement; (d) the Liquidity Facility; (e) the Bond Insurance Policy; (f) the Remarketing Agreement; (g) the Tax Regulatory Agreement; and (h) the proceedings before the BPU relating to the proposed transaction. We have also examined such other documents and have satisfied ourselves as to such other matters as we have deemed necessary in order to render this opinion. We have also participated in the preparation of, or have examined and are familiar with, the official statement, dated June __, 1996, including the appendices thereto and the documents incorporated by reference therein, relating to the Bonds (the "Official Statement"). We have not examined the Bonds, except a specimen thereof, and we have relied upon a certificate of the Trustee as to the execution and authentication thereof. Capitalized terms used herein but not defined herein have the meanings set forth in the Bond Purchase Agreement.

Subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

1. The Loan Agreement, the Tax Regulatory Agreement and the Liquidity Facility have been duly authorized, executed and delivered by the Company and (assuming they are valid and legally binding obligations of the other parties thereto) are valid and legally binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other laws affecting the enforcement of creditors' rights and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).
2. The Bond Purchase Agreement and the Remarketing Agreement have been duly authorized, executed and delivered by the Company.
3. The offer and sale of the Bonds do not require registration of any security under the Securities Act, and the Indenture is not required to be qualified under the Trust Indenture Act.
4. The statements contained in the Official Statement under the headings ["The Bonds", "The Loan Agreement", "The Standby Bond Purchase Agreement" and "The Indenture"], insofar as such statements summarize the provisions of the documents referred to therein, accurately and fairly present the information purported to be shown.

While we have, for purposes of this opinion, examined and are familiar with the Official Statement, we necessarily assume the correctness and completeness of the statements made or furnished by the Company and information included in the Official Statement and take no responsibility therefor except as set forth in paragraph 4 above. In the course of preparation of the Official Statement, we had conferences with certain officers, employees and representatives of the Company, with other counsel for the Company, with Bond Counsel, with your representatives and counsel and with the independent certified public accountants of the Company who examined certain of the financial statements included, or incorporated by reference, in the Official Statement. Our examination of the Official Statement and our discussions in the above-mentioned conferences did not disclose to us any information that gives us reason to believe that the Official Statement at the date hereof (except the information contained therein under the captions ["The Authority", "The Project" and "Tax Exemption"] and in Appendix B, Appendix C and Appendix D and other than the financial statements and other financial and statistical data included, or incorporated by reference, therein, as to all of which we express no opinion herein) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We are members of the New York Bar and do not hold ourselves out as experts on the laws of any other state. Accordingly, as to matters involving the laws of New Jersey, we have relied upon the opinion of James R. Van Horn, General Counsel and Secretary of the Company. We have not examined into and are not passing upon matters relating to the incorporation of the Company. In rendering the opinion in paragraph 3, we have, with your approval, relied upon an opinion of even date herewith of Bond Counsel, that, to the extent stated therein, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes.

EXHIBIT F

[LETTERHEAD OF WINTHROP, STIMSON--COUNSEL FOR THE UNDERWRITER]

June __, 1996

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Ladies and Gentlemen:

We have acted as counsel for you, as Underwriter and as Remarketing Agent, in connection with your purchase, as Underwriter, from the New Jersey Economic Development Authority (the "Authority") of \$39,000,000 principal amount of the Authority's Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds"), pursuant to the Bond Purchase Agreement, dated June __, 1996, among the Authority, NUI Corporation (the "Company") and you (the "Bond Purchase Agreement"). We have examined the documents delivered at the Closing and such other documents and certificates, and have conducted such further investigation, as we deemed necessary to enable us to express this opinion. We have not examined the Bonds, except a specimen thereof, and have relied upon a certificate of First Union National Bank, as trustee (the "Trustee") under a Trust Indenture dated as of June 1, 1996 between the Authority and the Trustee (the "Indenture"), as to the due authentication and delivery thereof. Capitalized terms used herein and not otherwise defined herein have the meanings assigned thereto in the Bond Purchase Agreement.

We are members of the New York bar and, for purposes of this opinion, do not hold ourselves out as experts on the laws of any jurisdiction other than the State of New York and the United States of America. We have, with your consent, relied upon an opinion of even date herewith addressed to you by James R. Van Horn, General Counsel and Secretary of the Company as to all matters of New Jersey law related to this opinion.

With respect to the opinion expressed in paragraph (1) below, we have assumed the correctness of the opinions of even date herewith addressed to you by Wolff & Samson, P.A. that interest on the Bonds, to the extent stated therein, will be excluded from the gross income of the owners thereof for federal income tax purposes. We have reviewed said opinion and believe that it is satisfactory. As to various questions of fact material to this opinion, we have relied upon representations of the Company and statements in the Official Statement under the headings ["The Bonds", "Description of the Bond Insurance Policy", "The Standby Purchase Agreement", "The Loan Agreement", "The Tax Regulatory Agreement" and "The Indenture"].

The opinion set forth above is solely for the benefit of the addressees of this letter in connection with the Bond Purchase Agreement and the transactions contemplated thereunder, and may not be relied upon in any manner by any other person or for any other purpose without our prior written consent, except that James R. Van Horn, General Counsel and Secretary of the Company, may rely upon this opinion as to all matters of New York law in rendering her opinion of even date herewith.

Very truly yours,

REID & PRIEST LLP

Subject to the foregoing and to the further exceptions and qualifications set forth below, we are of the opinion that:

1. The Bonds constitute exempted securities within the contemplation of the Securities Act, and it is not necessary in connection with the offering, sale and delivery of the Bonds to register the Bonds under the Securities Act or to qualify the Indenture under the Trust Indenture Act.
2. The statements made in the Official Statement under ["The Loan Agreement" and "The Standby Bond Purchase Agreement"] insofar as they purport to constitute summaries of the terms of the documents referred to therein constitute accurate summaries of the terms of the documents in all material respects.
3. The Loan Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding instrument of the Company enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or other similar laws affecting enforcement of creditors' rights and general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law).
4. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Company.

While we have, for purposes of this opinion, examined and are familiar with the Official Statement, we necessarily assume the correctness and completeness of the statements made or furnished by the Company and information included, or incorporated by reference, in the Official Statement and take no responsibility therefor, except as set forth in paragraph 2 above or insofar as such statements relate to us. We did not participate in the preparation of any of the documents incorporated by reference in the Official Statement or Appendix A thereto (the "Incorporated Documents"). In the course of the preparation of the Official Statement (excluding the Incorporated Documents), we had conferences with certain officers, employees and representatives of the Company, with the independent certified public accountants of the Company who examined certain of the financial statements included, or incorporated by reference, in the Official Statement or Appendix A thereto, with your representatives, with counsel for the Company and with Bond Counsel. Our examination of the Official Statement and our discussions in the above-mentioned conferences did not disclose to us any information which gives us reason to believe that the Official Statement (other than the information contained therein under the headings ["The Authority", "The Project", "Tax Exemption"] and in Appendix B, Appendix C and Appendix D thereto and other than the financial statements and other financial and statistical data included, or incorporated by reference, therein as to all of which we express no opinion), on the date it was issued, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is solely for your benefit in connection with the Bond Purchase Agreement and the transactions contemplated thereunder and may not be relied upon by any other person or for any other purpose without our prior written consent.

Very truly yours,

Winthrop, Stimson, Putnam & Roberts

[LETTERHEAD OF AMBAC INDEMNITY CORPORATION]

June __, 1996

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

First Union National Bank,
as Trustee
765 Broad Street
Newark, New Jersey 07102

Ladies and Gentlemen:

This opinion has been requested of the undersigned, a Vice President and an Assistant General Counsel of AMBAC Indemnity Corporation, a Wisconsin stock insurance company ("AMBAC Indemnity"), in connection with the issuance by AMBAC Indemnity of a certain Municipal Bond Insurance Policy and endorsements thereto, effective as of the date hereof (the "Policy"), insuring \$39,000,000 in principal amount of the Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds") issued on the date hereof by the New Jersey Economic Development Authority (the "Issuer").

In connection with my opinion herein, I have examined the Policy, such statutes, documents and proceedings as I have considered necessary or appropriate in the circumstances to render the following opinion, including without limiting the generality of the foregoing, certain statements contained in the Official Statement of the Issuer dated June __, 1996, relating to the Bonds (the "Official Statement") under the heading ["Municipal Bond Insurance Policy"].

Based upon the foregoing and having regard to legal considerations I deem relevant, I am of the opinion that:

1. AMBAC Indemnity is a stock insurance company duly organized and validity existing under the laws of the State of Wisconsin and duly qualified to conduct an insurance business in the State of New Jersey.
2. AMBAC Indemnity has full corporate power and authority to execute and deliver the Policy and the Policy has been duly authorized, executed and delivered by

EXHIBIT G

[LETTERHEAD OF WINTHROP, STIMSON--COUNSEL TO THE BANK]

#20138925.4

AMBAC Indemnity and constitutes a legal, valid and binding obligation of AMBAC Indemnity enforceable in accordance with its terms except to the extent that the enforceability (but not the validity) of such obligation may be limited by any applicable bankruptcy, insolvency, liquidation, rehabilitation or other similar law or enactment now or hereafter enacted affecting the enforcement of creditors' rights.

3. The execution and delivery by AMBAC Indemnity of the Policy will not, and the consummation of the transactions contemplated thereby and the satisfaction of the terms thereof will not, conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or By-Laws of AMBAC Indemnity, or any restriction contained in any contract, agreement or instrument to which AMBAC Indemnity is a party or by which it is bound or constitute a default under any of the foregoing.

4. Proceedings legally required for the issuance of the Policy have been taken by AMBAC Indemnity and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

5. The statements contained in the Official Statement under the heading ["The Bond Insurance Policy"] insofar as such statements constitute summaries of the matters referred to therein, accurately reflect and fairly present the information purported to be shown and, insofar as such statements describe AMBAC Indemnity, fairly and accurately describe AMBAC Indemnity.

6. The form of Policy contained in Appendix B to the Official Statement is a true and complete copy of the form of Policy.

The opinions expressed herein are solely for your benefit, and may not be relied upon by any other person.

Very truly yours,

Vice President and Assistant General Counsel

EXECUTION COPY

\$39,448,767

STANDBY BOND PURCHASE AGREEMENT

Dated as of June 12, 1996

among

NUI CORPORATION,

THE BANKS PARTY HERETO

and

THE BANK OF NEW YORK,
as Agent

Relating to \$39,000,000
New Jersey Economic Development Authority
Gas Facilities Revenue Bonds, 1996 Series A
(NUI Corporation Project)

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STANDBY BOND PURCHASE AGREEMENT

This STANDBY BOND PURCHASE AGREEMENT, dated as of June 12, 1996, among NUI CORPORATION, a New Jersey corporation (the "Company"), THE BANKS PARTY HERETO, and THE BANK OF NEW YORK, as Agent.

WITNESSETH:

WHEREAS, pursuant to the Indenture (such term and all other capitalized terms used in these recitals having the meanings set forth or referred to in Section 1.01), the Issuer is issuing the Bonds for purposes of making a loan to the Company to finance a portion of the costs of the Project;

WHEREAS, the payment of the principal of and interest (at a rate per annum not in excess of 18%) on the Bonds (including Unremarketed Bonds purchased by the Banks pursuant to this Agreement) is to be insured by the Bond Insurance Policy to be issued by the Bond Insurer for the benefit of the holders from time to time of the Bonds (including the Banks); and

WHEREAS, in order to provide liquidity support for the Bonds, the Company has requested the Banks, severally and not jointly and severally, to agree, subject to the terms and conditions of this Agreement, to purchase Unremarketed Bonds from time to time;

NOW, THEREFORE, in consideration of the premises, and in order to induce the Banks to purchase Unremarketed Bonds from time to time, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01. Certain Defined Terms. The following terms, as used herein, have the following meanings:

"Adjusted London Interbank Offered Rate" has the meaning specified in Section 2.05(b).

"Administrative Questionnaire" means, with respect to each Bank, the administrative questionnaire in the form submitted to such Bank by the Agent and submitted to the Agent duly completed by such Bank.

"Agent" means The Bank of New York, in its capacity as agent for the Banks under this Agreement, or any successor thereto appointed in accordance with Section 8.09.

"Agreement" means this Standby Bond Purchase Agreement, dated as of June 12, 1996, among the Company, the Banks and the Agent, as amended from time to time.

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Domestic Disbursements, its Domestic Lending Office and (ii) in the case of its Euro-Dollar Disbursements, its Euro-Dollar Lending Office.

"Applicable Margin" has the meaning specified in Section 2.05(b).

"Assignee" has the meaning specified in Section 9.07(c).

"Available Interest Commitment" means, as to any Bank, initially the amount set forth on the signature pages hereto as the "Initial Available Interest Commitment" for such Bank, which amount is equal to 35 days of accrued interest on such Bank's Percentage Share of the aggregate principal amount of the Bonds, calculated at the rate of 12% per annum and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable, and thereafter shall mean such initial amount as adjusted automatically (without any necessity for confirmation or notice by the Agent or any Bank) from time to time as follows: (i) simultaneously with any decrease in the Available Principal Commitment of such Bank, downward to an amount equal to 35 days of accrued interest on the Available Principal Commitment of such Bank as in effect after taking into account such decrease, calculated at the rate of 12% per annum and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable; and (ii) simultaneously with any increase in the Available Principal Commitment of such Bank, upward to an amount equal to 35 days of accrued interest on the Available Principal Commitment of such Bank as in effect after taking into account such increase, calculated at the rate of 12% per annum and on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable.

"Available Principal Commitment" means, as to any Bank, initially the amount set forth on the signature pages hereto as the "Initial Available Principal Commitment" for such Bank, which amount is equal to such Bank's Percentage Share of the aggregate principal amount of the Bonds, and thereafter shall mean such initial amount as adjusted automatically (without any necessity for confirmation or notice by the Agent or any Bank) from time to time as follows: (i) upon receipt by the Agent of written notice given pursuant to Section 2.08(a), downward by an amount equal to such Bank's Percentage Share of the principal amount of Bonds that are redeemed, purchased and canceled, defeased or otherwise

retired, in any case, as set forth in such notice; (ii) upon the purchase by such Bank of any Unremarketed Bonds pursuant to Section 2.01, downward by an amount equal to the principal amount of Unremarketed Bonds that are so purchased by such Bank; (iii) upon the release of any Bank Bonds pursuant to Section 2.04, upward by an amount equal to such Bank's Percentage Share of the principal amount of such Bank Bonds released pursuant to said Section; and (iv) upon any assignment pursuant to Section 9.07(c) or 3.08, upward or downward as set forth in the related instrument of assignment and assumption entered into in accordance with such Section.

"Bank" means (i) each bank listed on the signature pages of this Agreement, (ii) each Assignee which becomes a Bank pursuant to Section 9.07(c), (iii) each substitute bank which becomes a Bank pursuant to Section 3.08, and (iv) the successors of each of the foregoing.

"Bank Information" has the meaning assigned to that term in Section 9.04(a).

"Bank Bond" means any Bond or portion thereof purchased by a Bank pursuant to Section 2.01 (it being understood that a Bond shall cease to be a Bank Bond only in the manner and at the time specified in Section 2.04).

"Bank Rate" means, as of any given date, with respect to each Bank Bond, that variable rate of interest (but not in excess of 18%) determined as of such date to be necessary to produce an amount equal to interest at the "Prime Rate" (as defined in the Indenture), or with respect to any overdue amount, the "Prime Rate" (as so defined) plus two percent (2%), calculated on (i) the principal amount of such Bank Bond plus (ii) to the extent permitted by law, the amount of accrued interest paid by the Banks to purchase such Bank Bond, until such principal and accrued interest have been paid to the Banks.

"Base Rate" means, for any day, an interest rate per annum equal to, at the option of the Company, either (i) the Prime Rate in effect for such day, or (ii) the sum of the Federal Funds Rate in effect for such day plus 0.50%.

"Board of Directors" means the Board of Directors of the Company or any duly authorized committee thereof.

"Bond Documents" means the Bonds, the Loan Agreement, and the Indenture.

"Bond Insurance Policy" means the municipal bond insurance policy issued by the Bond Insurer (including any riders and endorsements thereto) with respect to the Bonds.

"Bond Insurer" means (a) AMBAC Indemnity Corporation, a Wisconsin-domiciled stock insurance company, and (b) any other

insurance or indemnity company or other type of financial institution that either replaces AMBAC Indemnity Corporation as "Bond Insurer" under and as defined in the Indenture or is provided as an additional "Bond Insurer" under and as defined in the Indenture, in any case with consent of the Company and all of the Banks.

"Bond Insurer Event of Insolvency" means the occurrence and continuance of one or more of the following events: (a) the issuance of an order of rehabilitation, liquidation or dissolution of the Bond Insurer; (b) the commencement by the Bond Insurer of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for itself or any substantial part of its property; (c) the consent of the Bond Insurer to or the acquiescence by the Bond Insurer in any case or proceeding described in the preceding clause (b) that is commenced against it; (d) the making by the Bond Insurer of a general assignment for the benefit of creditors; (e) the failure of the Bond Insurer or the admission by the Bond Insurer in writing of its inability to generally pay its debts or claims as they become due; (f) the initiation by the Bond Insurer of any actions to authorize any of the foregoing; (g) the commencement of an involuntary case or other proceeding against the Bond Insurer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case remaining undismissed and unstayed for a period of 60 days; or (h) the entering of an order for relief against the Bond Insurer under the federal bankruptcy laws as now or hereafter in effect.

"Bond Insurer Potential Insolvency" means any event or condition which would become a Bond Insurer Event of Insolvency under clause (g) of the definition thereof after the lapse of the 60-day period referred to in such clause (g).

"Bonds" means the New Jersey Economic Development Authority Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project), issued and secured under the Indenture in the aggregate original principal amount of \$39,000,000. The term "Bonds" means and includes Unremarketed Bonds.

"Closing Date" means June 12, 1996.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Combined Available Commitment" means, as to any Bank, on any date, an amount equal to the sum of (i) the Available Principal Commitment of such Bank as in effect on such date, and (ii) the Available Interest Commitment of such Bank as in effect on such date.

"Commitment Termination Date" has the meaning assigned to that term in Section 2.09(a).

"Company" means NUI Corporation, a New Jersey corporation.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Disbursement" means a disbursement made by a Bank of its Percentage Share of the Purchase Price of Unremarketed Bonds purchased on any Purchase Date pursuant to Section 2.01. Each Disbursement consists of a Principal Disbursement and, if the Purchase Price of the Unremarketed Bonds being purchased includes accrued interest thereon, an Interest Disbursement.

"Disbursement Group" or "Group" means at any time a group of Disbursements consisting of (i) all Disbursements which are Domestic Disbursements at such time or (ii) all Disbursements which are Euro-Dollar Disbursements having the same Interest Period at such time; provided that if a Disbursement of any particular Bank is converted to or made as a Domestic Disbursement pursuant to Section 2.12(b) or 2.12(c), such Disbursement shall be included in the same Disbursement Group from time to time as it would have been in if it had not been so converted or made.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

"Domestic Disbursement" means a Disbursement which, pursuant to Section 2.06 or Section 2.12, bears interest at a rate of interest determined on the basis of the Base Rate in accordance with Section 2.05(a).

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Company and the Agent.

"DTC" means The Depository Trust Company and its successors and assigns in the capacity contemplated therefor with respect to the Bonds pursuant to the Indenture.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is a member of a group of (i) organizations described in Section 414(b) or (c) of the Code and (ii) solely for purposes of potential liability under Section 412(c)(ii) of the Code and the Lien created under Section 412(n) of the Code, organizations described in Section 414(m) or (o) of the Code of which the Company is a member.

"ERISA Termination Event" means, with respect to any Plan, (a) any Reportable Event with respect to such Plan, (b) the termination of such Plan, or the filing of notice of intent to terminate such Plan, or the treatment of any amendment to such Plan as a termination under ERISA Section 4041(c), the institution of proceedings to terminate such Plan under ERISA Section 4042 or (d) the appointment of a trustee to administer such Plan under ERISA Section 4042.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in the London interbank market.

"Euro-Dollar Disbursement" means a Disbursement which, pursuant to Section 2.06 or Section 2.12, bears interest at a rate of interest on the basis of an Adjusted London Interbank Offered Rate determined in accordance with Section 2.05(b).

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Company and the Agent.

"Euro-Dollar Reserve Percentage" has the meaning set forth in Section 2.05(b).

"Event of Default" has the meaning set forth in Section 7.01.

"Event of Termination" has the meaning set forth in Section 7.02(b).

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such

day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to The Bank of New York on such day on such transactions as determined by the Agent.

"Financial Officer" of any corporation means the chief financial officer, principal accounting officer, treasurer, associate or assistant treasurer, or any responsible officer designated by one of the foregoing persons, of such corporation.

"Governmental Authority" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Indebtedness" of any corporation means all indebtedness representing money borrowed which is created, assumed, incurred or guaranteed in any manner by such corporation or for which such corporation is responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise).

"Indenture" means the Trust Indenture, dated as of June 1, 1996, between the Issuer and the Trustee, as amended or supplemented from time to time.

"Interest Disbursement" means a disbursement made by a Bank of its Percentage Share of the portion, if any, of the Purchase Price of Unremarketed Bonds purchased on any Purchase Date that corresponds to the accrued and unpaid interest on such Unremarketed Bonds at such date.

"Interest Payment Date" means the first day of each month.

"Interest Period" means, with respect to each Euro-Dollar Disbursement, a period commencing on the date specified in the applicable Notice of Interest Rate Election and ending one, two, three or six months thereafter, as the Company may elect in the applicable Notice of Interest Rate Election; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day; and

(b) any Interest Period that begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the

calendar month at the end of such Interest Period) shall, subject to the provisions of paragraph (c) of this proviso, end on the last Euro-Dollar Business Day of a calendar month.

"Investment" means any investment in any Person, whether by means of share purchase, capital contribution, loan, time deposit or otherwise.

"Issuer" means New Jersey Economic Development Authority.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, any Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan Agreement" means the Loan Agreement, dated as of June 1, 1996, between the Issuer and the Company, as amended from time to time.

"London Interbank Offered Rate" has the meaning set forth in Section 2.05(b).

"Margin Regulations" means Regulations G, T, U and X of the Board of Governors of the Federal Reserve System as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Moody's" means Moody's Investors Service, Inc.

"Moody's Rating" means the higher of the rating of (i) the Company's senior unsecured debt, (ii) the Bond Insurer's long-term debt or (iii) the Bond Insurer's claims-paying ability, each as most recently announced by Moody's.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Notice of Interest Rate Election" has the meaning set forth in Section 2.06.

"Offering Circular" means any offering circular or other document (whether preliminary or final) used in connection with the offering and sale or the re-offering and re-sale or remarketing of the Bonds (including, without limitation, the Preliminary Official Statement and the Official Statement).

"Official Statement" means the Official Statement, dated June 11, 1996, of the Issuer relating to the Bonds and any amendments thereto or supplements thereof.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning assigned thereto in Section 9.07(b).

"Paying Agent" means First Union National Bank or any successor paying agent appointed in accordance with the Indenture.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Percentage Share" means, with respect to any Bank, the percentage of the Total Combined Available Commitments which is represented by such Bank's Combined Available Commitment (which percentage initially shall be set forth on the signature pages attached hereto).

"Person" or "person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA that is maintained for current or former employees, or any beneficiary thereof, of the Company or any ERISA Affiliate.

"Preliminary Official Statement" means the Preliminary Official Statement, dated June 6, 1996, of the Issuer relating to the Bonds and any amendments thereto or supplements thereof.

"Prime Rate" means the rate of interest publicly announced by The Bank of New York in New York City from time to time as its prime commercial lending rate (which rate is a reference rate and not necessarily the lowest rate of interest charged by The Bank of New York to its prime customers).

"Principal Disbursement" means a disbursement made by a Bank of its Percentage Share of the portion of the Purchase Price of Unremarketed Bonds purchased on any Purchase Date that corresponds to the principal of such Unremarketed Bonds.

"Project" shall have the meaning ascribed to such term in the Indenture.

"Purchase Certificate" has the meaning assigned to that term in Section 4.03(a)(i).

"Purchase Contract" means the Bond Purchase Agreement, dated June 11, 1996 among the Issuer, the Company and the Underwriter.

"Purchase Date" means each date fixed for the purchase of Bonds by the Banks in accordance with the terms of the Indenture.

"Purchase Price" has the meaning assigned to that term in Section 2.01.

"Reference Bank" means the principal London office of The Bank of New York.

"Related Document" or "Related Documents" means, individually or collectively, as the case may be, any or all of the Bond Documents, the Bond Insurance Policy, the Remarketing Agreement and the Purchase Contract.

"Remarketing Agent" means Morgan Stanley & Co. Incorporated, as Remarketing Agent for the Bonds, and any successor thereto appointed in accordance herewith and with the Indenture and the Remarketing Agreement.

"Remarketing Agreement" means the Remarketing Agreement, dated as of June 12, 1996 between the Company and the Remarketing Agent, or any successor remarketing agreement entered into in connection with the Bonds in accordance herewith and with the Indenture.

"Reportable Event" means any reportable as defined in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Banks" means Banks holding in the aggregate 66-2/3% or more of the aggregate principal amount of Unremarketed Bonds or, if no Unremarketed Bonds are held by the Banks, Banks whose Combined Available Commitments comprise 66-2/3% or more of the Total Combined Available Commitments.

"Responsible Officer" of any corporation means any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"S&P" means Standard & Poor's (a division of The McGraw-Hill Companies).

"S&P Rating" means the higher of the rating of (i) the Company's senior unsecured debt, (ii) the Bond Insurer's long-term debt or (iii) the Bond Insurer's claims-paying ability, each as most recently announced by S&P.

"Significant Subsidiary" means, at any time, a Subsidiary that would constitute a "significant subsidiary", as such term is defined in Regulation S-X of the Securities and Exchange Commission (17 CFR Part 210), at such time.

"Stated Expiration Date" means June 12, 2001, or such later date to which the Stated Expiration Date shall have been extended pursuant to Section 2.10 (or if such day is not a Domestic Business Day, the next succeeding Domestic Business Day). For the avoidance of doubt, the Commitments and the obligations of the Banks to purchase Unremarketed Bonds shall automatically terminate without notice to any Person pursuant to Section 7.02(b) upon the occurrence of a Bond Insurer Event of Insolvency.

"Subsidiary" means any corporation or other entity of which securities or other ownership interests having ordinary voting (or the equivalent thereof) power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

"Substantial" means an amount in excess of 10% of the consolidated assets of the Company and its Consolidated Subsidiaries taken as a whole.

"Term Period Commencement Date" means (a) with respect to any Disbursement made prior to the date, if any, on which the maturity of the Bonds shall be accelerated in accordance with the terms of the Bond Documents, the earliest of (i) the first anniversary of the Purchase Date on which such Disbursement was made, (ii) such date of acceleration and (iii) the Commitment Termination Date and (b) with respect to any Disbursement made on or after the date of such acceleration, the Purchase Date on which such Disbursement was made.

"Total Combined Available Commitments" means the sum of the Combined Available Commitments of all of the Banks.

"Trustee" means First Union National Bank or any successor trustee appointed in accordance with the Indenture.

"Underwriter" means Morgan Stanley & Co. Incorporated as the initial purchaser of the Bonds under the Purchase Contract.

"United States" means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

"Unremarketed Bonds" means Bonds which are tendered and/or deemed tendered for purchase pursuant to the provisions of the Indenture and which have not been remarketed by the Remarketing Agent.

"Wholly-Owned Subsidiary" means any Consolidated Subsidiary all the shares of common stock and other voting capital stock or other voting ownership interests having ordinary voting power to vote in the election of the board of directors or other governing body performing similar functions (except directors' qualifying shares) of which are at the time directly or indirectly owned by the Company or, in the case of a business trust, in which the Company owns all of the common interests.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. Accounting Terms and Determinations. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles as in effect from time to time; provided, however, that for purposes of determining compliance with any covenant set forth in Article VI, such terms shall be construed in accordance with generally accepted accounting principles as in effect on the date hereof applied on a basis consistent with the application used in preparing the Company's audited financial statements referred to in Section 5.01(e).

Section 1.03. Basis for Ratings. Except with respect to the ratings assigned to the Bonds or the Bond Insurer's claims-paying ability, references herein to credit ratings are to ratings assigned to unsecured obligations without third party credit support. Except as aforesaid, ratings assigned to any obligation that is secured or that has the benefit of third party credit support shall be disregarded. For purposes hereof, the rating in effect on any date is that in effect on the close of business on such date.

ARTICLE II.

TERMS OF THE COMMITMENT TO PURCHASE UNREMARKETED BONDS

Section 2.01. Commitment of the Banks to Purchase Unremarketed Bonds. Subject to the terms and conditions of this Agreement (including, without limitation, the conditions precedent set forth in Section 4.03), each Bank severally agrees to purchase Unremarketed Bonds from time to time prior to the Commitment Termination Date, not later than 2:00 p.m. (New York City time) on each Purchase Date for such Unremarketed Bonds, at

a price (the "Purchase Price") equal to the principal amount thereof plus (if the Purchase Date is not a day on which interest is payable on such Unremarketed Bonds) accrued and unpaid interest thereon to such Purchase Date; provided, however, that the Purchase Price payable by each Bank on such Purchase Date shall not exceed (a) with respect to the portion of such Purchase Price corresponding to principal, the lesser of (i) the Available Principal Commitment of such Bank as in effect on such Purchase Date, or (ii) such Bank's Percentage Share of the aggregate principal amount of Unremarketed Bonds being purchased by the Banks on such Purchase Date, and (b) with respect to the portion of such Purchase Price corresponding to interest, the lesser of (i) the Available Interest Commitment of such Bank as in effect on such Purchase Date, or (ii) such Bank's Percentage Share of the aggregate amount of interest accrued and unpaid on such Unremarketed Bonds on such Purchase Date; and provided further, however, that the Company agrees that Unremarketed Bonds which are held by or for the account of the Company, any affiliate of the Company or any broker-dealer holding Unremarketed Bonds pursuant to an arrangement with the Company shall not be purchased by the Banks hereunder. The obligations of the Banks to purchase Unremarketed Bonds pursuant to this Agreement are several and not joint and several. No Bank shall be liable for the failure of any other Bank to purchase Unremarketed Bonds pursuant to this Agreement. The failure of any Bank to purchase Unremarketed Bonds pursuant to this Agreement shall not excuse the several obligations of the other Banks to purchase Unremarketed Bonds pursuant to this Agreement. Each Bank agrees that it shall use its own funds to pay all amounts in respect of the Purchase Price of Unremarketed Bonds and that in no event shall funds or property of the Company be used to purchase any Unremarketed Bonds.

Section 2.02. Method of Purchase of Unremarketed Bonds. In connection with each purchase by a Bank of Unremarketed Bonds pursuant to this Agreement, such Bank will wire transfer immediately available funds in the amount of the Purchase Price to the Paying Agent. Any amount disbursed by the Banks on a Purchase Date to pay the Purchase Price of Unremarketed Bonds which is not used (or deemed used) for such purpose on such Purchase Date shall be repaid to the Agent for the account of the Banks (either (i) in proportion to their respective Percentage Shares or (ii) as otherwise specified by the Agent in the event any Bank shall not have disbursed in full the amount of such Bank's Purchase Price) in immediately available funds and such amount shall not be included as part of the Disbursements made by the Banks on such date. If such amount is not repaid to the Agent for the account of the Banks on such Purchase Date, the Company shall pay, or cause to be paid, to the Agent for the account of the Banks interest on such amount at the Base Rate for each day until the Banks are repaid in full with respect to such amount.

Section 2.03. Bank Bonds. (a) Subject to the second sentence of Section 2.02 hereof, upon a Bank having paid to the Paying Agent its Percentage Share of the Purchase Price of Unremarketed Bonds in accordance with the Purchase Certificate relating thereto, such Bank shall be deemed to have purchased a principal amount of the Unremarketed Bonds equal to such Bank's Percentage Share of the aggregate principal amount of the Unremarketed Bonds specified in such Purchase Certificate and such Bonds shall be held for the proportionate benefit of the Banks as provided in Section 4.03(b).

(b) Neither the Agent nor any Bank shall have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee or the Paying Agent which results in the failure of the Trustee or the Paying Agent (i) to credit the appropriate account with funds made available by any Bank pursuant to this Agreement or (ii) to effect the purchase for the account of the Banks of Unremarketed Bonds with such funds pursuant to this Agreement.

(c) Unremarketed Bonds purchased by the Banks pursuant to Section 2.01 shall constitute Bank Bonds and shall bear interest on the unpaid principal amount thereof, payable monthly in arrears on each Interest Payment Date (or, in the event that the maturity of the Bonds shall have been accelerated in accordance with the terms of the Bond Documents, payable on demand by the Agent or any Bank), at the Bank Rate until such Bonds cease to be Bank Bonds in the manner and at the time specified in Section 2.04.

(d) Payments in respect of principal (including premium, if any) and interest received by the Agent in respect of any Bank Bonds (whether at maturity, upon redemption or acceleration, or otherwise, including payments made with the proceeds of the Bond Insurance Policy and amounts received upon the remarketing of such Bank Bonds or the sale thereof pursuant to Section 6.06) shall be applied (and to the extent that the Disbursements are not then due and payable, the Disbursements shall be prepaid) as follows:

(i) Payments in respect of principal (including premium, if any) shall be applied to the ratable repayment (or prepayment) of the Principal Disbursements made by the Banks to purchase the principal amount of such Bank Bonds.

(ii) Payments in respect of interest that was accrued on such Bonds when they were purchased by the Banks shall be applied to the ratable repayment (or prepayment) of the Interest Disbursements made by the Banks with respect to such accrued interest.

(iii) Payments in respect of interest that accrued at the Bank Rate after such Bonds became Bank Bonds shall be applied in the following order of priorities: first, to the

ratable payment of interest on the Disbursements that is due and unpaid hereunder, second, to the payment of due and unpaid fees payable to the Agent pursuant to Section 8.13 or the Banks pursuant to Section 2.07 and third, to the Company (or if such payment shall have been made by the Bond Insurer pursuant to the Bond Insurance Policy, to the Bond Insurer).

(e) The Company shall receive a credit against its obligation to make any payment hereunder if and to the extent that amounts paid in respect of the Bank Bonds are applied to such payment in accordance with Section 2.03(d), and such obligation shall be discharged to such extent; provided that in the event that all or part of any such amount is recovered from any Bank as a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law, such obligation shall be reinstated as though such amount had not been paid.

Section 2.04. Remarketing of Bank Bonds. No Bank Bonds shall be remarketed after the Commitment Termination Date or the date, if any, on which the maturity of the Bonds shall have been accelerated in accordance with the terms of the Bond Documents unless the purchaser of such Bonds shall have acknowledged, in a manner reasonably satisfactory to the Agent, that the Available Principal Commitments and the Available Interest Commitments of the Banks have terminated and that such Bonds shall not be entitled to the benefits of this Agreement. Without limiting the foregoing, upon receipt by the Agent of:

(i) telephonic notice given by the Remarketing Agent pursuant to Section 3.08(a) (i) of the Indenture of the remarketing of any Bank Bonds or notice by the Company of the proposed purchase by it of any Bank Bonds (which notices shall be promptly confirmed in writing and shall state the principal amount of Bank Bonds to be remarketed or purchased),

(ii) an amount equal to the sums required to be paid to the Agent for the account of each Bank pursuant to Section 2.11 in respect of the repayment of each Disbursement (each such Disbursement being referred to for purposes of this Section 2.04 as a "Related Disbursement") made by the Banks to pay the Purchase Price of such Bank Bonds (when such Bank Bonds constituted Unremarketed Bonds), together with interest thereon as provided in Section 2.11(d), and

(iii) in the event that any such Bank Bonds are being remarketed (other than pursuant to the first sentence of this Section 2.04) or purchased on a date that is after the Term Period Commencement Date with respect to the Related Disbursement made with respect to such Bonds, written consent of the Banks (which consent shall be in the sole discretion of the Banks) with respect to the increase in

Available Principal Commitments and Available Interest
Commitments of the Banks described below,

then the Agent on behalf of each Bank shall promptly notify the Paying Agent pursuant to Section 3.01(i) of the Indenture that (A) the Paying Agent may release, or cause to be promptly released, such Bank Bonds for transfer in connection with such remarketing or purchase and (B) upon such release, such Bank Bonds shall cease to constitute Bank Bonds and, except in the event of a remarketing pursuant to the first sentence of this Section 2.04, each Bank's Available Principal Commitment and Available Interest Commitment shall be increased to cover such released Bonds in accordance with the definitions of such terms set forth in Section 1.01. For purposes of determining which Bank Bonds have been remarketed or purchased by the Company on any date, it shall be assumed that the Bank Bonds purchased by the Banks on each of the Purchase Dates that occurred prior to such date have been remarketed or purchased by the Company on a pro rata basis (determined by reference to the principal amount of such Bank Bonds on such date), and Bank Bonds purchased by the Banks on any such prior Purchase Date shall be released pursuant to this Section 2.04 on the same basis (until all Bank Bonds purchased by the Banks on such prior Purchase Date have been so released).

Section 2.05. Interest Rates. (a) Each Domestic Disbursement shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Disbursement is made until and excluding the date such Disbursement is required to be repaid hereunder, at a rate per annum equal to the Base Rate for such day. Such interest shall be payable by the Company monthly in arrears on each Interest Payment Date.

(b) Each Euro-Dollar Disbursement shall bear interest on the outstanding principal amount thereof, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Applicable Margin for such day plus the Adjusted London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable by the Company monthly in arrears on each Interest Payment Date.

"Applicable Margin" means, with respect to any Euro-Dollar Disbursement on any date, (a) for any date occurring prior to the Term Period Commencement Date relating to such Disbursement, (i) if the S&P Rating is not lower than A and the Moody's Rating is not lower than A2, 0.250% per annum; (ii) if the S&P Rating is lower than A or the Moody's Rating is lower than A2, but the S&P Rating is not lower than BBB+ and the Moody's Rating is not lower than Baa1, 0.375% per annum; (iii) if the S&P Rating is lower than BBB+ or the Moody's Rating is lower than Baa1, but the S&P Rating is not lower than BBB- and the Moody's Rating is not lower than Baa3, 0.500% per annum; and (iv) if the S&P Rating is lower than BBB- or the Moody's Rating is

lower than Baa3, 0.750% per annum; and (b) for any date occurring on or after the Term Period Commencement Date relating to such Disbursement, the rate per annum that would otherwise be applicable pursuant to clause (a) above plus 0.50%.

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

The "London Interbank Offered Rate" applicable to any Interest Period means the rate per annum (rounded upward, if necessary, to the next higher 1/16 of 1%) at which deposits in dollars are offered to the Reference Bank in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Euro-Dollar Disbursement of the Reference Bank to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Disbursements is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(c) Any overdue principal of, or interest on, any Disbursement and any other amount due hereunder which is not paid when due, whether at stated maturity or otherwise, shall bear interest, payable on demand, from the date the same becomes due until such amount is paid in full, at a rate per annum equal to the sum of 2% plus the Base Rate as in effect from time to time.

(d) The Agent shall determine each interest rate applicable to the Disbursements hereunder. The Agent shall give prompt notice to the Company and the Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

(e) The Reference Bank agrees to use its best efforts to furnish quotations to the Agent as contemplated hereby. If

the Reference Bank does not furnish a timely quotation, the provisions of Section 2.12 shall apply.

Section 2.06. Method of Electing Interest Rates. (a) All Disbursements made by the Banks on any Purchase Date shall initially be Domestic Disbursements. Thereafter, the Company may from time to time elect to change or continue the type of interest rate borne by each Disbursement Group (subject in each case to the provisions of Section 2.12), as follows:

(i) if such Disbursements are Domestic Disbursements, the Company may elect to convert such Disbursements to Euro-Dollar Disbursements as of any Euro-Dollar Business Day; and

(ii) if such Disbursements are Euro-Dollar Disbursements, the Company may elect to convert such Disbursements to Domestic Disbursements or elect to continue such Disbursements as Euro-Dollar Disbursements for an additional Interest Period, in each case effective on the last day of the then current Interest Period applicable to such Disbursements.

Each such election shall be made by delivering a notice substantially in the form of Exhibit B hereto (a "Notice of Interest Rate Election") to the Agent, in the case of a conversion to Domestic Disbursements, on or prior to the Domestic Business Day of such conversion, and, in the case of conversion to or continuation of Euro-Dollar Disbursements, at least three Euro-Dollar Business Days, before the conversion or continuation selected in such notice is to be effective. A Notice of Interest Rate Election may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Disbursement Group; provided that (i) such portion is allocated ratably among the Disbursements comprising such Disbursement Group and (ii) the portion to which such Notice of Interest Rate Election applies, and the remaining portion to which it does not apply, are each at least \$3,000,000.

(b) Each Notice of Interest Rate Election shall specify:

(i) the Disbursement Group (or portion thereof) to which such notice applies;

(ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of subsection (a) above;

(iii) if the Disbursements comprising such Disbursement Group are to be converted, the new type of Disbursements (i.e. Domestic or Euro-Dollar) and, if such new Disbursements are Euro-Dollar Disbursements, the duration of the initial Interest Period applicable thereto; and

(iv) if such Disbursements are to be continued as Euro-Dollar Disbursements for an additional Interest Period, the duration of such additional Interest Period.

Each Interest Period specified in a Notice of Interest Rate Election shall comply with the provisions of the definition of Interest Period.

(c) Upon receipt of a Notice of Interest Rate Election from the Company pursuant to subsection (a) above, the Agent shall promptly notify each Bank of the contents thereof and such notice shall not thereafter be revocable by the Company. If the Company fails to deliver a timely Notice of Interest Rate Election to the Agent for any Group of Euro-Dollar Disbursements, such Disbursements shall be converted into Domestic Disbursements, on the last day of the then current Interest Period applicable thereto.

(d) Notwithstanding anything herein to the contrary, (i) the Company may not elect to convert a Domestic Disbursement to a Eurodollar Disbursement or continue a Eurodollar Disbursement as a Eurodollar Disbursement at any time that a Default shall have occurred and be continuing, and (ii) the Company shall convert and continue Disbursements in a manner such that no payment of Euro-Dollar Disbursements will have to be made prior to the last day of an applicable Interest Period in order to repay the Disbursements in the amounts and on the dates specified in Section 2.11(a).

Section 2.07. Fees.

(a) Commitment Fee. The Company shall pay to the Agent for the account of the Banks ratably (in proportion to their Percentage Shares) a commitment fee at a per annum rate for each day equal to the Commitment Fee Rate for such day on the Total Combined Available Commitments at the close of business on such day. Such commitment fee shall accrue from and including the Closing Date to but excluding the Commitment Termination Date (or earlier date of termination of the Total Combined Available Commitments in their entirety).

"Commitment Fee Rate" means, for any day, (i) if the S&P Rating is not lower than A and the Moody's Rating is not lower than A2, 0.135% per annum; (ii) if the S&P Rating is lower than A or the Moody's Rating is lower than A2, but the S&P Rating is not lower than BBB+ and the Moody's Rating is not lower than Baa1, 0.160% per annum; (iii) if the S&P Rating is lower than BBB+ or the Moody's Rating is lower than Baa1, but the S&P Rating is not lower than BBB- and the Moody's Rating is not lower than Baa3, 0.180% per annum and (iv) if the S&P Rating is lower than BBB- or the Moody's Rating is lower than Baa3, 0.200% per annum.

(b) Payments. Fees accrued under this Section shall be payable quarterly in arrears on each March 31, June 30,

September 30 and December 31 (commencing with June 30, 1996). If the Total Combined Available Commitments are reduced pursuant to Section 2.08 or terminated in their entirety pursuant to Section 2.09, all fees accrued under this Section to but excluding the effective date of such reduction or termination and with respect to the Total Combined Available Commitments (or portion thereof) being reduced or terminated shall be payable on such date.

Section 2.08. Reduction of Commitment. (a) In connection with a redemption, a purchase and cancellation, a defeasance, or any other retirement of any of the Bonds, the Company shall have the right permanently and irrevocably to reduce (including, without limitation, a reduction to zero), the Available Principal Commitment of each Bank by an amount equal to such Bank's Percentage Share of the principal amount of Bonds so redeemed, purchased and canceled, defeased, or otherwise retired, by giving to the Agent written notice of such reduction (which notice shall state the amount of such reduction and the date or dates of such redemption, purchase and cancellation, defeasance, or other retirement). Upon any such reduction described in this Section 2.08(a), the Available Interest Commitment of each Bank shall be reduced in accordance with the definition of such term set forth in Section 1.01. The Agent shall notify each Bank promptly of any reduction in the Commitments of the Banks pursuant to this Section 2.08(a).

(b) In connection with the purchase by a Bank of Unremarketed Bonds pursuant to this Agreement, the Available Principal Commitment of such Bank shall be automatically reduced by an amount equal to the principal amount of Unremarketed Bonds that are so purchased by such Bank (subject to reinstatement in the event of the release by such Bank of the related Bank Bonds pursuant to Section 2.04). Upon any such reduction (or reinstatement), the Available Interest Commitment of such Bank shall be reduced (or reinstated), in accordance with the definition of such term set forth in Section 1.01.

Section 2.09. Termination of Commitment. (a) Each Bank's commitment to purchase Unremarketed Bonds pursuant to the terms of this Agreement shall terminate at 5:00 P.M. (New York City time) on the earliest to occur of the following dates (the "Commitment Termination Date"): (i) the Stated Expiration Date, (ii) the date on which the Available Principal Commitment of such Bank is permanently and irrevocably reduced to zero in accordance with this Agreement upon the redemption, purchase and cancellation, defeasance or other retirement of all of the Bonds, (iii) the date on which, in accordance with the Indenture and Section 6.06 hereof, a substitute liquidity facility is substituted for the commitments of the Banks to purchase Unremarketed Bonds pursuant to this Agreement, (iv) the date on which an Event of Termination occurs or (v) the date of a termination by the Company pursuant to Section 2.09(b). As provided in Section 2.04, Bonds remarketed after the date, if any, on which the maturity of the Bonds shall have been

accelerated in accordance with the terms of the Bond Documents, shall not be entitled to the benefits of this Agreement.

(b) The Company shall have the right to terminate the commitments of all (but not less than all) of the Banks to purchase Unremarketed Bonds pursuant to this Agreement, at any time upon five days' written notice to the Agent, the Bond Insurer, the Trustee, the Paying Agent and the Remarketing Agent; provided, however, that in connection with any such termination the Company shall pay to the Agent and the Banks any and all amounts due and owing to the Agent and the Banks under this Agreement and there shall be purchased from the Banks all Bank Bonds, together with accrued interest.

Section 2.10. Extensions of Stated Expiration Date. The Stated Expiration Date may be extended, in the manner set forth in this Section 2.10, on June 12, 1999 and on each anniversary of such date (an "Extension Date") for a period of one year after the date on which the Stated Expiration Date would otherwise have occurred. If the Company wishes to request an extension of the Stated Expiration Date on any Extension Date, it shall give written notice to that effect to the Agent not less than 30 nor more than 45 days prior to such Extension Date, whereupon the Agent shall notify each of the Banks of such notice. Each Bank will use its best efforts to respond to such request, whether affirmatively or negatively, within 30 days. If all Banks respond affirmatively, then, subject to receipt by the Agent prior to such Extension Date of counterparts of an Extension Agreement in substantially the form of Exhibit C hereto duly completed and signed by all of the parties hereto, the Stated Expiration Date shall be extended, effective on such Extension Date, for a period of one year to the date stated in such Extension Agreement.

Section 2.11. Repayment and Prepayment of Disbursements.

(a) Scheduled Repayments. (i) Interest Disbursements. The Company shall pay in full the Interest Disbursements made on any Purchase Date with respect to accrued interest on Unremarketed Bonds on (i) in the case of any such Purchase Date occurring prior to the date, if any, on which the maturity of the Bonds shall have been accelerated in accordance with the terms of the Bond Documents, the earlier of (A) the first Interest Payment Date following such Purchase Date and (B) such date of acceleration and (ii) in the case of any such Purchase Date occurring on or after the date of such acceleration, such Purchase Date.

(ii) Principal Disbursements. The Company shall repay each Principal Disbursement in ten equal consecutive semi-annual installments payable commencing on the date falling six months after the Term Period Commencement Date with respect to such Principal Disbursement. If any Bank Bonds are remarketed or

purchased and released pursuant to Section 2.04 on a date that is on or after the Term Period Commencement Date with respect to the Principal Disbursement made by the Banks to purchase such Bank Bonds, the then remaining installments to be made pursuant to this Section 2.11(a)(ii) with respect to such Principal Disbursement (including any installment due on such date) shall be ratably reduced by an aggregate amount equal to the amount by which such Principal Disbursement was prepaid on such date pursuant to Section 2.11(c).

(b) Optional Prepayments. The Company may, at any time and from time to time, prepay the Disbursements in whole or in part, without premium or penalty, except that any optional partial prepayment shall be in an aggregate principal amount of \$1,000,000 or any integral multiple of \$100,000 in excess thereof. Any prepayment of Euro-dollar Disbursements made on a day other than the last day of the applicable Interest Periods therefor shall be accompanied by the amount, if any, required to be paid in respect thereof pursuant to Section 3.07. The Company shall give the Agent notice of each prepayment no later than 11:00 a.m. (New York time) on, in the case of a prepayment of Domestic Disbursements, the Domestic Business Day and, in the case of a prepayment of Euro-dollar Disbursements, the third Euro-dollar Business Day, before the date of such prepayment. Each such notice of prepayment shall be in the form of Exhibit D and shall specify (i) the date such prepayment is to be made and (ii) the amount and, in the case of Euro-dollar Disbursements, the last day of the applicable Interest Periods for the Disbursements to be prepaid. Upon receipt of any such notice, the Agent shall promptly notify each Bank of the contents thereof and the amount and, in the case of Euro-dollar Disbursements, the last day of the applicable Interest Periods for the Disbursements of such Bank to be prepaid. Amounts to be so prepaid shall irrevocably be due and payable on the date specified in the applicable notice of prepayment, together with interest thereon as provided in Section 2.05.

(c) Mandatory Prepayments. On each date, if any, that Bank Bonds are required to be redeemed pursuant to Section 3.07(e)(ii) of the Indenture, the Disbursements and all interest accrued thereon shall be prepaid in full. Without limiting the foregoing, on each date that any amount is paid in respect of any Bank Bonds, whether upon redemption or acceleration or otherwise, including any amount paid upon the remarketing of such Bank Bonds or the sale thereof in accordance with Section 6.06, the Disbursements shall be prepaid as and to the extent required by Section 2.03(d).

(d) Ratable Application. Each repayment or prepayment of Disbursements pursuant to this Section 2.11 shall be made together with all unpaid interest accrued thereon pursuant to Section 2.05 to but excluding the date of payment and shall be applied ratably to the Disbursements of the Banks being repaid or prepaid in proportion to their respective shares.

Section 2.12. Changes in Circumstances.

(a) Basis for Determining Interest Rate Inadequate or Unfair. If prior to the first day of any Interest Period for any Group of Euro-Dollar Disbursements:

(i) the Agent is advised by the Reference Bank that deposits in dollars (in the applicable amounts) are not being offered to the Reference Bank in the London interbank market for such Interest Period, or

(ii) Banks having 60% or more of the Total Combined Available Commitments advise the Agent that the Adjusted London Interbank Offered Rate as determined by the Agent will not adequately and fairly reflect the cost to such Banks of funding their Euro-Dollar Disbursements for such Interest Period,

the Agent shall forthwith give notice thereof to the Company and the Banks, whereupon until the Agent notifies the Company that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make or continue Euro-Dollar Disbursements or to convert outstanding Domestic Disbursements into Euro-Dollar Disbursements shall be suspended and each outstanding Euro-Dollar Disbursement shall be converted into a Domestic Disbursement on the last day of the then current Interest Period applicable thereto.

(b) Illegality. If, on or after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to make, maintain or fund its Euro-Dollar Disbursements and such Bank shall so notify the Agent, the Agent shall forthwith give notice thereof to the other Banks and the Company, whereupon until such Bank notifies the Company and the Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make or continue Euro-Dollar Disbursements or to convert outstanding Domestic Disbursements into Euro-Dollar Disbursements shall be suspended. Before giving any notice to the Agent pursuant to this Section, such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such notice is given, each Euro-Dollar Disbursement of such Bank then outstanding shall be converted to a Domestic Disbursement either (i) on the last day of the then current Interest Period applicable to such Euro-

Dollar Disbursement if such Bank may lawfully continue to maintain and fund such Disbursement as a Euro-Dollar Disbursement to such day or (ii) immediately if such Bank shall determine that it may not lawfully continue to maintain and fund such Disbursement as a Euro-Dollar Disbursement to such day.

(c) Domestic Disbursements Substituted for Affected Euro-Dollar Disbursements. If (i) the obligation of any Bank to make or maintain Euro-Dollar Disbursements has been suspended pursuant to Section 2.12(b) or (ii) any Bank has demanded compensation under Section 3.01 with respect to its Euro-Dollar Disbursements and the Company shall, by at least three Euro-Dollar Business Days' prior notice to such Bank through the Agent, have elected that the provisions of this Section shall apply to such Bank, then, unless and until such Bank notifies the Company that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(x) all Disbursements which would otherwise be made by such Bank as (or continued as or converted into) Euro-Dollar Disbursements shall instead be Domestic Disbursements (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Disbursements of the other Banks), and

(y) after each of its Euro-Dollar Disbursements has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Disbursements shall be applied to repay its Domestic Disbursements instead.

If such Bank notifies the Company that the circumstances giving rise to such notice no longer apply, the principal amount of each such Domestic Disbursement shall be converted into a Euro-Dollar Disbursement on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Disbursements of the other Banks. The provisions of this Section 2.12(c) shall not prejudice the right of such Bank to receive compensation pursuant to Section 3.01 in accordance with the terms thereof.

ARTICLE III.

OBLIGATIONS OF COMPANY

Section 3.01. Increased Costs. If on or after the date hereof the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject any Bank (or its Applicable Lending Office) to any tax, duty or other charge with respect to its Disbursements or its obligation to make, continue or convert Disbursements, or shall change the basis of taxation of payments to any Bank (or its Applicable Lending Office) of the principal of or interest on its Disbursements or any other amounts due under this Agreement in respect of its Disbursements or its obligation to make, continue or convert into Disbursements (except for changes in the rate of tax on the overall net income of such Bank or its Applicable Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Applicable Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any such requirement included in an applicable Euro-Dollar Reserve Percentage), special deposit, insurance assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Applicable Lending Office) or shall impose on any Bank (or its Applicable Lending Office) or on the London interbank market any other condition affecting its Disbursements or its obligation to make, continue or convert into Disbursements;

and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making or maintaining any Disbursements, or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) under this Agreement, by an amount deemed by such Bank to be material, then, within 30 days after demand by such Bank (with a copy to the Agent), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. Each Bank will promptly notify the Company and the Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation for itself or any of its Participants under this Section and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder, which shall be based on such estimates, assumptions, allocations and the like that such Bank or such Participant, as the case may be, shall in good faith determine to be appropriate, shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

Section 3.02. Capital Adequacy. If any Bank shall have determined that, after the date hereof, the adoption of any

applicable law, rule or regulation regarding capital adequacy, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 30 days after demand by such Bank (with a copy to the Agent), the Company shall pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for such reduction. Each Bank will promptly notify the Company and the Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation for itself or any of its Participants under this Section and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder, which shall be based on such estimates, assumptions, allocations and the like that such Bank or such Participant, as the case may be, shall in good faith determine to be appropriate, shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

Section 3.03. Withholding Tax Exemption. No later than 30 days following the date hereof, each Bank that is not incorporated under the laws of the United States of America or a state thereof agrees that it will deliver to each of the Company and the Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes. Each Bank which so delivers a Form 1001 or 4224 further undertakes to deliver to each of the Company and the Agent two additional copies of such form (or a successor form) on or before the date that such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Company or the Agent, in each case certifying that such Bank is entitled to receive payments under this Agreement without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on

which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Bank from duly completing and delivering any such form with respect to it and such Bank advises the Company and the Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

Section 3.04. Payments. The Company shall make, or cause to be made, each payment of principal of, and interest on, the Disbursements and of fees hereunder and of principal and interest on Bank Bonds, not later than 1:00 p.m. (New York City time) on the date when due, in Federal or other funds immediately available in New York City, to the Agent at its address referred to in Section 9.02. Any payment by the Company received by the Agent after 1:00 p.m. (New York City time) shall be deemed to be received on the following Domestic Business Day. As between the Company and the Banks, payments required by this Agreement and made by the Company to the Agent in accordance with this Section 3.04 shall be deemed to have been made to the Banks when received by the Agent in immediately available funds and shall satisfy the Company's obligations with respect to such payments to the extent of the amounts so received.

Section 3.05. Computation of Interest and Fees. Interest based on the Prime Rate, the Federal Funds Rate or the Bank Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 3.06. Payment on Non-Business Days. Whenever any payment of principal of, or interest on, any Disbursements or of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

Section 3.07. Funding Losses. If any payment of principal with respect to any Euro-Dollar Disbursement is made or any Euro-Dollar Disbursement is converted to a Domestic Disbursement (pursuant to Section 2.11, 2.12(b) or 6.06, or otherwise) on any day other than the last day of the Interest Period applicable thereto, the Company shall reimburse each Bank within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Disbursement), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or conversion; provided that such Bank shall have delivered to the Company a certificate on behalf of itself or any of its Participants setting forth in reasonable

detail the amount of such loss or expense, which shall be based on such estimates, assumptions, allocations and the like that such Bank or such Participant, as the case may be, shall in good faith determine to be appropriate, which certificate shall be conclusive in the absence of manifest error.

Section 3.08. Replacement of Banks and Participants.
If any Bank or any Participant shall request compensation pursuant to Section 3.01 or 3.02, the Company, upon five Domestic Business Days' notice, may require that, (a) in the case of a Bank, such Bank transfer all of its right, title and interest under this Agreement to any bank identified by the Company and satisfactory to the Agent and such Bank and (b) in the case of a Participant, such Participant transfer all of its right, title and interest under the participation agreement with respect to this Agreement to which it is a party, to any bank identified by the Company and satisfactory to the Agent and the Bank party to the participation agreement with such Participant with respect to this Agreement if (i) such proposed transferee agrees to assume (A) in the case of a transferor that is a Bank, all of the obligations of such Bank for consideration equal to the outstanding amount of such Bank's Disbursements, together with interest thereon to the date of such transfer, and satisfactory arrangements are made for the payment to such Bank of all other amounts payable hereunder to such Bank on or prior to the date of such transfer (including any fees accrued hereunder, any amounts payable under Sections 3.01 and 3.02 and any amounts which would be payable under Section 3.07 as if all of such Bank's Disbursements were being prepaid in full on such date) and (B) in the case of a transferor that is a Participant, all of the obligations of such Participant under the participation agreement with respect to this Agreement to which it is a party for consideration equal to the amount of such Participant's participations in Disbursements then outstanding and interest accrued thereon to the date of such transfer, and satisfactory arrangements are made for the payment to such Participant of all other amounts payable hereunder or otherwise with respect to such participation on or prior to the date of such transfer (including any amounts payable under Sections 3.01 and 3.02 and any amounts which would be payable under Section 3.07 as if all of such Participant's participations in Disbursements were being prepaid on such date) and (ii) such proposed transferee's aggregate requested compensation, if any, pursuant to Section 3.01 or 3.02 with respect to such replaced Bank's Disbursements or such Participant's participation in Disbursements, as the case may be, is lower than that of the Bank or the Participant, as the case may be, replaced. Without prejudice to the survival of any other agreement of the Company hereunder, the agreements of the Company contained in Sections 3.01, 3.02, and 9.04 shall survive for the benefit of any Bank or any Participant replaced under this Section 3.08 with respect to the time prior to such replacement. Each Bank hereby agrees that any participation agreement with respect to this Agreement to which such Bank is a party will

obligate each Participant party thereto to comply with the provisions of this Section.

ARTICLE IV.

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent Subject to Fulfillment on the Closing Date. The obligation of each Bank to purchase Unremarketed Bonds pursuant to this Agreement is subject to the condition precedent that the Agent shall have received on or before the Closing Date the following, each in form and substance satisfactory to the Agent, each Bank and counsel for the Agent:

- (a) This Agreement, duly executed on behalf of the Company.
- (b) (i) Counterparts (or certified copies thereof) of each of the Related Documents (other than the Bonds) which, when taken together, bear the signatures of all of the respective parties thereto and which are in full force and effect in accordance with their respective terms and are satisfactory to the Agent in form and substance and (ii) a specimen of a Bond.
- (c) Copies of the Official Statement and the Preliminary Official Statement.
- (d) A certificate of the secretary or an assistant secretary of the Company, certifying the names and true signatures of the officers of the Company authorized to execute on behalf of the Company this Agreement and the Related Documents to which the Company is a party.
- (e) Evidence that all necessary action required to be taken by (i) the Issuer (including, without limitation, the adoption or enactment by the Issuer of all necessary resolutions and ordinances) and (ii) any Governmental Authority, in connection with the authorization, execution, issuance, delivery and performance of this Agreement and the Related Documents, and any other document or instrument required to be delivered pursuant hereto or thereto or in connection with the transactions contemplated hereby or thereby, has been taken.
- (f) Evidence that, upon issuance, the Bonds will receive credit ratings of Aaa from Moody's and AAA from S&P.
- (g) A copy of the Bond Insurance Policy which shall provide that it insures all principal of and interest (at a rate per annum not in excess of 18% per annum) when due on the Bonds (including interest on Bank Bonds at the Bank

Rate), executed by the Bond Insurer, together with evidence satisfactory to the Agent that the Bond Insurance Policy is in full force and effect and is non-cancelable and that all premiums required to be paid thereunder have been paid in full.

(h) Legal opinions of (i) Wolff & Samson, as bond counsel, (ii) Reid & Priest LLP, of counsel to the Company, (iii) James R. Van Horn, as general counsel to the Company, (iv) counsel to the Bond Insurer satisfactory to the Agent, and (v) Winthrop, Stimson, Putnam & Roberts, counsel to the Agent, in each case, as to such matters incident to this Agreement, the Related Documents and the transactions contemplated hereby and thereby as the Agent or any of the Banks shall have reasonably requested.

(i) Evidence of the power and authority of the Trustee and the Paying Agent to accept and execute their respective responsibilities under the Indenture.

(j) An executed copy of each document, instrument, certificate and opinion delivered pursuant to the Indenture and the Purchase Contract.

(k) Such other documents, instruments, opinions and approvals (and, if requested by the Agent or any Bank, certified duplicates or executed copies thereof) as the Agent or any Bank shall have reasonably requested.

Section 4.02. Additional Conditions Precedent Subject to Fulfillment on the Closing Date. The obligation of each Bank to purchase Unremarketed Bonds pursuant to this Agreement is subject to the further conditions precedent that on the Closing Date:

(a) The following statements shall be true and shall be deemed to have been represented by the Company as being true on and as of the Closing Date, and the Agent shall have received (with a copy for each Bank) a certificate of the Company signed by an authorized officer dated the Closing Date, stating that, to the best of such authorized officer's knowledge after due inquiry:

(i) The representations and warranties of the Company contained in Article V are true and correct on and as of the Closing Date as though made on and as of the Closing Date; and

(ii) No event has occurred and is continuing, or would result from the effectiveness of this Agreement, which constitutes a Default.

(b) The Agent shall have received payment in full of all fees and other sums required to be paid to or for the

account of the Agent or the Banks on or prior to the Closing Date.

Section 4.03. Conditions Subject to Fulfillment on Each Purchase Date. (a) The obligation of each Bank to purchase Unremarketed Bonds pursuant to this Agreement on each Purchase Date shall be subject to the fulfillment of the following conditions precedent on and as of such Purchase Date:

- (i) There shall have been presented to the Agent (by physical delivery or telecopy), at the Agent's address for notices specified in or pursuant to Section 9.02, not later than 12:30 P.M. (New York City time) on such Purchase Date, a written and completed certificate, substantially in the form of Exhibit A hereto (a "Purchase Certificate"), signed by a person purporting to be a duly authorized officer of the Paying Agent, which (among other things) notifies the Agent of the aggregate principal amount of and accrued interest on Unremarketed Bonds which the Paying Agent is demanding the Banks to purchase on such Purchase Date.
- (ii) The Unremarketed Bonds to be so purchased are not held by or for the account of the Company, any affiliate of the Company or any broker-dealer holding Unremarketed Bonds pursuant to an arrangement with the Company.
- (iii) No Event of Default specified in any of Sections 7.01(g) through (m), inclusive, shall have occurred and be continuing.
- (iv) The amount being demanded for payment by the Banks under Section 2.01 does not exceed the Total Combined Available Commitments on such Purchase Date (prior to giving effect to such payment).
- (v) The Commitment Termination Date shall not have occurred.

The Banks shall be obligated to purchase Unremarketed Bonds with respect to which the condition set forth in clause (ii) has been satisfied notwithstanding the fact that such condition has not been satisfied with respect to all of the outstanding Unremarketed Bonds.

(b) If a demand for payment is made by the Paying Agent pursuant to and in accordance with Section 4.03(a)(i) on a Purchase Date occurring on or prior to the Commitment Termination Date, and provided the conditions precedent to the purchase by the Banks of Unremarketed Bonds under Section 4.03(a) have been fulfilled and the documents presented in connection with such demand for payment conform to the terms and conditions of this Agreement, payment of the Purchase Price shall be made by the Banks subject to and in accordance with Sections 2.01 and 2.02; and, upon making payment for such Unremarketed Bonds in

accordance with such demand for payment such Unremarketed Bonds shall constitute Bank Bonds and (i) if the Bonds are issued and maintained in book-entry form only pursuant to Section 3.01(b)(ii) of the Indenture, the ownership interest in such Bonds shall be transferred on the books of DTC to or for the account of the Paying Agent, or a DTC participant acting on behalf of the Paying Agent (reflecting the Paying Agent or such participant as the owner of such Bank Bonds) and the Trustee shall mark its own books and records to reflect beneficial ownership of such Bank Bonds by the Agent (or the Agent's nominee or as the Agent may otherwise direct) for the benefit of the Banks, or (ii) if the Bonds are not maintained in book-entry form pursuant to Section 3.01(b)(ii) of the Indenture, the Trustee shall register such Bank Bonds in the name of the Agent (or the Agent's nominee or as the Agent may otherwise direct) for the benefit of the Banks on the registration books of the Issuer maintained by the Trustee.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.01. Representations and Warranties. The Company represents and warrants that, as of the date hereof:

(a) Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, is qualified to do business in, and is in good standing in, all other states where the nature of its business or the nature of the property owned or leased by it makes such qualification necessary and has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted.

(b) The execution, delivery and performance by the Company of this Agreement and the Related Documents to which it is a party (i) are within the Company's corporate powers, have been duly authorized by all necessary corporate action, do not contravene (A) the Company's or any Subsidiary's certificate of incorporation or by-laws, (B) any law, statute, rule or regulation (including, without limitation, the Margin Regulations) or (C) any legal or contractual restriction binding on or affecting the Company or any Subsidiary or any of their respective properties and (ii) will not result in the creation or imposition of any Lien upon any property or assets of the Company.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Company of this Agreement

and the Related Documents to which it is a party, except for such authorizations, approvals, notices or filings, if any, as have been duly obtained or made and are in full force and effect on the date hereof.

(d) This Agreement and the Loan Agreement constitute legal, valid and binding obligations of the Company enforceable in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity regardless of whether such enforcement is considered in a proceeding in equity or at law.

(e) The consolidated balance sheet of the Company and its Subsidiaries as at September 30, 1995 and the related consolidated statements of income, cash flows, capitalization and shareholders' equity of the Company and its Subsidiaries for the fiscal year then ended, certified by Arthur Andersen & Co., and the unaudited consolidated balance sheet of the Company and its Subsidiaries as at March 31, 1996 and the related consolidated unaudited statements of income, cash flows and shareholders' equity for the six-month period then ended, copies of which have been furnished to each of the Banks, fairly present (subject, in the case of such balance sheet and statements of income, cash flows and shareholders' equity for the period ended March 31, 1996, to year-end adjustments) the financial condition of the Company and its Subsidiaries as at such dates and the results of operations of the Company and its Subsidiaries for the periods ended on such dates, all in accordance with generally accepted accounting principles consistently applied, and since September 30, 1995, there has been no material adverse change in the financial condition, operations, business assets or prospects of the Company and its Subsidiaries, taken as a whole.

(f) There is no pending or threatened action or proceeding affecting the Company or any of its Subsidiaries before any court, governmental agency or arbitrator (i) that purports to affect the legality, validity or enforceability of this Agreement or the Related Documents or (ii) except as disclosed in the Company's annual report on Form 10-K for the fiscal year ended September 30, 1995 or its quarterly reports on Form 10-Q for the quarters ended December 31, 1995 and March 31, 1996 (a copy of each of which has been furnished to each Bank), that may materially adversely affect the financial condition, operations, business, assets or prospects of the Company and its Subsidiaries, taken as a whole, and there has been no change in any such matter so disclosed the effect of which may cause any such material adverse effect.

(g) None of the proceeds of any Disbursement will be used to acquire any security in any transaction that is subject to Sections 13 and 14 of the Securities Exchange Act of 1934.

(h) The Company is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and none of the proceeds of any Disbursement will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of the Company and its Subsidiaries is, on the date hereof, represented by margin stock.

(i) No ERISA Termination Event has occurred, or is reasonably expected to occur, with respect to any Plan that may materially and adversely affect the financial condition, operations, business or prospects of the Company and its Subsidiaries, taken as a whole.

(j) The Company and each of its Subsidiaries (i) is exempt from the provisions of the Public Utility Holding Company Act of 1935, as amended, other than Section 9(a)(2) thereof, and the execution, delivery and performance by the Company of this Agreement and the Related Documents to which the Company is a party and its respective obligations hereunder and thereunder do not violate any provision of such Act or any rule or regulation thereunder and (ii) is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment advisor" within the meaning of the Investment Company Act of 1940, as amended.

(k) No report, financial statement or other information furnished by or on behalf of the Company to the Agent or any Bank pursuant to or in connection with this Agreement or any of the Related Documents to which the Company is a party contains or will contain any material misstatement of fact or omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or will be made, not misleading.

Section 5.02. Representations in Related Documents True and Correct. Each of the representations and warranties made by the Company in the Related Documents is true and correct in all material respects as of the Closing Date, except that any such representations and warranties that expressly speak as of a particular date were true and correct in all material respects as of such date. No material provision or condition contained in the Related Documents has been waived, except with the express

written consent of the Required Banks (to the extent such consent is required by the terms hereof).

ARTICLE VI.

COVENANTS

So long as any Bank has any commitment hereunder or the Company shall have any obligation to pay any amount hereunder or any Bank Bond remains unpaid:

Section 6.01. Further Assurances. The Company will execute, acknowledge where appropriate, and deliver or file, and cause to be executed, acknowledged where appropriate, and delivered or filed, from time to time promptly at the request of the Agent, all such instruments and documents as are necessary or advisable to carry out the intent and purpose of this Agreement.

Section 6.02. Maintenance of Trustee and Agents. The Company will maintain in place a Trustee, a Paying Agent and a Remarketing Agent in accordance with the provisions of the Indenture.

Section 6.03. Amendments. Without the prior written approval of the Required Banks (which approval shall not be unreasonably withheld), the Company will not modify, amend or supplement, or give any consent to any modification, amendment or supplement or make any waiver with respect to, any provision of any Related Document if the effect thereof would be adverse to the Banks (it being understood that, in order to effectuate the provisions of this Section 6.03, the Company will furnish to the Agent and the Banks copies of all proposed modifications, amendments, supplements and waivers of or with respect to the Related Documents), provided that the approval of the Required Banks shall not be required with respect to any amendment or supplement to the Indenture described in Section 10.01(a) (other than clauses (i), (vii), and (ix) thereof) of the Indenture or with respect to any amendment, change or modification of the Loan Agreement relating to any such amendment or supplement to the Indenture as described in the Section 11.6 of the Loan Agreement.

Section 6.04. Offering Circular. The Company will not include, or permit to be included, any material or reference relating to any Bank in any Offering Circular (excluding the Preliminary Official Statement and the Official Statement) or any tombstone advertisement, unless such material or reference is approved in writing by such Bank prior to its inclusion therein; or distribute, or permit to be distributed or used, any Offering Circular unless copies of such Offering Circular are furnished to the Agent and the Banks. Each Bank will use all reasonable efforts to respond to any request for such approval in a timely fashion.

Section 6.05. Remarketing. The Company will not permit the Remarketing Agent to remarket any Bonds at a price less than the principal amount thereof plus accrued interest, if any, thereon to the respective dates of remarketing.

Section 6.06. Substitute Liquidity Facility. The Company will not substitute another liquidity facility for the obligation of the Banks to purchase Unremarketed Bonds pursuant to this Agreement unless prior to or simultaneously with such substitution, there shall be purchased from the Banks, at a price not less than the principal amount thereof plus accrued interest, if any, thereon to the date of purchase, all Bank Bonds and the Company shall have paid to the Agent and the Banks any and all amounts due and owing to the Agent and the Banks under this Agreement (after giving effect to the application of the proceeds of the Bank Bonds to repay the Agent and the Banks in accordance with Section 2.03).

Section 6.07. Remarketing Agent. Without the prior written approval of the Required Banks (which approval shall not be unreasonably withheld), the Company will not appoint or permit or suffer to be appointed any successor Remarketing Agent unless the successor Remarketing Agent is a nationally recognized remarketing agent for municipal obligations; and the Company will not enter into any successor Remarketing Agreement or amendment to the Remarketing Agreement without the prior written approval of the Required Banks which contains provisions (including without limitation provisions that protect the rights and interests of the Agent and the Banks) that are not substantially (other than the identity of the successor Remarketing Agent and fees payable thereunder) the same in all respects material, in the reasonable judgment of the Banks, to the interests of the Banks as those contained in the predecessor Remarketing Agreement and the Company shall provide to the Agent and each Bank a copy of such agreement promptly upon execution and delivery thereof.

Section 6.08. Other Agreements. The Company will not enter into any agreement containing any provision which would be violated or breached by the performance by the Company of its obligations hereunder or under the Related Documents.

Section 6.09. Keep Books; Corporate Existence; Maintenance of Properties; Compliance with Laws; Insurance. The Company will, and will cause each of its Subsidiaries to

- (a) keep proper books of record and account, all in accordance with generally accepted accounting principles;
- (b) preserve and keep in full force and effect its existence (except as permitted by Section 6.13), and preserve and keep in full force and effect its licenses, rights and franchises to the extent necessary to carry on its business;

(c) maintain and keep, or cause to be maintained and kept, its properties in good repair, working order and condition, and from time to time make or cause to be made all needful and proper repairs, renewals, replacements and improvements, in each case to the extent (i) such properties are not obsolete and are necessary to carry on its business and (ii) it is customary to so maintain such properties in the applicable business;

(d) comply in all material respects with all applicable laws, rules, regulations and orders (except where a failure to so comply could not have a material adverse effect upon the financial condition, operations, business, assets or prospects of the Company and its Subsidiaries, taken as a whole), such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or its property, except to the extent being contested in good faith by appropriate proceedings; and

(e) maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Company or any such Subsidiary, as the case may be, operates.

Section 6.10. Financial Statements, Reports, Etc. The Company will furnish to the Agent with sufficient copies for each of the Banks:

(a) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the consolidated statements of income, cash flows and shareholders' equity of the Company and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter;

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Company, a copy of the annual report for such year of the Company and its Subsidiaries, containing financial statements for such year with a report thereon by Arthur Andersen & Co. or by other independent public accountants of nationally recognized standing, in which such accountants express an opinion on such financial statements based upon their audit;

(c) simultaneously with any delivery of each set of financial statements referred to in paragraphs (a) and (b) above, a certificate of a Financial Officer of the Company stating whether any Default exists on the date of such

certificate and, if any Default then exists, setting forth the details thereof and the action which the Company is taking or proposes to take with respect thereto;

(d) promptly after the sending or filing thereof, copies of all reports which the Company sends to any of its security holders, and copies of all reports and registration statements which the Company or any Subsidiary files with the SEC or any national securities exchange;

(e) such other information respecting the conditions or operations, financial or otherwise, of the Company or any of its Subsidiaries as any Bank through the Agent may from time to time reasonably request (other than any information that is the subject of a confidentiality agreement between the Company and any Person other than an Affiliate of the Company and any information that pertains to any proposed acquisition permitted under Section 6.16 not yet publicly announced or otherwise known to such Bank).

Section 6.11. Notice. The Company will promptly give notice to the Agent of (a) any litigation of which the Company has knowledge affecting the Company or any Significant Subsidiary in which the amount involved is \$20,000,000 or more and is not covered by insurance or which could impair the validity or enforceability of the Company's obligations under this Agreement or the validity or enforceability of any of the Related Documents and (b) the occurrence of each Default.

Section 6.12. Access to Properties and Inspections. The Company will, and will cause each of its Subsidiaries to, upon reasonable notice and at reasonable times, permit authorized representatives designated by any Bank to visit and inspect its properties and to discuss its affairs, finances and condition with its officers.

Section 6.13. Consolidations, Mergers, and Sales of Assets. The Company will not (a) merge or consolidate with or into any Person or permit any of its Subsidiaries to do so, except that any Subsidiary of the Company may merge or consolidate with or into any other Subsidiary of the Company and may merge or consolidate with or into the Company, and the Company may merge or consolidate with or into any other Person, provided, in each case, that, immediately after giving effect to such proposed transaction, (i) no Default or Event of Default would exist after giving effect thereto and (ii) in the case of any such merger or consolidation to which the Company is a party, the Company is the surviving corporation or the surviving corporation assumes, in a manner reasonably satisfactory to the Agent, all of the obligations of the Company hereunder or (b) sell, lease or otherwise transfer, in a single transaction or in a series of transactions, all or any Substantial part of its assets to any Person or Persons other than a Wholly-Owned Subsidiary. Notwithstanding the foregoing, the Company and its

Subsidiaries will not engage to a Substantial extent in businesses other than those currently conducted by them and other businesses reasonably related thereto.

Section 6.14. Limitations on Liens. The Company will not create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien or any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, in each case to secure or provide for the payment of any Indebtedness of any Person, other than (a) purchase money liens or purchase money security interests upon or in any property acquired or held by the Company or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure indebtedness incurred solely for the purpose of financing the acquisition of such property, (b) Liens existing on such property at the time of the acquisition of such property or the acquisition of such Subsidiary (other than any such Lien created as a result of such acquisition), (c) Liens on the property of the Company or any Subsidiary in existence on the date hereof or (d) extensions or renewals of any Lien described in clauses (a) through (c) above, provided that (i) any such extension or renewal shall be limited to the property theretofore subject to such Lien, (ii) the principal amount of the Indebtedness secured by such Lien shall not be increased and (iii) the aggregate principal amount of Indebtedness secured by Liens referred to in clauses (a) through (c) above shall not exceed \$20,000,000 at any time outstanding (it being expressly agreed that any refinanced Indebtedness shall not be considered new Indebtedness hereunder).

Section 6.15. Dividends, Etc. The Company will not declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any shares of any class of capital stock of the Company, or purchase, redeem or otherwise acquire for value (or permit any of its Subsidiaries to do so) any shares of any class of capital stock of the Company or any warrants, rights or options to acquire any such shares, now or hereafter outstanding, except that the Company may (a) declare and make any dividend payment or other distribution payable in common stock of the Company, (b) purchase, redeem or otherwise acquire shares of its common stock or warrants, rights or options to acquire any such shares with the proceeds received from substantially concurrent issue of new shares of its common stock and (c) declare or pay cash dividends to its stockholders and purchase, redeem or otherwise acquire shares of its capital stock or warrants, rights or options to acquire for consideration any such shares unless the aggregate of such dividends and such consideration would exceed the sum of (i) the earned surplus of the Company and its Subsidiaries accumulated after September 30, 1995 and determined without any deduction on account of such dividends and consideration plus (ii) \$20,000,000, provided, that, immediately

after giving effect to such proposed action, no Default or Event of Default would exist. Charges to earned surplus with corresponding credits to utility plant acquisition adjustment account or utility plant adjustment account or any similar account or to any reserve for the purpose of ultimately disposing thereof and any provisions for amortization of any amounts included in utility plant acquisition account or utility plant adjustment account or in any similar account shall be disregarded in determining earned surplus accumulated after September 30, 1995.

Section 6.16. Acquisitions. Unless otherwise consented to by the Required Banks (such consent not to be unreasonably withheld), the Company will not acquire the assets of any Person or any shares of capital stock of, or other equity interest in, any Person, or permit any of its Subsidiaries to do so, unless the consideration to be paid by the Company and its Subsidiaries for such transaction, together with the aggregate consideration paid by the Company and its Subsidiaries for all other such transactions consummated after the date hereof, shall not exceed an amount equal to 25% of Market Capitalization determined as of the close of business on the day prior to the day on which the applicable acquisition, purchase or other similar agreement is executed and delivered by the Company or such Subsidiary, and except that the Company and any Subsidiary may acquire the assets of any other Subsidiary. For purposes of this Section 6.16, "Market Capitalization" means, on any date of determination, the product of (i) the number of issued and outstanding shares of the Company's common stock on such day times (ii) the closing sale price of such common stock on such day, as appearing in any regularly published reporting or quotation service or, if there is no such closing sale price, the market value of such common stock as reasonably determined by the Agent.

ARTICLE VII.

EVENTS OF DEFAULT; REMEDIES

Section 7.01. Events of Default. It shall constitute an "Event of Default" if any of the following events shall occur and be continuing:

(a) The Company shall fail to pay when due, or to cause to be paid when due, any principal of any Disbursement or shall fail to pay, within five days of the due date thereof, any interest or fees payable hereunder; or

(b) Any representation or warranty made by the Company herein or by the Company in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made; or

(c) The Company shall fail to perform or observe (i) any term, covenant or agreement contained in Sections 6.03 through 6.07, inclusive, Section 6.09(b) or Sections 6.13 through 6.16, inclusive or (ii) any other term, covenant or agreement contained in this Agreement on its part to be performed or observed and, in the case of clause (ii), if capable of being remedied, any such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by the Agent; or

(d) The Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$20,000,000, when and as the same shall become due and payable, subject to any applicable grace periods, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf to cause, such Indebtedness to become due prior to its stated maturity; or

(e) (i) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company or any Significant Subsidiary, or of a substantial part of the property or assets of the Company or any Significant Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Significant Subsidiary or for a substantial part of the property or assets of the Company or any Significant Subsidiary or (iii) the winding up or liquidation of the Company or any Significant Subsidiary; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or

(ii) The Company or any Significant Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (e)(i) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Significant Subsidiary or for a substantial part of the property or assets of it or

such Significant Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing; or

(f) Any "Event of Default" under and as defined in the Indenture shall have occurred and be continuing; or

(g) The ratings assigned to the Bond Insurer's claims paying ability are withdrawn or are reduced to below BBB- (or its equivalent rating) by S&P and are withdrawn or reduced to below Baa3 (or its equivalent rating) by Moody's; or

(h) A Bond Insurer Event of Insolvency shall have occurred; or

(i) The Bond Insurer shall fail, wholly or partially, to make a payment when and as required under the provisions of the Bond Insurance Policy (including without limitation, principal of, and interest at the Bank Rate on, Bank Bonds); or

(j) The Bond Insurer shall claim or assert in writing that the Bond Insurance Policy is invalid or unenforceable against the Bond Insurer or the Bond Insurer shall repudiate its obligations or deny that it has any further liability under the Bond Insurance Policy; or the validity or enforceability of the Bond Insurance Policy shall be contested in any contest or proceeding (including an appellate proceeding) directly or indirectly by the Bond Insurer or any Governmental Authority and, in the case of a Person other than the Bond Insurer, the Bond Insurer shall fail to defend or assert such validity or enforceability or to appeal such contest or proceeding pursuant to appropriate proceedings or actions; or

(k) Any Governmental Authority with competent jurisdiction shall announce, find or rule that the Bond Insurance Policy is null and void or otherwise invalid or unenforceable against the Bond Insurer; or

(l) The Bond Insurance Policy is surrendered, canceled or terminated, or amended or modified in any material respect, without each Bank's prior written consent; or

(m) A court of competent jurisdiction enters a final nonappealable judgment that the Bond Insurance Policy is not valid and binding on or enforceable against the Bond Insurer; or

(n) One or more judgments or orders for the payment of money in an aggregate amount in excess of \$20,000,000 shall be rendered against the Company or any Subsidiary thereof or any combination thereof and such judgment or order shall remain undischarged or unstayed for a period of 30 days, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Company or any Subsidiary to enforce any such judgment or order; or

(o) A Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Company to the PBGC or to such Plan or Plans in an aggregate amount exceeding \$20,000,000 and, within 30 days after the reporting of any such Reportable Event to the Agent, the Agent shall have notified the Company in writing that (i) the Required Banks have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans; or

(p) (i) The Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Company or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), either (A) exceeds \$20,000,000 or requires payments exceeding \$20,000,000 in any year or (B) is less than \$20,000,000 but any Withdrawal Liability payment remains unpaid 30 days after such payment is due; or

(q) The Company or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Company and its ERISA Affiliates to all Multiemployer Plans that are then in

reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding \$20,000,000.

Section 7.02. Remedies.

(a) Suspension of Banks' Obligations. (i) In the case of an Event of Default under Section 7.01(j) or Section 7.01(k), the obligation of the Banks to purchase Unremarketed Bonds shall immediately be suspended (but not terminated) without notice to or demand on any Person and thereafter the Banks shall be under no obligation to purchase any Unremarketed Bonds until the Total Combined Available Commitments are reinstated as described below. Promptly upon obtaining knowledge of such Event of Default, the Agent shall notify the Trustee, the Paying Agent and the Remarketing Agent of such suspension in writing; provided, however, that neither the Agent nor any Bank shall incur any liability or responsibility whatsoever by reason of the Agent's failure to give such notice and such failure shall in no way affect the suspension of the Total Combined Available Commitments or the obligation of the Banks to purchase Unremarketed Bonds pursuant to this Agreement. If a court of competent jurisdiction shall thereafter enter a final nonappealable judgment that the Bond Insurance Policy is not valid and binding on the Bond Insurer, then the Total Combined Available Commitments and the obligation of the Banks to purchase Unremarketed Bonds shall immediately terminate without notice or demand and thereafter the Banks shall be under no obligation to purchase Unremarketed Bonds. If a court of competent jurisdiction shall find or rule that the Bond Insurance Policy is valid and binding on the Bond Insurer in accordance with its terms, then the Total Combined Available Commitments and the obligation of the Banks under this Agreement shall thereupon be reinstated (unless the Commitment Termination Date shall otherwise have occurred). Notwithstanding the foregoing, if three years after the effective date of suspension of the Total Combined Available Commitments and the obligation of the Banks to purchase Unremarketed Bonds pursuant to this Section 7.02(a)(i), this Agreement has not been terminated and litigation is still pending and a judgment regarding the validity and enforceability of the Bond Insurance Policy has not been obtained, then the Total Combined Available Commitments and the obligation of the Banks to purchase Unremarketed Bonds shall, unless previously terminated pursuant to any other provision of this Agreement, at such time terminate without notice or demand and, thereafter, the Banks shall be under no obligation to purchase Unremarketed Bonds.

(ii) The obligations of the Banks to purchase Unremarketed Bonds shall immediately be suspended without notice to or demand on any other Person upon the occurrence and during the continuance of a Bond Insurer Potential Insolvency and shall

be reinstated upon the curing of such Bond Insurer Potential Insolvency prior to such Bond Insurer Potential Insolvency becoming a Bond Insurer Event of Insolvency and shall terminate pursuant to Section 7.02(b) if such Bond Insurer Potential Insolvency becomes a Bond Insurer Event of Insolvency.

(iii) The obligations of the Banks to purchase Unremarketed Bonds shall immediately be suspended without notice to or demand on any Person upon the occurrence of an Event of Default under Section 7.01(g) and the Total Combined Available Commitments shall terminate 30 days thereafter if such Event of Default shall then be continuing.

(iv) A suspension pursuant to this Section 7.02(a) shall not in any event extend the Stated Expiration Date or affect any other remedy under this Section 7.02.

(b) Termination. Upon the occurrence of an Event of Default under Section 7.01(h), (i), (l) or (m) or any event which results in the termination of the Total Combined Available Commitments pursuant to Section 7.02(a) (any such event, an "Event of Termination"), the Total Combined Available Commitments and the obligation of the Banks under this Agreement to purchase Unremarketed Bonds shall immediately terminate without notice or demand to any Person and, thereafter, the Banks shall be under no obligation to purchase Unremarketed Bonds. Promptly upon the occurrence of such Event of Termination, the Agent shall give written notice of the same to the Trustee, the Paying Agent and the Remarketing Agent; provided, however, that neither the Agent nor any Bank shall incur any liability or responsibility whatsoever by reason of the Agent's failure to give such notice and such failure shall in no way affect the termination of the Total Combined Available Commitments and the obligation of the Banks to purchase Unremarketed Bonds pursuant to this Agreement.

(c) Other Remedies. Upon the occurrence of an Event of Default, the Agent and the Banks shall have all remedies provided at law or equity, including, without limitation, the right to demand and receive specific performance; provided, however, that, except as otherwise provided in subsection (a) or (b) of this Section 7.02, neither the Agent nor any Bank shall have the right to suspend, terminate or otherwise reduce the Total Combined Available Commitments or the obligation of the Banks to purchase Unremarketed Bonds under this Agreement upon the terms and conditions herein stated.

Section 7.03. Copies of Notices. The Agent agrees to furnish to the Company and the Remarketing Agent a copy of any notice given pursuant to Section 7.02(a) or Section 7.02(b); provided that the failure to furnish any such copy to the Company or the Remarketing Agent shall not affect the validity of any such notice or the rights of the Agent or the Banks in respect thereof.

ARTICLE VIII.

THE AGENT AND THE BANKS

Section 8.01. Appointment and Authorization. Each Bank hereby appoints The Bank of New York as the Agent to act as specified herein and in the Related Documents. Each Bank irrevocably appoints and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and the Related Documents and to exercise such powers hereunder and thereunder as are delegated to the Agent by the terms hereof and thereof, together with all such powers as are reasonably incidental thereto.

Section 8.02. Nature of Duties. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Related Documents. The duties of the Agent shall be mechanical and administrative in nature. The Agent shall not have, by reason of this Agreement or the Related Documents or by reason of any transaction contemplated hereby or thereby or any instrument or other document made or executed pursuant hereto or thereto, a fiduciary relationship in respect of any Bank. Nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or the Related Documents except as expressly set forth herein or therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article VII.

Section 8.03. Agent and Affiliates. The Bank of New York shall have the same rights and powers under this Agreement and the Related Documents as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent hereunder, and The Bank of New York and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with, the Company as if it were not the Agent hereunder.

Section 8.04. Consultation with Experts. The Agent may consult with legal counsel (who may be counsel for the Company or bond counsel), independent public accountants and other experts selected by it and shall not be liable to any of the Banks for any action taken or omitted by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 8.05. Liability of Agent. Neither the Agent nor any of its directors, officers, agents or employees shall be liable to any Bank for any action taken or not taken by it hereunder or under the Related Documents or in connection herewith or therewith (including, without limitation, the acceptance or approval or rejection or disapproval of any document, opinion or instrument or other action taken or not taken, in each case, in the discretion of the Agent) (i) with the

consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. The Agent may at any time request instructions from any Bank with respect to any actions or approvals which by the terms of this Agreement or the Related Documents the Agent is permitted or required to take or to grant; and if such instructions are requested, the Agent shall be entitled absolutely to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under this Agreement or the Related Documents until it shall have received instructions from such Bank or the Required Banks, as the case may be. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement, the Related Documents or any demand for purchase of Unremarketed Bonds under this Agreement; (ii) the performance or observance of any of the covenants or agreements of the Company or the Bond Insurer; (iii) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Related Documents or any other instrument or writing furnished in connection herewith or therewith. The Agent in its capacity as Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a wire, telex, telecopy or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

Section 8.06. Acknowledgement of Independent Appraisal by Each Bank. Each Bank acknowledges and represents that it has made its own independent appraisal of the business, affairs and financial condition of each of the Bond Insurer and the Company, will continue to be responsible for making its own independent appraisal of such matters and has not relied upon and will not hereafter rely upon the Agent or any other Bank or any information prepared, distributed or otherwise made available by the Agent (whether orally or in writing) for any such appraisal or other assessment or review of the Bond Insurer or the Company. The Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Bank with any credit or other information with respect to the business, affairs or financial condition of the Bond Insurer or the Company, whether coming into its possession before the Closing Date or at any time or times thereafter.

Section 8.07. Indemnification of the Agent. To the extent that the Agent is not reimbursed and indemnified by the Company, each Bank will, in proportion to its Percentage Share, reimburse and indemnify the Agent for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or

asserted against, the Agent in any way relating to or arising out of this Agreement, the Related Documents or any action taken or omitted by the Agent hereunder or thereunder; provided, however, that no Bank shall be liable for any portion of such liabilities, judgments, suits, costs, expenses or disbursements resulting solely from the Agent's gross negligence or willful misconduct. The obligations of the Banks under this Section 8.07 shall survive the termination of this Agreement.

Section 8.08. Notices Received by the Agent. Upon receipt by the Agent of any notices, certificates or documents delivered by or on behalf of the Company and the Bond Insurer pursuant to this Agreement and the Related Documents, the Agent shall provide copies thereof to each Bank.

Section 8.09. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks, the Trustee, the Paying Agent and the Company. Upon any such resignation, the Required Banks and the Company shall agree upon and appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Banks and the Company, and shall have accepted such appointment, within 10 Domestic Business Days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent approved by the Company which shall be a commercial bank organized or licensed under the laws of the United States of America or any State thereof and having a combined capital and surplus of at least \$500,000,000. No such resignation by the Agent shall be effective unless and until a successor Agent shall have been appointed hereunder. Upon the acceptance of its appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Agent, and the retiring Agent shall be discharged from any subsequent duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article and of Sections 9.04, 9.05 and 9.06 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

Section 8.10. Excess Payments. Except for payments made pursuant to Sections 3.01, 3.02, 3.07 and 9.05, if any Bank shall receive, out of the assets of the Bond Insurer or the Company or otherwise, any payment on account of any amounts owing by the Company to such Bank hereunder or under the Bank Bonds which would result in such Bank receiving an amount in excess of its Percentage Share of all amounts received by the Banks as payments on account of the amounts owing hereunder or under the Bank Bonds, whether the same be paid, received or applied voluntarily, involuntarily or by operation of law, by application of any offset or counterclaim on any debt or otherwise, then such Bank shall purchase for cash from the other Banks an interest in all of the outstanding obligations of the same class hereunder or under the Bank Bonds in an amount, determined by the Agent, which

shall result in each Bank receiving its Percentage Share of such total sums; provided, however, that if any such purchase is made and the excess payment (or portion thereof) requiring such purchase is thereafter recovered (in whole or in part) from the purchasing Bank, then such purchase shall be pro tanto rescinded and the applicable portion of the purchase price restored to the purchasing Bank, without interest; and provided further, however, that nothing in this Section 8.10 shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Company other than its indebtedness under this Agreement.

Section 8.11. Payments to Banks. Upon and only upon actual receipt by the Agent of any amounts paid to the Agent for the account of the Banks hereunder, the Agent shall promptly pay to each Bank in accordance with its payment instructions set forth in its Administrative Questionnaire (or such other account as such Bank may designate to the Agent for such purpose), in like funds as those received by the Agent, an amount equal to such Bank's pro rata share of such amounts, determined in accordance with the Percentage Share of such Bank; provided, however, that each Bank shall be entitled to receive any such amounts only to the extent it has not defaulted in its obligation hereunder to purchase Unremarketed Bonds.

Section 8.12. Disbursements of Purchase Price of Unremarketed Bonds. (a) Promptly upon receipt thereof, but in no event later than 1:15 P.M., New York City time, on the date of receipt thereof, the Agent shall furnish to each Bank by telecopy a copy of each Purchase Certificate received by the Agent on behalf of the Banks, together with a statement of the Agent's calculation of each Bank's Percentage Share of the Purchase Price demanded under such Purchase Certificate, and the Agent shall confirm by telephone that each Bank has received such copy and such statement. To facilitate payments of the Purchase Price of Unremarketed Bonds pursuant to Section 2.01, unless the Agent shall have been notified by any Bank prior to 1:30 P.M., New York City time, on the date of any such payment of the Purchase Price that such Bank does not intend to pay such Purchase Price, the Agent may assume that such Bank has determined to pay such Purchase Price and may, in reliance on such assumption (but without any obligation to do so), pay to the Paying Agent for the account of such Bank an amount equal to such Bank's Percentage Share of such Purchase Price. Each such payment shall be deemed to constitute an advance made by the Agent to such Bank and the paying of such Bank's Percentage Share of such Purchase Price by such Bank, and shall be conclusive and binding upon such Bank.

(b) Each Bank shall be obligated to pay to the Agent the amount of any advance made by the Agent to such Bank pursuant to Section 8.12(a) in immediately available funds, together with interest at the Federal Funds Rate. The obligation of each Bank to remit amounts to the Agent pursuant to this Section 8.12(b)

shall be absolute, unconditional and irrevocable under any and all circumstances and may not be terminated for any reason whatsoever. All amounts received by the Agent pursuant to this section 8.12(b) shall be for the account of the Agent.

(c) If any Bank does not repay any advance made to such Bank pursuant to Section 8.12(a) by the Agent's close of business on the Domestic Business Day next succeeding the date such advance was made, the Agent shall be entitled to retain for its own account any Bank Bonds purchased with such advance and to recover such sum from the Company together with interest from the date such advance was made to the date the same is paid in full at the Base Rate and to exercise all rights of such defaulting Bank under this Agreement with respect to such Bank Bonds and the Purchase Price of such Bank Bonds; provided that if such defaulting Bank repays its advance to the Agent in accordance with Section 8.12(b), such payment shall constitute such Bank's Percentage Share of such Purchase Price for purposes hereof. Nothing in this Section 8.12(c) shall be deemed to relieve any Bank from its obligation to fulfill its commitment under Section 2.01 or to prejudice any rights which the Company may have in respect of such commitment.

(d) If the Agent on behalf of any Bank, in its discretion, determines not to advance from the Agent's funds pursuant to Section 8.12(a) such Bank's Percentage Share of the Purchase Price of any Unremarketed Bonds pursuant to Section 2.01, the Agent will notify such Bank of such determination and furnish to such Bank any necessary payment instructions with respect to such disbursement by telecopy at or prior to 1:15 P.M., New York City time, on the date of receipt by the Agent of a Purchase Certificate and such Bank shall pay its Percentage Share of such Purchase Price by wire transfer of funds directly to the Paying Agent in accordance with such Purchase Certificate.

Section 8.13. Agent's Fee. The Company shall pay to the Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and the Agent.

ARTICLE IX.

MISCELLANEOUS

Section 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Company therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and the Required Banks and, in the case of an amendment, the Company, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, modification, supplement or waiver of or to any provision of this Agreement, and no consent

to any departure by the Company therefrom shall, unless the same shall be in writing and signed by all of the Banks, do any of the following: (i) increase or decrease the Combined Available Commitment of any Bank (except for a ratable decrease in the Commitments of all Banks) or subject any Bank to any additional obligation; (ii) reduce the Bank Rate or the principal of or the rate of interest on any Disbursement or any fees hereunder; (iii) change the definition of "Required Banks" or the percentage of Unremarketed Bonds held or Combined Available Commitments, as the case may be, required to take any action hereunder; (iv) modify any of the provisions of Section 2.07, 2.12, 3.01, 3.02, 3.03, 4.03, 8.10, 9.04, 9.05 or 9.06; (v) postpone the date fixed for any payment of principal of or interest on any Disbursement, or of or on any Bank Bonds, or any fees hereunder or for any reduction or termination of any commitment of any Bank hereunder; or (vi) extend the Stated Expiration Date or change the definition of "Term Period Commencement Date" or "Commitment Termination Date"; provided further, however, that no amendment, modification, supplement or waiver of or to any provision of this Agreement shall be effective unless signed by the Agent if the rights or duties of the Agent are affected thereby; and provided further, however, that no amendment, modification, supplement or waiver of or to any provision of this Agreement shall, unless consented to by the Trustee, materially adversely affect the Banks' obligations to purchase Unremarketed Bonds hereunder or modify the provisions of this proviso or of Section 9.16 hereof as such Section relates to the rights of the holders of the Bonds.

With respect to any modification, amendment, supplement or waiver contemplated by Section 10.01 of the Indenture or 11.6 of the Loan Agreement and for which the approval of any of the Banks or the Agent is required, the Agent will use all reasonable efforts to solicit a response from each Bank with respect to such proposed modification, amendment, supplement or waiver, and each of the Banks and the Agent will use all reasonable efforts to provide such response, within 15 days of such request.

Section 9.02. Notices, Etc. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telecopier communication) and shall be given to such party: in the case of the Company or the Agent, at its address or telecopier number set forth on the signature pages hereof; in the case of any Bank, at its address or telecopier number set forth in its Administrative Questionnaire; in the case of the Trustee, the Paying Agent and the Remarketing Agent, to their respective addresses or telecopier numbers set forth in the Indenture and/or the other Related Documents; or, as to each of the foregoing, at such other address as shall be designated by such Person in a written notice to the others. All such notices and communications shall be effective (i) if given by telecopier, when transmitted to the telecopier number specified as aforesaid, (ii) if given by mail, 72 hours after such communication is deposited in the mails with

first class postage prepaid, addressed as aforesaid, and (iii) if given by other means, when delivered at the address specified as aforesaid, except that written notices to the Agent and/or the Banks pursuant to the provisions of Article II, IV or VIII and to the Trustee, the Paying Agent and/or the Company pursuant to Article III or IV shall not be effective until received by such Person.

Section 9.03. No Waiver; Remedies. No failure on the part of the Agent or any Bank to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 9.04. Indemnification. The Company agrees to indemnify the Agent and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnitee") and hold harmless each Indemnitee from and against any and all liabilities, losses, damages, costs and reasonable expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such Indemnitee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnitee shall be designated a party thereto) in any way relating to or arising out of:

(a) any inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in any Offering Circular or any amendment or supplement thereto, or by reason of the omission or alleged omission to state therein a material fact necessary to make the statements contained in any Offering Circular or any amendment or supplement thereto in the light of the circumstances under which they were made, not misleading, other than any action or proceeding alleging any inaccuracy in a material respect, or an untrue statement of a material fact, with respect to information supplied by and describing a Bank or the Agent in any Offering Circular or any amendment or supplement thereto (the "Bank Information"), or alleging any omission to state therein a material fact necessary to make the statements in the Bank Information, in the light of the circumstances under which they were made, not misleading; or

(b) the execution, delivery or performance of this Agreement, any Related Document or any transaction contemplated hereby or thereby (including without limitation by reason of or in connection with the purchase by any Bank of Unremarketed Bonds); provided, however, that the Company shall not be required to indemnify any Indemnitee pursuant to this Section 9.04(b) for any claims, damages, losses,

liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee as determined by a court of competent jurisdiction or arising from any litigation brought by such Indemnatee against the Company in which a final, nonappealable judgment has been rendered against such Indemnatee.

Nothing in this Section 9.04 is intended to limit the obligations of the Company contained in Articles II and III or the commitment of any Bank to purchase Unremarketed Bonds in accordance with the terms hereof (or to prejudice any rights which the Company may have in respect of such commitment).

Section 9.05. Liability of the Agent and the Banks.

(a) The Company assumes all risks of the acts or omissions of the Trustee, the paying Agent, the Remarketing Agent and the Bond Insurer with respect to the use of the Disbursements under this Agreement. Neither the Agent nor any Bank nor any of their respective officers, directors, agents or employees shall be liable or responsible for, and none of the Company's obligations under this Agreement shall be affected by: (i) the use which may be made of the commitment of the Banks under this Agreement or any acts or omissions of the Trustee, the Paying Agent and/or the Remarketing Agent in connection therewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by any Bank against presentation of a Purchase Certificate which does not comply with the terms of this Agreement; or (iv) any other circumstances whatsoever in making or failing to make payment under this Agreement; provided that the Company shall have a claim against a Bank, and such Bank shall be liable to the Company, to the extent of any direct, as opposed to consequential, damages suffered by the Company which the Company proves were caused by such Bank's willful misconduct or gross negligence. In furtherance and not in limitation of the foregoing, the Agent and each Bank may accept documents that appear on their face to be in order, without responsibility for further investigation.

(b) Neither the Agent nor any Bank shall be liable or responsible in any respect for, and none of the Company's obligations under this Agreement shall be affected by, (i) any mechanical error, omission, interruption or delay, in each case, in the transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or gross negligence (in which event the extent of the Agent's or such Bank's potential liability to the Company shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement.

Section 9.06. Costs, Expenses and Taxes. The Company shall pay (i) all reasonable out-of-pocket expenses of the Agent, including the reasonable fees and disbursements of special counsel for the Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default and (ii) if an Event of Default occurs, all reasonable out-of-pocket expenses incurred by the Agent or any Bank, including (without duplication) the reasonable fees and disbursements of outside counsel, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom. In addition, the Company shall pay any and all costs and expenses of the Agent and the Banks (including reasonable counsel fees and expenses) in connection with the transfer, exchange and registration of Bank Bonds and any and all recording, stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, any Related Document and such other documents, and agrees to save the Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees. To the extent that the payment of interest on the accrued interest portion of the Purchase Price of Unremarketed Bonds pursuant to Section 2.05 would be prohibited by law if calculated as interest on the principal amount of such Unremarketed Bonds, the Company agrees, to the fullest extent that it may lawfully do so, to pay such amount (which is not payable under Section 2.05 because of such prohibition by law) to the Agent, for the account of the Banks, on demand pursuant to this Section 9.06 as interest on the total sum advanced pursuant to Section 2.01.

Section 9.07. Binding Effect; Assignment; Participations. (a) This Agreement shall be binding upon and inure to the benefit of the Company, the Agent and the Banks and their respective successors and assigns, except that the Company shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Agent and all of the Banks.

(b) Each Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Combined Available Commitment or any or all of its Disbursements (including a corresponding interest in its interest in the Bank Bonds), together with its rights and obligations hereunder. In the event of any such grant by any Bank of a participating interest to a Participant, such Bank shall remain responsible for the performance of its obligations hereunder and under the Related Documents, and the Company, the Agent and the other Banks shall deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement. Promptly after any Bank grants any such participating interest, such Bank shall inform the Company of the identity of the Participant and the amount of such participating interest. The Company agrees that each Participant shall be

entitled to the full benefit of the rights provided to the Banks in Sections 3.01, 3.02 and 3.07; provided, however, that, without limiting the foregoing, in no circumstance shall a Participant be deemed to be a Bank.

(c) Each Bank may assign to one or more banks or other institutions (each an "Assignee") all or a proportionate part (equivalent to an initial Combined Available Commitment under this Agreement of not less than \$10,000,000) of its rights and obligations under this Agreement, only with and subject to the consent of the Agent and the Company; it being acknowledged and agreed that (i) no such assignment shall become effective unless and until the Agent shall have received (A) written confirmation from each of Moody's and S&P that such assignment, in and of itself, will not result in any reduction, suspension or withdrawal of the ratings assigned by Moody's or S&P, as the case may be, to the Bonds and (B) written confirmation from the Company that such assignment, in and of itself, will not otherwise prevent the Company from complying with its obligations under Section 3.14 of the Indenture and (ii) that the Company may withhold such consent in its sole discretion. Upon execution and delivery of an instrument of assumption, payment by the Assignee to the transferor Bank of an amount equal to the purchase price agreed between such Assignee and such transferor Bank and the preparation by the Agent and the execution and delivery by the parties thereto of a supplement to this Agreement reflecting such assignment, such Assignee shall be a Bank party to this Agreement and shall have all of the rights and obligations of a Bank with a Combined Available Commitment and a Percentage Share as set forth in such supplement, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, in each case, without any further consent or action by any Person. In connection with any such assignment, the transferor Bank shall pay to the Agent an administrative fee of \$2,500 for processing such assignment.

(d) Any Bank may at any time assign all or any of its rights under this Agreement to a Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

Section 9.08. Severability. Any provision of this Agreement which is prohibited, unenforceable, or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 9.09. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to its choice of law principles).

Section 9.10. Jurisdiction; Service of Process. In connection with any civil action or proceeding arising out of, based upon or in any way connected to this Agreement, the Company submits to the non-exclusive jurisdiction of state and federal courts located in the City and State of New York in personam and agrees that such courts are convenient forums.

Section 9.11. Survival of Representations and Warranties. All agreements, representations and warranties made in this Agreement and in any certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement, and the agreements contained in Sections 3.01, 3.02, 3.07, 9.04 and 9.06 shall survive payment of the Bonds, the reimbursement to the Agent and each Bank of any payments or disbursements under this Agreement and the termination of this Agreement.

Section 9.12. Entirety. This Agreement constitutes the entire agreement of the parties hereto with respect to the commitment of the Banks to purchase Unremarketed Bonds and supersedes all prior understandings of such parties with respect to the subject matter hereof.

Section 9.13. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same agreement.

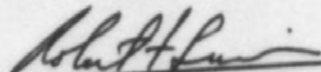
Section 9.14. Headings. Section headings and the table of contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.15. Effectiveness. This Agreement shall become effective upon receipt by the Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Agent in form satisfactory to it of telegraphic, telex, facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

Section 9.16. Beneficiaries. This Agreement shall be for the benefit of the parties hereto, the Trustee, the Paying Agent and the holders of the Bonds, and nothing contained herein, express or implied, is intended to give any Person other than the parties hereto, the Trustee, the Paying Agent and the holders of the Bonds any right, remedy, or claim hereunder or by reason hereof; provided that the provisions of clause third of Section 2.03(d) (iii) providing for amounts to be rebated to the Bond Insurer under certain circumstances are for the benefit of, and shall be directly enforceable by, the Bond Insurer.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the dates set forth below.

NUI CORPORATION

By 
Name: Robert F. Lurie
Title: Vice President/Treasurer

Address: 550 Route 202-206
Bedminster, NJ 07921-0760
Attention: Robert F. Lurie
Telephone: 908-719-4214
Telecopy: 908-781-0718

THE BANK OF NEW YORK, as Agent

By _____
Name:
Title:

Address: One Wall Street
New York, NY 10286
Attention: Mary Lou Bradley
Telephone: 212-635-7533
Telecopy: 212-635-7923

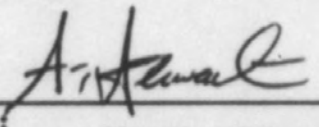
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the dates set forth below.

NUI CORPORATION

By _____
Name:
Title:

Address: 550 Route 202-206
Bedminster, NJ 07921-0760
Attention:
Telephone:
Telecopy:

THE BANK OF NEW YORK, as Agent

By  _____
Name:
Title: IAN K. STEWART
SENIOR VICE PRESIDENT

Address: One Wall Street
New York, NY 10286
Attention: Mary Lou Bradley
Telephone: 212-635-7533
Telecopy: 212-635-7923

Initial Available Principal
Commitment: \$39,000,000
Initial Available Interest
Commitment: \$448,767
Initial Combined Available
Commitment: \$39,448,767
Percentage Share: 100%

Date: June 12, 1996

BANKS

THE BANK OF NEW YORK

By

Name:

Title:

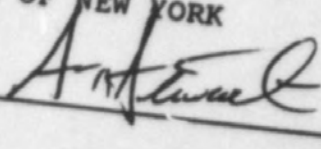

IAN K. STEWART
SENIOR VICE PRESIDENT

EXHIBIT A

FORM OF
CERTIFICATE REQUESTING
PURCHASE OF UNREMARKETED BONDS

The undersigned, a duly authorized officer of the undersigned paying agent (the "Paying Agent"), hereby certifies to The Bank of New York, as Agent (the "Agent"), pursuant to Section 4.03(a)(i) of the Standby Bond Purchase Agreement, dated as of June __, 1996, among NUI Corporation (the "Company"), the Banks party thereto and the Agent (as amended from time to time in accordance with its provisions, the "Purchase Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined) relating to \$39,000,000 New Jersey Economic Development Authority Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds"), that:

(1) The Paying Agent is the paying agent under the Indenture for the Bonds.

(2) The Paying Agent is making demand for payment by the Banks under Section 2.01 of the Purchase Agreement in respect of the Purchase Price of Unremarketed Bonds which is due and payable on _____ (the "Purchase Date").

(3) The amount being demanded for payment by the Banks under Section 2.01 of the Purchase Agreement is \$_____, which amount:

(i) represents the sum of (a) \$_____, the aggregate principal amount of Unremarketed Bonds on the Purchase Date, plus (b) \$_____, the amount of interest which is accrued and unpaid thereon to the Purchase Date, and

(ii) should be provided in immediately available funds to [specify account information and any applicable wire transfer instructions].

(4) The undersigned has not received any notice from the Agent that the obligations of the Banks to purchase Unremarketed Bonds have been suspended or terminated.

(5) To the best knowledge of the Paying Agent, the conditions precedent to the purchase of Unremarketed Bonds on the Purchase Date specified in Section 4.03(a)(iv) and (v) of the Purchase Agreement have been fulfilled.

The Paying Agent hereby acknowledges that, pursuant to the terms of the Purchase Agreement, and subject to upward

adjustment as provided in the Purchase Agreement, the honoring by the Banks of the demand for payment made by this Certificate will automatically result in downward adjustments in the amounts of the Total Combined Available Commitments, the Available Principal Commitments of the Banks and the Available Interest Commitments of the Banks in accordance with the terms of the Purchase Agreement.

IN WITNESS WHEREOF, the Paying Agent has executed and delivered this Certificate as of the ____ day of _____, _____.

[NAME OF PAYING AGENT]
as Paying Agent

By: _____
[Name and Title]

EXHIBIT B

FORM OF NOTICE OF INTEREST RATE ELECTION

The Bank of New York, as Agent
under the Standby Bond
Purchase Agreement referred
to below

One Wall Street
New York, NY 10286

Dear Sirs:

This Notice of Interest Rate Election is being delivered by NUI Corporation (the "Company") pursuant to the Standby Bond Purchase Agreement (as amended from time to time, the "Agreement") dated as of June __, 1996 among the Company, the Banks listed therein and The Bank of New York as Agent, relating to \$39,000,000 New Jersey Economic Development Authority Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project), that:

[(1) The Company hereby elects to continue^{1/} \$[specify aggregate principal amount of Disbursements to which this election applies]^{2/} of [Domestic Disbursements] [Euro-Dollar Disbursements having [a/an] [one] [two] [three] [six] month Interest Period ending [specify date] as [Domestic Disbursements] [Euro Dollar Disbursements having [a/an] [one] [two] [three] [six] month Interest Period ending [specify date]]^{2/}.]

[(2) The Company hereby elects to convert \$[specify aggregate principal amount of Disbursements to which this election applies]^{2/} of [Domestic Disbursements] [Euro-Dollar Disbursements] having [a/an] [one] [two] [three] [six] month Interest Period ending [specify date] to [Domestic Disbursements] [Euro-Dollar Disbursements having [a/an] [one] [two] [three] [six] month Interest Period ending [specify date]]^{2/}.]

-
1. Choose either (or both) of paragraph (1) (to continue the current interest rate election) and paragraph (2) (to convert interest rate election) to the extent applicable, and renumber paragraphs accordingly.
 2. If such election applies to less than all of such Disbursements, the aggregate principal amount to which such election applies, and the remaining portion to which it does not apply, must be at least \$3,000,000.
 3. Refer to definition of Interest Period.

(3) The election[s] specified in this Notice of Interest Rate Election shall become effective on [specify date]^{4/}.

Capitalized terms used herein that are not defined herein shall have the meaning specified in the Agreement.

Very truly yours,

NUI CORPORATION

By _____

Name:

Title:

4. Refer to Section 2.06(a) of Standby Bond Purchase Agreement.
#20138309.6

EXTENSION AGREEMENT

NUI Corporation

The Bank of New York, as Agent
under the Standby Bond Purchase
Agreement referred to below
One Wall street
New York, NY 10286

Re: \$39,000,000 New Jersey Economic Development
Authority Gas Facilities Revenue Bonds, 1996
Series A (NUI Corporation Project)
Due:

Gentlemen:

The undersigned hereby agree to extend, effective
[Extension Date], the Stated Expiration Date under the Standby
Bond Purchase Agreement dated as of June __, 1996 among NUI
Corporation, the Banks listed therein and The Bank of New York,
as Agent (the "Standby Bond Purchase Agreement"), for one year to
[date to which the Stated Expiration Date is extended]. Terms
defined in the Standby Bond Purchase Agreement are used herein as
therein defined.

This Extension Agreement shall be construed in accordance with and governed by the law of the State of New York.

[NAME OF BANK]

By _____
Title:

[NAME OF BANK]

By _____
Title:

Agreed and accepted:

NUI CORPORATION

By _____
Title:

THE BANK OF NEW YORK, as Agent

By _____
Title:

FORM OF NOTICE OF PREPAYMENT

[Name and address
of Agent in accordance with
Section 9.02]

Date:

Ladies and Gentlemen:

Reference is made to the Standby Bond Purchase Agreement, dated as of June __, 1996, among NUI Corporation, the Banks party thereto, and The Bank of New York, as Agent (the "Agreement"). Terms defined in the Agreement that are not otherwise defined herein are used herein with the meanings therein ascribed to them. The undersigned hereby gives notice pursuant to Section 2.11(b) of the Agreement that it will prepay the Disbursements specified below on [insert date of prepayment]:

<u>Duration of Interest Period¹</u>	<u>Last Day of Current Interest Period</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

NUI CORPORATION

By: _____
Name:
Title:

1. _____
Specify the duration of the Interest Period in the case of Euro-dollar Disbursements (e.g., one-month).

THIS PAGE NOT FOR INTERNAL CLIENT
MARKED FOR TOC
MAKE REVISIONS TO EXHIBIT LIST HERE

EXHIBIT A - Form of Certificate Requesting Purchase of
Unremarketed Bonds
EXHIBIT B - Form of Notice of Interest Rate Election
EXHIBIT C - Extension Agreement
EXHIBIT D - Form of Notice of Prepayment

\$39,000,000

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Gas Facilities Revenue Bonds, 1996 Series A
(NUI Corporation Project)

REMARKETING AGREEMENT

This REMARKETING AGREEMENT, dated as of June 12, 1996 (the "Agreement") between NUI CORPORATION, a New Jersey corporation (the "Company"), and MORGAN STANLEY & CO. INCORPORATED (the "Remarketing Agent").

WITNESSETH:

WHEREAS, the New Jersey Economic Development Authority (the "Authority") has authorized the issuance, sale, execution and delivery of \$39,000,000 in aggregate principal amount of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (the "Bonds") pursuant to a Trust Indenture, dated as of June 1, 1996 (the "Indenture"), between the Authority and First Union National Bank, as Trustee and Paying Agent (the "Trustee");

WHEREAS, the Bonds and the Indenture provide, among other things, that the owners of the Bonds (the "Owners") may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Indenture;

WHEREAS, the Indenture provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to remarket any Bonds tendered for purchase by the Owners; and

WHEREAS, the Company has requested that the Remarketing Agent undertake the duties and responsibilities of a remarketing agent under the Indenture and this Agreement on the terms and conditions set forth in this Agreement, and the Remarketing Agent has agreed to accept the duties and responsibilities of a remarketing agent under the Indenture and this Agreement on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise defined herein, all capitalized terms herein shall have the meanings ascribed to them in the Indenture.

Section 2. Appointment of Remarketing Agent. Subject to the terms and conditions contained herein, the Company hereby appoints the Remarketing Agent as the exclusive remarketing agent for the Bonds, and the Remarketing Agent hereby accepts such appointment.

Section 3. Duties and Responsibilities of Remarketing Agent. Subject to the terms and conditions set forth in this Agreement, the Remarketing Agent agrees to perform the duties of remarketing agent set forth in Section 3.11 of the Indenture. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 11 hereof.

(a) *Determination of Interest Rates.* The Remarketing Agent shall determine the interest rates on, and Rate Periods for, the Bonds in the manner and at the times specified therefor in the Indenture.

(b) *Remarketing of Tendered Bonds.*

(i) The Remarketing Agent shall use its best efforts to remarket Bonds to be purchased as described in the Indenture.

(ii) The Remarketing Agent (A) will suspend its remarketing efforts upon notice of the occurrence and continuance of an Event of Default under Section 6.01(a)(i) of the Indenture and (B) in its judgment, may suspend its remarketing efforts immediately upon the occurrence of any of the following events, which suspension will continue so long as the situation continues to exist:

(1) the notice of the occurrence of any Event of Default under the Indenture, other than an Event of Default under Section 6.01(a)(i) of the Indenture, or an event which with the passage of time or the giving of notice or both may become an Event of Default;

(2) the suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(3) a general moratorium on commercial banking activities by federal or New York state authorities;

(4) the engagement by the United States in hostilities if the effect of such engagement, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Bonds;

(5) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission (the "*Commission*") or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "*Securities Act*"), as then in effect, or the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), as then in effect, or the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Bonds, or the Bonds, as contemplated hereby;

(6) the marketability of the Bonds at the contemplated offering price thereof has been, in the opinion of the Remarketing Agent, materially adversely affected by any effective federal or state legislation or by any final decision of any federal or state court or by any order, ruling or regulation of the Treasury Department or the Internal Revenue Service of the United States or other federal or state authority or regulatory body, by a release or announcement or communication issued or sent by the Treasury Department or the Internal Revenue Service of the United States, adversely affecting the tax-exempt status of the Bonds, as contemplated hereby, or the interest thereon, or any tax exemption with respect to obligations of the general character of the Bonds, as contemplated hereby, or the interest thereon, granted or authorized by the Internal Revenue Code of 1986, as amended (the "*Code*"), or by any audit or enforcement action by the Internal Revenue Service contesting the tax-exemption of the Bonds of any holder (other than a "substantial user" or "related person" within the meaning of Section 147 of the Code);

(7) any event shall occur or information shall become known, that makes untrue, incorrect or misleading in any material respect any statement or information contained in the disclosure documents provided to the Remarketing Agent in connection with the performance of its duties hereunder whether provided pursuant to Section 5 or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact or necessary in order to

make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(8) any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force;

(9) any of the representations and warranties of the Company made hereunder shall not have been true and correct on the date made;

(10) the Company fails to observe any of the covenants or agreements made herein;

(11) a material adverse change in the financial condition of the Company, the Bond Insurer or the Bank (or any entity or entities obligated to make payments under an Alternate Liquidity Facility);

(12) the suspension or termination of the Insurance Policy or the Standby Purchase Agreement; or

(13) a reduction, suspension or withdrawal of any rating on the Bonds by any rating agency then rating the Bonds.

Section 4. Resignation and Removal of Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Authority, the Trustee, the Bank, the Paying Agent and the Company with at least thirty (30) days' written notice. With the written approval of the Bank delivered to the Company, the Trustee, the Authority and the Paying Agent, the Company may remove the Remarketing Agent at any time upon written notice to the Trustee, the Paying Agent, the Authority, the Bank and the Remarketing Agent. Upon removal or resignation of the Remarketing Agent, the Company shall promptly cause the Trustee to give written notice thereof to all Bondholders. The Remarketing Agent shall assign and deliver this Agreement to its successor subject to the terms of the Indenture.

Section 5. Disclosure Materials. (a) General. If the Remarketing Agent determines that it is necessary or desirable to use an official statement or other disclosure document in connection with its remarketing of the Bonds, the Remarketing Agent will notify the Company which will, or will cause the Authority to, provide the Remarketing Agent with a disclosure document in respect of the Bonds satisfactory to the Remarketing Agent and its counsel. The Company will, or will cause the Authority to, supply the Remarketing Agent with such number of copies of the disclosure document as the Remarketing Agent reasonably requests from time to time and the Company will, or will cause the Authority to, amend the document (and all documents incorporated by reference therein) so that at all times the document will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. In connection with the use of any disclosure document by the Remarketing Agent in its remarketing of the Bonds, the Company will, or will cause the Authority to, furnish

to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as the Remarketing Agent reasonably requests.

(b) *Compliance with Rule 15c2-12.* The Company and the Remarketing Agent acknowledge that the Remarketing Agent may be obligated to comply with applicable provisions of Rule 15c2-12 promulgated by the Commission under the Exchange Act ("*Rule 15c2-12*") in connection with certain remarketings of the Bonds, including a remarketing upon a conversion of the Bonds from a Daily Mode or Weekly Mode to a Flexible Mode or to a Multiannual Mode. In such event, the Company agrees to cooperate with the Remarketing Agent to enable the Remarketing Agent to comply with Rule 15c2-12, including the preparation of a disclosure document satisfactory to the Remarketing Agent and its counsel, "deeming final" such disclosure document as provided in Rule 15c2-12, providing sufficient copies of such disclosure document within the time required by Rule 15c2-12 (together with such certificates and opinions of counsel with respect to the accuracy and completeness of such disclosure document as may be requested by the Remarketing Agent), entering into an undertaking to provide continuing information as required by Rule 15c2-12 and taking all such other action as may be requested by the Remarketing Agent so as to enable the Remarketing Agent to comply with Rule 15c2-12.

Section 6. Indemnification and Contribution. (a) The Company will indemnify and hold harmless the Remarketing Agent and each of its directors, officers, agents and employees and each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all losses, claims, damages or liabilities, joint or several, to which any such indemnified party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such indemnified party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds, the obligations of the Company under the Agreement or this Agreement or the obligations of the Bank under the Standby Purchase Agreement (or the obligations of any entity or entities obligated to make payments under an Alternate Liquidity Facility) should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any disclosure documents furnished pursuant to Section 5 hereof or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein not misleading; *provided, however,* that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in such disclosure documents in reliance upon and in conformity with written information furnished to the Company or the Authority by or on behalf of the Remarketing Agent specifically for use in connection with the preparation of such disclosure documents. This indemnity agreement will not limit any other remedy that any such indemnified party otherwise may have; *provided* that in no event will the Company be obligated for double indemnification.

(b) The Remarketing Agent will indemnify and hold harmless the Company, each of its directors, officers, agents and employees and each person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against

any and all losses, claims, damages or liabilities, joint or several, to which any such party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any disclosure documents furnished pursuant to Section 5 hereof, or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement, or such omission or alleged omission, of a material fact was made in conformity with information furnished in writing to the Company by or on behalf of the Remarketing Agent specifically for inclusion in such disclosure documents.

(c) An indemnified party shall, promptly after receipt of notice of the commencement of any action against such indemnified party in respect of which indemnification may be sought against the indemnifying party, notify such indemnified party in writing of the commencement of the action. Failure of the indemnified party to give such notice will not relieve the indemnifying party from any liability it may have to such indemnified party. If such an action is brought against an indemnified party and such indemnified party notifies the indemnifying party of its commencement, such indemnifying party may, or if so requested by such indemnified party will, participate in or assume its defense, with counsel reasonably satisfactory to such indemnified party and, after notice from such indemnifying party to such indemnified party of an election to assume the defense and approval by such indemnified party of counsel, such indemnifying party will not be liable to such indemnified party under this Section 6 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense other than reasonable costs of investigation. Until the indemnifying party assumes the defense of any such action at the request of such indemnified party, such indemnified party may participate at its own expense in the defense of such action. If the indemnifying party does not retain counsel to take charge of the defense or if the indemnified party reasonably concludes that there may be defenses available to it and/or other indemnified parties different from or in addition to those available to such indemnifying party (in which case such indemnifying party will not have the right to assume the defense of such action on behalf of such indemnified party), legal and other expenses reasonably incurred by such indemnified party shall be borne by such indemnifying party. Any obligation under this Section 6(c) of the indemnifying party to reimburse an indemnified party for expenses shall be payable in reasonable amounts and at reasonable periodic intervals not more often than monthly as required by such indemnified party, but if such indemnified party is later determined not to be entitled to indemnification under this Section 6(c) or otherwise, such indemnified party will promptly return any moneys paid pursuant to this sentence. No party will be liable with respect to any settlement effected without its written consent.

(d) (i) If the indemnification provided for in Section 6(a) and (b) hereof is for any reason or to any extent unavailable to an indemnified party in respect of any losses, claims, damages or liabilities referred to therein (subject to the limitations contained therein), then each indemnifying party shall contribute to the aggregate amount of such losses, claims, damages and liabilities incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the

Remarketing Agent on the other hand from the remarketing of the Bonds pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Remarketing Agent on the other hand in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Remarketing Agent on the other hand in connection with the remarketing of the Bonds pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the remarketing of the Bonds pursuant to this Agreement (before deducting expenses) received by the Company and the total fee received by the Remarketing Agent applicable to the Bonds remarketed by the Remarketing Agent pursuant to this Agreement. The relative fault of the Company on the one hand and the Remarketing Agent on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Remarketing Agent and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Remarketing Agent agree that it would not be just and equitable if contribution pursuant to this Section 6(d)(i) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(d)(i). The aggregate amount of losses, claims, damages and liabilities incurred by an indemnified party and referred to above in this Section 6(d)(i) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

(ii) In no case, however, will any person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6(d)(ii), each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Remarketing Agent, and each person who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act and each officer and each director of the Company will have the same rights to contribution as the Company, subject to the foregoing sentence.

Section 7. Fees and Expenses. In consideration of the services to be performed by the Remarketing Agent under this Agreement and the Indenture, the Company agrees to pay to the Remarketing Agent a fee of 1/10 of one percent per annum of the weighted average principal amount of the Bonds outstanding during each three month period such Bonds bear interest at a Daily Rate, Weekly Rate or Flexible Rate payable quarterly in arrears commencing June 12, 1996, based on actual number of days elapsed over 365 or 366, as appropriate. When Bonds bear interest at a Multiannual Rate or when Bonds are remarketed in connection with the conversion to a Multiannual Mode or upon the commencement of a new Rate Period in the Multiannual Mode, the Company and the Remarketing Agent will agree on a fee prior to such period or such remarketing, as the case may be.

The Company will pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all direct, out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

Section 8. Representations, Warranties, Covenants and Agreements of the Company. The Company, by its acceptance hereof, represents and warrants to, and covenants and agrees with, the Remarketing Agent that:

(a) the representations and warranties of the Company set forth in (i) the Bond Purchase Agreement relating to the Bonds dated June 11, 1996 among the Authority, the Company and Morgan Stanley & Co. Incorporated, acting in its capacity as underwriter of the Bonds, and (ii) Section 2.2 of the Agreement (each of which representations and warranties is incorporated herein by reference and is expressly made to the Remarketing Agent) are true and correct in all material respects as of the date hereof;

(b) it has full power and authority to take all actions required or permitted to be taken by the Company by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement, the Agreement, the Standby Purchase Agreement or the Tax Regulatory Agreement;

(c) it will provide the Remarketing Agent at the address noted in Section 13 hereof (i) within forty-five (45) days of the end of each of its first three fiscal quarters, with copies of its unaudited quarterly financial statements, and (ii) within 120 days of the end of each fiscal year, with a copy of its annual audited financial statements for that fiscal year;

(d) it will promptly notify the Remarketing Agent in writing of (i) any material adverse changes that may affect the remarketing of the Bonds (including any action, event or other occurrence referred to in Section 3(b) hereof, whether or not it deems such to constitute a material adverse change, (ii) any fact or circumstance that may constitute, or with the passage of time will constitute, an event of default under the Agreement, the Standby Purchase Agreement or the Tax Regulatory Agreement, (iii) each rating or change in the status of any rating of the Bonds by any national rating agency, (iv) each call for redemption of the Bonds or any portion thereof, (v) any change in or termination of the Standby Purchase Agreement, (vi) any action to terminate or replace the Standby Purchase Agreement or the Insurance Policy and (vii) each amendment, modification or supplement to the Agreement, the Standby Purchase Agreement or the Tax Regulatory Agreement; and

(e) it will provide the Remarketing Agent with each document or report filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof.

Section 9. Term of Agreement. This Agreement shall become effective on the date of initial issuance of the Bonds and shall continue in full force and effect until the payment in full of the Bonds or the earlier conversion of all Bonds to a Rate Period in the Multiannual Mode ending on the maturity date of the Bonds, subject to the right of termination as provided herein.

Section 10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 11. Dealing in Bonds by the Remarketing Agent. The Remarketing Agent, in its individual capacity, may, in good faith, buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action that any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Company and may act as depositary, trustee, or agent for any committee or body of Owners or other obligations of the Company as freely as if it did not act in any capacity hereunder.

Section 12. Intention of Parties. It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 13. Miscellaneous. (a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Remarketing Agent:

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036

Attention: Janet Salem
Telephone: 212-761-8690
Telecopy: 212-761-0585

The Company:

NUI Corporation
550 Route 202-206
Bedminster, New Jersey 077921-0760

Attention: Treasurer
Telephone: 908-719-4219
Telecopy: 908-781-0718

The Trustee and Paying Agent:

First Union National Bank
765 Broad Street-C76607
Newark, New Jersey 07102

Attention: Leonard Trueblood
Telephone: 201-430-4070
Telecopy: 201-430-4476

The Authority:

New Jersey Economic Development Authority
200 South Warren Street
Capital Place One - CN 990
Trenton, New Jersey 08625

Attention: Lawrence Cier
Telephone: 609-292-0194
Telecopy: 609-633-7751

The Bank:

The Bank of New York
One Wall Street, 18th Floor
New York, New York 10286

Attention: Mary Lou Bradley
Telephone: 212-635-7533
Telecopy: 212-635-7923

The Remarketing Agent, the Company, the Trustee and Paying Agent, the Authority and the Bank may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) Except as provided in Section 6 hereof, this Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds merely because of such purchase. No Owner or other third party (except as provided in Section 6 hereof) shall have any rights or privileges hereunder.

(c) All of the representation and warranties of the Company and the Remarketing Agent in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Company, (ii) the offering and sale of and any payment for any Bonds hereunder or (iii) termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

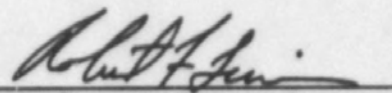
(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Remarketing Agreement to be duly executed as of the date first above written.

NUI CORPORATION

By: 
Name: Robert F. Lurie
Title: Vice President / Treasurer

MORGAN STANLEY & CO. INCORPORATED

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Remarketing Agreement to be duly executed as of the date first above written.

NUI CORPORATION

By: _____
Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: *Francis J. Sullivan*
Name: *F. J. Sullivan*
Title: *Principal*

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No person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offer made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the New Jersey Economic Development Authority, NUI Corporation or the Underwriter. The information contained in Appendix D has been provided by the Bank, which is solely responsible for its contents. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The New Jersey Economic Development Authority has not verified or approved, and neither has nor assumes any responsibility as to the accuracy or completeness of, the information in this Official Statement, all of which has been furnished by others, other than information under THE AUTHORITY.



Municipal Bond Insurance Policy

AMBAC Indemnity Corporation APPENDIX C
c/o CT Corporation Systems
222 W. Washington Ave., Madison, WI 53703
Administrative Office:
One State Street Plaza, New York, NY 10004

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

In consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within 5 days following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be subrogated to all of the Bondholder's rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the Insurance disbursement was made. AMBAC shall be subrogated to all of the Bondholders' rights to payment on registered Bonds to the extent of the Insurance disbursements so made.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any redemption, prepayment or acceleration premium which at any time may become due in respect of any Bond, nor against risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the counter-signature of its duly authorized representative.

President



Secretary

Effective Date:

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form # 566-000 (5/90)

C-1

Authorized Representative

Cynthia Chaney
Authorized Officer

\$39,000,000

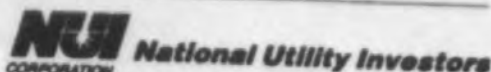
Exhibit E (6)

New Jersey Economic Development Aut Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project)

Interest Accrual: Date of Original Issuance

Due: June 1, 2026

The Bonds are special, limited obligations of the Authority and do not constitute an indebtedness or a charge against the general credit of the Authority. The principal of, premium, if any, and interest on the Bonds will be payable solely from, and secured by a pledge of, Loan Payments to be made by



Initially, the Bonds will bear interest in the Daily Mode. The Bonds may subsequently be converted to the Weekly Mode for Rate Periods of seven days, the Flexible Mode for Rate Periods of any duration up to 270 days, or the Multiannual Mode for Rate Periods of not less than 365 days. The Bonds will be subject to mandatory tender prior to maturity (i) while in the Flexible Mode or the Multiannual Mode, on the Business Day following the last day of each Rate Period, and (ii) while in the Daily Mode or the Weekly Mode, on the date of conversion to a mode other than the Daily Mode or the Weekly Mode or upon the occurrence of certain other events relating to the Standby Bond Purchase Agreement (described below) (the date of any such tender, a Mandatory Tender Date). The Bonds in the Daily Mode and the Weekly Mode may be tendered for purchase at the option of the registered owners thereof at the times described herein. Bonds in the Flexible Mode or Multiannual Mode may be converted to another Mode on any Mandatory Tender Date. Upon 15 days' notice, Bonds in the Daily Mode or the Weekly Mode may be converted to another Mode on the first day of a Rate Period.

Payment of interest on the Bonds when due and principal of the Bonds when due at maturity or on mandatory redemption upon a determination of taxability will be insured by a municipal bond insurance policy (Policy) to be issued by AMBAC Indemnity Corporation (AMBAC Indemnity) simultaneously with the issuance of the Bonds.



Purchases of Bonds, in the event and to the extent not remarketed by the Remarketing Agent upon mandatory or optional tender, will initially be funded under the Standby Bond Purchase Agreement between the Company and The Bank of New York (Bank). The maximum interest rate and the number of days of interest coverage provided under the Standby Bond Purchase Agreement will be initially 12% and 35 days. The Standby Bond Purchase Agreement will expire on June 12, 2001, unless extended or earlier terminated in accordance with the terms thereof. The obligations of the Bank to purchase unremarketed Bonds will automatically terminate in certain events, including events relating to the insolvency of AMBAC Indemnity, failure by AMBAC Indemnity to make payments as required by the Policy, termination, cancellation or material modification of the Policy, or a judicial determination that the Policy is not enforceable against AMBAC Indemnity. The obligations of the Bank are also subject to suspension in certain events, without notice, including a ratings downgrade of AMBAC Indemnity or if AMBAC Indemnity claims or asserts, or any governmental authority finds, that the Policy is invalid or unenforceable, which events, if not cured, will also result in termination of the obligations of the Bank. See THE STANDBY BOND PURCHASE AGREEMENT—"Suspension of Commitments" and "Events of Termination."

The Remarketing Agent for the Bonds will be Morgan Stanley & Co. Incorporated.

The Bonds will be issued as fully registered bonds without coupons in denominations of \$100,000 or any multiple of \$1,000 in excess thereof in the Flexible Mode, multiples of \$100,000 in the Daily Mode or the Weekly Mode and multiples of \$5,000 in the Multiannual Mode. The Bonds will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (DTC). Purchases of Bonds will be made only in book-entry form. Payments of principal and interest will be made to DTC by First Union National Bank, as Paying Agent. Disbursements of such payments to beneficial owners will be made through participants of DTC and will be the responsibility of such participants. See THE BONDS—"Book-Entry System."

The Bonds will be subject to redemption prior to maturity as described herein.

The State of New Jersey is not obligated to pay, and neither the faith and credit nor the taxing power of the State of New Jersey is pledged to the payment of, the principal or redemption price, if any, of or interest on the Bonds. The Bonds are special, limited obligations of the Authority, payable solely out of the revenues or other receipts, funds or moneys of the Authority pledged under the Indenture and from any amounts otherwise available under the Indenture for the payment of the Bonds. The Bonds do not now and shall never constitute a charge against the general credit of the Authority. The Authority has no taxing power.

Price: 100%

In the opinion of Wolff & Samson, P.A., Bond Counsel, assuming the Authority and the Company observe certain tax covenants, based upon existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the holders of the bonds pursuant to Section 103 of the Internal Revenue Code of 1986 (Code), except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which it is held by a person who is a "substantial user" of the Project or a "related person" thereto within the meaning of Section 147(a) of the Code. Interest on the Bonds is an item of tax preference under Section 57 of the Code for purposes of computing the Federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds and any gain realized from the sale of Bonds are not includable in gross income under the existing New Jersey Gross Income Tax Act. See TAX MATTERS.

The Bonds are offered by the Underwriter when, as and if issued by the Authority and accepted by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of the proceedings by Wolff & Samson, P.A., Bond Counsel, the approval of certain other legal matters by Winthrop, Stimson, Putnam & Roberts, counsel to the Underwriter, James R. Van Horn, Esq., general counsel to the Company, and Reid & Priest LLP, of counsel to the Company, and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made in New York, New York, through the facilities of DTC, on or about June 12, 1996.

MORGAN STANLEY & CO.
Incorporated

June 11, 1996

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No person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offer made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the New Jersey Economic Development Authority, NUI Corporation or the Underwriter. The information contained in Appendix D has been provided by the Bank, which is solely responsible for its contents. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the Company since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The New Jersey Economic Development Authority has not verified or approved, and neither has nor assumes any responsibility as to the accuracy or completeness of, the information in this Official Statement, all of which has been furnished by others, other than information under THE AUTHORITY.



Municipal Bond Insurance Policy

AMBAC Indemnity Corporation APPENDIX C
c/o CT Corporation Systems
222 W. Washington Ave., Madison, WI 53703
Administrative Office:
One State Street Plaza, New York, NY 10004

Issuer:

Policy Number:

Bonds:

Premium:

AMBAC Indemnity Corporation (AMBAC) A Wisconsin Stock Insurance Company

In consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

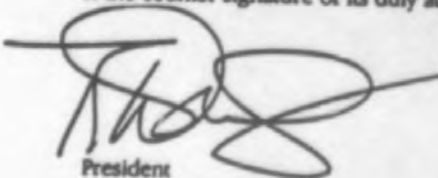
AMBAC will make such payments to the Insurance Trustee within 5 days following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's rights to payment.

In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which this insurance disbursement was made. AMBAC shall be subrogated to all of the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

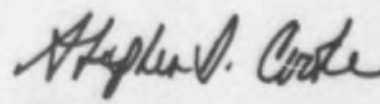
As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any redemption, prepayment or acceleration premium which at any time may become due in respect of any Bond, nor against risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the counter-signature of its duly authorized representative.


President




Secretary

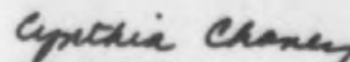
Effective Date:

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form # 566-0003 (3/90)

C-1

Authorized Representative


Cynthia Chaney
Authorized Officer



AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin Street, Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy issued to:

Attached to and forming part of

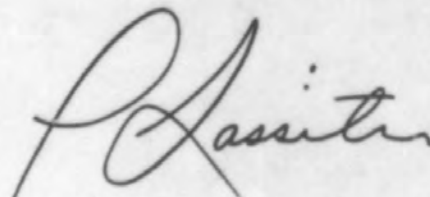
Effective Date of Endorsement:

Notwithstanding the terms and provisions contained in this Policy, it is further understood that the term "Due for Payment" shall also mean, when referring to the principal of and interest on a Bond, any date on which the Bonds shall have been duly called for mandatory redemption as a result of a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which NUI Corporation (the "Company") has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation or warranty in the Loan Agreement dated as of June 1, 1996 between the Company and the Issuer, the interest on the Bond is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project (as defined in the Indenture referred to below) or a "related person" as those terms are used and defined in the United States Internal Revenue Code of 1986, as amended), pursuant to Section 3.01 of the Trust Indenture dated as of June 1, 1996 between the New Jersey Economic Development Authority and First Union National Bank, as trustee relating to the Bonds.

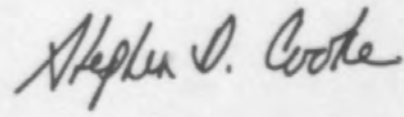
Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, AMBAC has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

AMBAC Indemnity Corporation


President




Secretary

Authorized Representative

the Tax Regulatory Agreement dated the date hereof, and the other Authority Documents, which, in our opinion, establish procedures under which, if followed, such requirements will be met. The Authority and the Company have covenanted to take all such steps within their control necessary to insure that interest on the Bonds be and remain excludable from the gross income of the owners thereof for federal income tax purposes. In rendering the opinions set forth in this paragraph (D), we have assumed compliance with such provisions of the Agreement, the Indenture, the Tax Regulatory Agreement and the other Authority Documents. We have also assumed the correctness of certain representations of the Company and the Authority set forth therein.

Pursuant to the applicable provisions of the Code and related rulings, regulations and judicial decisions, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes, except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(b) of the Code. Furthermore, interest on the Bonds is an item of tax preference for purposes of calculating the alternative minimum tax imposed by the Code with respect to individuals and corporations.

No opinion is expressed, however, as to the extent accrual or receipt of interest on the Bonds may otherwise affect the Federal income tax liability of or other consequences to the recipients thereof, which will depend on the recipients' particular tax status and other items of income or deduction.

We are also of the opinion that interest on and any gain realized from the sale of the Bonds is not includable in gross income under the existing New Jersey Gross Income Tax Act.

The foregoing opinions are qualified to the extent that the enforceability of the Agreement, the Indenture, the Purchase Agreement, the Bonds and all related obligations of the various parties thereto may be limited as to remedies by any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application at the time in effect. In addition, we wish to advise you that the remedy of specific performance provided for in the Agreement is subject to the exercise of judicial discretion.

Capitalized terms used in this opinion and not otherwise specifically defined herein have the meanings assigned to them in the Agreement, the Indenture or the Purchase Agreement, as the case may be, unless the context clearly indicates otherwise.

Very truly yours,

[Letterhead of Wolff & Samson, P.A.]

June __, 1996

New Jersey Economic Development
Authority
Capital Place One - CN 990
200 South Warren Street
Trenton, New Jersey 08625

Morgan Stanley & Co.
Incorporated
1585 Broadway, 39th Floor
New York, New York 10036

The Bank of New York
One Wall Street
New York, New York 10286

First Union National Bank
765 Broad Street - C76607
Newark, New Jersey 07102

Re: New Jersey Economic Development Authority
Gas Facilities Revenue Bonds, 1996 Series A
(NUI Corporation Project)

Ladies and Gentlemen:

We have acted as Bond Counsel to the New Jersey Economic Development Authority ("Authority") in connection with the issuance of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) in the aggregate principal amount of \$39,000,000 (the "Bonds").

The Bonds are dated the date hereof, mature on June 1, 2026, and bear interest and are subject to redemption and mandatory tender for purchase prior to maturity upon the terms and conditions stated therein and in the Trust Indenture dated as of June 1, 1996 ("Indenture") between the Authority and First Union National Bank, as Trustee ("Trustee"). The Bonds are issuable as registered bonds without coupons in Authorized Denominations.

The Bonds are issued pursuant to the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of New Jersey, as amended ("Act"). The issuance of the Bonds has been authorized by a preliminary resolution adopted by the Authority on November 14, 1995 and a Final Bond Resolution adopted on May 14, 1996 ("Bond Resolution").

The Bonds are issued to make a loan (the "Loan") to NUI Corporation (the "Company") to finance a portion of the costs of a project consisting of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (the "Project"), all to be located in the Counties of Middlesex and Union, State of New Jersey.

The Authority and the Company have entered into a Loan Agreement dated as of June 1, 1996 ("Agreement"), and the Authority, the Company and Morgan Stanley & Co. Incorporated ("Underwriter") have entered into a Bond Purchase Agreement dated June __, 1996 ("Purchase Agreement"). The Agreement and the Purchase Agreement collectively provide for the Authority's sale of the Bonds to the Underwriter, the Authority's lending of the proceeds of the Bonds to the Company, the Company's use of the proceeds to finance the Project and the Company's repayment of the Loan to the Authority with interest, at intervals, and in amounts which will permit the Authority to make the required payments of principal and interest on the Bonds to the Trustee. The Company's obligations

to the Authority under the Agreement are secured by the grant to the Authority of a security interest in all monies and securities held in the Construction Fund and the Debt Service Fund, all as more particularly defined and described in the Agreement and the Indenture. The Company and The Bank of New York, as Bank and Agent (the "Bank"), have entered into a Standby Bond Purchase Agreement, dated as of June 1, 1996. In addition, at the Company's request, AMBAC Indemnity Corporation (the "Bond Insurer") has issued a municipal bond insurance policy with respect to the Bonds.

The Bonds are secured by the Indenture and the assignment from the Authority to the Trustee of certain of the Authority's rights under the Agreement.

In our capacity as Bond Counsel, we have examined the record of proceedings relating to the issuance of the Bonds and such other opinions, documents, certificates, instruments and letters, and such statutes, regulations, administrative pronouncements and judicial decisions as exist on the date hereof, as we deemed necessary as the basis for the opinions expressed herein. We have conducted no independent investigation of any matter or statement or facts contained in any agreement, document, certificate or opinion of counsel referred to above. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies. We have not been requested to and have not examined any documents or other information concerning the Company, and we expressly decline to express any opinion as to the adequacy or sufficiency of any information which has been or will be supplied to the Authority, the Bond Insurer, the Bank, the Underwriter, the Trustee or any purchaser of the Bonds by or on behalf of the Company.

Except as to the opinions expressed in paragraph (D) below, we express our opinion only with respect to the laws of the State of New Jersey as enacted and construed on the date hereof.

Based upon the foregoing, it is our opinion that:

(A) The Authority is a body politic and corporate and an instrumentality duly organized and validly existing under the Act, with full power and authority to (1) undertake the financing of the Project as contemplated by the Agreement, (2) issue, execute and deliver the Bonds and (3) execute and deliver the Agreement, the Indenture, the Purchase Agreement and the other documents relating to the issuance of the Bonds to which it is a party (collectively, the "Authority Documents").

(B) The Bonds have been duly authorized, issued, executed and delivered by the Authority to the Trustee, are valid and binding special obligations of the Authority the principal of, premium, if any, and interest on which are payable solely out of the moneys derived by the Authority pursuant to the Agreement or derived from the liquidation of any property pledged to the Authority as security for the Loan, and are enforceable against the Authority in accordance with the terms thereof. We call your attention to the fact that the Bonds do not pledge the credit and taxing power of to the State or of any political subdivision thereof or the general credit of other Authority. The Authority has no taxing power.

(C) The Agreement, the Indenture, the Purchase Agreement and the other Authority Documents have been duly authorized, executed and delivered by the Authority and are valid, binding, and enforceable against the Authority in accordance with their terms.

(D) The applicable provisions of the Internal Revenue Code of 1986 (the "Code") establish certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from the gross income of the owners thereof for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds. We have examined the Agreement, the Indenture,

the Tax Regulatory Agreement dated the date hereof, and the other Authority Documents, which, in our opinion, establish procedures under which, if followed, such requirements will be met. The Authority and the Company have covenanted to take all such steps within their control necessary to insure that interest on the Bonds be and remain excludable from the gross income of the owners thereof for federal income tax purposes. In rendering the opinions set forth in this paragraph (D), we have assumed compliance with such provisions of the Agreement, the Indenture, the Tax Regulatory Agreement and the other Authority Documents. We have also assumed the correctness of certain representations of the Company and the Authority set forth therein.

Pursuant to the applicable provisions of the Code and related rulings, regulations and judicial decisions, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes, except that no opinion is expressed as to the exclusion from gross income of interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(b) of the Code. Furthermore, interest on the Bonds is an item of tax preference for purposes of calculating the alternative minimum tax imposed by the Code with respect to individuals and corporations.

No opinion is expressed, however, as to the extent accrual or receipt of interest on the Bonds may otherwise affect the Federal income tax liability of or other consequences to the recipients thereof, which will depend on the recipients' particular tax status and other items of income or deduction.

We are also of the opinion that interest on and any gain realized from the sale of the Bonds is not includable in gross income under the existing New Jersey Gross Income Tax Act.

The foregoing opinions are qualified to the extent that the enforceability of the Agreement, the Indenture, the Purchase Agreement, the Bonds and all related obligations of the various parties thereto may be limited as to remedies by any applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application at the time in effect. In addition, we wish to advise you that the remedy of specific performance provided for in the Agreement is subject to the exercise of judicial discretion.

Capitalized terms used in this opinion and not otherwise specifically defined herein have the meanings assigned to them in the Agreement, the Indenture or the Purchase Agreement, as the case may be, unless the context clearly indicates otherwise.

Very truly yours,

NUI CORPORATION

The Company 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. 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 in exchange for 683,443 shares of common stock (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 the Company. 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 the Company as of April 19, 1994.

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

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

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "SEC"). Reports, proxy and information statements, and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices at Seven World Trade Center, Suite 1300, New York, New York, 10048, and at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can also be obtained by mail from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Common Stock is listed for trading on the New York Stock Exchange (the "NYSE"). Reports, proxy and information statements, and other information concerning the Company may also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The following documents heretofore filed by the Company with the SEC are hereby incorporated by reference in this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1995;
- (2) The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1995 and March 31, 1996; and
- (3) The Company's Current Reports on Form 8-K dated October 24, 1995 and December 1, 1995.

All documents subsequently filed by the Company with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering made by this Official Statement shall be deemed to be incorporated by reference in this Official Statement; *provided, however,* that all documents so filed in each fiscal year during which the offering made by this Official Statement is in effect shall not be incorporated by reference or be a part hereof from and after the date of filing of the Company's Annual Report on Form 10-K for such fiscal year.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company hereby undertakes to provide without charge to each person, including any beneficial owner, to whom a copy of this Official Statement has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Official Statement by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Request for such documents should be addressed to NUI Corporation, 550 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, Attention: Corporate Secretary, telephone number (908) 781-0500. The information relating to the Company contained in this Official Statement does not purport to be comprehensive and should be read together with the information contained in any or all documents which have been or may be incorporated in this Official Statement by reference.

The Company's audited Consolidated Financial Statements incorporated by reference in this Official Statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said reports.

\$39,000,000
New Jersey Economic Development Authority
Gas Facilities Revenue Bonds, 1996 Series A
(NUI Corporation Project)

INTRODUCTORY STATEMENT

This Official Statement, including the Appendices hereto, is provided to furnish certain information in connection with the sale by the New Jersey Economic Development Authority (Authority) of \$39,000,000 aggregate principal amount of its Gas Facilities Revenue Bonds, 1996 Series A (NUI Corporation Project) (Bonds). The Bonds will be issued under and pursuant to a Trust Indenture, dated as of June 1, 1996 (Indenture), between the Authority and First Union National Bank, as trustee (Trustee).

Pursuant to a Loan Agreement, dated as of June 1, 1996 (Agreement), between the Authority and NUI Corporation (Company), the proceeds from the issuance and sale of the Bonds will be used to provide funds to finance a portion of the cost of acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment (Project), all to be located in the Counties of Middlesex and Union, State of New Jersey. See USE OF PROCEEDS.

The Company will be obligated under the Agreement to make payments to the Trustee sufficient, together with any other funds on deposit in the Debt Service Fund (hereinafter described) under the Indenture, to pay the principal of and premium, if any, and interest on the Bonds (such payments being hereinafter referred to as Loan Payments) and to make or provide for payments to the paying agent for the Bonds (Paying Agent), initially First Union National Bank, equal to 100% of the principal amount of the Bonds plus accrued interest, if any, upon tender thereof (Purchase Price).

AMBAC Indemnity Corporation (AMBAC Indemnity) has made a commitment to issue a municipal bond insurance policy relating to the Bonds in the form of Appendix C hereto (Policy) effective as of the date of issuance of the Bonds. See BOND INSURANCE.

The Bonds will be supported by a Standby Bond Purchase Agreement (Standby Bond Purchase Agreement) between the Company and The Bank of New York (together with any bank that at any time becomes a party to a Standby Bond Purchase Agreement, a Bank). Pursuant to the Standby Bond Purchase Agreement, the Bank, in certain circumstances, will agree to purchase Bonds tendered or deemed tendered by the owners thereof for purchase pursuant to the Indenture in the event and to the extent not remarketed by the Remarketing Agent. Assignment by any Bank of a portion of its commitment will be permitted only with and subject to the consent of the Company. No such assignment shall become effective unless and until the Bank shall have received (i) written confirmation that such assignment, in and of itself, will not result in any suspension, withdrawal or reduction of the ratings assigned to the Bonds by Standard & Poor's (a division of The McGraw-Hill Companies) (S&P) and Moody's Investors Service, Inc. (Moody's) and (ii) written confirmation from the Company that such assignment, in and of itself, will not otherwise prevent the Company from complying with its obligations under the Indenture. An assignment by the Bank of a portion of its commitment under the Standby Bond Purchase Agreement will be deemed to be the replacement of the Standby Bond Purchase Agreement or an Alternate Liquidity Facility (as defined in the Indenture), and the assignee shall become a Bank. If there is more than one Bank under the Standby Bond Purchase Agreement, each Bank's obligations will be several and not joint. Therefore, if there is more than one Bank that is a party to the Standby Bond Purchase Agreement, and if one such Bank fails to fund its portion of the commitment, no other Banks will have an obligation with respect to that portion of the

commitment. The Standby Bond Purchase Agreement will expire on June 12, 2001, unless extended or earlier terminated in accordance with its terms. The obligations of the Bank to purchase unremarketed bonds will automatically terminate in certain events, including events relating to insolvency of AMBAC Indemnity, failure by AMBAC Indemnity to make payments as required by the Policy, termination, cancellation or material modification of the Policy, or a judicial determination that the Policy is not enforceable against AMBAC Indemnity. The obligations of the Bank are also subject to suspension in certain events (each, a Suspension Event), without notice, including a ratings downgrade of AMBAC Indemnity or if AMBAC Indemnity claims or asserts, or any governmental authority finds, that the Policy is invalid or unenforceable. If not cured, a Suspension Event will result in termination of the obligations of the Bank. See THE STANDBY BOND PURCHASE AGREEMENT — "Suspension of Commitments" and — "Events of Termination."

Brief descriptions of the Authority, the Bonds, the Project, the Agreement, the Indenture, the Policy, the Standby Bond Purchase Agreement and the Bank are included in this Official Statement. Information regarding the business, properties and financial condition of the Company is included or incorporated by reference in Appendix A attached hereto. The descriptions herein of the Agreement, the Indenture, the Policy and the Standby Bond Purchase Agreement are qualified in their entirety by reference to such documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights. Copies of such documents may be obtained from the Company and, during the initial offering period, at the principal office of Morgan Stanley & Co. Incorporated in New York, New York.

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

THE AUTHORITY

The Authority was established in 1974 as a public body corporate and politic, constituting an instrumentality of the State of New Jersey pursuant to the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as amended and supplemented (Act).

The Act authorizes the Authority to finance and acquire, construct, reconstruct, repair, alter, improve and extend any building, structure, facility or other improvement, purchase and install equipment and machinery, and acquire and improve real estate and extend or provide utility services, access roads or other appurtenant facilities to be used by or provided for employment promoting enterprises, either for the manufacturing, processing or assembly of materials or products, or for research or office purposes, or to reduce, abate or prevent environmental pollution derived from the operation of industry, utilities and commerce within the State. These include, but are not limited to, pollution control facilities, medical and other professional facilities, industrial, recreational, hotel and motel facilities, public utility or warehouse uses, and commercial and service enterprises. The Authority is empowered to finance any such project after a finding that the financing will tend to maintain or provide gainful employment for the inhabitants of the State, will tend to aid, assist or encourage the economic development or redevelopment of any political subdivision of the State, will maintain or increase the tax base of the State or any political subdivision of the State, or will maintain or diversify and expand employment promoting enterprises in the State. In order to discharge its

responsibilities and fulfill those purposes mentioned above, the Authority is authorized to offer various financing plans to applicants and to issue and sell bonds and notes for these purposes (including the Bonds described herein).

The Authority consists of ten members and three alternate members. Of the ten members, the Commissioner of Commerce and Economic Development, the Commissioner of Labor, the Commissioner of Banking and the State Treasurer are ex-officio members and the remaining six are public members, appointed by the Governor with the advice and consent of the Senate, all for terms of three years. Anthony R. Coscia is a public member and Chairman of the Authority. Of the six public members, one public member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Senate President, and one public member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Speaker of the General Assembly. Three alternate members are appointed by the Governor with the advice and consent of the Senate. Of the three alternate members, one alternate member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Senate President, and one alternate member (who shall not be a legislator) is appointed by the Governor upon recommendation of the Speaker of the General Assembly.

The executive staff of the Authority includes professionals in the fields of industrial development and management, finance and mortgage lending. Caren S. Franzini is the Executive Director and Secretary of the Authority, and Frank T. Mancini, Jr. and Beth E. Sztuk are Assistant Secretaries of the Authority. The Authority maintains offices at Capital Place One -- CN 990, 200 South Warren Street, Trenton, New Jersey 08625.

The Act provides that neither the members of the Authority nor any person executing bonds or notes issued pursuant to the Act shall be liable personally on such bonds or notes by reason of the execution or issuance thereof, and the bonds or other obligations issued by the Authority pursuant to the Act shall not be in any way a debt or liability of the State or of any political subdivision thereof and shall not create or constitute any indebtedness, liability or obligation of the State or any political subdivision thereof, either legal, moral or otherwise. The Act further provides that nothing contained therein shall be construed to authorize the Authority to incur any indebtedness on behalf of or in any way obligate the State or any political subdivision thereof.

THE PROJECT

The Project consists of the acquisition, construction and equipping of certain gas facilities and functionally related equipment, consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, with said project to be located in the Counties of Middlesex and Union, New Jersey.

USE OF PROCEEDS

The proceeds from the issuance and sale of the Bonds will be applied to the following uses and in the estimated amounts set forth below.

Costs of Project	\$38,531,750
Issuing fees and expenses:	
Underwriter's commission	68,250
Legal and miscellaneous	400,000
	<u>\$39,000,000</u>

THE BONDS

General

The Bonds will be initially in the Daily Mode and will mature on the date stated on the cover page hereof. The Bonds will be issued as fully registered bonds without coupons in denominations of \$100,000 or any multiple of \$1,000 in excess thereof in the Flexible Mode, multiples of \$100,000 in the Daily Mode and the Weekly Mode and multiples of \$5,000 in the Multiannual Mode. Each Bond will be subject to mandatory tender for purchase on the Mandatory Tender Date (a) at the end of the period for which the current interest rate for such Bond has been determined (Rate Period), with respect to Bonds in the Flexible Mode or the Multiannual Mode, and (b) upon conversion to a mode other than the Daily Mode or the Weekly Mode or upon the occurrence of certain other events relating to the Standby Bond Purchase Agreement, with respect to Bonds in the Daily Mode or the Weekly Mode. Upon mandatory tender, the Bonds will be remarketed by the Remarketing Agent and will bear interest at the rates determined by the Remarketing Agent for each Rate Period. The principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of the Paying Agent.

Except as set forth below under "Book-Entry System," the Bonds may be transferred or exchanged for Bonds in other authorized denominations at the principal corporate trust offices of the Paying Agent without charge except for any applicable tax or other governmental charge. The Paying Agent will replace damaged, mutilated, lost, stolen or destroyed Bonds upon the Trustee, the Authority, the Paying Agent, the Remarketing Agent and the Company being furnished with satisfactory indemnification and evidence of loss and, in the case of a damaged or mutilated Bond, upon surrender of such Bond to the Paying Agent.

Book-Entry System

The Depository Trust Company, New York, New York (DTC) will act as securities depository for the Bonds. Such Bonds will be issued as a fully-registered bond registered in the name of Cede & Co., DTC's partnership nominee.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants (Direct Participants)

deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules applicable to DTC and its Direct Participants and Indirect Participants (together, the Participants) are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each such Bond (Beneficial Owner) is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in such Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street-name," and will be the responsibility of such Participants and not of DTC, the Company, the Authority, the Underwriter, the Remarketing Agent, the Trustee or the Paying Agent,

subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Paying Agent. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Participants.

A Beneficial Owner of Bonds shall give notice to elect to have its Bonds purchased through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds purchased will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority and the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers of the Bonds through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Company and the Authority believe to be reliable (including DTC), but neither the Company, the Authority, the Paying Agent, the Trustee nor the Underwriter takes responsibility for the accuracy thereof.

The Company, the Authority, the Underwriter, the Remarketing Agent, the Paying Agent and the Trustee will not have any responsibility or obligation to Participants or the persons for whom they act as nominees with respect to the accuracy of the records of DTC, its nominee or any Participant with respect to any ownership interest in the Bonds, or payments to, or the providing of notice for, Participants or Beneficial Owners.

Rate Periods

Following each Rate Period for a Bond in the Flexible Mode or the Multiannual Mode, and on the first day of a new Rate Period, upon 15 days' notice, with respect to Bonds in the Daily Mode or the Weekly Mode, the Rate Period for the Bonds may be changed to the Multiannual Mode having a Rate Period of no less than 365 days, the Flexible Mode having a Rate Period of up to 270 days, with a Mandatory Tender Date at the end of each such Rate Period, the Daily Mode having a Rate Period of one Business Day (as defined in the Indenture) or the Weekly Mode having a Rate Period of seven days, each ending on a Tuesday.

Interest Rates

Pursuant to the provisions of the Indenture and the Remarketing Agreement, the Remarketing Agent will determine the rate of interest for the Bonds for each Rate Period after the initial Rate Period which is in its judgment the lowest rate, on the basis of prevailing financial market conditions, necessary on and as of the first day of the new Rate Period to remarket the Bonds in a secondary market transaction at a price equal to the Purchase Price for such Bonds. The Indenture sets forth certain fall-back rates if, for any reason, an interest rate or rates for the Bonds are not determined by the Remarketing Agent for any Rate Period. In no case shall the rate of interest borne by any Bond for any Rate Period exceed 12% (Maximum Interest Rate). While the Standby Bond Purchase Agreement is in effect, the interest rate on the Bonds shall not exceed the rate specified in the Standby

Bond Purchase Agreement (initially 12%) except on Bonds purchased by the Bank pursuant to the Standby Bond Purchase Agreement or by an obligor pursuant to an Alternate Liquidity Facility (Bank Bonds). The Bonds initially will bear interest at a Daily Rate.

Commencing on the first day of each Rate Period for Bonds in the Flexible Mode, the Daily Mode, the Weekly Mode and the Multiannual Mode (respectively, a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period and a Multiannual Rate Period), and ending on the day preceding the next Rate Period, the Bonds will bear interest at, respectively, a Flexible Rate, a Daily Rate, a Weekly Rate or a Multiannual Rate.

Flexible Rate. Each Bond in a Flexible Mode will bear interest at the Flexible Rate through the day preceding the effective date of the next Rate Period for that Bond. Each Bond in a Flexible Mode may have a different Flexible Rate and a different Flexible Rate Period. The Remarketing Agent will determine the Flexible Rate Period for each Bond and the Flexible Rate with respect thereto no later than the first day of each such Flexible Rate Period.

Each Flexible Rate Period will be a period of not more than 270 days, as determined by the Remarketing Agent, and shall end either on a day preceding a Business Day (as defined in the Indenture) or on the maturity date of the Bonds.

The Remarketing Agent shall not offer Flexible Rate Periods (i) extending beyond the expiration date of the Standby Bond Purchase Agreement less 5 days or (ii) extending beyond the day preceding any scheduled conversion of the Bonds to the Daily Mode, the Weekly Mode or the Multiannual Mode or the final maturity of the Bonds.

Daily Rate. Bonds in the Daily Mode will have a Daily Rate beginning on the date the Daily Mode takes effect and a new Daily Rate on each Business Day thereafter.

Weekly Rate. Bonds in the Weekly Mode will have a Weekly Rate beginning on the date the Weekly Mode takes effect and a new Weekly Rate on each Wednesday thereafter.

Multiannual Rate. The Multiannual Rate for Bonds in the Multiannual Mode shall be determined not later than two Business Days prior to the effective date of a new Multiannual Rate Period.

In the event that the Remarketing Agent no longer determines, or fails to determine when required, any Rate Period or any interest rate for a Rate Period for any Bond, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, such Bond shall be deemed to be in the Daily Mode until a new Rate Period is determined in accordance with the Indenture, and the interest rate for such Bond for each Business Day shall be equal to the lesser of (i) 100% of the Public Securities Association Municipal Index, as of the most recent date for which such rate was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes produced by Municipal Market Data, Inc., or its successor, or as otherwise designated by the Public Securities Association, and (ii) the Maximum Interest Rate.

Each determination and redetermination of the interest rate of the Bonds shall be conclusive and binding on the Authority, the Trustee, the Paying Agent, the Bank, the Company and the Bondholders.

Payment of Principal and Interest

Interest on the Bonds will accrue from the date of issuance.

Interest on each Bond in the Flexible Mode will be payable, based on a 365- or 366-day year, as appropriate, and actual days elapsed, on the Mandatory Tender Date with respect thereto. Interest on each such Bond will be paid as part of the Purchase Price, upon surrender thereof, to the registered owner by check or, at the option of the holder, by wire transfer of immediately available funds.

Interest on Bonds in the Daily Mode or the Weekly Mode will be calculated in the same manner as interest on Bonds in the Flexible Mode and will be payable on the first Business Day of each calendar month. Such interest will be paid by check or, at the option of the holder, by wire transfer of immediately available funds, to the registered owner of each Bond on the Business Day immediately preceding the interest payment date.

Interest on Bonds in the Multiannual Mode will be payable, based on a 360-day year of twelve 30-day months, semi-annually on June 1 and December 1 of each year until mandatory tender and on the Mandatory Tender Date with respect thereto. Such interest, with respect to Bonds in the Multiannual Mode, will be paid by check mailed to the registered holders thereof as of the 15th day of the month next preceding each interest payment date, except when such interest payment date coincides with the Mandatory Tender Date with respect to such Bonds, in which case, interest will be paid upon surrender of such Bonds to the Paying Agent.

Mandatory Tender for Purchase

Each Bond in the Flexible Mode or the Multiannual Mode is subject to mandatory tender for purchase on the day following each Rate Period. Each Bond in the Daily Mode or the Weekly Mode is subject to mandatory tender for purchase (i) on the date of conversion to a mode other than the Daily Mode or the Weekly Mode and (ii) on the second Business Day preceding the Expiration Date (as defined below) of the Standby Bond Purchase Agreement; provided, however, that the Bonds will not be subject to such mandatory tender for purchase if at least 25 days prior to such Business Day, (1) the Paying Agent has received written notice that the Standby Bond Purchase Agreement has been extended; or (2) an Alternate Liquidity Facility is in effect and the Paying Agent has received written evidence that such replacement of the Standby Bond Purchase Agreement will not result in any suspension, withdrawal or reduction of the short-term ratings assigned to the Bonds by Moody's and S&P, if they have ratings in effect with respect to the Bonds.

"Expiration Date" means the earliest of (i) the stated expiration date of the Standby Bond Purchase Agreement or Alternate Liquidity Facility, as such date may be extended from time to time by the Bank or obligor on an Alternate Liquidity Facility, (ii) the date on which the Company terminates the Standby Bond Purchase Agreement or Alternate Liquidity Facility in accordance with the Indenture and (iii) the date of any assignment by the Bank of all or any part of its commitment under the Standby Bond Purchase Agreement to a bank or other institution that is not at the time a Bank.

The Purchase Price will be payable by check or, at the option of the holder, by wire transfer of immediately available funds in the case of Bonds in the Flexible Mode, the Daily Mode and the Weekly Mode, and by check in the case of Bonds in the Multiannual Mode, only upon surrender of such Bonds to the Paying Agent on or after such respective Mandatory Tender Dates.

Optional Tender of Bonds in the Daily Mode and the Weekly Mode

Bonds in the Daily Mode may be tendered for mandatory purchase on any Business Day, upon telephonic notice of tender to the Paying Agent given not later than 11:00 A.M., New York City time, on the purchase date, at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, to such date.

Bonds in the Weekly Mode may be tendered for mandatory purchase on any Business Day, upon at least seven days' irrevocable notice to the Paying Agent of the date of purchase, at a price equal to 100% of the principal amount thereof, plus accrued interest, if any, to such date.

In the event that any holder of a Bond who has given notice of tender for purchase fails to deliver its Bond to the Paying Agent by 12:00 Noon, New York City time, on the date specified in the notice, or fails to deliver the Bond properly endorsed and provided that funds in the amount of the Purchase Price thereof are available for payment to such holder at the date and the time specified, then from and after the date and time of that required for delivery, (i) such Bond shall no longer be deemed to be outstanding under the Indenture, (ii) interest will no longer accrue thereon to such holder and (iii) funds in the amount of the Purchase Price of such Bond, without interest, will be held for the benefit of such former holder, to be paid on delivery (or proper endorsement) thereof to the Paying Agent.

Notwithstanding the foregoing, during any period that the Bonds are registered in the name of Cede & Co., optional tenders of the Bonds will be effected by means of DTC's Delivery Order Procedures.

Conversion of Bonds to a Different Mode

Conversions from the Flexible Mode. The Bonds in the Flexible Mode or any portion of such Bonds may be converted on the first day of a new Rate Period at the election of the Company from the Flexible Mode to the Daily Mode, the Weekly Mode or the Multiannual Mode, so long as no event which with the lapse of time and/or notice would become an Event of Default (Default) exists under the Indenture.

Conversions from the Daily Mode or the Weekly Mode. The Bonds in the Daily Mode or the Weekly Mode or any portion of such Bonds may be converted to another Mode on any Business Day on 15 days' notice to the Holders at the election of the Company, so long as no Default exists under the Indenture.

Conversions from the Multiannual Mode. The Bonds in the Multiannual Mode or any portion of such Bonds may be converted on and only on a Mandatory Tender Date relating to each such Bond at the election of the Company from the Multiannual Mode to the Flexible Mode, the Daily Mode or the Weekly Mode and may be converted within the Multiannual Mode to a new Rate Period with the same or a different length as provided in the form of Multiannual Bonds contained in the Indenture so long as no Default exists under the Indenture.

If the Standby Bond Purchase Agreement or an Alternate Liquidity Facility will be in effect after the conversion date, no such conversion will be effective unless the Paying Agent has received written evidence that such Standby Bond Purchase Agreement or Alternate Liquidity Facility will cover (i) the principal of the Bonds to be supported by such agreement and (ii) in the case of conversion to the Daily Mode or the Weekly Mode, interest which will accrue on such Bonds for 35 days.

Remarketing and Sale

The Remarketing Agent for the Bonds will be Morgan Stanley & Co. Incorporated or any successor Remarketing Agent appointed from time to time. The Company has agreed to pay the Remarketing Agent a commission for its services. With the written approval of the Bank, the Company may remove the Remarketing Agent at any time by written notice to the Remarketing Agent, the Trustee and the Authority. The Company shall appoint a successor if the Remarketing Agent is removed, resigns or becomes ineligible. The Company shall give the Authority, the Bank, the Paying

Agent and the Trustee at least two days' notice prior to the appointment of a successor Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 30 days' written notice to the Authority, the Trustee, the Bank, the Company and the Paying Agent. The Trustee shall give written notice to the holders of the Bonds of any removal or appointment of the Remarketing Agent.

The Purchase Price of the Bonds tendered for purchase will be paid by the Paying Agent, first from the proceeds of the remarketing of such Bonds by the Remarketing Agent, then from moneys received under the Standby Bond Purchase Agreement, if any, and finally from other moneys made available by the Company.

Security and Source of Payment

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THE BONDS. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE INDENTURE AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE INDENTURE FOR THE PAYMENT OF THE BONDS. THE BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Payment of the principal of and interest on the Bonds when due on any regularly scheduled principal and interest payment date, and upon mandatory redemption as a result of a Determination of Taxability (as defined herein), will be insured by the Policy. See BOND INSURANCE.

Redemption

Optional Redemption. The Bonds in the Daily Mode and the Weekly Mode will be redeemable at the option of the Company, in whole or in part, on any Business Day at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date of redemption. The Bonds in the Multiannual Mode will be redeemable at the option of the Company, in whole or in part, at any time during the following periods at the following redemption prices expressed as a percentage of the principal amount redeemed, plus interest accrued to the redemption date:

Length of Multiannual Rate Period (expressed in years)	Redemption Prices (expressed as percentages of principal amount)
greater than 17	after 10 years at 102%, declining by 1% annually to 100%
less than or equal to 17 and greater than 10	after 5 years at 102%, declining by 1% annually to 100%
less than or equal to 10 and greater than 8	after 5 years at 101½%, declining by ½ of 1% every 6 months to 100%
less than or equal to 8 and greater than 6	after 3 years at 101½%, declining by ½ of 1% every 6 months to 100%
less than or equal to 6 and greater than 4	after 2 years at 101½%, declining by ½ of 1% every 6 months to 100%

Length of Multiannual Rate Period (expressed in years)	Redemption Prices (expressed as percentages of principal amount)
less than or equal to 4 and greater than 3	after 2 years at 100% %, declining by $\frac{1}{2}$ of 1% every 6 months to 100%
less than or equal to 3 and greater than 2	after 1 year at 100% %, declining by $\frac{1}{2}$ of 1% every 6 months to 100%
less than or equal to 2 and greater than 1	after 1 year at 100%
1 year	Not redeemable

Extraordinary Optional Redemption. The Bonds in the Multiannual Mode will be subject to optional redemption, as a whole or in part, on any date prior to their scheduled maturity, at the option of the Company, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, if:

- (a) the Company shall have determined that operation of the Project or some portion of the Facilities or operation of any unit served by such Project is impracticable, uneconomical or undesirable for any reason; or
- (b) all or substantially all of any unit served by any of the Project shall have been condemned or taken by eminent domain; or
- (c) operation of the Project, or operation of any unit served by any of the Project, shall have been enjoined or shall have otherwise been prohibited by, or shall conflict with, any order, decree, rule or regulation of any court or of any federal, state or local regulatory body, administrative agency or other governmental body.

Extraordinary Mandatory Redemption. All the outstanding Bonds will be subject to mandatory redemption, except as provided below, within 180 days after a Determination of Taxability at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium.

A "Determination of Taxability" means a final determination by any court of competent jurisdiction in the United States, or a final action of the Internal Revenue Service, in either case in a proceeding of which the Company has received timely notice and in which the Company has had sufficient opportunity to participate, to the effect that, as a result of the failure of the Company to observe or perform any covenant, agreement, representation or warranty in the Agreement, the interest on the Bonds is includable in the gross income (for federal income tax purposes) of the holder thereof (except for any holder who is a "substantial user" of the Project or a "related person" for applicable federal income tax purposes).

Upon the occurrence of a Determination of Taxability, all outstanding Bonds shall be redeemed as provided above, unless, in the opinion of a nationally recognized bond counsel, redemption of a portion of the Bonds outstanding would have the result that interest payable on the remaining Bonds outstanding after the redemption would not be includable in the gross income (for federal income tax purposes) of holders thereof (except for any holder who is a "substantial user" of the Project or a "related person" for applicable federal income tax purposes), in which event only such portion shall be required to be redeemed. Any such partial redemption shall be made within 180 days following the

Determination of Taxability at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, but without premium, at least in such aggregate amount as is deemed necessary by a nationally recognized bond counsel to cause the interest on the Bonds that remain outstanding not to be includable in gross income, as described above.

If Bonds are redeemed as provided above, the failure by the Company to observe or perform any covenant, agreement, representation or warranty in the Agreement which results in a Determination of Taxability shall not constitute an Event of Default under the Indenture or the Agreement, and payment of the redemption price specified above shall constitute full and complete payment and satisfaction to the holders of the Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Company.

The Bonds are also subject to mandatory redemption prior to maturity at any time if the Authority has notified the Trustee and the Company that (a) the Company has ceased to operate the Project or to cause the Project to be operated as an authorized project under the Act for 12 consecutive months, without first obtaining the written consent of the Authority, or (b) any representation or warranty made by the Company in the Agreement or in any other document furnished in connection with the Agreement proves to have been false or misleading in any material respect when made, and provision for the prepayment of the Loan by the Company has been made.

Condition to Redemption. No redemption of Bonds, other than as a result of a Determination of Taxability, may be made, unless the Paying Agent shall have received written evidence from S&P to the effect that such redemption will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds or an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds to be redeemed would not be subject to avoidance as a preference upon the occurrence of an event of bankruptcy with respect to the Company or the Authority.

Notice of Redemption. Holders of Bonds will be notified of any redemption not later than 30 days prior to the date fixed for redemption. At least 30 days prior to the date fixed for any redemption of the Bonds, the Paying Agent shall cause a written notice of such redemption to be mailed, postage prepaid, to the registered owner of each of the Bonds to be redeemed, addressed to such owner at the address appearing on the registration books maintained by the Paying Agent; but failure to mail any such notice, or any defect therein or in the mailing thereof, will not affect the validity of the proceedings for the redemption of such Bonds. Subject to the provisions described in the second succeeding paragraph, by the date fixed for any such redemption of such Bonds plus accrued interest, made with the Paying Agent for payment of the redemption price of such Bonds, due provision shall be made, if the Paying Agent has called the Bonds for redemption and if due provision for such payment is made, all as provided above, the Bonds which are to be redeemed shall automatically be deemed to have been redeemed prior to their scheduled maturity and will not bear interest after the date fixed for redemption; and such Bonds shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent out of the funds provided for such payment. Upon presentation and surrender of such Bonds to the Paying Agent, such Bonds will be paid at the redemption price thereof.

If less than all the Bonds are to be called for redemption under any provision permitting such partial redemption, the particular Bonds to be redeemed shall be selected by the Paying Agent by lot, provided that any Bank Bonds shall be redeemed prior to the redemption of any other Bonds.

With respect to notice of any optional or extraordinary optional redemption of the Bonds, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice,

such notice shall state that said redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption and the satisfaction of other conditions required in the Indenture. If such moneys shall not have been so received, such notice shall be of no force and effect, the Authority shall not redeem such Bonds and the Paying Agent shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

THE AGREEMENT

Agreement to Issue the Bonds; Application of Bond Proceeds

The Authority will issue, sell, and deliver the Bonds and deposit the proceeds thereof (other than accrued interest, if any, which shall be deposited in the Debt Service Fund) with the Trustee in the Construction Fund to be applied to pay a portion of the costs of the Project.

Agreement to Construct and Operate the Project

The Company will agree to construct and operate the Project as an authorized project for a purpose and use as provided under the Act.

Loan and Purchase Price Payments

The obligation of the Company to make promptly when due all Loan Payments and payments of the Purchase Price of Bonds is absolute and unconditional and not subject to any defense or any right of set-off, counterclaim or recoupment.

Payment of all Loan Payments and payments of the Purchase Price of the Bonds will be made and deposited as required by the Agreement and the Indenture, including all payments which may become due because of the acceleration of the maturity of the Bonds upon default, or otherwise. If any funds in excess of current requirements are held on deposit in the Debt Service Fund at the time payment of any Loan Payment is due, such payment will be reduced by the amount of funds so held on deposit. The Loan Payments, together with funds held on deposit in the Debt Service Fund, will be sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. The Company will also pay all fees and expenses of the Authority, the Trustee and the Paying Agent.

Corporate Existence

The Company will maintain its existence as a legal entity and will not sell, assign, transfer or otherwise dispose of the Project or substantially all of its assets. The Company may merge with or into or consolidate with another entity, and the Project or the Agreement may be transferred without violating the Agreement provided (i) the net worth of the surviving, resulting or transferee company on a consolidated basis following the merger, consolidation or transfer is equal to or greater than the net worth of the Company immediately preceding the merger, consolidation or transfer; (ii) any litigation or investigations in which the surviving, resulting or transferee company or its officers and directors are involved, and any court, administrative or other orders to which the surviving, resulting or transferee company or its officers and directors are subject, relate to matters arising in the ordinary course of business; (iii) the merger, consolidation or transfer shall not impair the excludability of interest paid on the Bonds from the gross income of the holders thereof for purposes of federal income taxation pursuant to an opinion of Bond Counsel; (iv) the surviving, resulting or transferee company assumes in writing the obligations of the Company under the Agreement and the other documents executed in connection with the Agreement, and (v) after the merger consolidation or transfer the Project shall be operated as an authorized project under the Act.

Negative Pledge

With certain exceptions defined in the Agreement, the Company shall not create, assume, incur, or suffer to be created, assumed, or incurred or to exist any mortgage, lien, pledge, charge or encumbrance of any kind (other than Excepted Encumbrances, as defined in the Agreement) upon any property of any character of the Company (other than Excepted Property, as defined in the Agreement), whether owned at the date of the Agreement or thereafter acquired, to secure indebtedness for borrowed money without either making effective provision whereby the Company's obligations to repay the Loan Payments under the Agreement shall be directly secured equally and ratably with the indebtedness secured by such mortgage, lien, pledge, charge or encumbrance, or depositing with the Trustee, as collateral for such Company obligations thereunder, bonds or other evidences of indebtedness of the Company secured by such lien.

Defaults

Any one or more of the following events shall constitute a Default under the Agreement:

- (a) Failure by the Company to pay any Loan Payment or Purchase Price payment when due.
- (b) Failure by the Company to comply with any covenant, condition or agreement on its part to be observed or performed under the Agreement, other than as referred to in clause (a) above, which failure continues for more than 30 days, after it first becomes known to any officer of the Company; provided, however, that in the event that the Company is diligently undertaking to cure such default but such default cannot be cured within said 30-day period, said 30-day period shall be extended for as long as the Company and the Authority shall agree is reasonably necessary in order to cure such default.
- (c) If any warranty, representation or other written statement made by or on behalf of the Company, by an officer of the Company contained in the Agreement, the Indenture or related loan document or in any instrument or certificate furnished in compliance with same is false or misleading in any material respect as of the date it was made or given.
- (d) Certain events relating to bankruptcy or insolvency of the Company or the appointment of a receiver or trustee for its property.

Remedies

Whenever any Default shall have happened and be continuing and the Trustee has received notice of such, the Trustee may, in addition to any other remedy, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable as liquidated damages under the Agreement and not as a penalty, whereupon the same shall become immediately due and payable, provided, however, that the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Company.

Tax-Exempt Status of the Bonds

The Company will agree at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid on the Bonds shall for the purposes of federal income taxation be excludable from the gross income of the holders of the Bonds, except in the event that any such holder is a "substantial user" or "related person" (as such terms are intended under Section 147(a) of the Code) thereto.

Amendment

The Agreement may not be amended except by an instrument in writing of the Authority and the Company. The Agreement may not be amended, changed, added to or waived in any way that would relieve or abrogate the obligations of the Company to make or pay, when due, all Loan Payments with respect to any then outstanding Bonds or payments or that would change or affect those sections of the Agreement pertaining to the exclusion of the interest on the Bonds from the gross income of holders thereof for federal tax purposes or the maintenance of the Company's corporate existence.

THE INDENTURE

General

The Trustee has been appointed the special agent and representative of the holders of all Bonds secured by the Indenture and is vested with full power in their behalf to effect and enforce the Agreement and the Indenture for their benefit.

Pledge and Security

Under the Indenture, the Authority has assigned and pledged to the Trustee, for the ratable benefit of the holders of the Bonds (including Bank Bonds), its interest in the Agreement (subject to the reservation of certain rights granted to the Authority under the Agreement), including the Loan Payments and all moneys and securities held in the Debt Service Fund and the Construction Fund.

Debt Service Fund and Construction Fund

The Debt Service Fund has been established by the Authority with the Trustee. The Company shall pay to the Trustee, for deposit into the Debt Service Fund, Loan Payments in an amount which, together with any other amounts then on deposit therein and available for such purpose, shall be sufficient to pay the principal of and premium, if any, and interest on the Bonds when due. When moneys in the Debt Service Fund are to be applied to the payment of any Bonds, the Trustee shall transfer such moneys to the Paying Agent on the payment date therefor in immediately available funds. Proceeds of demands under the Standby Bond Purchase Agreement shall not be deposited in the Debt Service Fund but shall be held by the Paying Agent in trust and applied as provided in the Indenture. See THE STANDBY BOND PURCHASE AGREEMENT.

The proceeds of the Bonds will be deposited in the Construction Fund established by the Authority with the Trustee, and will be used to pay, or reimburse the Company for the payment of, costs of the Project, including the costs of issuance of the Bonds.

Any money held as part of the Debt Service Fund and the Construction Fund may be invested or reinvested, at the discretion of the Company, in securities specified in the Indenture. The income and profits shall be deposited in or credited to the Fund for which the investments were made, and any losses on investments shall be charged against such Fund.

Events of Default

Any one or more of the following events shall constitute an Event of Default under the Indenture:

- (i) Any principal of or interest on any Bond shall not be paid when due, whether at maturity or otherwise, or any Purchase Price for Bonds shall not be paid when due.
- (ii) The Authority shall fail to observe or perform any of its other covenants or agreements contained in the Indenture and such failure shall continue for a period of 60 days after written notice given to the Authority by the Trustee or the holders of at least 25% of the principal amount of the Bonds outstanding; provided, however, that if such default cannot be cured by the Authority within such 60 day period, it shall not constitute an Event of Default if curative action is instituted by the Authority within such 60 day period and thereafter is diligently pursued until such Default is cured.
- (iii) The occurrence of any Default as defined in the Agreement and as described under THE AGREEMENT — "Defaults."
- (iv) The occurrence of an Insurer Default (as defined in the Indenture).

Remedies

If an Event of Default described in clause (i) or (iv) under "Events of Default" above, or an Event of Default described in clause (iii) under "Events of Default" above resulting from a breach of the covenant of the Company described under THE AGREEMENT — "Negative Pledge," shall occur and be continuing, then the Trustee may, and upon the written request of the holders of at least 25% in principal amount of the Bonds outstanding, other than Bonds held by the Company, shall, by written notice to the Authority, the Company, the Paying Agent and the Remarketing Agent declare whereupon the same shall become immediately due and payable without any further action or notice. If, within 15 days after such declaration, all amounts payable on such Bonds (except principal of and interest on the Bonds which are due solely by reason of such acceleration) shall have been paid or provided for by deposit with the Trustee and all existing Events of Default shall have been cured or waived, then the holders of a majority in principal amount of such Bonds may annul such acceleration and its consequences by written notice to the Authority, the Trustee and the Company. Such annulment shall be binding upon the Authority, the Trustee and all of the holders of such Bonds, but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereto.

Within seven (7) days after being notified of a default under the Indenture, the Trustee or the Paying Agent is required to notify the Bank and the holders of such Bonds. At any time before an acceleration described in the preceding paragraph, the Trustee may waive a default under the Indenture (other than a default in the payment of the Purchase Price, principal of, or interest on, the Bonds) and its consequences with respect to Bonds subject to acceleration as described in the preceding paragraph, by written notice to the Company, and in the absence of inconsistent instructions from the holders of such Bonds, shall do so upon the instruction of the owners of at least twenty-five percent (25%) in principal amount of such Bonds.

As long as the Policy remains in full force and effect, (i) no acceleration of the Bonds upon the occurrence of an Event of Default may be declared without the consent of AMBAC Indemnity, (ii) the enforcement of remedies available to holders of the Bonds upon the occurrence of an Event of Default will be under the control of and direction of AMBAC Indemnity, (iii) payments under the Policy in

respect of principal of and interest on the Bonds made by AMBAC Indemnity will be considered to be unpaid, due and owing on such Bonds until the Loan Payments are made by the Company pursuant to the terms of the Agreement and AMBAC Indemnity will be subrogated to the rights of holders of such Bonds, (iv) AMBAC Indemnity will be entitled to give notice to the Trustee of the occurrence of an Event of Default, and (v) no amendment or supplement to the Indenture may become effective without the consent of AMBAC Indemnity. See BOND INSURANCE.

Other Remedies. Except as described above with respect to the rights of AMBAC Indemnity, upon the occurrence of any Event of Default, the Trustee may pursue any other available remedy to enforce the payment of the principal of, and premium, if any, and interest on the Bonds and may otherwise pursue the legal enforcement of the provisions of the Indenture.

Except as described above with respect to the rights of AMBAC Indemnity, each holder of any Bond shall have a right of action to enforce the payment of the principal of, and premium, if any, and interest on any Bond held by such holder on or after the date the same shall have become due at the place, from the sources and in the manner expressed in the Indenture.

Release of Indenture

If, when all of the Bonds have become due and payable in accordance with their terms or otherwise as provided in the Indenture or have been duly called for redemption, and the whole amount of the principal of, and premium, if any, and interest so due and payable upon all the Bonds, and the obligation of the Company to the Bank in respect of amounts paid under the Standby Bond Purchase Agreement, shall have been paid, or sufficient money shall be held by the Trustee for such purpose, and provisions have also been made for paying all other sums payable under the Indenture and the Agreement, then all right, title and interest of the Trustee in the trust estate will cease and the Trustee will release the Indenture with respect to the Bonds, will execute such documents to evidence such release as may be reasonably required by the Authority and will deliver any surplus funds held by it to the Company.

Any Bond not in the Daily Mode or the Weekly Mode will be deemed to be paid when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof, (A) either (i) has been made or caused to be made or (ii) has been provided for by irrevocably depositing with the Trustee (a) money sufficient to make such payment or (b) Government Obligations, as defined in the Indenture, certified by an independent public accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment and to pay all fees and expenses in connection therewith, and (B) prior to any defeasance of Bonds, the Paying Agent shall have received written evidence from S&P to the effect that such defeasance will not result in a withdrawal, suspension or reduction of the S&P ratings with respect to the Bonds or an opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that payment of the Bonds would not be subject to avoidance as a preference upon the occurrence of an event of bankruptcy with respect to the Company or the Authority.

Amendments

Subject to the approval of the Company, the Indenture may be amended without the consent of the holders of the Bonds to (i) cure any ambiguity, defect or omission in the Indenture that does not materially adversely affect the interests of the holders of the Bonds, (ii) grant additional rights or security to the Trustee for the benefit of the holders of the Bonds, (iii) change the provisions for payment, remedies and other matters in a way which affects the holders of Bonds to be supported by an Alternate Liquidity Facility, in connection with the substitution or replacement of the Standby Bond

Purchase Agreement or the provision of an Alternate Liquidity Facility. (iv) add additional Events of Default as shall not be inconsistent with the provisions of the Indenture and which shall not materially adversely affect the interests of the holders of the Bonds, (v) qualify the Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, (vi) provide for the establishment of, or changes in, a book entry system of registration for the Bonds through a securities depository, (vii) effective upon any Conversion Date for any Bonds, make any amendment affecting only such Bonds being converted, or (viii) make such other provisions in regard to matters or questions arising under the Indenture as shall not be inconsistent with the provisions of the Indenture and which shall not materially adversely affect the interests of the holders of the Bonds.

Except as described above with respect to the rights of AMBAC Indemnity, and except as provided in the preceding paragraph, subject to the approval of the Company, the holders of Bonds aggregating a majority in principal amount of the then outstanding Bonds will have the right from time to time to approve any amendment to the Indenture that may be deemed necessary or desirable by the Authority and the Trustee; provided, that no amendment shall be made that adversely affects the rights of some but less than all the Bonds outstanding without the consent of the holders of a majority in aggregate principal amount of the Bonds so affected; and provided further, that no amendment of the Indenture shall be effective to (i) change the principal, premium or interest on any Bonds, (ii) change the interest payment dates (except as described herein), maturity dates or pledge of the payments and other provisions of any Bonds, (iii) reduce the percentage of holders of Bonds whose consent is required for the amendment of the Indenture or (iv) modify the lien upon or pledge of the Bonds, without the consent, revenues assigned and pledged under the Indenture to the holders of the Bonds, provided that in each case, of the holder of each Bond which would be affected by the action proposed to be taken.

Notwithstanding the provisions described in this section, so long as the Standby Bond Purchase Agreement is in effect, the consent of the Bank shall be required for effectiveness of any supplemental indenture which in the judgment of the Bank adversely affects the rights of the Bank, provided that no Bank consent shall be required with respect to a supplemental indenture described in clause (iii) of the second preceding paragraph under this section.

Relationships with Trustee

First Union National Bank is trustee under other indentures for debt instruments on which the Company is the obligor, aggregating \$136.5 million. The Company also has a line of credit arrangement with First Union National Bank.

BOND INSURANCE

AMBAC Indemnity has made a commitment to issue the Policy related to the Bonds effective as of the date of issuance of the Bonds. Under the terms of the Policy, AMBAC Indemnity guarantees timely payment of principal of and interest on the Bonds to the United States Trust Company of New York, in New York, New York or any successor thereto (Insurance Trustee) less any amount held by the Trustee for payment thereof. AMBAC Indemnity will make such payments to the Insurance Trustee on the date due for payment or within one business day after receipt of notice of nonpayment, whichever is later. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by AMBAC Indemnity.

The Policy will insure payment only on stated maturity dates, in the case of principal, and on stated dates for payment, in the case of interest, upon mandatory redemption of the Bonds as result of a Determination of Taxability and upon certain mandatory redemptions of Bank Bonds. In the event

of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee or any Paying Agent under the Indenture has notice that any payment of principal or interest on a Bond which has become due for payment on any regularly scheduled principal and interest payment date, on mandatory redemption upon a Determination of Taxability or upon certain mandatory redemptions of Bank Bonds and that is made to a holder of such Bond by or on behalf of the Authority has been deemed a preferential transfer and theretofore recovered from its holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such holder will be entitled to payment from AMBAC Indemnity to the extent of such recovery if sufficient funds are not otherwise available.

The Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than as a result of a Determination of Taxability or certain mandatory redemptions of Bank Bonds) or as a result of any other advancement of maturity,
2. payment of any redemption, prepayment or acceleration premium, or
3. nonpayment of principal or interest caused by the insolvency or negligence of the Trustee or the Paying Agent, if any.

If it becomes necessary to call upon the Policy, payment of principal requires surrender of Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of AMBAC Indemnity to the extent of the payment under the Policy. Payment of interest pursuant to the Policy requires proof of entitlement to interest payments and an appropriate assignment of the holder's right to payment to AMBAC Indemnity.

Upon payment of the insurance benefits with respect to a Bond, AMBAC Indemnity will become the owner of such Bond or right to payment of principal or interest on such Bond and will be fully subrogated to the rights to payment of the surrendering holder.

The Policy does not insure against loss relating to payments of Purchase Price of Bonds upon tender by a registered owner thereof or any preferential transfer relating to payments of the Purchase Price of Bonds upon tender by a registered owner thereof.

In the event that AMBAC Indemnity is unable to fulfill its contractual obligation under the Policy, the policyholder is not protected by an insurance guaranty fund or other insolvency protection arrangement.

AMBAC Indemnity is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$2,440,000,000 (unaudited) and statutory capital of approximately \$1,387,000,000 (unaudited) as of March 31, 1996. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly owned subsidiary of AMBAC Inc., a 100% publicly-held company. S&P, Moody's and Fitch Investors Service, L.P. (Fitch) have each assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

The parent company of AMBAC Indemnity, AMBAC Inc., is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (1934 Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (Commission). Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 7 World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the offices of the New York Stock Exchange, Inc. (NYSE) at 20 Broad Street, New York, New York 10005. AMBAC Inc.'s common stock is listed on the NYSE.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

The following documents filed by AMBAC Inc. with the Commission (File No. 1-10777) are incorporated by reference in this Official Statement:

- (1) AMBAC Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1995 and filed on April 1, 1996;
- (2) AMBAC Inc.'s Current Report on Form 8-K dated January 31, 1996 and filed on February 28, 1996;
- (3) AMBAC Inc.'s Current Report on Form 8-K dated March 13, 1996 and filed on March 14, 1996;
- (4) AMBAC Inc.'s Current Report on Form 8-K/A, First Amendment to Current Report on Form 8-K dated March 13, 1996 and filed on March 15, 1996; and
- (5) AMBAC Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 and filed on May 15, 1996.

All documents subsequently filed by AMBAC Inc. pursuant to the requirements of the 1934 Act after the date of this Official Statement will be available for inspection in the same manner as described above.

AMBAC Indemnity has entered into pro rata reinsurance agreements under which a percentage of the insurance underwritten pursuant to certain municipal bond insurance programs of AMBAC Indemnity has been and will be assumed by a number of foreign and domestic unaffiliated reinsurers.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in the Policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Authority.

AMBAC Indemnity makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, this Official Statement other than the information supplied by AMBAC Indemnity and presented under INTRODUCTORY STATEMENT and the information under BOND INSURANCE.

THE STANDBY BOND PURCHASE AGREEMENT

Pursuant to the Indenture, the Company is required, unless otherwise consented to by AMBAC Indemnity, to maintain in full force and effect the Standby Bond Purchase Agreement or other Alternate Liquidity Facility, meeting the requirements of the Indenture, from a Bank or obligor on an Alternate Liquidity Facility having, in each case, a short term rating of at least A-1 from S&P and P-1 from Moody's. No such Standby Bond Purchase Agreement or Alternate Liquidity Facility, however, need be maintained if the Bonds are in the Multiannual Mode for a period of seven years or greater.

Purchases of Bonds in the event and to the extent that such Bonds are not remarketed by the Remarketing Agent (Unremarketed Bonds) will be funded under the Standby Bond Purchase Agreement.

The obligation of the Bank to purchase Bonds will expire at the close of business on June 12, 2001, unless extended or earlier terminated as described herein. Under the terms of the Standby Bond Purchase Agreement, the Paying Agent will notify the Bank of the aggregate principal amount of the Bonds to be purchased by the Bank up to the aggregate principal amount of the Bonds (this amount will be reduced as Bonds are paid or redeemed as described below) plus accrued interest thereon (up to a maximum of 35 days' interest on the principal sum set forth above) at a maximum annual interest rate of 12% to enable the Paying Agent to pay the purchase price of Unremarketed Bonds.

The Standby Bond Purchase Agreement provides for the funding of purchases of Bonds which are tendered but not remarketed by the Remarketing Agent. It does not provide security for the payment of principal of and premium, if any, and interest on the Bonds as the same become due and payable, upon acceleration or otherwise. Under certain circumstances described herein, purchases will not be made under the Standby Bond Purchase Agreement and, therefore, funds may not be available from the Bank for the purchase of tendered Bonds.

If the Bank assigns a portion of its commitment under the Standby Bond Purchase Agreement to one or more other Banks, the obligations of the Banks (including any assignee bank) to purchase Bonds under the Standby Bond Purchase Agreement will be several and not joint. Therefore, if one Bank fails to fund its portion of the commitment, the other Banks party to the Standby Bond Purchase Agreement will have no obligation with respect to that portion of the commitment. The Bank may not assign any of its commitment without the consent of the Company and unless such assignment in and of itself will not result in any reduction, suspension or withdrawal of the ratings assigned to the Bonds by S&P and Moody's or otherwise prevent the Company from complying with its obligations under the Indenture.

Conditions Precedent to Purchases of Bonds Under the Standby Bond Purchase Agreement

The obligation of the Bank to purchase Bonds, which are tendered for purchase as described above under THE BONDS — "Optional Tender" and — "Mandatory Tender" but not remarketed by the Remarketing Agent, under the Standby Bond Purchase Agreement will be subject to satisfaction of certain conditions precedent, including, but not limited to, the following:

- (a) The Bank shall have received from the Paying Agent the purchase certificates specified in the Standby Bond Purchase Agreement relating to the aggregate principal amount of Unremarketed

Bonds, plus accrued interest thereon, to be purchased by the Bank, which amount shall not exceed the amount of the Bank's commitment at the time of such purchase.

(b) The Unremarketed Bonds to be purchased may not be held by or for the account of the Company, any affiliate of the Company or any broker-dealer holding Unremarketed Bonds pursuant to an arrangement with the Company.

(c) The Bank's commitment shall not have been suspended as described under "Suspension of Commitments" below or terminated as described under "Events of Termination" below.

Suspension of Commitments

Upon the occurrence of any of the following events (each such event a Suspension Event), the Bank's obligation to purchase Unremarketed Bonds under the Standby Bond Purchase Agreement shall be immediately suspended (but not terminated) without notice or demand; and thereafter the Bank shall be under no obligation to purchase any Unremarketed Bonds until the Bank's commitment under the Standby Bond Purchase Agreement is reinstated as described below:

(a) The ratings assigned to AMBAC Indemnity's claims paying ability are withdrawn or are reduced below BBB- (or its equivalent rating) by S&P and are withdrawn or reduced below Baa3 (or its equivalent rating) by Moody's; provided that, in the event such ratings are restored to required levels within 30 days, the Bank's commitment shall be reinstated; or

(b) AMBAC Indemnity shall claim or assert in writing that the Policy is invalid or unenforceable against AMBAC Indemnity or shall repudiate its obligations or deny that it has any further liability under the Policy or the validity or enforceability of the Policy shall be contested in any contest or proceeding directly or indirectly by AMBAC Indemnity or any governmental authority and, in the case of a contest by a person or entity other than AMBAC Indemnity, AMBAC Indemnity shall fail to defend or to assert such validity or enforceability or to appeal such contest or proceeding pursuant to appropriate proceedings or actions; or

(c) Any governmental authority with competent jurisdiction shall announce, find or rule that the Policy is null and void or otherwise invalid or unenforceable against AMBAC Indemnity; or

(d) There shall be commenced an involuntary case or other proceeding against AMBAC Indemnity seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property. If such proceeding is dismissed or stayed within 60 days, the Bank's commitment shall be reinstated.

Promptly upon obtaining knowledge of a Suspension Event in connection with clause (b) or (c) above, the Bank shall notify the Trustee, the Paying Agent and the Remarketing Agent of such Suspension Event in writing; provided, however, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank's commitment and of its obligation to purchase Unremarketed Bonds pursuant to the Standby Bond Purchase Agreement. If a court of competent jurisdiction shall thereafter enter a final, nonappealable judgment that such Policy is not valid and binding on AMBAC Indemnity, then the commitment and the obligation of the Bank to purchase Unremarketed Bonds shall immediately terminate without notice or demand and thereafter the Bank shall be under no obligation to purchase Unremarketed Bonds. If a court of competent jurisdiction shall find or rule that such Policy is valid and binding on AMBAC Indemnity in accordance with its terms, then the commitment and the obligations of the Bank under the Standby Bond Purchase Agreement shall thereupon be reinstated (unless the

commitment period shall otherwise have expired or the commitment shall otherwise have been terminated as provided in the Standby Bond Purchase Agreement). Notwithstanding the foregoing, if three years after the effective date of a suspension of the Bank's obligations in connection with a Suspension Event described in clause (b) or (c) above, the Standby Bond Purchase Agreement has not been terminated and litigation is still pending and a judgment regarding the validity and enforceability of the Policy has not been obtained, then the commitment and the obligation of the Bank to purchase Unremarketed Bonds shall, unless previously terminated pursuant to any other provision of the Standby Bond Purchase Agreement, at such time terminate without notice or demand and thereafter, the bank shall be under no obligation to purchase Unremarketed Bonds.

If the commitment of the Bank (or the obligor under an Alternate Liquidity Facility, as the case may be) to pay the Purchase Price of the Bonds has been suspended and is later reinstated, the Paying Agent shall take any action specified in the Standby Bond Purchase Agreement (or an Alternate Liquidity Facility, as the case may be) to make moneys available to pay the Purchase Price of the Bonds that were tendered for purchase and were not purchased during such period of suspension.

Events of Termination

Each of the following events is referred to in this Official Statement as an "Event of Termination":

- (a) Certain events of bankruptcy or insolvency of AMBAC Indemnity shall have occurred; or
- (b) AMBAC Indemnity shall fail, wholly or partially, to make a payment of principal or interest when and as required under the Policy; or
- (c) The Policy is surrendered, canceled or terminated, or amended or modified in any material respect, without the Bank's prior written consent; or
- (d) A court of competent jurisdiction enters a final, nonappealable judgment that the Policy is not valid and binding on or enforceable against AMBAC Indemnity; or
- (e) A Suspension Event in connection with clause (a) under "Suspension of Commitments" shall remain in effect for a period of 30 days; or
- (f) A Suspension Event in connection with clause (d) under "Suspension of Commitments" shall remain in effect for a period of 60 days.

Upon the occurrence of any Event of Termination, the commitment and the obligation of the Bank to purchase Unremarketed Bonds shall immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase Unremarketed Bonds. Promptly upon any such Event of Termination, the Bank shall give written notice of the same to the Trustee, the Paying Agent and the Remarketing Agent; provided, however, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Bank's commitment and of its obligation to purchase Unremarketed Bonds pursuant to the Standby Bond Purchase Agreement.

Extension, Reduction or Termination of the Standby Bond Purchase Agreement

The obligation of the Bank to purchase Bonds under the Standby Bond Purchase Agreement shall terminate at 5:00 p.m. (New York time) on the earliest of (i) June 12, 2001 unless extended for

one-year periods as provided in the Standby Bond Purchase Agreement, (ii) the date on which the commitment of the Bank is permanently and irrevocably reduced to zero in accordance with the Standby Bond Purchase Agreement upon the redemption, purchase and cancellation, defeasance or other retirement of all of the Bonds, (iii) the date on which another liquidity facility is substituted for the Standby Bond Purchase Agreement in accordance with the Indenture and the Standby Bond Purchase Agreement, or (iv) the date on which the Bank's commitment to purchase Bonds is terminated due to the occurrence an Event of Termination, as described above under "Events of Termination."

Upon written request of the Company to the Bank not less than 30 nor more than 45 days prior to June 12, 1999 (and not less than 30 nor more than 45 days prior to each anniversary of such date thereafter), the Bank shall use its best efforts to respond within 30 days of such request as to whether it will extend the scheduled expiration date of the Standby Bond Purchase Agreement for a period of one year.

In connection with a redemption, a purchase and cancellation, a defeasance, or any other retirement of any of the Bonds, the Company shall have the right, permanently and irrevocably, to reduce (including, without limitation, a reduction to zero) the commitment of the Bank by an amount equal to the principal amount of the Bonds so redeemed, purchased and canceled, defeased, or otherwise retired, by giving written notice to the Bank of such reduction. Upon the purchase by the Bank of Unremarketed Bonds, the commitment of the Bank shall be automatically reduced by an amount equal to the principal amount of the Unremarketed Bonds so purchased. Such reduction, however, is subject to reinstatement in the event of the release by the Bank of the related Bank Bonds pursuant to the Standby Bond Purchase Agreement. Upon such reinstatement, the commitment of the Bank shall be reinstated by an amount equal to the principal amount of such Bonds so released.

Without the consent of the Trustee, the Standby Bond Purchase Agreement may not be amended to materially adversely affect the obligations of the Bank to purchase Unremarketed Bonds.

UNDERWRITING

Subject to the terms and conditions set forth in an Underwriting Agreement with respect to the Bonds (Underwriting Agreement), the Authority has agreed to sell to Morgan Stanley & Co. Incorporated (Underwriter), and the Underwriter has agreed to purchase, the Bonds at a purchase price of 99.825% of the principal amount thereof. The Underwriter is committed to take and pay for all of the Bonds, if any are taken.

The Company has agreed to indemnify the Authority and the Underwriter against certain liabilities, including certain liabilities under the federal securities laws.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The Code imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds in order to ensure that interest on the Bonds be and remain excludable from gross income for Federal income tax purposes under Section 103 of the Code. Failure of the Authority and the Company to observe such requirements may cause interest on the Bonds to lose the exclusion from gross income provided under Section 103 of the Code, retroactive to the date of issuance of the Bonds. In the Tax Regulatory Agreement between the Authority and the Company to

be executed and delivered simultaneously with the issuance and delivery of the Bonds (the "Tax Regulatory Agreement"), the Authority and the Company will represent that the authority and the Company expect and intend to be able to comply with, and will, to the extent permitted by law, comply with the provisions and procedures set forth in the Tax Regulatory Agreement and do and perform all acts and things necessary or desirable in order to assure that, under the Code as presently in effect, interest on the Bonds be and remain excluded from gross income for federal income tax purposes.

Assuming the Authority and the Company observe their covenants set forth in the Tax Regulatory Agreement with respect to compliance with the Code, Wolff & Samson, P.A., Bond Counsel to the Authority, is of the opinion that, based upon existing statutes, regulations, rulings and court decisions interest on the Bonds is not includable for Federal income tax purposes in the gross income of the holders of the Bonds pursuant to Section 103 of the Code, except that no opinion is expressed as to exemption from taxes of interest on any Bond during any period while it is held by a person who is a "substantial user" of the Project or a "related person" thereto within the meaning of Section 147(a) of the Code.

Interest on the Bonds is an item of tax preference under Section 57 of the Code for purposes of company the federal alternative minimum tax imposed on individuals and corporations.

Additional Federal Tax Consequences

Although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the Federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon each recipient's tax status or over items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits and individuals who may be eligible for the earned income credit under Section 32 of the Code, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding Bonds.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for Federal income tax purposes of interest on the Bonds. Each purchaser of the Bonds should consult with his or her own tax advisor regarding any changes in the status of pending or proposed Federal tax legislation.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Bonds and any net gain from the sale of the Bonds are not includable in gross income under the existing New Jersey Gross Income Tax Act.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the approval of Wolff & Samson, P.A., Roseland, New Jersey, Bond Counsel. Certain legal matters will be passed upon for the Company by James R. Van Horn, Esq., General Counsel for and Secretary of the Company, and by Reid & Priest LLP, New York, New York, of counsel to the Company. The validity of the Company's obligations under the Agreement will be passed upon for the Underwriter and

the Remarketing Agent by Winthrop, Stimson, Putnam & Roberts, New York, New York, counsel for the Underwriter and the Remarketing Agent. Certain legal matters will be passed upon for AMBAC Indemnity by its in-house counsel, and for the Bank by Winthrop, Stimson, Putnam & Roberts, New York, New York, counsel for the Bank.



AMBAC Indemnity Corporation
c/o CT Corporation Systems
44 East Mifflin Street, Madison, Wisconsin 53703
Administrative Office:
One State Street Plaza, New York, New York 10004
Telephone: (212) 668-0340

Endorsement

Policy issued to:

Attached to and forming part of

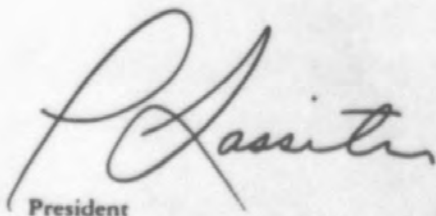
Effective Date of Endorsement:

The Policy to which this endorsement is attached and of which it forms a part is hereby amended to provide that the payment by AMBAC to the Insurance Trustee, for the benefit of the Bondholders, of the principal of and interest on the Bonds which shall become Due for Payment but which are unpaid by reason of Nonpayment by the Issuer shall include any scheduled interest payment and required mandatory redemption of Bank Bonds (as defined in the Indenture referred to below) pursuant to Section 3.07(e) of the Trust Indenture dated June 1, 1996 between the New Jersey Economic Development Authority and First Union National Bank, as trustee relating to the Bonds.

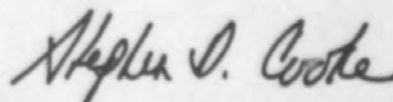
Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, AMBAC has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the counter signature of its duly authorized representative.

AMBAC Indemnity Corporation


President




Secretary

Authorized Representative

THE BANK OF NEW YORK

The Bank of New York was founded in 1784 by Alexander Hamilton, and it is the nation's oldest bank operating under its original name. The Bank of New York is an important lender to major U.S. and multinational corporations and to mid-sized companies nationally. It is one of the leading retail banks in the greater New York metropolitan area, the largest provider of securities processing services to the market and a respected trust and investment manager. The Bank of New York is a New York state-chartered bank and a member of the Federal Reserve System. As of March 31, 1996, The Bank of New York operated through 270 offices in the State of New York and 29 branches and representative offices overseas. As of March 31, 1996, The Bank of New York had \$41.6 billion in total assets.

Additional information relating to The Bank of New York, including the annual report of The Bank of New York Company, Inc., its parent, is on file at the offices of The Bank of New York and may be obtained by contacting its Manager of Investor and Public Relations at The Bank of New York, 48 Wall Street, New York, New York, 10286; telephone: (212) 495-2066. The Bank of New York Company, Inc.'s most recent annual report is incorporated in this Appendix D by reference.



One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-5000

March 27, 1996

The Hon. James Nappi, Esq.
Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In The Matter Of The Petition Of NUI Corporation
For Authority Under N.J.S.A. 48:3-9 To Enter Into A
Loan Agreement With The New Jersey Economic
Development Authority For The Issuance And Sale Of
\$39,000,000 Of Gas Facilities Revenue Bonds

Dear Secretary Nappi:

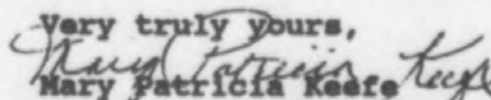
Enclosed please find a petition requesting authority to enter into a loan agreement with the New Jersey Economic Development Authority ("NJEDA") and borrow the proceeds from the sale of their Gas Facilities Revenue Bonds. The proceeds will be applied to capital projects in the contiguous counties of Union and Middlesex counties.

The Company intends to propose that the NJEDA issue its bonds on NUI's behalf in the form of variable rate demand bonds. These bonds would be reoffered to the market periodically by a remarketing agent on the issuer's behalf. The interest rate would be reset by the agent at the rate necessary to place the securities with investors. In addition a bank and/or insurance company will be selected to stand behind the NJEDA's obligation to purchase the bonds from investors on each interest reset date.

Supporting schedules are attached to the petition.

Please stamp the additional copy of the petition as "FILED" and kindly return in the overnight mailer supplied.

Thank you.

Very truly yours,

Mary Patricia Keefe
Senior Vice President
and General Counsel

MPK/el

cc: Fred S. Grygiel, w/encl.
Mark Beyer, w/encl.
Leo Lim, w/encl.
Robert Chilton, w/encl.

a:\cover.let

CASE STATEMENT

NUI Corporation's petition seeks authorization to enter into a loan agreement with the New Jersey Economic Development Authority to borrow up to \$39,000,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Revenue Bonds.

**In the Matter of the Petition Of
NUI Corporation For Authority
Under N.J.S.A. 48:3-9 To Enter
Into A Loan Agreement With The
New Jersey Economic Development
Authority For The Issuance And
Sale Of \$39,000,000 Of Gas
Facilities Revenue Bonds**

3. Petitioner is engaged in the business of distributing natural and mixed gas in service territories located in portions of the State of New Jersey, Florida, Maryland,

New York, North Carolina, and Pennsylvania. Petitioner's New Jersey Division, Elizabethtown Gas Company, distributes natural and mixed gas to approximately 239,000 customers in a service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union, and Warren Counties.

4. Petitioner proposes to request the New Jersey Economic Development Authority ("Authority") to issue Gas Facilities Revenue Bonds in the aggregate principal amount of \$39,000,000 pursuant to a trust indenture between the Authority and a commercial bank to be selected by Petitioner. The Authority will loan the proceeds of the Gas Facilities Revenue bonds to Petitioner pursuant to a loan agreement. The Authority approved the issuance of the Gas Facilities Revenue bonds on November 25, 1995.

5. It is requested that the financial dockets of Petitioner and its predecessor, Elizabethtown Gas Company, be incorporated by reference to show the approval of the issuance of securities, execution and delivery of trust agreements and indentures, mergers and consolidations of predecessor companies and subsidiaries, and certificate of incorporation as amended.

6. No franchise or franchise right is proposed to be capitalized directly or indirectly.

7. Petitioner proposes to apply the proceeds of the financing to various capital construction projects in the two contiguous counties of Union and Middlesex. This issuance will appear on the books and records of Elizabethtown.

8. NUI intends to propose that the Economic Development Authority issue its Gas Facilities Revenue Bonds on NUI's behalf in the form of variable rate demand bonds. These bonds would be reoffered to the market periodically by a remarketing agent on the issuer's behalf. The interest rate would be reset by the agent at the rate necessary to place the securities with investors. In addition, a bank and/or an insurance company will be selected to stand behind the Authority's obligation to purchase the bonds from investors on each interest reset date.

9. All corporate action necessary under the statutes of the states of New Jersey, Florida and the other states in which NUI operates in connection with the proposed transaction has been or will be taken prior to the time of closing.

10. The proposed transactions do not require any specific formal approvals from regulatory authorities in the other states where NUI operates.

11. In support of this Petition, the following Exhibits are attached:

- A. Comparative consolidated balance sheet as of December 31, 1995 and 1994.
- B. Rollforward of property, plant and equipment costs for the years ended December 31, 1995 and 1994.
- C. Comparative consolidated income statement for the years ended December 31, 1995 and 1994.
- D. Consolidating balance sheet as of December 31, 1995.
- E. Consolidating income statement for the twelve months ended December 31, 1995.

- F. Consolidating statement of cash flows for the twelve months ended December 31, 1995.
- G. Consolidating statement of capitalization as of December 31, 1995.
- H. Consolidating pro-forma balance sheet and income statement as of and for the twelve months ended December 31, 1995, reflecting the financings.
- I. Journal entries to record the financings.
- J. Consolidating pro-forma statement of capitalization as of December 31, 1995, reflecting the financings.
- K. Actual and pro-forma interest coverage ratios for the twelve months ended December 31, 1995.
- L. Consolidating balance sheet as of the previous fiscal year ended September 30, 1995.
- M. Consolidating income statement for the previous fiscal year ended September 30, 1995.
- N. Statement of dividends paid for the previous fiscal year ended September 30, 1995.
- O. Statement of interest expenses (income) for the previous fiscal year ended September 30, 1995.
- P. Statement of use of proceeds from the financing.
- Q. Draft Notice of Sale and Proposal for Bonds. (To be supplied)
- R. Draft loan agreements between Petitioner and the Authority. (To be supplied)
- S. Draft bond indenture between the Authority and the Bond Trust. (To be supplied)
- T. Resolutions of the Authority authorizing the issuance of bond. (To be supplied)

U. Affidavit of Robert Lurie, NUI's Treasurer.

12. Petitioner wishes to assure its ability to close this transaction no later than May 15, 1996. Accordingly, Petitioner requests the Board to issue an order approving the proposed stock issuance no later than May 8, 1996.

CONCLUSION

WHEREFORE, Petitioner requests that the Board issue an order authorizing Petitioner to enter into a loan agreement with the New Jersey Economic Development Authority providing for the borrowing by Petitioner from the Authority of an aggregate principal amount of not more than \$39,000,000, and authorizing Petitioner to execute the necessary documents to effectuate the sale of bonds and loan of proceeds without further order of the Board. Petitioner requests the Board to act on this Petition as quickly as possible in order that the Board may issue a final order in this proceeding no later than May 8, 1996.

Respectfully submitted,

NUI Corporation

By: Mary Patricia Keefe
Mary Patricia Keefe
Senior Vice President and General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Union, New Jersey 07083

Date: March 27, 1996

NUI Corporation and Subsidiaries
Comparative Consolidated Balance Sheet
(Dollars in Thousands)

	Balance at 31-Dec-95	Balance at 31-Dec-94	Change
Assets And Other Debits			
<u>Utility Plant</u>	\$570,987	\$562,145	\$8,842
101 Utility Plant in Service	9,457	9,149	308
107 Construction Work in Progress	(179,075)	(174,302)	(4,773)
108 Accumulated Provision for Depreciation	42,711	39,449	3,262
114 Gas Plant Acquisition Adjustments			
115 Accumulated Provision for Amortization of	(8,095)	(5,917)	(2,178)
Gas Plant Acquisition Adjustments	-	184	(184)
117 Gas Stored Underground - Noncurrent	435,985	430,708	5,277
Net Utility Plant			
<u>Other Property And Investments</u>	25,229	1,551	23,678
121 Non-Utility Property	(9,406)	(786)	(8,620)
122 Accumulated Provision for Depreciation	3,037	3,181	(144)
124 Other Investments	-	15	(15)
125 Special Funds	18,860	3,961	14,899
Total Other Property And Investments			
<u>Current And Accrued Assets</u>	422	5,534	(5,112)
131 Cash	904	-	904
134 Special Deposits	49	55	(6)
135 Working Funds	1,724	-	1,724
136 Temporary Cash Investments	-	35	(35)
141 Notes Receivable	63,776	44,747	19,029
142 Customer Accounts Receivable	1,828	6,001	(4,173)
143 Other Accounts Receivable	(2,322)	(1,899)	(423)
144 Accumulated Provision for Uncollectible Accounts	-	-	-
146 Accounts Receivable from Associated Companies	2,870	3,000	(130)
154 Plant Materials & Operating Supplies	452	824	(372)
155 Merchandise	25	-	25
156 Other Material & Supplies	20,217	22,988	(2,771)
164.1 Gas Stored Underground - Current	4,915	4,630	285
165 Prepayments	-	63	(63)
171 Interest and Dividends Receivable	3,273	4,122	(849)
173 Accrued Utility Revenues	98,133	90,100	8,033
Total Current And Accrued Assets			
<u>Deferred Debits</u>	3,211	2,989	222
181 Unamortized Debt Expense	54,124	48,425	5,699
182.3 Other Regulatory Assets	3,469	7,940	(4,471)
186 Miscellaneous Deferred Debits	2,335	2,194	141
189 Unamortized Loss on Recquired Debt	6,078	3,420	2,658
190 Accumulated Deferred Income Taxes	4,344	2,154	2,190
191 Unrecovered Purchased Gas Costs	73,561	67,122	6,439
Total Deferred Charges and Other Assets			
Total Assets And Other Debits	\$628,539	\$591,891	\$34,648

NUI Corporation and Subsidiaries
Comparative Consolidated Balance Sheet
(Dollars in Thousands)

Exhibit A
Page 2 of 2

	Balance at 31-Dec-95	Balance at 31-Dec-94	Change
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
201 Common Stock Issued	\$139,353	\$139,217	\$136
211 Miscellaneous Paid-In-Capital	(671)	(1,396)	725
216 Retained Earnings	8,293	8,615	(322)
217 Reacquired Capital Stock	(1,526)	(796)	(728)
Total Proprietary Capital	<u>145,449</u>	<u>145,638</u>	<u>(189)</u>
<u>Long-Term Debt</u>			
221 Bonds	107,728	112,009	(4,281)
224 Other Long-Term Debt	101,044	31,186	69,858
226 Unamortized Discount on Long Term Debt	(362)	-	(362)
Total Long-Term Debt	<u>208,410</u>	<u>143,195</u>	<u>65,215</u>
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,890	11,738	(848)
228.2 Accumulated Provision for Injuries & Damages	1,069	164	905
228.3 Accumulated Provision for Pensions & Benefits	4,616	2,966	1,650
228.4 Accumulated Miscellaneous Operating Provisions	40,276	37,313	2,963
Total Other Noncurrent Liabilities	<u>56,851</u>	<u>52,181</u>	<u>4,670</u>
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	58,221	110,350	(52,129)
232 Accounts Payable	40,447	29,467	10,980
234 Accounts Payable to Associated Companies	-	-	-
235 Customer Deposits	10,034	11,526	(1,492)
236 Taxes Accrued	5,081	8,954	(3,873)
237 Interest Accrued	5,186	3,617	1,569
241 Tax Collections Payable	866	883	(17)
242 Miscellaneous Current & Accrued Liabilities	6,864	6,068	796
243 Obligations Under Capital Leases	1,518	1,557	(39)
Total Current Liabilities	<u>128,217</u>	<u>172,422</u>	<u>(44,205)</u>
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,714	1,723	(9)
253 Other Deferred Credits	10,534	7,900	2,634
254 Other Regulatory Liabilities	7,068	4,350	2,718
255 Accumulated Deferred Investment Tax Credits	6,986	7,452	(466)
282 Accumulated Deferred Federal Income Taxes	61,310	57,030	4,280
Total Deferred Credits	<u>87,612</u>	<u>78,455</u>	<u>9,157</u>
Total Liabilities And Other Credits	<u>\$626,539</u>	<u>\$591,891</u>	<u>\$34,648</u>

NUI CORPORATION AND SUBSIDIARIES
 FULL FORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
 FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 1 OF 4

		01/01/94					12/31/94
		BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	BALANCE
PRODUCTION							
304	LAND RIGHTS	16,349	476,559	0	-476,559	0	16,349
304	LAND & LAND RIGHTS	164,436	0	0	0	0	164,436
305	STRUC & IMPROVEMENTS	668,493	0	-49,906	0	0	618,587
311	L.P. GAS EQUIP	7,795,628	63,798	-246,106	11,378	0	7,624,690
320	OTHER EQUIP-YARD PIPE	526,612	734	0	0	0	527,346
320	OTHER EQUIP-MISC.	527,890	7,880	0	0	0	535,770
	TOTAL PRODUCTION	<u>9,699,308</u>	<u>548,971</u>	<u>-296,012</u>	<u>-465,181</u>	<u>0</u>	<u>9,487,086</u>
TRANSMISSION							
365	RIGHTS OF WAY	452,544	0	0	0	0	452,544
366	STRUCTURES & IMPROVEMENTS	2,983	0	0	0	0	2,983
367	TRANSMISSION MAINS	2,991,444	0	-106,013	-541,553	0	2,343,878
369	M & R EQUIP	62,975	117,225	0	25	0	180,225
371	OTHER EQUIPMENT	127	0	0	0	0	127
	TOTAL TRANSMISSION	<u>3,510,073</u>	<u>117,225</u>	<u>-106,013</u>	<u>-541,528</u>	<u>0</u>	<u>2,979,757</u>
STORAGE							
360	LAND & LAND RIGHTS-GAS HLDG	68,417	0	0	0	0	68,417
361	STRUCTURES & IMPROVEMENTS	96,288	0	0	0	0	96,288
362	GAS HOLDERS	2,623,654	15,406	0	0	0	2,639,060
362	LNG TANKS	3,160,543	10,573	-2,472	0	0	3,168,644
363	VAPORIZING EQUIPMENT	813,014	11,214	0	0	0	824,228
363	MEASURING & REG EQUIPMENT	1,029,125	14,163	0	0	0	1,043,288
	TOTAL STORAGE	<u>7,791,041</u>	<u>51,356</u>	<u>-2,472</u>	<u>0</u>	<u>0</u>	<u>7,839,925</u>
DISTRIBUTION							
374	LAND & LAND RIGHTS-DIST OPER	1,642,607	-4,297	0	0	0	1,638,310
374	LAND RIGHTS	1,711,415	12,839	0	0	0	1,724,254
375	STRUCTURES & IMPROVEMENTS	5,492,945	445,767	-9,738	0	0	5,928,974
376	DISTRIBUTION MAINS	234,172,381	27,128,986	-762,910	539,444	0	261,077,901
378	MEASUR & REGUL EQUIP-GEN.	12,069,628	1,597,666	-293,162	-90	0	13,374,042
379	MEASUR & REGUL EQUIP-GATE ST	10,480,602	862,211	-721,854	0	0	10,620,959
380	SERVICES	113,632,192	10,417,853	-713,102	111	0	123,337,054
381	METERS	21,363,484	1,809,665	-130,165	0	0	23,042,984
381	METERS-TIN	439,063	0	-105,888	0	0	333,175
382	METER INSTALLATIONS	12,945,240	800,565	-53,203	0	0	13,692,602
383	HOUSE REGULATORS	4,002,308	371,199	-31,078	0	0	4,342,429
383	IND. MEAS. & REG. EQUIP.	7,944,235	1,574,812	-10,940	63	0	9,508,192
385	OTHER PROPERTY	19,432,171	4,175,437	-881,353	0	0	22,746,255
387	OTHER EQUIPMENT	1,806,745	63,782	0	0	0	1,870,527
	TOTAL DISTRIBUTION	<u>447,155,036</u>	<u>49,256,485</u>	<u>-3,713,393</u>	<u>539,530</u>	<u>0</u>	<u>493,237,658</u>

NUI CORPORATION AND SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 2 OF 4

GENERAL	PERC DESCRIPTION	01/01/94 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/94 BALANCE
389	LAND & LAND RIGHTS-UTILITY	543,456	0	0	0	0	745,472
390	STRUCTURES & IMPROVEMENTS	3,773,045	132,026	-22,787	202,016	0	4,156,827
390	LEASEHOLD IMPROVEMENTS	897,518	27,316	0	274,543	0	924,834
391	LEASED STRUCTURE IMPROV.	12,537,436	987	0	0	0	12,538,423
391	FURNITURE & FIXTURES	3,018,930	835,839	0	0	0	3,855,212
391	PERSONAL COMPUTERS-CRTS	2,852,991	675,754	-219,357	0	0	3,519,450
391	COMPUTER EQUIPMENT-LEASED	1,289,210	0	-9,295	0	0	1,225,990
392	COMP. EQUIP.-MAINFRAME	893,999	3,744	-263,220	0	0	897,743
392	VEHICLES - OWNED	1,585,335	184,890	0	0	0	1,676,783
392	LIGHT TRUCKS-OWNED	21,170	0	-93,442	0	0	0
392	HEAVY TRUCKS-OWNED	71,115	8,480	-21,170	0	0	608
393	BLC LEASES	6,977,590	909,076	-78,987	0	0	7,844,801
393	SOVRAN LEASES	414,733	256,769	-41,865	0	0	396,769
394	STORES EQUIPMENT	354,597	9,394	-274,733	0	0	308,737
394	TOOLS, SHOP & GARAGE EQUIP.	4,285,419	539,995	-55,254	1,613	0	4,750,340
395	LABORATORY EQUIPMENT	229,485	0	-76,687	0	0	234,083
396	POWER EQUIPMENT-COMPRESSORS	457,035	45,393	-5,402	0	0	477,502
396	POWER EQUIPMENT-TRACTORS	184,230	0	-24,926	0	0	184,230
397	COMMUNICATION EQUIPMENT	2,231,870	137,976	0	0	0	2,255,227
397	COMMUNICATION EQUIP-LEASED	997,232	0	-114,619	0	0	997,232
398	MISCELLANEOUS EQUIPMENT	512,449	5,520	0	0	0	560,136
	TOTAL GENERAL	44,128,845	3,793,159	-1,302,704	43,927	0	47,140,399
	INTANGIBLE PLANT				522,099	0	
301	ORGANIZATION PLANT	101,630	0	0	0	0	101,630
302	FRANCHISES & CONSENTS	109,989	24,835	0	0	0	134,844
303	MISC. INTANGIBLE	1,098,947	125,209	0	0	0	1,224,156
	TOTAL INTANGIBLE	1,310,566	150,064	0	0	0	1,460,630
	TOTAL IN SERVICE	513,594,869	53,917,260	-5,421,594	54,920	0	562,145,455
	CONSTRUCTION WORK IN PROGRESS	4,377,918	4,771,122	0	0	0	9,149,040
	ACQUISITION ADJUSTMENT	18,427,063	21,022,310	0	0	0	39,449,373
	NON UTILITY PROPERTY	1,551,261	0	0	0	0	1,551,261
	TOTAL PLANT	537,951,111	79,710,692	-5,421,594	54,920	0	612,295,129

NUI CORPORATION & SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 3 OF 4

PERC DESCRIPTION	01/01/95 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/95 BALANCE
PRODUCTION						
304 LAND RIGHTS	16,249	0	0	0	0	16,249
304 LAND & LAND RIGHTS	164,436	0	0	0	0	164,436
305 STRUC & IMPROVEMENTS	618,587	616,114	0	0	0	1,233,840
311 L.P. GAS EQUIP	7,624,698	11,508	-861	0	0	7,632,817
320 OTHER EQUIP-YARD PIPE	527,346	0	-3,381	0	0	527,346
320 OTHER EQUIP-MISC.	535,770	0	0	0	0	535,770
TOTAL PRODUCTION	<u>9,487,086</u>	<u>627,622</u>	<u>-4,242</u>	<u>0</u>	<u>0</u>	<u>10,135,330</u>
TRANSMISSION						
365 RIGHTS OF WAY	452,544	0	0	0	0	452,544
366 STRUCTURES & IMPROVEMENTS	2,983	0	0	0	0	2,983
367 TRANSMISSION MAINS	2,343,878	0	0	0	0	2,343,878
369 M & R EQUIP	180,225	0	0	0	0	180,225
371 OTHER EQUIPMENT	127	0	-5,534	-1,717	0	172,974
TOTAL TRANSMISSION	<u>2,979,737</u>	<u>0</u>	<u>-5,534</u>	<u>-1,717</u>	<u>0</u>	<u>2,972,506</u>
STORAGE						
360 LAND & LAND RIGHTS-GAS HLDG	68,417	0	0	0	0	68,417
361 STRUCTURES & IMPROVEMENTS	96,288	0	0	0	0	96,288
362 GAS HOLDERS	2,639,060	387	0	0	0	2,639,447
362 LNG TANKS	3,168,644	59,340	0	0	0	3,227,984
363 VAPORIZING EQUIPMENT	824,228	-4,460	0	0	0	819,768
363 MEASURING & REG EQUIPMENT	1,043,288	0	0	0	0	1,043,288
TOTAL STORAGE	<u>7,839,925</u>	<u>55,267</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,895,192</u>
DISTRIBUTION						
374 LAND & LAND RIGHTS-DIST OPER	1,638,310	0	0	1,000	0	1,639,310
374 LAND RIGHTS	1,724,254	9,453	0	0	0	1,733,707
375 STRUCTURES & IMPROVEMENTS	5,928,975	87,124	-11,724	0	0	6,004,375
376 DISTRIBUTION MAINS	261,077,901	12,478,504	-667,924	3,645	0	272,892,126
378 MEASUR & REGUL EQUIP-GEN.	13,374,042	928,945	4,041	71,655	0	14,378,683
379 MEASUR & REGUL EQUIP-GATE ST	10,620,959	246,338	1,167	0	0	10,868,464
380 SERVICES	123,337,054	9,414,598	-536,114	5,169	0	132,220,707
381 METERS	23,042,983	1,478,376	-205,718	1,815	0	24,317,456
381 METERS-TIN	333,175	0	-179,075	0	0	154,100
382 METER INSTALLATIONS	13,692,602	862,084	-30,343	0	0	14,524,443
383 HOUSE REGULATORS	4,342,429	318,120	-15,122	0	0	4,645,427
385 IND. MEAS. & REG. EQUIP.	9,508,192	1,854,188	-29,278	0	0	11,338,842
386 OTHER PROPERTY	22,746,255	1,386,369	-622,686	5,740	0	23,515,698
387 OTHER EQUIPMENT	1,870,527	51,810	-9,688	-23,472,746	0	37,192
TOTAL DISTRIBUTION	<u>493,237,658</u>	<u>29,115,909</u>	<u>-2,302,364</u>	<u>-23,383,722</u>	<u>0</u>	<u>496,667,481</u>

NUI CORPORATION & SUBSIDIARIES
ROLLFORWARD OF PROPERTY PLANT AND EQUIPMENT COSTS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1995

EXHIBIT B; PAGE 4 OF 4

GENERAL	PERC DESCRIPTION	01/01/95 BALANCE	ADDITIONS	RETIREMENTS	TRANSFER	OTHERS	12/31/95 BALANCE
389	LAND & LAND RIGHTS-UTILITY	745,472	0	0	0	0	745,472
390	STRUCTURES & IMPROVEMENTS	4,156,827	2,421,260	-110,986	-34,826	0	6,432,275
390	LEASEHOLD IMPROVEMENTS	924,834	67,477	-73,356	0	0	918,955
391	LEASED STRUCTURE IMPROV.	12,538,424	0	0	-880	0	12,537,544
391	FURNITURE & FIXTURES	3,635,212	130,874	-387,682	162,133	0	3,236,271
391	PERSONAL COMPUTERS-CRITS	3,519,450	1,350,209	-73,426	216,051	0	5,012,284
391	COMPUTER EQUIPMENT-LEASED	1,025,990	0	0	0	0	1,025,990
392	COMP. EQUIP.-MAINFRAME	897,743	781,205	-5,202	-62,858	0	1,610,888
392	VEHICLES - OWNED	1,676,782	0	-66,262	-215	0	1,610,305
392	LIGHT TRUCKS-OWNED	0	944,012	-786,103	0	0	157,909
392	HEAVY TRUCKS-OWNED	608	97,443	-80,925	0	0	17,126
392	BLC LEASES	7,844,801	916,983	-727,792	0	0	8,033,992
393	SOVRAN LEASES	396,769	97,443	-80,925	-281	0	413,287
393	STORES EQUIPMENT	308,737	26,658	-5,394	-12,290	0	324,124
394	TOOLS, SHOP & GARAGE EQUIP.	4,750,341	282,777	-10,990	0	0	5,015,434
395	LABORATORY EQUIPMENT	224,083	0	0	432	0	224,083
396	POWER EQUIPMENT-COMPRESSORS	477,501	1,100	-40,719	0	0	438,314
396	POWER EQUIPMENT-TRACTORS	184,230	0	-48,254	0	0	135,976
397	COMMUNICATION EQUIPMENT	2,255,227	132,903	37,078	215	0	2,425,423
397	COMMUNICATION EQUIP-LEASED	997,232	0	0	0	0	997,232
398	MISCELLANEOUS EQUIPMENT	560,136	10,950	-40,261	0	0	530,825
	TOTAL GENERAL	47,140,399	7,261,294	-2,501,199	-56,785	0	51,843,709
INTANGIBLE PLANT							
301	ORGANIZATION PLANT	101,630	0	0	0	0	101,630
302	FRANCHISES & CONSENTS	134,844	0	0	0	0	134,844
303	MISC. INTANGIBLE	1,224,156	11,779	0	0	0	1,235,935
	TOTAL INTANGIBLE	1,460,630	11,779	0	0	0	1,472,409
	TOTAL IN SERVICE	542,145,455	37,096,743	-4,813,347	-23,442,224	0	570,986,627
	CONSTRUCTION WORK IN PROGRESS	9,149,040	308,126	0	0	0	9,457,166
	ACQUISITION ADJUSTMENT	39,449,373	3,281,841	0	0	0	42,731,214
	NON UTILITY PROPERTY	1,551,261	208,186	0	23,472,746	0	25,229,192
	TOTAL PLANT	612,295,129	40,871,895	-4,813,347	30,522	0	648,384,199

NUI Corporation and Subsidiaries
Comparative Consolidated Income Statement
(Dollars in Thousands)

	Twelve Months Ended 31-Dec-95	Twelve Months Ended 31-Dec-94	Change
<u>Utility Operating Income</u>			
400 Operating Revenue	\$377,110	\$387,286	(\$10,156)
<u>Operating Expenses</u>			
401 Operation Expenses	272,061	300,125	(28,064)
402 Maintenance Expenses	6,733	6,785	(52)
403 Depreciation	18,059	16,244	1,815
406 Amortization of Utility Plant Acquisition Adjustment	1,260	1,098	162
407 Amortization of Conversion Expenses	78	33	45
408.1 Taxes Other Than Income Taxes	43,779	37,416	6,363
409.1 Income Taxes—Federal	3,413	(4,505)	7,918
410.1 Provision for Deferred Income Taxes	2,807	7,341	(4,534)
411.4 Investment Tax Credit Adjustments—Net	(350)	(334)	(16)
Total Operating Expenses	347,840	364,203	(16,363)
Net Operating Income	29,270	23,063	6,207
<u>Other Income (Deductions)</u>			
415—			
421.1 Other Income (Deductions)	(3,596)	(978)	(2,618)
426.1 Donations	(74)	(178)	104
426.5 Other Deductions	(571)	(298)	(273)
408.2 Taxes Other Than Income Taxes	(61)	(61)	—
409.2 Income Taxes—Federal	978	1,836	(858)
410.1 Provision for Deferred Income Taxes	181	—	181
Net Other Income (Deductions)	(3,143)	321	(3,464)
<u>Interest Charges</u>			
427 Interest on Long—Term Debt	14,051	10,292	3,759
428 Amortization of Debt Discount and Expense	291	176	115
428.1 Amortization of Loss on Reacquired Debt	109	56	53
431 Other Interest Expense	3,912	4,827	(915)
432 Allow. for Borrowed Funds Used During Constructk	(219)	(151)	(68)
Net Interest Charges	18,144	15,200	2,944
Net Income (Loss)	\$7,963	\$8,184	(\$201)

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of December 31, 1995

Exhibit D
Page 1 of 2

(Dollars in Thousands)

Assets And Other Debits		ETG	All Other Companies *	NUI Consolidated
<u>Utility Plant</u>				
101	Utility Plant in Service			
107	Construction Work in Progress	\$413,217	\$157,770	\$570,987
108	Accumulated Provision for Depreciation	4,553	4,904	9,457
114	Gas Plant Acquisition Adjustments	(123,738)	(55,337)	(179,075)
115	Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-	42,711	42,711
	Net Utility Plant	-	(8,095)	(8,095)
		<u>294,032</u>	<u>141,953</u>	<u>435,985</u>
<u>Other Property And Investments</u>				
121	Non-Utility Property	212	25,017	25,229
122	Accumulated Provision for Depreciation	(184)	(9,222)	(9,406)
124	Other Investments	-	3,037	3,037
	Total Other Property And Investments	<u>28</u>	<u>18,832</u>	<u>18,860</u>
<u>Current And Accrued Assets</u>				
131	Cash	175	247	422
134	Special Deposits	4	900	904
135	Working Funds	30	19	49
136	Temporary Cash Investments	-	1,724	1,724
142	Customer Accounts Receivable	49,733	14,043	63,776
143	Other Accounts Receivable	944	884	1,828
144	Accumulated Provision for Uncollectible Accounts	(1,892)	(430)	(2,322)
146	Accounts Receivable from Associated Companies	34	(34)	-
154	Plant Materials & Operating Supplies	2,036	834	2,870
155	Merchandise	274	178	452
156	Other Material & Supplies	-	25	25
164.1	Gas Stored Underground-Current	18,676	1,541	20,217
165	Prepayments	3,443	1,472	4,915
173	Accrued Utility Revenues	2,318	955	3,273
	Total Current And Accrued Assets	<u>75,775</u>	<u>22,358</u>	<u>98,133</u>
<u>Deferred Debits</u>				
181	Unamortized Debt Expense	2,438	773	3,211
182.3	Other Regulatory Assets	43,273	10,851	54,124
186	Miscellaneous Deferred Debits	947	2,522	3,469
189	Unamortized Loss on Recquired Debt	1,718	617	2,335
190	Accumulated Deferred Income Taxes	-	6,078	6,078
191	Unrecovered Purchased Gas Costs	3,170	1,174	4,344
	Total Deferred Charges and Other Assets	<u>51,546</u>	<u>22,015</u>	<u>73,561</u>
<u>Total Assets And Other Debits</u>		<u>\$421,381</u>	<u>\$205,158</u>	<u>\$626,539</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
201 Common Stock Issued	\$ -	\$139,353	\$139,353
211 Miscellaneous Paid-in-Capital	42,504	(43,175)	(671)
216 Retained Earnings	83,373	(75,080)	8,293
217 Reacquired Capital Stock	-	(1,526)	(1,526)
Total Proprietary Capital	125,877	19,572	145,449
<u>Long-Term Debt</u>			
221 Bonds	101,100	6,628	107,728
224 Other Long-Term Debt	20,000	81,044	101,044
226 Unamortized Discount on Long Term Debt	-	(362)	(362)
Total Long-Term Debt	121,100	87,310	208,410
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,713	177	10,890
228.2 Accumulated Provision for Injuries & Damages	661	408	1,069
228.3 Accumulated Provision for Pensions & Benefits	2,377	2,239	4,616
228.4 Accumulated Miscellaneous Operating Provisions	36,395	3,861	40,276
Total Other Noncurrent Liabilities	50,146	6,705	56,851
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	24,196	34,025	58,221
232 Accounts Payable	32,638	7,809	40,447
234 Accounts Payable to Associated Companies	672	(672)	-
235 Customer Deposits	4,635	5,399	10,034
236 Taxes Accrued	6,295	(1,214)	5,081
237 Interest Accrued	2,616	2,570	5,186
241 Tax Collections Payable	140	726	866
242 Miscellaneous Current & Accrued Liabilities	3,204	3,660	6,864
243 Obligations Under Capital Leases	1,493	25	1,518
Total Current Liabilities	75,869	52,328	128,217
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,430	284	1,714
253 Other Deferred Credits	5,044	5,490	10,534
254 Other Regulatory Liabilities	2,589	4,479	7,068
255 Accumulated Deferred Investment Tax Credits	5,164	1,822	6,986
282 Accumulated Deferred Federal Income Taxes	34,142	27,168	61,310
Total Deferred Credits	48,369	39,243	87,612
Total Liabilities And Other Credits	\$421,381	\$205,158	\$626,539

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Income Statement
For the Twelve Months Ended December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Utility Operating Income</u>	<u>\$298,620</u>	<u>\$90,490</u>	<u>\$377,110</u>
400 Operating Revenue			
<u>Operating Expenses</u>	<u>211,935</u>	<u>80,126</u>	<u>272,061</u>
401 Operation Expenses	4,800	1,933	6,733
402 Maintenance Expenses	10,947	7,112	18,059
403 Depreciation	-	1,260	1,260
406 Amortization of Utility Plant Acquisition Adjustment	-	78	78
407 Amortization of Conversion Expenses	32,719	11,060	43,779
408.1 Taxes Other Than Income Taxes	3,010	403	3,413
409.1 Income Taxes - Federal	3,068	(261)	2,807
410.1 Provision for Deferred Income Taxes	(321)	(29)	(350)
411.4 Investment Tax Credit Adjustments - Net	<u>266,158</u>	<u>81,682</u>	<u>347,840</u>
Total Operating Expenses			
	<u>20,462</u>	<u>8,808</u>	<u>29,270</u>
Net Operating Income			
<u>Other Income (Deductions)</u>			
415-	(58)	(3,538)	(3,596)
421.1 Other Income (Deductions)	(71)	(3)	(74)
426.1 Donations	(541)	(30)	(571)
426.5 Other Deductions	(55)	(6)	(61)
408.2 Taxes Other Than Income Taxes	237	741	978
409.2 Income Taxes - Federal	-	181	181
410.1 Provision for Deferred Income Taxes	<u>(488)</u>	<u>(2,655)</u>	<u>(3,143)</u>
Net Other Income (Deductions)			
<u>Interest Charges</u>	<u>7,915</u>	<u>6,136</u>	<u>14,051</u>
427 Interest on Long-Term Debt	105	186	291
428 Amortization of Debt Discount and Expense	109	-	109
428.1 Amortization of Loss on Recquired Debt	1,366	2,546	3,912
431 Other Interest Expense	(219)	-	(219)
432 Allow. for Borrowed Funds Used During Construction	<u>9,276</u>	<u>8,668</u>	<u>18,144</u>
Net Interest Charges			
	<u>\$10,696</u>	<u>(\$2,715)</u>	<u>\$7,983</u>
Net Income (Loss)			

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Statement of Cash Flows
For the Twelve Months Ended December 31, 1995

Exhibit F

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Net Cash Flow From Operating Activities</u>			
Net Income (Loss)	\$10,698	(\$2,715)	\$7,983
Noncash Charges (Credits) to Income:			
Depreciation and Depletion	12,409	9,071	21,480
Amortization of:			
Debt Expense, Deferred Charges & Credits and Other	6,784	1,576	8,360
Deferred Income Tax and Amortization of			
Investment Tax Credit Adjustment (Net)	3,779	(1,645)	2,134
Net (Increase) Decrease in Receivables	(11,309)	(4,884)	(16,193)
Net (Increase) Decrease in Inventories	2,757	14	2,771
Net (Increase) Decrease in Prepayments	2,445	266	2,711
Net Increase (Decrease) in Payables and Accrued Expenses	8,491	(5,838)	2,653
Net Increase (Decrease) in Unrecovered Purchased Gas Costs	(2,919)	3,526	607
Other	(6,618)	3,177	(3,441)
<u>Net Cash Provided by Operating Activities</u>	<u>26,517</u>	<u>2,548</u>	<u>29,065</u>
<u>Net Cash Flow from Investing Activities</u>			
Additions to Utility Plant	(27,243)	(6,472)	(33,715)
Proceeds From Marketable Securities	-	1,199	1,199
Cost of Removal on Disposal of Utility Plant	(1,624)	(97)	(1,721)
<u>Net Cash Used in Investing Activities</u>	<u>(28,867)</u>	<u>(5,370)</u>	<u>(34,237)</u>
<u>Net Cash Flow from Financing Activities</u>			
Proceeds From Sales of Common Stock,			
net of Treasury Stock Purchased	-	(558)	(558)
Funds for Construction Held by Trustees, Net	7,440	(1,950)	5,490
Proceeds from Long-Term Debt	20,000	50,000	70,000
Repayments of Long-Term Debt	-	(9,915)	(9,915)
Net Repayment of Short-Term Debt	(21,562)	(30,567)	(52,129)
Repayment of Capital Lease Obligations	(1,793)	(112)	(1,905)
Dividends to Shareholders	(3,350)	(4,951)	(8,301)
<u>Net Cash Provided by Financing Activities</u>	<u>735</u>	<u>1,947</u>	<u>2,682</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>(1,615)</u>	<u>(875)</u>	<u>(2,490)</u>
Cash and Cash Equivalents at Beginning of Period	1,824	3,765	5,589
<u>Cash and Cash Equivalents at End of Period</u>	<u>\$209</u>	<u>\$2,890</u>	<u>\$3,099</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Statement of Capitalization
As Of December 31, 1995

(Dollars in Thousands)

	ETG	All Other Companies	NUI Consolidated
<u>Long-Term Debt</u>			
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
Medium-Term Notes			
7.125% due August 1, 2002	-	20,000	20,000
8.35% due February 1, 2005	20,000	30,000	50,000
Credit Agreement Indebtedness, Variable Rate	-	30,000	30,000
ESOP Indebtedness, 6% due May 31, 2002	-	1,044	1,044
Long-Term Debt (Including Current Portion)	121,100	101,044	222,144
Unamortized Discount on Long-Term Debt	-	(362)	(362)
Funds for Construction Held by Trustee	-	(13,372)	(13,372)
Total Long-Term Debt	121,100	87,310	208,410
<u>Common Shareholders' Equity</u>			
Common Stock, 15,000,000 Shares Authorized, 9,201,237 Outstanding	-	139,353	139,353
Miscellaneous Paid-in-Capital	42,504	(43,175)	(671)
Retained Earnings	83,373	(75,080)	8,293
Reacquired Capital Stock	-	(1,526)	(1,526)
Total Proprietary Capital	125,877	19,572	145,449
 Total Capitalization	 <u>\$246,977</u>	 <u>\$106,882</u>	 <u>\$353,859</u>

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As Of December 31, 1995

Exhibit H
Page 1 of 3

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
Assets And Other Debits								
Utility Plant								
101 Utility Plant in Service	\$413,217	\$ -		\$413,217	\$157,770	\$ -		\$570,987
107 Construction Work in Progress	4,553			4,553	4,804			9,457
108 Accumulated Provision for Depreciation	(123,738)			(123,738)	(55,337)			(179,075)
114 Gas Plant Acquisition Adjustments	-			-	42,711			42,711
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-			-	-			-
Net Utility Plant	<u>284,032</u>	<u>-</u>		<u>284,032</u>	<u>(8,086)</u>	<u>-</u>		<u>(8,086)</u>
Other Property And Investments								
121 Non-Utility Property	212			212	25,017			25,229
122 Accumulated Provision for Depreciation	(184)			(184)	(9,222)			(9,406)
124 Other Investments	-			-	3,037			3,037
Total Other Property And Investments	<u>28</u>	<u>-</u>		<u>28</u>	<u>18,832</u>	<u>-</u>		<u>18,860</u>
Current And Accrued Assets								
131 Cash	175	182	(11,13)	357	247	(247)	(2,4,5)	357
134 Special Deposits	4			4	903			904
135 Working Funds	30			30	19			49
136 Temporary Cash Investments	-			-	1,724			1,724
142 Customer Accounts Receivable	48,733			48,733	14,043			63,776
143 Other Accounts Receivable	944			944	884			1,828
144 Accumulated Provision for Uncollectible Accounts	(1,892)			(1,892)	(430)			(2,322)
146 Accounts Receivable from Associated Companies	34			34	(34)			-
154 Plant Materials & Operating Supplies	2,036			2,036	834			2,870
155 Merchandise	274			274	178			452
158 Other Materials & Supplies	-			-	25			25
164.1 Gas Stored Underground--Current	18,676			18,676	1,541			20,217
165 Prepayments	3,443			3,443	1,472			4,915
173 Accrued Utility Revenues	2,318			2,318	955			3,273
Total Current And Accrued Assets	<u>75,775</u>	<u>182</u>		<u>75,957</u>	<u>22,368</u>	<u>(247)</u>		<u>98,098</u>
Deferred Debits								
181 Unamortized Debt Expenses	2,438	435	(7,12)	2,873	773			3,646
182.3 Other Regulatory Assets	43,273			43,273	10,851			54,124
188 Miscellaneous Deferred Debits	947	1,350	(10)	2,297	2,522			4,819
189 Unamortized Loss on Recacquired Debt	1,718			1,718	617			2,335
190 Accumulated Deferred Income Taxes	-			-	6,078			6,078
191 Unrecovered Purchased Gas Costs	3,170			3,170	1,174			4,344
Total Deferred Charges and Other Assets	<u>51,546</u>	<u>1,785</u>		<u>53,331</u>	<u>22,015</u>	<u>-</u>		<u>75,346</u>
Total Assets And Other Debits	<u>\$421,381</u>	<u>\$1,967</u>		<u>\$423,348</u>	<u>\$205,158</u>	<u>(\$247)</u>		<u>\$628,259</u>

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As Of December 31, 1995

Exhibit H
Page 2 of 3

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
Liabilities And Other Credits								
Proprietary Capital								
201 Common Stock Issued	\$ -			-	\$138,353	\$35,000	(1)	\$175,353
211 Miscellaneous Paid-in-Capital	42,504			42,504	(43,175)	(1,600)	(2)	(2,271)
216 Retained Earnings	83,373	(238)		83,135	(75,080)	(447)	(3)	7,808
217 Recquired Capital Stock	-			-	(1,528)			(1,528)
Total Proprietary Capital	<u>125,877</u>	<u>(238)</u>		<u>125,639</u>	<u>18,572</u>	<u>33,953</u>		<u>178,164</u>
Long-Term Debt								
221 Bonds	101,100	3,250	(6.8)	104,350	6,828			110,978
224 Other Long-Term Debt	20,000			20,000	81,044	(30,000)	(1)	71,044
226 Unamortized Discount on Long Term Debt	-			-	(382)			(382)
	<u>121,100</u>	<u>3,250</u>		<u>124,350</u>	<u>87,310</u>	<u>(30,000)</u>		<u>181,660</u>
Other Noncurrent Liabilities								
227 Obligations Under Capital Leases	10,713			10,713	177			10,890
228.2 Accumulated Provision for Injuries & Damages	861			861	408			1,089
228.3 Accumulated Provision for Pensions & Benefits	2,377			2,377	2,239			4,616
228.4 Accumulated Miscellaneous Operating Provisions	36,395			36,395	3,881			40,276
Total Other Noncurrent Liabilities	<u>50,146</u>	<u>-</u>		<u>50,146</u>	<u>6,705</u>	<u>-</u>		<u>56,851</u>
Current And Accrued Liabilities								
231 Notes Payable	24,196	(1,045)	(7.8.9)	23,151	34,025	(4,200)	(1.3)	52,976
232 Accounts Payable	32,638			32,638	7,809			40,447
234 Accounts Payable to Associated Companies	672			672	(872)			-
235 Customer Deposits	4,835			4,835	5,399			10,034
236 Taxes Accrued	8,295			8,295	(1,214)			5,081
237 Interest Accrued	2,616			2,616	2,570			5,186
241 Tax Collections Payable	140			140	728			868
242 Miscellaneous Current & Accrued Liabilities	3,204			3,204	3,880			6,884
243 Obligations Under Capital Leases	1,493			1,493	25			1,518
Total Current Liabilities	<u>75,889</u>	<u>(1,045)</u>		<u>74,844</u>	<u>52,326</u>	<u>(4,200)</u>		<u>122,972</u>
Deferred Credits								
252 Customer Advances for Construction	1,430			1,430	284			1,714
253 Other Deferred Credits	5,044			5,044	5,490			10,534
254 Other Regulatory Liabilities	2,589			2,589	4,479			7,068
255 Accumulated Deferred Investment Tax Credits	5,164			5,164	1,822			6,986
262 Accumulated Deferred Federal Income Taxes	34,142			34,142	27,188			61,310
Total Deferred Credits	<u>48,369</u>	<u>-</u>		<u>48,369</u>	<u>38,243</u>	<u>-</u>		<u>87,612</u>
Total Liabilities And Other Credits	<u>\$421,381</u>	<u>\$1,967</u>		<u>\$423,348</u>	<u>\$205,158</u>	<u>(\$247)</u>		<u>\$628,259</u>

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Income Statement (Reflecting Financings)
For Twelve Months Ending December 31, 1995

(Dollars in Thousands)

	ETG	Financing Adjustments	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments	JE Reference	NUI Cons'd
<u>Utility Operating Income</u>								
400 Operating Revenue	\$286,620	-		\$286,620	\$60,490	-		\$377,110
<u>Operating Expenses</u>								
401 Operation Expenses	211,935			211,935	60,126			272,061
402 Maintenance Expenses	4,800			4,800	1,933			6,733
403 Depreciation	10,947			10,947	7,112			18,059
406 Amortization of Utility Plant Acquisition Adjustment	-			-	1,280			1,280
407 Amortization of Conversion Expenses	-			-	78			78
408.1 Taxes Other Than Income Taxes	32,719			32,719	11,080			43,799
409.1 Income Taxes—Federal	3,010	(122)	(13)	2,888	403	697	(5)	3,888
410.1 Provision for Deferred Income Taxes	3,088			3,088	(281)			2,807
411.4 Investment Tax Credit Adjustments—Net	(321)			(321)	(28)			(350)
Total Operating Expenses	286,158	(122)		286,036	81,682	697		348,415
Net Operating Income	20,462	122		20,584	8,808	(697)		28,695
<u>Other Income (Deductions)</u>								
415—								
421.1 Other Income (Deductions)	(58)			(58)	(3,536)			(3,594)
426.1 Donations	(71)			(71)	(3)			(74)
426.5 Other Deductions	(541)			(541)	(30)			(571)
408.2 Taxes Other Than Income Taxes	(58)			(58)	(6)			(64)
409.2 Income Taxes—Federal	237			237	741			978
410.1 Provision for Deferred Income Taxes	-			-	181			181
Net Other Income (Deductions)	(488)	-		(488)	(2,653)	-		(3,143)
<u>Interest Charges</u>								
427 Interest on Long-Term Debt	7,915	405	(9,10)	8,320	6,136	(1,800)	(4)	12,656
428 Amortization of Debt Discount and Expense	105	15	(12)	120	188			308
428.1 Amortization of Loss on Rescued Debt	109			109	-			109
431 Other Interest Expense	1,366	(80)	(11)	1,306	2,546	(250)	(4)	3,602
432 Allow. for Borrowed Funds Used During Construction	(219)			(219)	-			(219)
Net Interest Charges	9,276	360		9,636	8,868	(2,050)		16,454
Net Income (Loss)	\$10,696	(\$238)		\$10,460	(\$2,715)	\$1,353		\$9,098

NUI Corporation and Subsidiaries
Journal Entries to Record Financings

Exhibit I
Page 1 of 2

I. Common Stock Offering – All Other NUI Companies

The following journal entries, to be recorded on the corporate books of NUI, reflect the issuance of 2 million shares of NUI common stock as if these shares were issued as of January 1, 1995. The proceeds from the issuance will be used to refinance certain long-term debt and short-term debt currently on the corporate books of NUI.

Entry Number 1

224	DR Other Long-Term Debt		
231	DR Notes Payable		
201	CR Common Stock	\$30,000,000	
		\$6,000,000	
			\$36,000,000

To record the issuance of 2 million shares of NUI common stock at an assumed issuance price of \$18 (current market value). The proceeds from this issuance will be used to pay down credit agreement indebtedness and short-term debt on the corporate books of NUI.

Entry Number 2

211	DR Miscellaneous Paid-in-Capital		
131	CR Cash		
		\$1,600,000	
			\$1,600,000

To record estimated issuance expenses.

Entry Number 3

216	DR Retained Earnings		
231	CR Notes Payable		
		\$1,800,000	
			\$1,800,000

To record common stock dividends on the additional 2 million shares outstanding at the current annual dividend rate of \$0.90 per share.

Entry Number 4

131	DR Cash		
431	CR Other Interest Expense		
427	CR Interest Expense		
		\$2,050,000	
			\$250,000
			\$1,800,000

To record the interest savings of a decrease in long-term debt and notes payable.

Entry Number 5

409.1	DR Income Taxes – Federal		
131	CR Cash		
		\$697,000	
			\$697,000

To record the tax effect on the above entries.

NUI Corporation and Subsidiaries
Journal Entries to Record Financings

Exhibit I
Page 2 of 2

II. Gas Facilities Revenue Bond Issuance – ETG

The following journal entries, to be recorded on the separate divisional books of Elizabethtown Gas, reflect the issuance of \$39 million of Gas Facilities Revenue Bonds at an assumed average annual interest rate of 4.5%, as if this debt were outstanding at January 1, 1995.

Entry Number 6

221	DR Bonds (Funds for Construction Held by Trustee)		\$39,000,000	
221	CR Bonds			\$39,000,000
To record the issuance of \$39 million of Gas Facilities Revenue Bonds.				

Entry Number 7

181	DR Unamortized Debt Expense		\$450,000	
231	CR Notes Payable			\$450,000
To record estimated issuance expense associated with the new debt financing.				

Entry Number 8

231	DR Notes Payable		\$3,250,000	
221	CR Bonds (Funds for Construction Held by Trustee)			\$3,250,000
Upon issuance of the new bonds, certain proceeds will be used to repay short-term debt which was used in 1995 to finance qualified capital expenditures for the period October 1, 1995 to December 31, 1995. This entry reflects the use of the new bond proceeds instead of short-term debt to finance actual qualified capital expenditures for the period October 1 – December 31, 1995.				

Entry Number 9

427	DR Interest Expense		\$1,755,000	
231	CR Notes Payable			\$1,755,000
The interest rate on the new bonds is a variable rate. It is estimated that this rate will average 4.5% based on current interest rates. This entry reflects the annual interest expense.				

Entry Number 10

186	DR Miscellaneous Deferred Debits		\$1,350,000	
427	CR Interest Expense			\$1,350,000
To record interest income on the average amount of funds held by the trustee.				

Entry Number 11

131	DR Cash		\$60,000	
431	CR Other Interest Expense			\$60,000
To adjust interest expense on a lesser amount of short-term debt.				

Entry Number 12

428	DR Amortization of Debt Discount and Expense		\$15,000	
181	CR Unamortized Debt Expense			\$15,000
To reflect annual amortization of debt issuance costs over the life of the new bonds (30 years).				

Entry Number 13

131	DR Cash		\$122,000	
409.1	CR Income Taxes—Federal			\$122,000
To record the tax effect on the above entries.				

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Statement of Capitalization (Reflecting Financings)
As of December 31, 1995

(Dollars in Thousands)

	ETG Actual		ETG As Adjusted		NUI Consolidated Actual		NUI Consolidated As Adjusted	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-Term Debt								
Gas Facilities Revenue Bonds								
6.825% due October 1, 2021	\$8,400		\$8,400		\$8,400		\$8,400	
6.75% due October 1, 2021	48,200		48,200		48,200		48,200	
6.35% due October 1, 2022	48,500		48,500		48,500		48,500	
6.40% due October 1, 2024	-		-		-		-	
Variable Rate, due June 1, 2028	-		39,000		20,000		20,000	
Medium-Term Notes	-		-		-		39,000	
7.125% due August 1, 2002	-		-		20,000		20,000	
8.35% due February 1, 2005	20,000		20,000		50,000		20,000	
Credit Agreement Indebtedness, Variable Rate	-		-		30,000		50,000	
ESOP Indebtedness, 6% due May 31, 2002	-		-		1,044		-	
Long-Term Debt (Including Current Portion)	121,100		160,100		222,144		1,044	
Unamortized Discount on Long-term Debt	-		-		(362)		231,144	
Funds for Construction Held by Trustees	-		(35,750)		(13,372)		(362)	
Total Long-Term Debt	121,100	49.03%	124,350	49.74%	208,410	58.90%	181,880	50.36%
Common Shareholders' Equity								
Common Stock, 15,000,000 Shares Authorized, 9,201,237 (Actual) and 11,201,237 (Pro-Forma) Outstanding	-		-		139,363		175,363	
Miscellaneous Paid-in-Capital	42,504		42,504		(871)		(2,271)	
Retained Earnings	83,373		83,135		8,293		7,808	
Reacquired Capital Stock	-		-		(1,528)		(1,528)	
Total Proprietary Capital	125,877	50.97%	125,639	50.26%	145,449	41.10%	179,184	49.65%
Total Capitalization	\$246,977	100.00%	\$249,989	100.00%	\$353,859	100.00%	\$360,824	100.00%

NUI Corporation and Subsidiaries
Interest Charges Coverage Ratio
For the Twelve Months ended December 31, 1995

(Dollars in Thousands)

	NUI Consolidated	
	<u>Actual</u>	<u>Proforma</u>
Earnings		
Income from Operations	\$7,983	\$9,098
Provision for Income Taxes	4,711	5,286
Interest Expense Before Reduction for Amounts Capitalized	20,627	18,937
Interest Element of Rents Charged to Expense	3,190	3,190
Earnings Before Income Taxes and Fixed Charges	<u>\$36,511</u>	<u>\$36,511</u>
Fixed Charges		
Interest Expense Before Reduction for Amounts Capitalized	\$20,627	\$18,937
Interest Element of Rents Charged to Expense	3,190	3,190
Total Fixed Charges	<u>\$23,817</u>	<u>\$22,127</u>
Interest Charges Coverage Ratio	<u>1.53</u>	<u>1.65</u>

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of September 30, 1995

Exhibit L
Page 1 of 2

(Dollars in Thousands)

		ETG	All Other Companies *	NUI Consolidated
Assets And Other Debits				
Utility Plant				
101	Utility Plant in Service			
107	Construction Work in Progress	\$407,039	\$180,981	\$588,020
108	Accumulated Provision for Depreciation	3,900	4,009	7,909
114	Gas Plant Acquisition Adjustments	(121,088)	(62,715)	(183,783)
115	Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-	42,360	42,360
	Net Utility Plant	-	(7,091)	(7,091)
		<u>289,871</u>	<u>157,544</u>	<u>447,415</u>
Other Property And Investments				
121	Non-Utility Property	213	1,219	1,432
122	Accumulated Provision for Depreciation	(175)	(600)	(775)
124	Other Investments	-	2,773	2,773
125	Special Funds	-	12	12
	Total Other Property And Investments	<u>38</u>	<u>3,404</u>	<u>3,442</u>
Current And Accrued Assets				
131	Cash	1,081	2,187	3,248
134	Special Deposits	4		4
135	Working Funds	29	7	36
136	Temporary Cash Investments		1,251	1,251
142	Customer Accounts Receivable	17,582	6,593	24,175
143	Other Accounts Receivable	900	4,893	5,793
144	Accumulated Provision for Uncollectible Accounts	(1,290)	(399)	(1,689)
146	Accounts Receivable from Associated Companies	623	(623)	-
154	Plant Materials & Operating Supplies	2,175	707	2,882
155	Merchandise	302	182	484
164.1	Gas Stored Underground-Current	25,656	1,972	27,628
165	Prepayments	10,680	703	11,383
173	Accrued Utility Revenues	4,428	857	5,285
	Total Current And Accrued Assets	<u>62,150</u>	<u>18,330</u>	<u>80,480</u>
Deferred Debits				
181	Unamortized Debt Expense	2,486	1,492	3,958
182.3	Other Regulatory Assets	42,915	9,670	52,585
186	Miscellaneous Deferred Debits	960	3,853	4,813
189	Unamortized Loss on Recquired Debt	1,742	313	2,055
190	Accumulated Deferred Income Taxes	-	5,986	5,986
191	Unrecovered Purchased Gas Costs	(2,174)	(849)	(3,023)
	Total Deferred Charges and Other Assets	<u>45,909</u>	<u>20,465</u>	<u>66,374</u>
	Total Assets And Other Debits	<u>\$397,968</u>	<u>\$199,743</u>	<u>\$597,711</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of September 30, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>	\$ -	\$ 139,093	\$139,093
201 Common Stock Issued	42,504	(43,341)	(837)
211 Miscellaneous Paid-In-Capital	76,435	(72,514)	3,921
216 Retained Earnings	-	(1,265)	(1,265)
217 Reacquired Capital Stock	118,939	21,973	140,912
Total Proprietary Capital			
<u>Long-Term Debt</u>	101,100	6,450	107,550
221 Bonds	20,000	81,088	101,088
224 Other Long-Term Debt	121,100	87,538	208,638
Total Long-Term Debt			
<u>Other Noncurrent Liabilities</u>	10,924	223	11,147
227 Obligations Under Capital Leases	370	411	781
228.2 Accumulated Provision for Injuries & Damages	2,407	2,179	4,586
228.3 Accumulated Provision for Pensions & Benefits	36,026	3,881	39,907
228.4 Accumulated Miscellaneous Operating Provisions	49,727	6,694	56,421
Total Other Noncurrent Liabilities			
<u>Current And Accrued Liabilities</u>	12,829	25,106	37,935
231 Notes Payable	29,079	6,097	35,176
232 Accounts Payable	2,311	(2,311)	-
234 Accounts Payable to Associated Companies	4,627	5,628	10,253
235 Customer Deposits	3,296	3,672	6,968
236 Taxes Accrued	4,372	1,695	6,067
237 Interest Accrued	138	791	929
241 Tax Collections Payable	2,780	2,944	5,704
242 Miscellaneous Current & Accrued Liabilities	1,594	24	1,618
243 Obligations Under Capital Leases	61,006	43,644	104,650
Total Current Liabilities			
<u>Deferred Credits</u>	1,422	288	1,710
252 Customer Advances for Construction	4,612	6,249	10,861
253 Other Deferred Credits	2,585	4,389	6,974
254 Other Regulatory Liabilities	5,244	1,857	7,101
255 Accumulated Deferred Investment Tax Credits	33,333	27,111	60,444
282 Accumulated Deferred Federal Income Taxes	47,196	39,894	87,090
Total Deferred Credits			
Total Liabilities And Other Credits	\$397,968	\$199,743	\$597,711

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Income Statement
For the Twelve Months Ended September 30, 1995

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Utility Operating Income</u>	<u>\$276,943</u>	<u>\$85,938</u>	<u>\$362,881</u>
400 Operating Revenue			
<u>Operating Expenses</u>	<u>205,903</u>	<u>59,118</u>	<u>265,021</u>
401 Operation Expenses	4,633	1,850	6,483
402 Maintenance Expenses	10,718	7,050	17,768
403 Depreciation	-	1,221	1,221
406 Amortization of Utility Plant Acquisition Adjustment	-	33	33
407 Amortization of Conversion Expenses	31,796	9,507	41,303
408.1 Taxes Other Than Income Taxes	2,356	383	2,739
409.1 Income Taxes—Federal	3,008	(803)	2,205
410.1 Provision for Deferred Income Taxes	(321)	(31)	(352)
411.4 Investment Tax Credit Adjustments—Net	258,093	78,328	336,421
Total Operating Expenses	18,850	7,610	26,460
Net Operating Income			
<u>Other Income (Deductions)</u>			
415—	(59)	(3,928)	(3,987)
421.1 Other Income (Deductions)	(84)	(12)	(96)
426.1 Donations	(595)	(48)	(643)
426.5 Other Deductions	(51)	(8)	(59)
408.2 Taxes Other Than Income Taxes	288	743	1,011
409.2 Income Taxes—Federal		181	181
410.1 Provision for Deferred Income Taxes	(521)	(3,072)	(3,593)
Net Other Income (Deductions)			
<u>Interest Charges</u>	<u>7,386</u>	<u>5,163</u>	<u>12,549</u>
427 Interest on Long—Term Debt	97	154	251
428 Amortization of Debt Discount and Expense	115	-	115
428.1 Amortization of Loss on Recquired Debt	1,704	2,949	4,653
431 Other Interest Expense	(218)	-	(218)
432 Allow. for Borrowed Funds Used During Construction	9,084	8,266	17,350
Net Interest Charges	\$9,245	(\$3,728)	\$5,517
Net Income (Loss)			

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Statement of Dividends Paid
Fiscal Year Ended September 30, 1995

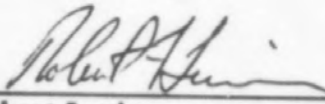
During the fiscal year ended September 30, 1995, NUI Corporation paid dividends at a rate of \$0.90 per share of common stock, which totaled \$8,297,540.

AFFIDAVIT

Robert Lurie, being duly sworn to deposes and says:

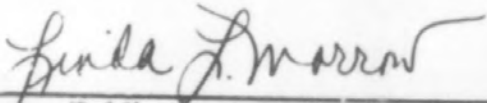
1. I am the Treasurer of Petitioner, NUI Corporation, and I am authorized to make this affidavit.

2. I have read the Petition of NUI requesting authority to enter into a loan agreement with the New Jersey Economic Development Authority to borrow up to \$39,000,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Revenue bonds and to the best of my knowledge, information, and belief, the statements set forth in the Petition are true.



Robert Lurie

Sworn and subscribed to me
this 27th day of March, 1996.



Notary Public

LINDA L. MORROW
Notary Public of New Jersey
No. 0049279
My Commission Expires Feb. 25, 1998

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-5000

May 6, 1996

via Federal Express

John G. Alford, Secretary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Abbreviated Securities Certificate Filing Of NUI
Corporation With Regard To a Loan Agreement With
The New Jersey Economic Development Authority For
The Issuance And Sale Of \$39,000,000 Of Gas
Facilities Revenue Bonds;
Docket No, S-_____

Dear Secretary Alford:

(1) The name and address of the public utility and the
title of the representative executing this letter is as follows:

NUI Corporation
550 Route 202-206
PO Box 760
Bedminster, NJ 07921-0760

Mary Patricia Keefe, Senior Vice President and General
Counsel, Elizabethtown Gas Company, a Division of NUI
Corporation.

(2) NUI Corporation proposes to request the New Jersey
Economic Development Authority ("Authority") to issue Gas
Facilities Revenue Bonds in the aggregate principal amount of
\$39,000,000 pursuant to a trust indenture between the Authority and
a commercial bank to be selected by NUI Corporation. The Authority
will loan the proceeds of the Gas Facilities Revenue Bonds to
petitioner pursuant to a loan agreement. The proceeds of the
financing are to be applied to various capital construction
projects in two counties in New Jersey. NUI intends to propose
that the Authority issue its Gas Facilities Revenue Bonds on NUI
Corporation's behalf in the form of various rate demand bonds to be
reoffered to the market periodically by a remarketing agent on the

RECEIVED MAY 6 1996

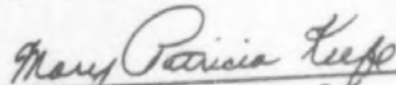
issuer's behalf. The interest rate would be reset by the agent at a rate necessary to place the securities with investors. For the Commission's further reference, attached to this Abbreviated Securities Certificate filing is a copy of a Petition filed by NUI Corporation requesting similar regulatory approval from the New Jersey Board of Public Utilities.

(3) NUI Corporation's proposal to enter into a loan agreement with the Authority qualifies for an Abbreviated Securities Certificate filing because, among other reasons, the gross operating revenues of NUI Corporation during the immediately preceding fiscal year, pursuant to tariffs filed with this Commission for service within the Commonwealth, do not exceed ten percent (10%) of the total gross operating revenues of NUI corporation.

(4) The statements made and the information provided in this Abbreviated Securities Certificate filing regarding NUI Corporation are true and correct to the best of my knowledge or information and belief, and I understand that statements are made subject to the penalties of 18 Pa. C.S. Section 4904, relating to sworn falsification to authorities.

Very truly yours,

NUI CORPORATION


Mary Patricia Keefe,
Senior Vice President and
General Counsel

Elizabethtown Gas Company, a
Division of NUI Corporation

MPK/dc
Enc.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265
May 17, 1996

IN REPLY PLEASE
REFER TO OUR FILE

WILLIAM T HAWKE
MALATESTA HAWKE & MCKEON
100 NORTH TENTH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate of
NUI Corporation for the utility's entry
into a loan agreement in support of
\$39 million of gas facilities revenue
bonds to be issued by the New Jersey
Economic Development Authority.

S-00960564

Date Filed: May 6, 1996

Dear Mr. Hawke:

Please be advised that as of the date of this letter:

1. Pursuant to 52 Pa. Code §3.551 M., no order of rejection has been entered by the Commission with respect to the above-captioned Abbreviated Securities Certificate; and
2. The Secretary has not extended the 10-day consideration period set forth in 52 Pa. Code § 3.551 M (c); and
3. No written order of the Commission has been entered pursuant to 66 Pa. C.S. § 1903 extending the 30-day consideration period established therein.

It is therefore the view of the Pennsylvania Public Utility Commission that the above-captioned Abbreviated Securities Certificate is deemed, in fact and in law, to have been registered pursuant to the provisions of 66 Pa. C.S. §1903 and 52 Pa. Code §3.551 M.

Very truly yours,

John G. Alford
John G. Alford
Secretary

RECEIVED JUN 12 1996

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-5000

October 1, 1996

Julie Huff, Accountant II
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In the Matter of the Petition of NUI Corporation for Authority
Under N.J.S.A. 48:3-9 to Enter into a Loan Agreement with the
New Jersey Economic Development Authority for the Issuance and
Sale of \$39,000,000 of Gas Facilities Revenue Bonds
Docket No. GF96030252

Dear Ms. Huff:

This letter will advise you that the 1996 Series A Gas Facilities Revenue Bonds were issued by the New Jersey Economic Development Authority and sold on June 14, 1996. The initial interest rate on the 30-year floating rate bonds was 3.1%. The proceeds were loaned to NUI Corporation that day and placed in a Construction Fund with the First Union National Bank as Trustee.

I am enclosing a copy of the executed Loan Agreement (Ex.1), Trust Indenture (Ex.2) and Standby Bond Purchase Agreement with the Bank of New York (Ex.3). Fees paid to the Economic Development Authority, Bank of New York, Morgan Stanley, AMBAC Corporation and law firms totalled \$1,431,922.00 (Ex.4).

Please let me know if you need additional information or have questions regarding the above.

Very truly yours,

Mary Patricia Keefe
Mary Patricia Keefe
Senior Vice President
and General Counsel

MPK/dc

One Elizabethtown Plaza
P.O. Box 3175
Union
New Jersey 07083-1975
Tel: (908) 289-5000

October 1, 1996

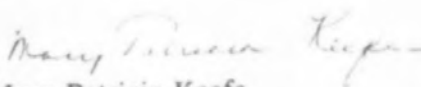
Julie Huff, Accountant II
Office of the Economist
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: In the Matter of the Petition of NUI Corporation for Authority
Under N.J.S.A. 48:3-9 to Enter into a Loan Agreement with the
New Jersey Economic Development Authority for the Issuance and
Sale of \$39,000,000 of Gas Facilities Revenue Bonds
Docket No. GF96030252

Dear Ms. Huff:

Enclosed is the quarterly report setting forth the transactions of the above Multi-Mode Program for the period ending September 30, 1996.

Very truly yours,


Mary Patricia Keefe
Senior Vice President
and General Counsel

MPK/dc

NUI CORPORATION
Multi-Mode Securities
QUARTERLY REPORT TO THE BOARD OF PUBLIC UTILITIES
Quarter Ended September 30, 1996

Mode	Principal Amount	Maturity Date	Redemption	Monthly Interest Rate
Daily	\$ 39,000,000	June 1, 2026	Daily	
July				2.75%
August				3.22%
September				3.33%
Quarterly Average				3.10%

ELIZABETHTOWN GAS COMPANY
EDA ISSUANCE COSTS - 1996

<u>INSTITUTION</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
ECONOMIC DEVELOPMENT AUTHORITY	ADMINISTRATION FEE	182,500.00
BANK OF NEW YORK	ARRANGEMENT FEE	50,000.00
MORGAN STANLEY	INVESTMENT FEE	68,250.00
AMBAC CORPORATION	PREMIUM	1,022,624.85
CT COPORATION SYSTEM	STATUS CERTIFICATES	772.45
REID & PRIEST LLP	PROFESSIONAL SERVICES	26,417.81
REID & PRIEST LLP	PROFESSIONAL SERVICES	6,065.00
PIPER MARBURY	PROFESSIONAL SERVICES	725.00
WOLF & SAMSON	PROFESSIONAL SERVICES	22,500.00
REID & PRIEST LLP	PROFESSIONAL SERVICES	52,067.73
TOTAL		<u>1,431,922.84</u>



Consolidated Statement of Capitalization

NUI Corporation and Subsidiaries

Exhibit F

(Dollars in thousands, except per share amounts)

Years Ended
September 30,

1996

1995

Long-Term Debt

Gas facilities revenue bonds

6.625% due October 1, 2021*

6.75% due October 1, 2021*

6.35% due October 1, 2022

6.40% due October 1, 2024*

Variable rate due June 1, 2026*

Medium-term notes

7.125% due August 1, 2002

8.35% due February 1, 2005

Credit agreement indebtedness

ESOP indebtedness, 6% due May 31, 2002

Current portion of long-term debt

Preferred Stock, 5,000,000 shares authorized; none issued

Common Shareholders' Equity

Common Stock, no par value; shares authorized: 30,000,000;

shares outstanding: 11,085,876 in 1996 and 9,201,237 in 1995

Shares held in treasury: 92,731 shares in 1996 and 90,397 in 1995

Retained earnings

Valuation of marketable securities

Unearned employee compensation

Total Capitalization

8,400	\$ 8,400
46,200	46,200
46,500	46,500
20,000	20,000
39,000	—
20,000	20,000
50,000	50,000
30,000	30,000
250	1,088
221,150	222,188
(128)	(128)
220,100	222,060
—	—
139,093	139,093
(1,265)	(1,265)
3,921	3,921
232	232
(1,069)	(1,069)
140,912	140,912
\$ 362,972	\$ 362,972

* The total unexpended portions of the net proceeds from these bonds, amounting to \$42.6 million and \$13.6 million as of September 30, 1996 and September 30, 1995, respectively, are 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.

NUI Corporation and Subsidiaries
Consolidated Ratio of Earnings to Fixed Charges
(Dollars in Thousands)

	<u>Twelve Months Ended</u> <u>September 30</u>	
	<u>1996</u>	<u>1995</u>
Income from continuing operations before income taxes	\$ 23,044	\$ 8,644
Add: Interest element of rentals charged to income (a)	2,930	3,220
Interest expense	<u>19,808</u>	<u>20,032</u>
Earnings as defined	<u>\$ 45,782</u>	<u>\$ 31,896</u>
Interest expense	19,808	19,814
Capitalized interest	150	218
Interest element of rentals charged to income (a)	<u>2,930</u>	<u>3,220</u>
Fixed charges as defined	<u>\$ 22,888</u>	<u>\$ 23,252</u>
Consolidated ratio of earnings to fixed charges	<u>2.00</u>	<u>1.37</u>

(a) Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.

NUI CORPORATION
CONSOLIDATED ANNUAL DEBT INTEREST
AS OF SEPTEMBER 30, 1996

DESCRIPTION	AMOUNT	RATE	ANNUAL INTEREST
GAS FACILITIES REVENUE BONDS			
6.625 % due 2021	\$ 8,400,000	6.625%	\$ 556,500
6.750% due 2021	46,200,000	6.750%	3,118,500
6.350% due 2022	46,500,000	6.350%	2,952,750
6.400% due 2024	20,000,000	6.400%	1,280,000
Variable Rate due 2026 (Avg for 9	39,000,000	3.100%	1,209,000
MEDIUM TERM NOTES			
7.125% due 2002	20,000,000	7.125%	1,425,000
8.350% due 2005	50,000,000	8.350%	4,175,000
ESOP INDEBTEDNESS 6% DUE 2002	950,000	6.000%	57,000
SHORT TERM DEBT 5.8%	54,895,000	5.800%	3,183,910
TOTAL	<u>\$ 285,945,000</u>		<u>\$ 17,957,660</u>



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
(State of incorporation)

22-1869941
(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
(Title of class)

New York Stock Exchange, Inc.
(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

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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)

	<u>1995</u>	<u>1994</u>	<u>1993</u>
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	<u>17,202</u>	<u>14,367</u>	<u>15,459</u>
Total	<u>66,411</u>	<u>65,391</u>	<u>62,163</u>

Customers Served (twelve-month average)

	<u>1995</u>	<u>1994</u>	<u>1993</u>
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	<u>138</u>	<u>94</u>	<u>85</u>
Total	<u>236,791</u>	<u>233,979</u>	<u>231,266</u>

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 "NJBP") 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)

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

Customers Served (twelve-month average)

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

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	<u>10,950</u>	<u>9,784</u>	<u>11,510</u>	<u>9,213</u>	<u>7,316</u>
	<u>\$376,445</u>	<u>\$405,240</u>	<u>\$367,456</u>	<u>\$302,429</u>	<u>\$301,706</u>
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	<u>22,154</u>	<u>17,290</u>	<u>16,439</u>	<u>14,816</u>	<u>11,778</u>
	<u>85,865</u>	<u>78,059</u>	<u>71,688</u>	<u>65,267</u>	<u>60,561</u>
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	<u>191</u>	<u>137</u>	<u>87</u>	<u>69</u>	<u>55</u>
	<u>353,997</u>	<u>335,993</u>	<u>319,267</u>	<u>316,694</u>	<u>312,451</u>
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 ("NJBP") 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 NJBP 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 NJBP 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 NJBP 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:

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
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

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
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

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
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

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
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.

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Financial Statement Schedule of NUI Corporation and Subsidiaries:

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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	<u>33,669</u>	<u>37,173</u>	<u>35,753</u>
	<u>153,266</u>	<u>144,646</u>	<u>135,861</u>
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	<u>2,886</u>	<u>2,098</u>	<u>6,762</u>
	<u>129,407</u>	<u>118,806</u>	<u>109,137</u>
Operating Income	<u>23,859</u>	<u>25,840</u>	<u>26,724</u>
Other Income and Expense, Net	<u>439</u>	<u>506</u>	<u>854</u>
Interest Expense	<u>18,781</u>	<u>15,566</u>	<u>13,768</u>
Net Income	<u>\$ 5,517</u>	<u>\$ 10,780</u>	<u>\$ 13,810</u>
Net Income Per Share of Common Stock	<u>\$.60</u>	<u>\$ 1.25</u>	<u>\$ 1.70</u>
Dividends Per Share of Common Stock	<u>\$.90</u>	<u>\$ 1.60</u>	<u>\$ 1.59</u>
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)

	<u>September 30,</u>	
	<u>1995</u>	<u>1994</u>
ASSETS		
Utility Plant		
Utility plant, at original cost	\$597,360	\$566,982
Accumulated depreciation and amortization	(184,558)	(173,894)
Unamortized plant acquisition adjustments	<u>35,269</u>	<u>33,604</u>
	448,071	426,692
Funds for Construction Held by Trustee	<u>14,405</u>	<u>26,906</u>
Investments in Marketable Securities	<u>2,723</u>	<u>3,468</u>
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	<u>20,007</u>	<u>13,435</u>
	81,530	85,904
Other Assets		
Regulatory assets	54,374	47,830
Deferred charges	<u>9,062</u>	<u>10,848</u>
	63,436	58,678
	<u>\$610,165</u>	<u>\$601,648</u>
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements)		
Common shareholders' equity	\$140,912	\$142,768
Preferred stock	—	—
Long-term debt	<u>222,060</u>	<u>160,928</u>
	362,972	303,696
Capital Lease Obligations	<u>11,114</u>	<u>11,932</u>
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	<u>4,664</u>	<u>6,079</u>
	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	<u>31,973</u>	<u>22,592</u>
	125,002	112,409
	<u>\$610,165</u>	<u>\$601,648</u>

See the notes to the consolidated financial statements.

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

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

	<u>September 30,</u>	
	<u>1995</u>	<u>1994</u>
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	<u>1,088</u>	<u>1,217</u>
Current portion of long-term debt	222,188	162,090
	<u>(128)</u>	<u>(1,162)</u>
	<u>222,060</u>	<u>160,928</u>
 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	<u>(1,069)</u>	<u>(1,217)</u>
	<u>140,912</u>	<u>142,768</u>
 Total Capitalization	 <u>\$362,972</u>	 <u>\$303,696</u>

* 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			Retained Earnings	Unrealized Gain (Loss)- Marketable Securities	Unearned Employee Compensation- ESOP	Total
	Shares Outstanding	Paid-in Amount	Held in Treasury				
Balance, September 30, 1992	8,035,910	\$110,718	\$(797)	\$ 8,675	\$(205)	\$(1,458)	\$116,933
Common stock issued*	165,186	4,177					
Net income				13,810			4,177
Cash dividends				(12,905)			13,810
Unrealized gain							(12,905)
ESOP transactions					112		112
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							
ESOP transactions					93		93
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							
ESOP transactions		(34)			232		232
Balance, September 30, 1995	<u>9,201,237</u>	<u>\$139,093</u>	<u>\$(1,265)</u>	<u>\$ 3,921</u>	<u>\$ 232</u>	<u>\$(1,069)</u>	<u>\$140,912</u>

* 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:

	<u>1995</u>	<u>1994</u>
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	<u>3,289</u>	<u>4,770</u>
	<u>\$54,374</u>	<u>\$47,830</u>
Regulatory Liabilities		
Net overcollection of income taxes	\$ 5,365	\$ 4,135
Gas supplier refunds	1,387	1,383
Other	<u>222</u>	<u>230</u>
	<u>\$ 6,974</u>	<u>\$ 5,748</u>

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-acquiring 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 <u>Shares</u>	Option Price <u>per share</u>
Options outstanding and exercisable at September 30, 1992	22,450	\$14.42-\$17.625
<u>Fiscal 1993</u>		
Exercised	(6,000)	\$14.42-\$15.77
<u>Fiscal 1994</u>		
Exercised	(2,300)	\$14.42
Canceled	(1,150)	\$14.42
<u>Fiscal 1995</u>		
Canceled	<u>(3,200)</u>	\$15.77
Options outstanding and exercisable at September 30, 1995	<u>9,800</u>	\$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	<u>288</u>
Total future minimum payments	16,454
Amount representing interest	(3,709)
Current portion of capital lease obligations	<u>(1,631)</u>
Capital lease obligations	<u>\$11,114</u>

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):

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Currently payable	\$ <u>833</u>	<u>\$(4,102)</u>	<u>\$(1,571)</u>
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	<u>(51)</u>	<u>(385)</u>	<u>1,131</u>

Total deferred, net	<u>2,005</u>	<u>6,893</u>	<u>8,726</u>
Amortization of investment tax credits	<u>(468)</u>	<u>(476)</u>	<u>(461)</u>
Total provision for Federal income taxes	<u>\$2,370</u>	<u>\$2,315</u>	<u>\$6,694</u>

The components of the Company's net deferred tax liability (asset) as of September 30, 1995 and 1994 are as follows (in thousands):

	<u>1995</u>	<u>1994</u>
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	<u>(6,761)</u>	<u>(5,677)</u>
	<u>\$51,946</u>	<u>\$50,066</u>

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):

	<u>1995</u>	<u>1994</u>	<u>1993</u>
Income before Federal income taxes	<u>\$7,888</u>	<u>\$13,095</u>	<u>\$20,504</u>
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	<u>(211)</u>	<u>(264)</u>	<u>(402)</u>
Total provision for Federal income taxes	2,370	2,315	6,694
Provision (benefit) for state income taxes	<u>756</u>	<u>(212)</u>	<u>332</u>
Total provision for income taxes	3,126	2,103	7,026
(Less) provision included in other income and expense	<u>(240)</u>	<u>(5)</u>	<u>(264)</u>
Provision for income taxes included in operating expenses	<u>\$2,886</u>	<u>\$2,098</u>	<u>\$6,762</u>

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):

	<u>1995</u>	<u>1994</u>	<u>1993</u>
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)	(343)	4,805
Special termination benefits	<u>4,083</u>	<u>—</u>	<u>—</u>
Pension expense (credit)	<u>\$3,294</u>	<u>\$ 397</u>	<u>\$ (266)</u>

The status of the Company's funded plans as of September 30 was as follows (in thousands):

	<u>1995</u>	<u>1994</u>
Actuarial present value of benefit obligation:		
Vested benefits	\$64,125	\$48,658
Non-vested benefits	<u>2,626</u>	<u>3,188</u>
Accumulated benefit obligation	66,751	51,846
Projected increases in compensation levels	<u>15,658</u>	<u>15,869</u>
Projected benefit obligation	82,409	67,715
Market value of plan assets	<u>96,910</u>	<u>81,219</u>
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	<u>(573)</u>	<u>—</u>
Pension prepayment (liability)	<u>\$ (283)</u>	<u>\$ 3,584</u>

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):

	<u>1995</u>	<u>1994</u>
Service cost	\$ 518	\$ 515
Interest cost	1,713	1,462
Amortization of transition obligation	1,028	1,028
Other	<u>132</u>	<u>—</u>
Net postretirement benefit expense	3,391	3,005
Benefits paid	<u>(1,352)</u>	<u>(509)</u>
Increase in accrued postretirement benefit obligation	<u>\$ 2,039</u>	<u>\$ 2,496</u>

The status of the Company's postretirement plans other than pensions as of September 30, 1995 and 1994 was as follows (in thousands):

	<u>1995</u>	<u>1994</u>
Accumulated postretirement benefit obligation:		
Retirees	\$15,045	\$ 9,951
Fully eligible active plan participants	3,729	5,233
Other active plan participants	<u>6,725</u>	<u>6,330</u>
Total accumulated postretirement benefit obligation	25,499	21,514
Unrecognized transition obligation	(18,503)	(19,531)
Unrecognized net gain (loss)	<u>(1,844)</u>	<u>1,130</u>
Accrued postretirement benefit obligation	<u>\$ 5,152</u>	<u>\$ 3,113</u>

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 "NJBP") 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			
	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
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)

<u>Description</u>	<u>Balance, Beginning of Period</u>	<u>Additions</u>		<u>Deductions</u>	<u>Balance, End of Period</u>
		<u>Charged to Costs and Expenses</u>	<u>Other</u>		
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	\$3,780 ^b	\$ 1,368
Environmental remediation reserve ^d	\$24,700	—	\$182 ^c \$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.

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.

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



Connections...

To our customers.

To our shareholders.

To our employees.

Connections...

The cornerstone of
our success, the
foundation of our
growth. Yesterday,
today and tomorrow.



National Utility Investors

Financial and Operating Highlights

NUI Corporation and Subsidiaries

(Dollars in thousands, except per share amounts)

Years Ended
September 30,

1996

1995

1994

Operating Revenues	\$ 376,445	\$ 405,240
Operating Margins	\$ 153,266	\$ 144,646
Operating Income	\$ 23,859	\$ 25,840
Non-Recurring Items (after-tax)	\$ 5,557	\$ (1,194)
Net Income	\$ 5,517	\$ 10,780
Net Income, Excluding Non-Recurring Items	\$ 11,074	\$ 9,586
Common Stock Data		
Net Income Per Share	\$ 0.60	\$ 1.25
Non-Recurring Items Per Share (after-tax)	\$ 0.61	\$ (0.14)
Net Income Per Share, Excluding Non-Recurring Items	\$ 1.21	\$ 1.11
Dividends Paid Per Share	\$ 0.90	\$ 1.60
Market Price — Yearly High	\$ 18.375	\$ 29.00
Yearly Low	\$ 13.50	\$ 17.50
Year End Price/Earnings Ratio (before non-recurring items)	13.7	16.4
Shares Outstanding (year end)	9,201,237	9,157,095
Average Shares Outstanding	9,152,837	8,617,790
Book Value Per Share	\$ 15.31	\$ 15.59
Total Assets	\$ 610,165	\$ 601,648
Shareholders' Equity	\$ 140,912	\$ 142,768
Capital Expenditures	\$ 37,918	\$ 55,785
Net Cash Provided By Operating Activities	\$ 47,919	\$ 22,523
Net Cash Provided By Operating Activities / Capital Expenditures	126%	40%
Operating Data		
Total Volumes Sold or Transported (MMcf)	85,865	78,059
Total Degree Days in New Jersey (normal: 4,978)	4,333	4,944
Total Average Utility Customers Served	353,997	335,993
Miles of Main	5,813	5,673
Employees (year end)	1,079	1,186

Connecting with customers, through physical links, mutually beneficial transactions, or simply by gaining the satisfaction of a job well done, is the hallmark of NUI Corporation. During 1996, NUI successfully connected with its growing base of nearly 360,000 customers by expanding product offerings, reducing delivery time, better correlating pricing with service and improving operating efficiency. These steps all served to increase sales per customer, expand market share and provide profitable growth.

Last year's annual report featured how we restructured the company in order to successfully address the changes taking place in the energy industry. This year, the annual report heralds the successes of this new structure by demonstrating ways in which the company and its employees are focused on creating value from the "connections" we have and are creating. The following pages provide a sampling of the many ways we are striving to meet our customers' needs. Every interaction or sale is an implicit handshake with a customer. We have highlighted six case studies where NUI employees met the company's commitment to achieving customer satisfaction, while at the same time delivering value to investors. As our business becomes less regulated and utilities' traditional markets become more competitive, NUI's ability to identify and profitably satisfy customer needs will be the benchmark of success.

This past year's financial results are a testament to the success of our efforts to date. Operating margins increased 7.0 percent, contributing to a record \$14.9 million in net income for the year. Earnings per share jumped 153 percent, from \$0.60 in 1995 to \$1.52. A portion of this improvement is due to colder weather during 1996 and certain 1995 costs related to restructuring NUI. Fiscal 1996 results are largely reflective of our efforts to reposition NUI for growth in the increasingly competitive energy arena. Absent the restructuring charges incurred in 1995, earnings per share increased 26 percent, despite the dilution resulting from the issuance of 1.8 million new shares earlier this year. Return on investment improved 11.9 percent, resulting in part from the development and implementation of new strict investment models.

In October, the Board of Directors increased the company's annual dividend rate from \$0.90 to \$0.94 per share, reflecting the Board's confidence in the company's ability to sustain its growth in earnings. We have continued to aggressively manage costs and improve operating efficiencies. Today, less than \$0.58 of every dollar in margin we generate goes to

To Our Shareholders



John Kean
Chairman of the Board



John Kean, Jr.
*President and
Chief Executive Officer*

pay operating expenses, which is down from \$0.63 in 1994. Increased focus on marketing and maximizing the return on each customer connection is also providing positive results as average margins per customer rose 5.8 percent during the year.

Today, NUI's core business remains the distribution of natural gas with its 5,930 miles of main. However, as a result of the restructuring and realignment of the company's operations in 1995, the Customer Services, and Energy Sales and Services businesses have begun to provide a full array of complementary services to our customers, providing shape to the NUI of the future. These efforts are enabling NUI to establish its presence and capture market share both within and outside of our traditional service territories. The economics of these businesses are significantly different from that of our distribution activities, as growth can be achieved with a minimum of capital and fixed costs. During fiscal 1996, these segments contributed \$4.9 million in additional margins, with 59 percent coming from the Energy Sales and Services group. This is particularly significant as the two companies which comprise Energy Sales and Services, NUI Energy, Inc. and NUI Energy Brokers, Inc. were new operations in 1996. In late 1996, we

also created a new division named NUI Ventures which will address emerging technologies in the energy and environmental arenas. In 1997, we will further expand the products we offer to ensure that we retain customers' relationships and maximize sales through each customer connection.

The advent of greater market competition in our industry has heightened awareness of potential consolidations and joint ventures. NUI Corporation has traditionally grown through acquisitions. We will continue to examine ways to profitably obtain product offerings and increase market share.

This past year was among the busiest in our continuing efforts to work closely with regulatory agencies to develop new competitive pricing structures and tariffs. For instance, the Florida Public Service Commission, as part of a \$3.75 million annualized rate increase, provided new rate flexibility which will allow more customers to take advantage of deregulation in the gas markets and the products we now offer. In New Jersey, among other initiatives, we will be proposing a pilot program during 1997 allowing homeowners to select their own gas supplier.

Strengthening the company's financial condition and keeping its cost of capital low has been, and will continue to be a goal for NUI. During 1996, a number of efforts served to improve both the company's overall cost of capital and financing flexibility. In May, we successfully completed the sale of \$31 million of equity. In June, we issued \$39 million of floating rate tax-exempt debt with an initial interest rate of 3.1 percent. These two transactions lowered the company's cost of capital and improved the balance sheet.

As mentioned earlier, during 1996, we developed and implemented more stringent financial modeling across the company. This discipline has provided greater focus on returns generated from new marketing opportunities and on improving the company's overall return on capital invested. Capital expenditures in 1996 totaled \$37.1 million, with \$15.9 million devoted to these new business expansion opportunities. Investment in system enhancements, supporting greater consumption by our existing customer base, totaled \$15.3 million during the year. For fiscal 1997, we have identified a number of significant expansion opportunities throughout our six state service territory, as well as other potential investments, which will enable NUI to continue its profitable growth. Capital spending for 1997 is targeted to be approximately \$57 million, which includes increased investment in technology in order to support new product offerings and keep pace with changes taking place in the industry.

"Adding value" has taken on new meaning for many of our employees, as 85% of them are now shareholders as a result of their participation in NUI's newly introduced Employee Stock Purchase Plan and other plans. Aligning employees' interests with those of shareholders was a key goal for 1996 and we have made significant progress toward this objective. In addition, a significant part of senior management's future compensation is dependent upon the ability of this team to achieve earnings per share growth levels of between 7 and 15 percent each year. The increase in 1996 earnings per share is a testament to the collective commitment of your management team to meeting this challenge. By capitalizing on the attractive demographics of our core gas distribution business and economically growing the complementary Customer Services and Energy Sales and Services businesses, NUI should be able to realize its goal of achieving above average earnings growth and providing solid returns to shareholders.

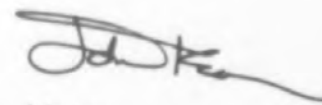
As we enter the new year, we would like to thank NUI's 1,086 employees for their teamwork, dedication and great ideas; our customers for their continued support; and our shareholders for their investment and commitment. In addition, we would like to thank Robert W. Kean, Jr., who retired after 27 years of service on the Board of Directors, and Robert P. Kenney, who retired as President and CEO of Elizabethtown Gas Company after dedicating more than 27 years to supporting the growth of this division. Their years of counsel and guidance benefited employees, customers and shareholders alike and we wish them all the best in the coming years.

We look forward to sharing our continued progress with you as we strengthen NUI's connections with existing customers and forge new connections to support the company's growth in this exciting and rapidly changing environment.

Sincerely,



John Kean
Chairman of the Board



John Kean, Jr.
President and Chief
Executive Officer

December 16, 1996



Operations Overview

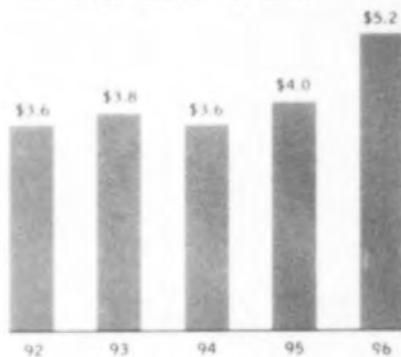
The Distribution Services of NUI Corporation include the operations of Elizabethtown Gas Company, City Gas Company of Florida, North Carolina Gas Service, Valley Cities Gas Service, Elkton Gas Service and Waverly Gas Service. Collectively, these operations serve nearly 360,000 customers in 124 communities in six states through a local distribution system of 5,930 miles of pipe. The combined regulatory rate base of these operations was more than \$386 million in 1996 and the company enjoyed a weighted average return on equity of 12.1 percent.

The company delivered more than 105 billion cubic feet of gas to its customers in 1996, through either sales or transportation service, an increase of 23 percent. The company invested \$37.1 million in system upgrade and expansion, representing a commitment to customer growth. NUI provided gas service to more than 4,000 additional businesses and homeowners this year. In addition to new hook-ups, more than 1,300 existing non-heating customers converted to gas for heating, most of them in the company's New Jersey jurisdiction. There remain approximately 120,000 homes and businesses with no gas service that are located on streets with NUI gas mains, making them easily accessible for conversion to gas with minimal investment.

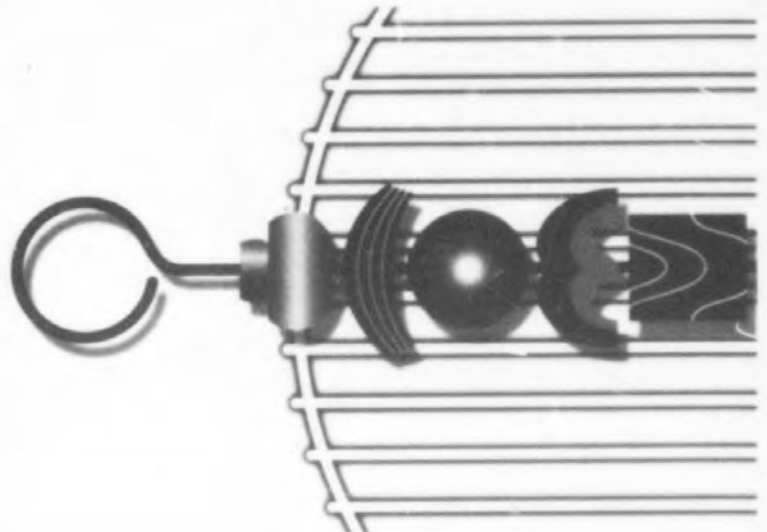


Distribution Services

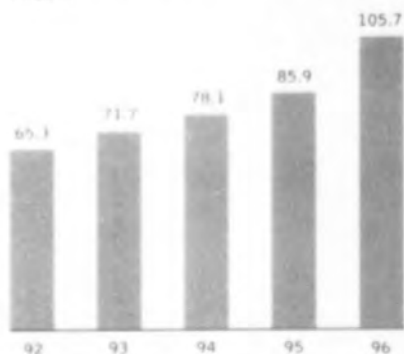
Gross Revenue From Field Customer Service
(in millions, excluding appliance leasing)



Customer Services



Growth of Total Gas Sold and Transported
(in BCF)

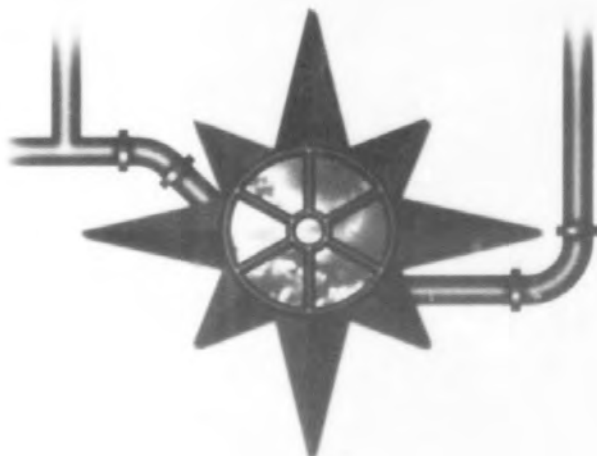


Energy Sales and Services

As the deregulation of energy continues and more states begin allowing customers to choose their gas suppliers, Energy Sales and Services offers NUI increasing opportunity to profit from the movement of end users from the purchase of both the gas commodity and its transportation from the utility to transportation service only. More than 1,000 of NUI's 25,000 commercial and industrial users are now transportation customers, an increase of 175 percent from last year, creating opportunities for Energy Sales and Services to become the open market supplier for these customers. The company's natural gas retail affiliate, NUI Energy, Inc., now operates in four states and is gearing up to enter the residential gas and electricity markets as they unbundle in the coming year. The company entered the natural gas wholesale market this year with NUI Energy Brokers, Inc., which soon will begin buying and selling electricity, as well. Through this group and the NUI Central Supply area, the company increased its volume of gas sold or transported by 23 percent in 1996, to 105.7 billion cubic feet.



The Customer Services area offers servicing on all gas heating and water heating equipment and appliances, as well as gas grills, logs and lights. Additional revenue is generated through the offering of service contracts, the leasing, sale and installation of gas appliances and equipment, and special promotions such as grill and range tune-ups. Appliance repair and servicing contributed \$2.0 million in incremental margin to the company in 1996. The company's 180 field service mechanics performed more than 93,000 revenue-producing jobs during the year. In New Jersey, the company was able to increase the number of service calls it performed in 1996 by 15 percent and improve response time to no heat calls by 40 percent. Efficiency also was improved, in part through the implementation of a corporate procurement card system, whereby service mechanics can more quickly obtain necessary repair parts from any local supplier, reducing travel time and repeat visits. Utility Business Services (UBS) began offering a new product — WINS™ — that greatly improves the account management services it offers its customers.



Products and Services

- Residential Gas Service
- Gas Appliance Service
- Emergency Service
- Appliance and Equipment Programs
- Contractor Corp. Programs



- Appliance Equipment Repair and Servicing
- After Hours Emergency Service
- Heating Maintenance and Extended Warranty Contracts
- Water Heater Sales and Installation
- Appliance Leasing
- Heating Unit Inspections
- Gas Grill and Range Tune-Ups
- New Homeowner Inspections
- Account Management Services
- WINS (Water Information System)

- Wholesale Firm and Interruptible Gas Sales
- Retail Natural Gas Supply Sales
- Fixed- or Flex-Priced Contracts; Customized Contracts
- Off-System Sales
- Wholesale Electricity Sales
- Energy Management Services
- Flexible Retail Contracts
- Guaranteed Retail Savings

Deregulation of the natural gas industry has left local distribution companies (LDCs) in a unique position. The utilities still are required to maintain adequate supplies and capacity, but with many end users

free to shop around for gas, LDCs often find themselves with excess supplies and capacity on a day-to-day basis. **Renee DeAngelo** and **Brian Rose** are involved with NUI Energy Brokers, Inc., NUI's brokerage and transportation subsidiary. NUI Energy Brokers both ensures cost-effective supply acquisition for the NUI utilities and buys and sells supplies and capacity across the eastern seaboard to bring added value to the company.



distribution Services

In the northern corner of Sayre, Pennsylvania, sits an area named for the mills that once fueled the area's economy. The last neighborhood in Sayre without natural gas service, Milltown's 143 homes offered Valley Cities Gas Service an ideal opportunity to expand its customer base. **Steve Hurd** (left), Valley Cities operations manager, and **Homer Brawley** (right), a manager in NUI marketing, were two of dozens of employees who worked together to answer Milltown's call for gas.

The company ran 10,000 feet of pipe and began hooking up new customers in December 1996. Twenty-six homes are expected to convert to natural gas in the first year.



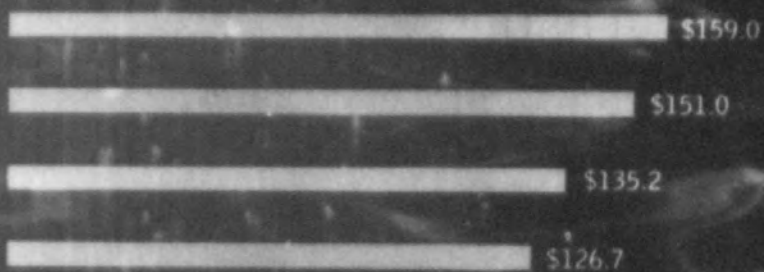
Distribution Services remains the core business of NUI Corporation. This sector is dominated by continued growth and an accelerating migration toward transportation only service. The utility operations added more than 4,000 new customers to their combined distribution systems in 1996, which delivered a record 86 billion cubic feet of gas to nearly 360,000 customers.

More than 1,000 commercial customers are now taking advantage of transportation only service in five of the company's six jurisdictions (this option is not yet available in Maryland).

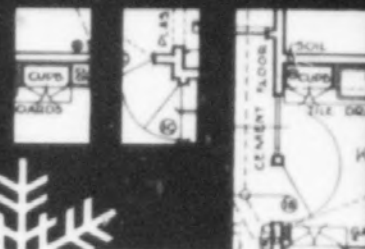
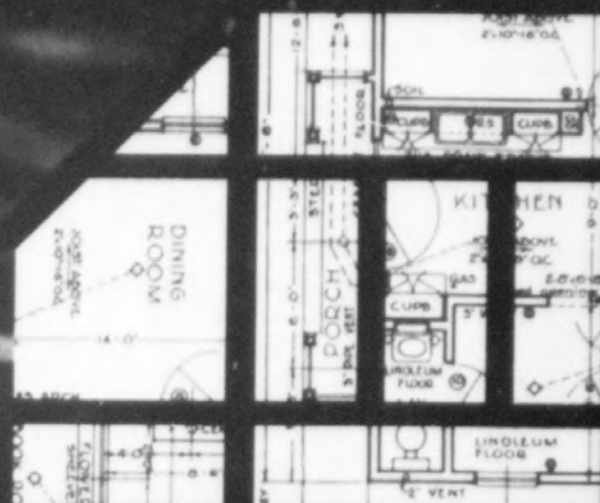
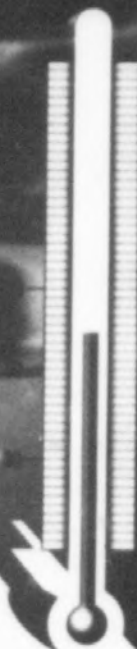
These customers and those served by other utilities offer NUI the opportunity, for the first time in its history, to earn a profit from the gas it delivers to end users, through its wholesale and retail affiliates.

Distribution Services also increased efficiencies in 1996, introducing new technologies and practices while consolidating operations.

Utility Distribution Operating Margins (in millions)



heating units to
pool heaters to new
home construction,
gas works.



Service Calls Performed

(In thousands)

316

283

300

254

254

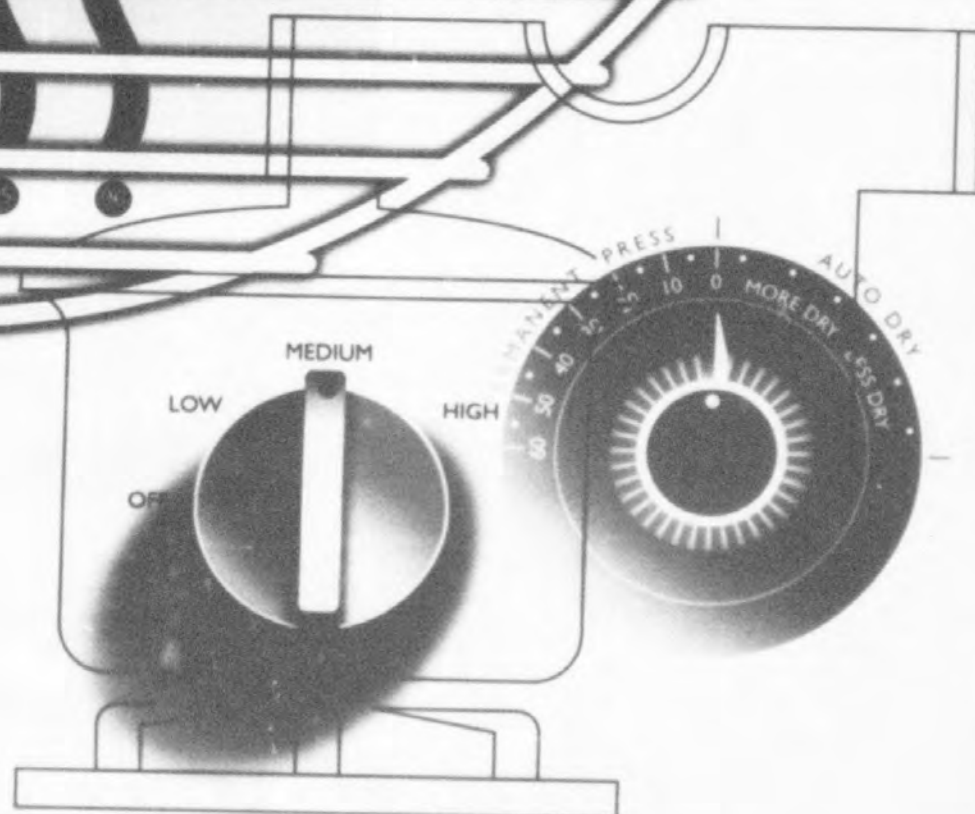
274

240

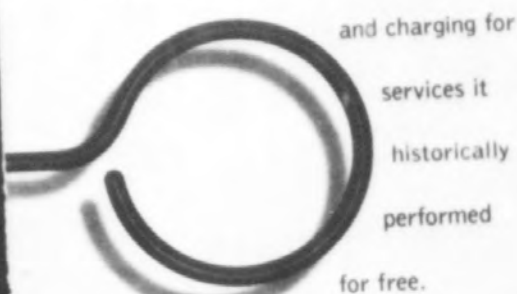
180

120

60



NUI Corporation has continued to increase revenue from Customer Services by improving efficiency, employing value-based pricing for its services



and charging for services it historically performed for free.

Customer satisfaction and marketing research will guide the company's future activities in customer services as it determines how it can better satisfy customers, what products and services they actually want and how much they will pay for them. Name recognition and trust will give the NUI customer service group an advantage as the company competes with other service providers for customer loyalty, and as the company begins providing services not traditionally offered.

Customers of the company's customer information systems and services affiliate, UBS, are enjoying a new, cutting edge account management system — WINS — that will allow UBS to expand its products and services, generating added value to the company.



A resident of Perth Amboy, New Jersey, was converting her home to gas heat but found herself sitting in the cold one evening. Her contractor had removed her old oil burner and installed

new gas equipment, but had never called Elizabethtown Gas to have a meter set.

Lamont Cummings, CIS telephone representative, knew meter sets were not normally installed after hours. But he did not want her first contact with Elizabethtown to be an unpleasant one. Lamont contacted Gail Killian, dispatching assistant manager, and a service mechanic was soon turning on the heat in the customer's household.

customer services

With today's modern gas appliances requiring an array of parts, Elizabethtown Gas service mechanics were finding it difficult to adequately stock their vans. Customers were not receiving timely service and mechanics were traveling back and forth between customers and the warehouse. To increase responsiveness, mechanics were issued corporate purchasing cards to purchase parts directly, even at a local hardware store. Senior purchasing agent **Charlie Dombroski** (left) and others in purchasing worked with the



customer service and accounting departments on the project. According to service mechanic class 1A **Bob Urpsis**, the results are worth the effort — same-day service for the customer.

Ocean Spray Cranberries, Inc. of Vero Beach, Florida, considered converting from oil to natural gas for years. When Florida unbundled natural gas distribution for large-volume users, City Gas

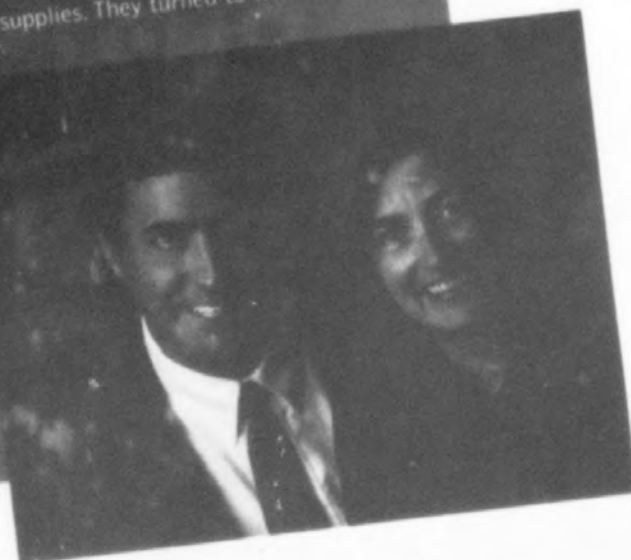
Company of Florida and NUI Energy, Inc. both saw the opportunity to bring Ocean Spray and its 1.5 million therms of annual gas usage into the NUI fold. City Gas marketing personnel, including **Ramiro Sicre** (left), Miami sales manager, sold the grapefruit processor on the idea of transportation service. NUI Energy contracted to become its supplier. Division manager **Dave Batchelor** and his operations crews ran the 8-inch line that delivers the gas.



energy sales
and services

Expansion at the W.L. Gore plant in Maryland was going to require significant additional firm gas supply. With only one interstate pipeline feeding Elkton Gas Service and capacity tight, it looked as if that requirement was unlikely to be met.

Looks can be deceiving. **Candy Davis** and her coworkers at Elkton Gas knew the company could provide the additional firm service if it could be assured of additional supplies. They turned to **Mark Breese** and others in NUI's supply department, who worked with Elkton Gas and the East Coast Natural Gas Cooperative to ensure adequate supplies for the company and the additional gas for W.L. Gore.



The most rapidly changing sector of the three NUI business groups, Energy Sales and Services saw considerable growth in 1996. Natural Gas Services, Inc. changed its name to NUI Energy, Inc. in anticipation of expanding into electricity sales and other energy-related services. It increased margins significantly for the year and began selling gas in New York. NUI Energy Brokers, Inc. was formed to maximize the value of the company's pipeline capacity and profit from the wholesale brokerage of natural gas and electricity.

Energy Brokers and the NUI supply group combined to achieve nearly 96 percent capacity utilization for 1996. NUI sold gas in 12 states in 1996, both on its distribution system and off, earning \$13.4 million in new margins from these sales, \$2.8 of which went to reduce customers' fixed gas costs while \$10.6 benefited shareholders.

The company also introduced NUI Environmental Group, Inc., a commercial enterprise focusing on solutions to the disposal of dredged materials from the New York / New Jersey harbor.

GAS BROKERING SALES

In dekatherms

\$3,450	155,000	\$3,520	\$10,850
\$2,370	155,000	\$3,550	\$182,900
\$1,700	155,000	\$2,083	\$59,365
\$3,420	155,000	\$3,498	\$12,012
\$2,910	155,000	\$2,963	\$8,137
\$4,667	155,000	\$4,707	\$6,200
\$3,040	68,200	\$3,050	\$682
\$3,636	310,000	\$3,643	\$2,263
\$4,186	155,000	\$4,295	\$16,817
\$3,250	31,000	\$3,390	\$4,340
\$2,935	155,000	\$3,000	\$10,075
\$2,615	155,000	\$2,648	\$5,037
\$5,017	310,000	\$5,027	\$3,100
\$4,990	310,000	\$5,027	\$11,470

to off system
customers

generated nearly

\$19 million
in additional
revenue in 1996.



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 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 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 had 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).

In addition to gas distribution operations, the Company provides retail gas sales and related services through its NUI Energy, Inc. subsidiary (formerly Natural Gas Services, Inc.); bill processing and related customer services for utilities and municipalities through its Utility Business Services, Inc. subsidiary (formerly Utility Billing Services, Inc.); and wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary.

Results of Operations

Fiscal Years Ended September 30, 1996 and 1995

Net Income. Net income for fiscal 1996 was \$14.9 million, or \$1.52 per share, as compared with net income of \$5.5 million, or \$0.60 per share in fiscal 1995. The increase in the current year was primarily due to higher operating margins and approximately \$5.6 million of after-tax non-recurring charges incurred in fiscal 1995. These increases were partially offset by higher operations and maintenance and depreciation expenses.

Net income per share in the current year was also affected by the increased average number of outstanding shares of common stock over the prior year, principally reflecting the Company's issuance of 1.8 million additional shares in May 1996 (see "Financing Activities and Resources-Common Stock").

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 utility 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 increased by \$92.5 million, or 25%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects the effect of weather in New Jersey that was 7% colder than normal and 23% colder than the prior year, and additional refunds to Northern Division customers in fiscal 1995 totaling \$11.2 million as a result of lower than projected gas prices. Operating revenues also increased as a result of significantly higher unregulated sales in the current year, increased revenues from interruptible and industrial customers primarily as a result of higher gas prices incurred, increased customer service revenues and customer growth.

In order to take advantage of opportunities arising from increasing deregulation within the natural gas industry, the Company has increased its focus on transactions in which prices are established by competitive markets rather than regulatory mandate. The Company has increased its sales to commercial and industrial customers through its subsidiary, NUI Energy, Inc. In addition, the Company recently formed NUI Energy Brokers, Inc. for the purpose of enhancing margins through wholesale energy brokerage activities. The Company's utility operations also make sales of natural gas to customers outside of its franchise service territories when opportunities exist to obtain additional value from its supply and pipeline capacity under contract. While the prices charged for these activities are not regulated, margins realized are shared with customers of the utility operations as follows: New Jersey- 80%, Florida- 50% and North Carolina- 75%. The Company's other utility operations do not currently have margin sharing arrangements and therefore any off-system sales margins are returned 100% to customers.

The Company's operating margins increased by \$10.7 million, or 7%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects customer growth, 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. As a result of these weather normalization clauses, operating margins were approximately \$2.2 million less in fiscal 1996 than they would have been without such clauses. In fiscal 1995, operating margins were approximately \$4.5 million higher than they otherwise would have been without such clauses.

Other Operating Expenses. The Company's other operating expenses, excluding income taxes, decreased by approximately \$3.3 million, or 3%, in fiscal 1996 as compared with fiscal 1995. The decrease was primarily the result of non-recurring pre-tax charges of \$8.6 million incurred in fiscal 1995 (see Note 3 of the Notes to the Consolidated Financial Statements). Operations and maintenance expenses increased by approximately \$4.0 million, or 4%, primarily due to costs incurred as a result of the colder weather in New Jersey during the current heating season, higher expenses related to the start-up and growth of the Company's non-regulated operations, and higher pension costs. Depreciation and amortization expenses increased by approximately \$1.4 million primarily due to additional plant in service.

Income tax expense increased by approximately \$4.9 million in fiscal 1996 as compared with fiscal 1995, primarily due to higher pre-tax income.

Interest Expense. Interest expense decreased by approximately \$0.7 million, or 1%, in fiscal 1996 as compared with fiscal 1995. The decrease was primarily due to lower average short-term debt outstanding and short-term interest rates, and to approximately \$0.6 million of interest recorded in the prior year on the over-collection of gas costs by the Northern Division. This decrease was partially offset by higher average long-term interest rates due to the effect of a full year's inclusion of \$70 million of Medium-Term Notes that were issued in fiscal 1995.

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 was 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 with the prior year.

Operating Revenues and Operating Margins. 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 unregulated customers and other customer growth.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

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. As a result of the weather normalization clauses, operating margins were approximately \$4.5 million higher in fiscal 1995 than they otherwise would have been without such 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 benefit costs as a result of an early retirement program implemented 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, partially 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%.

Regulatory Matters

Northern Division

On August 2, 1996, the Northern Division filed a petition with the NJBPU to increase its annual purchased gas adjustment revenues by approximately \$22 million reflecting higher projected gas costs in the coming year. On December 4, 1996, the NJBPU approved an interim order authorizing the revenue increase effective in December 1996. The NJBPU is still reviewing the Company's request to incorporate, in a two-year pilot program, a performance-based mechanism whereby Northern Division customers and the Company would benefit from the Company's ability to secure gas at a cost more favorable than a market index benchmark. The proposed performance mechanism would provide a 50/50 sharing of risk and opportunity between the Northern Division customers and the Company on the difference between a monthly market benchmark and the actual cost of purchased gas, up to \$1 million annually. Action by the NJBPU on the Company's request and final revenue increase is expected this winter. On November 3, 1995, the New Jersey Board of Public Utilities (the "NJBPU") 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 affected the operating margins of the Company.

On November 4, 1994, the 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. None of such revenue reductions or refunds affected the operating margins of the Company.

Southern Division

On October 29, 1996, the Florida Public Service Commission (the "FPSC") voted to authorize the Company to increase its base rates in Florida by \$3.75 million annually. The rate increase reflects a rate base amounting to \$91.9 million, reflecting the addition of investments in system improvements and expansion projects. Under the approval, the allowed return on equity will be 11.3% with an overall after-tax rate of return of 7.87%. The Company had been granted interim rate relief of \$2.2 million effective in September 1996. The permanent increase, which is effective in December 1996, includes the interim adjustment. The FPSC order also gives the Company the flexibility to negotiate rates with certain business customers that have access to other energy sources.

On November 29, 1994, the FPSC voted to authorize the Company to increase its base rates in Florida by \$1.6 million annually. The rate increase reflected a rate base amounting to approximately \$82.6 million with an overall after-tax rate of return of 7.26%. In addition, it provided 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 \$22.5 million in fiscal 1996, \$47.9 million in fiscal 1995, and \$22.5 million in fiscal 1994. The decrease in net cash provided by operating activities in fiscal 1996 as compared with fiscal 1995 principally reflects a higher level of accounts receivable primarily due to the colder weather and increased activity by the Company's unregulated businesses, and an under-collection of gas costs through the Company's purchased gas adjustment clauses. The increase in net cash provided by operating activities in fiscal 1995 as compared with fiscal 1994 was primarily the result of 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 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 \$39.9 million at 5.6% in fiscal 1996, \$58 million at 5.9% in fiscal 1995 and \$82 million at 4.1% in fiscal 1994. The weighted average daily amounts of notes payable to banks decreased in fiscal 1996 primarily due to the full effect of the issuance of \$70 million of Medium-Term Notes in fiscal 1995, which were used to repay short-term debt, and the issuance of an additional 1.8 million shares of common stock, of which part of the proceeds were used to repay short-term debt. These decreases were partially offset by borrowings to finance portions of the Company's construction expenditures. The weighted average daily amount of notes payable decreased in fiscal 1995 as compared with fiscal 1994 principally due to the \$70 million Medium-Term Note issuance.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

At September 30, 1996, the Company had outstanding notes payable to banks amounting to \$54.9 million and available unused lines of credit amounting to \$76 million. Notes payable to banks increased as of September 30, 1996 as compared with the balance outstanding as of September 30, 1995, due to the use of short-term debt to finance portions of the Company's capital expenditures and to the under-collection of gas costs in the current year through the Company's purchased gas adjustment clauses.

Long-Term Debt and Funds for Construction Held by Trustee. On June 12, 1996, the Company issued \$39 million of floating rate tax exempt Gas Facilities Revenue Bonds which mature on June 1, 2026. Under the terms of the floating rate debt, the interest rate paid by the Company, which averaged 3.1% since the date of issuance, is reset daily. The proceeds of the bond issuance are being used to finance part of the Northern Division's capital expenditure program.

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 may issue a portion of the remaining securities subject to the shelf registration during fiscal 1997 to finance part of the Company's capital expenditure program.

The Company expects to refinance approximately \$55 million of its Gas Facilities Revenue Bonds in fiscal 1997. Regulatory approval for such refinancing has been sought, but has not yet been obtained.

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.

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, 1996 and 1995, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$42.6 million and \$13.6 million, respectively, and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

Common Stock. On May 20, 1996, the Company issued an additional 1.8 million shares of NUI common stock. The net proceeds from the offering totaled \$31.1 million and were used to reduce outstanding debt.

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 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 these plans, the Company may periodically change the method of purchasing shares, from open market purchases to purchases directly from the Company, or vice versa. The proceeds of such issuances amounted to \$1.0 million and \$6.3 million in fiscal 1995 and 1994, respectively, and were used to reduce outstanding short-term debt. Effective in October 1996, these plans began purchasing shares directly from the Company. In addition, during fiscal 1996, the Company began issuing shares of NUI common stock under three new stock plans. The proceeds from such issuances amounted to \$0.3 million in fiscal 1996, and were used primarily to reduce outstanding short-term debt.

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).

Dividends. On October 26, 1996, the Company increased its quarterly dividend to \$0.235 per share of common stock. The previous quarterly rate was \$0.225 per share of common stock.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were \$37.1 million in fiscal 1996, \$37.9 million in fiscal 1995 and \$55.8 million in fiscal 1994. The Company's capital expenditures are expected to be approximately \$57 million in fiscal 1997.

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 states. 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, as of September 30, 1996, 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 20 years to remediate seven 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 50 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 its remediation costs associated with the Northern Division MGP sites will be recoverable in rates and from insurance carriers. In July 1996, the NJBPU approved a petition filed by the Northern Division to establish an MGP Remediation Adjustment Clause ("RAC"). The RAC enables the Company to recover actual environmental expenditures incurred over a rolling seven-year period. On September 3, 1996, the Company made its initial filing under the RAC to begin recovery of \$3.1 million of environmental costs incurred from inception through June 30, 1996. A decision is expected in fiscal 1997. 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 Southern Division 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 \$75 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 10 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 approxi-

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

mately \$11 million of such costs through September 30, 1996. All of such costs, except for costs incurred by the Company's Pennsylvania operation, have been authorized for recovery through the Company's purchased gas adjustment clauses. The Company recently filed for and expects full recovery of such costs in Pennsylvania, as well. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately \$7 million, which it expects also to recover through its 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, 1996, the Company is scheduled to repay approximately \$1 million of long-term debt in fiscal 1997. No other long-term debt is scheduled to be repaid over the next five years.

Competition and Outlook

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 the NJBPU. 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, some states will begin to unbundle these services for residential customers, as well.

NUI intends to submit proposals to the state regulators in New Jersey and Florida to continue the unbundling process within NUI's service territories. In New Jersey, the Company plans to submit, during 1997, a pilot program to unbundle gas service to certain residential customers. As opposed to the commercial and industrial markets, the long-term benefits of unbundling for the residential customer are not clear. Accordingly, this program will provide valuable information to the Company and to other gas marketing companies regarding the energy choices of residential gas customers. The Company also intends to submit a proposal to the FPSC to unbundle gas service to commercial customers, in a manner similar to that currently in place in the Company's New Jersey service territory. This proposal is expected to cover the Company's entire Florida commercial customer base.

Tariffs for transportation service have generally been designed to provide the same margins as bundled sales tariffs. Therefore, except for the regulatory risk of full recovery of gas costs, 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 through its unregulated marketing subsidiary, NUI Energy, Inc. by competing with other unregulated marketers and brokers for sales of gas.

The Company faces the risk of loss of transportation service for large industrial customers that may have the ability to build connections to interstate gas pipelines and thereby bypass the Company's distribution system. 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 successfully compete in the deregulated energy markets, it must be able to provide customers with a broad array of energy and other products and services. In addition to the transportation and sale of gas, such products and services may include electricity and other energy commodities, energy efficiency services, comprehensive billing services, plant operations management and fuels management. In addition, the Company may offer non-energy products and services to customers if such offerings are consistent with the Company's business plan.

Most of the products and services described above are not currently provided by the Company. Therefore, the Company intends to acquire the skills and capabilities to provide some or all of them through various means, including acquisitions of companies, hiring of experienced employees, and alliances, partnerships and joint ventures. All such products and services would likely be offered through the coordinated marketing efforts of the Company.

Mergers and acquisitions within the energy industry, including the gas distribution industry, have accelerated as many companies endeavor to offer more varied services to customers. The Company believes that the broadening of its product offerings and the expansion of its customer base are important to its future success. As a result, the Company may participate in one or more mergers and/or acquisitions if the Company deems such actions consistent with its business plan.

The Company's operations are organized under three primary lines of business: Distribution Services, Energy Sales and Services, and Customer Services. The outlook for each is discussed below.

Distribution Services

Distribution Services is the core business of the Company, defined as the distribution, or transportation, of energy to retail customers. Such distribution service is regulated as to price, safety and return by the regulatory commissions of the states in which the Company operates.

The Company has substantial growth opportunities in its distribution business. Capital investments for the entire Company are expected to increase to an estimated \$57 million in fiscal 1997 from \$37 million in fiscal 1996, in large part to take advantage of these growth opportunities. Almost half of the planned capital investment in fiscal 1997 is related to providing gas or transportation service to new customers. The highest rate of expected growth compared to fiscal 1996 levels will occur in the Company's Southern Division, where population growth rates are above the national average, and substantially higher than those in the Northern Division. While the Company is confident that these 1997 investments will earn a return in excess of its cost of capital, there can be no assurance that the expected margins from each capital investment will be fully realized.

Customer Services

The Customer Services unit provides repair and maintenance of customer-owned gas facilities and appliances and collects energy usage data for billing purposes. The Company's strategy for its Customer Services unit is to improve the quality and timeliness of customer services, and to charge prices that fully reflect the quality of those services to its customers.

The Company intends to implement several measures, including the use of new metering and communications technology, to improve the accuracy and timeliness of billing information. The Company is also working to lower the response time to customer service requests and to increase the types of services that are offered.

The Company has reviewed its rate schedules and has imposed new or increased fees where appropriate for certain customer-initiated services. NUI may request state regulatory agencies to approve other service fee increases, thereby providing income to offset costs of providing gas service to its general customer base.

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Energy Sales and Services

The Company's primary operations in Energy Sales and Services are composed of three business lines. First, in fiscal 1995 the Company started Natural Gas Services, Inc., later renamed NUI Energy, Inc. ("NUI Energy") to market gas service to unbundled retail commercial and industrial customers. The margins from NUI Energy in fiscal 1996 were approximately \$1.1 million, but the expenses related to this start-up operation resulted in a slight loss for the year. The Company plans to capture market share and expand margins in its NUI Energy unit by rapidly increasing the number and experience level of salespeople dedicated to its target markets. The working capital investment planned for NUI Energy's operations is not expected to exceed \$4 million in fiscal 1997. Due to the start-up nature of NUI Energy, it is not expected to provide a meaningful contribution to earnings until fiscal 1998.

The second business line of Energy Sales and Services is wholesale sales and brokering of energy, primarily to utilities and energy marketing companies. The Company formed NUI Energy Brokers, Inc. ("Energy Brokers") in fiscal 1996 to perform such activities. Energy Brokers also is the provider of energy to the Company's retail marketing subsidiary, NUI Energy. Energy Brokers generated margins of approximately \$1.6 million in fiscal 1996. Due to the start-up nature of Energy Brokers, it did not provide a meaningful contribution to earnings in fiscal 1996. The Company expects that margins will increase substantially in future years as Energy Brokers enhances its gas brokerage operations and expands into electric and other energy brokerage activities. The Company intends to minimize its risks in this business by limiting its financial and physical positions at any one time. As in any commodity brokerage activity, however, there are risks pertaining to market changes and credit exposure that can be managed but not eliminated. The earnings from Energy Brokers are likely to be more volatile, therefore, than the Company's distribution business.

The third business line within Energy Sales and Services is "off-system sales," or the use of utility-owned gas transportation assets to make sales to customers outside of NUI's service areas. Such assets include pipeline capacity and gas storage facilities. These assets are managed separately from non-utility assets, and their use is monitored and regulated by state regulatory commissions. Pursuant to regulatory agreements in some states in which the Company operates, the Company is able to retain a portion of the margins from these sales in varying percentages depending on the state in which the assets are owned. The Company's share of margins from off-system sales was approximately \$0.9 million in fiscal 1996. Such margins are likely to increase in fiscal 1997 as margin sharing agreements in Florida and other states become fully implemented.

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.

Consolidated Statement of Income

NUI Corporation and Subsidiaries

(Dollars in thousands, except per share amounts)

Years Ended
September 30,

	1995	1994
Operating Margins		
Operating revenues	\$ 376,445	\$ 405,240
Less- Purchased gas and fuel	189,510	223,421
Gross receipts and franchise taxes	33,669	37,173
	153,266	144,646
Other Operating Expenses		
Operations and maintenance	90,523	90,904
Depreciation and amortization	19,750	17,446
Restructuring and other non-recurring charges	8,591	923
Other taxes	7,657	7,435
Income taxes	2,886	2,098
	129,407	118,806
Operating Income	23,859	25,840
Other Income and Expense, Net	439	506
Interest Expense	18,781	15,566
Net Income	\$ 5,517	\$ 10,780
Net Income Per Share of Common Stock	\$.60	\$ 1.25
Dividends Per Share of Common Stock	\$.90	\$ 1.60
Weighted Average Number of Shares of Common Stock Outstanding	9,152,837	8,617,790

1996

See the notes to the consolidated financial statements

Consolidated Balance Sheet

NUI Corporation and Subsidiaries

(Dollars in thousands, except per share amounts)

Years Ended
September 30,

1996

1995

Assets

Utility Plant

Utility plant, at original cost	\$ 597,360
Accumulated depreciation and amortization	(184,558)
Unamortized plant acquisition adjustments	35,269
	448,071

Funds for Construction Held by Trustee	14,405
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Investments in Marketable Securities, at market	2,723
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Current Assets

Cash and cash equivalents	3,601
Accounts receivable (less allowance for doubtful accounts of \$2,288 in 1996 and \$1,689 in 1995)	30,293
Fuel inventories, at average cost	27,629
Unrecovered purchased gas costs	—
Prepayments and other	20,007
	81,530

Other Assets

Regulatory assets	54,374
Deferred assets	9,062
	63,436
	\$610,165

Capitalization and Liabilities

Capitalization (See accompanying statements)

Common shareholders' equity	\$140,912
Preferred stock	—
Long-term debt	222,060
	362,972

Capital Lease Obligations	11,114
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Current Liabilities

Current portion of long-term debt and capital lease obligations	1,759
Notes payable to banks	37,935
Accounts payable, customer deposits and accrued liabilities	58,770
Overrecovered purchased gas costs	4,895
Federal income and other taxes	7,718
	111,077

Other Liabilities

Deferred Federal income taxes	51,946
Unamortized investment tax credits	7,102
Environmental remediation reserve	33,981
Regulatory and other liabilities	31,973
	125,002
	\$610,165

Consolidated Statement of Cash Flows

NUI Corporation and Subsidiaries

(Dollars in thousands, except per share amounts)

Years Ended
September 30,

1996

	1995	1994
Operating Activities		
Net Income	\$ 5,517	\$ 10,780
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,932	18,773
Deferred Federal income taxes	2,005	6,893
Non-cash portion of restructuring and other non-recurring charges	4,913	683
Amortization of deferred investment tax credits	'468)	(476)
Other	4,626	2,926
Effects of changes in:		
Accounts receivable, net	7,923	(5,724)
Fuel inventories	987	(193)
Accounts payable, deposits and accruals	7,775	2,627
Over (under) recovered purchased gas costs	2,949	4,332
Gross receipts and franchise taxes	(4,152)	(11,112)
Other	(5,088)	(6,986)
Net cash provided by operating activities	47,919	22,523
Financing Activities		
Proceeds from sales of common stock, net of treasury stock purchased	577	6,323
Dividends to shareholders	(8,296)	(13,836)
Proceeds from issuance of long-term debt	70,000	66,500
Funds for construction held by trustee, net	10,125	(2,093)
Repayments of long-term debt	(9,902)	(54,159)
Principal payments under capital lease obligations	(1,844)	(2,055)
Net short-term borrowings (repayments)	(72,190)	33,893
Net cash provided by (used for) financing activities	(11,530)	34,573
Investing Activities		
Cash expenditures for utility plant	(37,976)	(53,601)
Proceeds from sales of marketable securities	1,199	659
Purchases of marketable securities	—	—
Proceeds from sale of assets	—	1,610
Other	(1,648)	(2,000)
Net cash (used for) investing activities	(38,425)	(53,332)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (2,036)	\$ 3,764
Cash and Cash Equivalents		
At beginning of period	\$ 5,637	\$ 1,873
At end of period	3,601	5,637
Supplemental Disclosures of Cash Flows		
Income taxes paid (refunds received), net	\$ (1,129)	\$ 666
Interest paid	17,436	17,597

See the notes to the consolidated financial statements

Consolidated Statement of Capitalization

NUI Corporation and Subsidiaries

Years Ended
September 30,

1996

1995

(Dollars in thousands, except per share amounts)

Long-Term Debt

Gas facilities revenue bonds

6.625% due October 1, 2021*	
6.75% due October 1, 2021*	
6.35% due October 1, 2022	
6.40% due October 1, 2024*	
Variable rate due June 1, 2026*	

\$ 8,400
46,200
46,500
20,000
—

Medium-term notes

7.125% due August 1, 2002	
8.35% due February 1, 2005	

20,000
50,000
30,000

Credit agreement indebtedness

1,088

ESOP indebtedness, 6% due May 31, 2002

222,188
(128)

Current portion of long-term debt

222,060

Preferred Stock, 5,000,000 shares authorized; none issued

Common Shareholders' Equity

Common Stock, no par value; shares authorized: 30,000,000;

shares outstanding: 11,085,876 in 1996 and 9,201,237 in 1995

139,093
(1,265)

Shares held in treasury: 92,731 shares in 1996 and 90,397 in 1995

3,921

Retained earnings

232

Valuation of marketable securities

(1,069)

Unearned employee compensation

140,912

Total Capitalization

\$ 362,972

* The total unexpended portions of the net proceeds from these bonds, amounting to \$42.6 million and \$13.6 million as of September 30, 1996 and September 30, 1995, respectively, are 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.

Consolidated Statement of Shareholders' Equity

NUI Corporation and Subsidiaries

(Dollars in thousands)	Common Stock			Retained Earnings	Unrealized Gain (Loss)- Marketable Securities	Unearned Employee Compensation	Total
	Shares Outstanding	Paid-in Amount	Held-in Treasury				
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					1 6,864
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
Common stock issued:							
Public offering	1,800,000	31,067					31,067
Other*	86,973	1,548					1,548
Treasury stock transactions	(2,334)	260	(299)				(39)
Net income				14,896			14,896
Cash dividends				(8,700)			(8,700)
Unrealized gain					157		157
Unearned compensation						(734)	(734)
Balance, September 30, 1996	11,085,876	\$ 171,968	\$(1,564)	\$10,117	\$ 389	\$(1,803)	\$ 179,107

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

Notes to 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 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 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. In addition to gas distribution operations, the Company provides retail gas sales and related services through its NUI Energy, Inc. subsidiary; bill processing and related customer services for utilities and municipalities through its Utility Business Services, Inc. subsidiary; and wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

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.

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% in fiscal 1996, 3.2% in fiscal 1995 and 3.1% in fiscal 1994. 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 \$1.0 million and \$0.9 million as of September 30, 1996 and 1995, respectively, 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. The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", 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.

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, 1996 and 1995 (in thousands):

	1996	1995
Regulatory Assets		
Environmental investigation and remediation costs	\$ 33,658	\$ 32,967
Unrecovered gas costs	6,730	9,675
Postretirement and other employee benefits	8,339	6,332
Deferred piping allowances	3,010	3,249
Other	745	2,151
	<u>\$ 52,482</u>	<u>\$ 54,374</u>
Regulatory Liabilities		
Net overcollection of income taxes	\$ 5,208	\$ 5,365
Gas supplier refunds	850	1,387
Other	88	222
	<u>\$ 6,146</u>	<u>\$ 6,974</u>

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 Standards. The Company is required to adopt Statement of Financial Accounting Standards No. 121 ("SFAS 121") in fiscal 1997. 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.

The Company is also required to adopt Statement of Financial Accounting Standards No. 123 ("SFAS 123") in fiscal 1997. SFAS 123 establishes a fair value method of accounting for or disclosing stock-based compensation plans. The Company intends to adopt the disclosure provisions of SFAS 123 only, which requires disclosing the pro-forma consolidated net income and earnings per share amounts assuming the fair value accounting provisions of SFAS 123 were adopted. This adoption will not affect the Company's financial condition or results of operation.

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. 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 a result, during fiscal years 1994 and 1995, the Company recorded a total of \$3.7 million additional plant acquisition adjustment to provide for probable environmental remediation liabilities.

3. Restructuring and Other Non-Recurring Charges

In fiscal 1995, the Company incurred approximately \$8.6 million of pre-tax 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 was closed effective 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 June 12, 1996, the Company issued \$39 million of floating rate tax exempt Gas Facilities Revenue Bonds which mature on June 1, 2026. Under the terms of the floating rate debt, the interest rate paid by the Company, which averaged 3.1% since the date of issuance, is reset daily. The proceeds of the bond issuance are being used to finance part of the Northern Division's capital expenditure program.

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.

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, 1996 and 1995, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$42.6 million and \$13.6 million, respectively, and are classified on the Company's consolidated balance sheet, including interest earned thereon, as funds for construction held by trustee.

As of September 30, 1996, the Company is scheduled to repay approximately \$1 million of long-term debt in fiscal 1997. No other long-term debt is scheduled to be repaid over the next five years.

Preferred Stock. The Company has 5,000,000 shares of authorized but unissued preferred stock. Shares of Series A Junior Participating Preferred Stock have been reserved for possible future issuance in connection with the Company's Shareholder Rights Plan described below.

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-acquiring 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. On May 20, 1996, the Company issued an additional 1.8 million shares of NUI common stock. The net proceeds from the offering totaled \$31.1 million and were used to repay the Company's \$30 million credit agreement indebtedness with the remainder used to reduce outstanding short-term debt.

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 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 these plans, the Company may change the method of purchasing shares from open market purchases to purchases directly from the Company, or vice versa. Effective in October 1996, the Company began purchasing shares directly from the Company for these common stock plans. In addition, during fiscal 1996, the Company began issuing new shares of NUI common stock under three new stock plans.

At September 30, 1996, shares reserved for issuance under the Company's common stock plans were: NUI Direct, 202,325; Savings and Investment Plan, 325,769; 1996 Stock Option and Stock Award Plan, 212,092; 1996 Employee Stock Purchase Plan, 123,038; and the 1996 Director Stock Purchase Plan, 65,102.

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 1996 Stock Option and Stock Award Plan, the 1996 Director Stock Purchase Plan and the 1988 Stock Plan, the Company has a long-term compensation program for directors, executive officers and key employees involving shares of

Notes to Consolidated Financial Statements (continued)

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, 1996, such retainer fee was equivalent to a fair market value of \$15,000 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, 1996, the total deferred grants for non-employee directors were 27,681 shares of NUI common stock, an increase of 6,585 shares during fiscal 1996.

Shares granted as long-term compensation for executive officers and key employees amounted to 65,113 shares in fiscal 1996, 17,620 shares in fiscal 1995 and 15,730 shares in fiscal 1994. As of September 30, 1996, a total of 87,297 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, 1993	16,450	\$14.42-\$17.625
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, 1996	9,800	\$15.77-\$17.625

As of September 30, 1996, 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. The ESOP is completing its allocation of plan assets among participant's accounts in accordance with a private letter ruling issued by the Internal Revenue Service in October 1996 at the request of the Company. Upon completion of the allocations, which is expected in fiscal 1997, the ESOP indebtedness will be satisfied.

The Company incurred ESOP contribution expense amounting to \$0.2 million in both fiscal 1996 and 1995, and \$0.9 million in fiscal 1994. As of September 30, 1996, the ESOP trust held 113,895 shares of NUI common stock, of which 62,047 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.

5. Notes Payable to Banks

At September 30, 1996, the Company's outstanding notes payable to banks were \$54.9 million with a combined weighted average interest rate of 5.8%. Unused lines of credit at September 30, 1996 were \$76 million.

The weighted average daily amount outstanding of notes payable to banks and the weighted average interest rate on that amount was \$39.9 million at 5.6% in fiscal 1996, \$58 million at 5.9% in fiscal 1995

and \$82 million at 4.1% in fiscal 1994.

6. Leases

Utility plant held under capital leases amounted to \$23.5 million at September 30, 1996 and \$22.9 million at September 30, 1995, with related accumulated amortization of \$11.5 million and \$10.3 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):

1997		\$ 2,582
1998		2,397
1999		8,875
2000		415
2001		300
2002 and thereafter		344
Total future minimum payments		14,913
Amount representing interest		(2,813)
Current portion of capital lease obligations		(1,634)
Capital lease obligation		<u>\$ 10,466</u>

Minimum payments under noncancelable operating leases, which relate principally to office space, are approximately \$4.1 million in fiscal 1997, \$3.8 million in fiscal 1998, \$3.7 million in fiscal 1999, \$3.8 million in fiscal 2000 and \$3.9 million in fiscal 2001.

Rents charged to operations expense were \$4.6 million in both fiscal 1996 and fiscal 1995, and \$4.3 million in fiscal 1994.

7. Financial Instruments

As of September 30, 1996 and 1995, the market value of the Company's investments in marketable securities exceeded their cost by approximately \$623,000 and \$372,000, respectively, which unrealized gain is reflected net of deferred income taxes in the accompanying consolidated balance sheet as a component of shareholders' equity.

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 \$11 million and \$8 million as of September 30, 1996 and 1995, respectively. 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):

	1996	1995	1994
Currently payable	\$ 647	\$ 833	\$ (4,102)
Deferred, net	7,569	2,005	6,893
Amortization of investment tax credits	(467)	(468)	(476)
Total provision for Federal income taxes	<u>\$7,749</u>	<u>\$ 2,370</u>	<u>\$ 2,315</u>

Notes to Consolidated Financial Statements (continued)

The components of the Company's net deferred tax liability (asset) as of September 30, 1996 and 1995 are as follows (in thousands):

	1996	1995
Depreciation and other utility plant differences	\$ 47,700	\$ 45,142
Plant acquisition adjustments	11,254	11,650
Alternative minimum tax credit	(2,984)	(4,632)
Unamortized investment tax credit	(2,306)	(2,467)
Deferred charges and regulatory assets	8,864	5,882
Gross receipts and franchise taxes	2,559	3,132
Other	(6,037)	(6,761)
	<u>\$ 59,050</u>	<u>\$ 51,946</u>

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):

	1996	1995	1994
Income before Federal income taxes	\$22,645	\$ 7,888	\$13,095
Federal income taxes computed at statutory tax rate (35% in fiscal 1996 and 34% in both fiscal 1995 and 1994)	7,926	2,682	4,452
Increase (reduction) resulting from:			
Excess of book over tax depreciation	360	367	373
Amortization of investment tax credits	(467)	(468)	(476)
Adjustments of prior years' taxes	—	—	(1,770)
Other, net	(70)	(211)	(264)
Total provision for Federal income taxes	7,749	2,370	2,315
Provision (benefit) for state income taxes	395	756	(212)
Total provision for income taxes	8,144	3,126	2,103
(Less) provision included in other income and expense	(333)	(240)	(5)
Provision for income taxes included in operating expenses	<u>\$ 7,811</u>	<u>\$ 2,886</u>	<u>\$ 2,098</u>

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):

	1996	1995	1994
Service cost	\$ 1,973	\$ 2,044	\$ 2,579
Interest cost	6,103	5,290	5,016
Actual return on plan assets	(15,076)	(20,072)	(163)
Net amortization and deferral	6,653	11,949	(7,035)
Special termination benefits	—	4,083	—
Pension expense (credit)	<u>\$ (347)</u>	<u>\$ 3,294</u>	<u>\$ 397</u>

The status of the Company's funded plans as of September 30 was as follows (in thousands):

	1996	1995
Actuarial present value of benefit obligations:		
Vested benefits	\$67,142	\$64,125
Non-vested benefits	2,531	2,626
Accumulated benefit obligations	69,673	66,751
Projected increases in compensation levels	11,725	15,658
Projected benefit obligation	81,398	82,409
Market value of plan assets	109,952	96,910
Plan assets in excess of projected benefit obligation	28,554	14,501
Unrecognized net gain	(22,756)	(11,175)
Unrecognized prior service cost	775	888
Unrecognized net transition asset	(3,272)	(3,924)
Deferred special termination benefits	—	(573)
Pension prepayment (liability)	\$ 3,299	\$ (283)

The projected benefit obligation was calculated using a discount rate of 8% in fiscal 1996 and 7.5% in fiscal 1995 and an assumed annual increase in compensation levels of 4% in fiscal 1996 and 5% in fiscal 1995. 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 \$2.6 million as of September 30, 1996 and \$3.1 million as of September 30, 1995, and the expense for this plan was approximately \$0.4 million in both fiscal 1996 and fiscal 1995, and \$0.5 million in fiscal 1994.

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.

The Company accounts for these plans under 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, 1996 and 1995 were as follows (in thousands):

	1996	1995
Service cost	\$ 600	\$ 518
Interest cost	2,096	1,713
Amortization of transition obligation	1,028	1,028
Other	115	132
Net postretirement expense	3,839	3,391
Benefits paid	(1,284)	(1,352)
Increase in accrued postretirement benefit obligations	\$ 2,555	\$ 2,039

Notes to Consolidated Financial Statements (continued)

The status of the Company's postretirement plans other than pensions as of September 30, 1996 and 1995 was as follows (in thousands):

	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	\$19,905	\$15,045
Fully eligible active plan participants	3,095	3,729
Other active plan participants	6,721	6,725
Total accumulated postretirement benefit obligations	29,721	25,499
Unrecognized transition obligation	(17,475)	(18,503)
Unrecognized net gain (loss)	(4,113)	(1,844)
Unrecognized prior service cost	(426)	—
Accrued postretirement benefit obligation	\$ 7,707	\$ 5,152

The health care trend rate assumption is 11.85% in 1997 gradually decreasing to 5.5% for the year 2006 and later. The discount rate used to compute the accumulated postretirement benefit obligation was 8% in fiscal 1996 and 7.5% in fiscal 1995. 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 \$4 million and the aggregate annual service and interest costs by approximately \$0.5 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.

On August 1, 1996, the NJBPU issued a generic order setting forth certain guidelines under which mechanisms would be established for New Jersey utilities to recover postretirement benefits expense other than pensions in accordance with SFAS 106 and the EITF consensus, without being required to file a base rate case. The Company expects that this proceeding will be concluded and an order will be issued by the NJBPU in early 1997, pursuant to which the Company will be able to seek rate recovery of these costs. The Company will also seek ratemaking treatment consistent with the EITF consensus in the other states in which it operates.

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 \$57 million in fiscal 1997.

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.

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, as of September 30, 1996, 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 20 years. The reserve, which includes remediation costs for seven 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 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 last 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, 1996, reflecting the future recovery of environmental remediation liabilities related to the Northern Division MGP sites. In July 1996, the NJBPU approved a petition filed by the Northern Division to establish an MGP Remediation Adjustment Clause ("RAC"). The RAC enables the Company to recover actual MGP expenses over a rolling seven year period. On September 3, 1996, the Company made its initial filing under the RAC to begin recovery of \$3.1 million of environmental costs incurred from inception through June 30, 1996. A decision is expected in early fiscal 1997. 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

Notes to Consolidated Financial Statements (continued)

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 Southern Division MGP sites, the Company recorded remediation costs of \$3.7 million in fiscal 1994 and 1995 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 \$75 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 10 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 \$11 million of such costs through September 30, 1996. All of such costs, except for costs incurred by the Company's Pennsylvania operation, have been authorized for recovery through the Company's purchased gas adjustment clauses. The Company recently filed for and expects full recovery of such costs in Pennsylvania, as well. The Company currently estimates that its remaining Order No. 636 transition obligation will be approximately \$7 million, which it expects also to recover through its 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
1996:				
Operating Revenues	\$124,650	\$170,855	\$95,370	\$78,103
Operating Income (Loss)	11,420	19,161	3,372	(1,072)
Net Income (Loss)	6,446	14,455	(1,003)	(5,002)
Net Income (Loss) Per Share	0.70	1.58	(0.10)	(0.45)
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)	(0.53)

Quarterly net income (loss) per share in fiscal 1996 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.

Report of Independent Public Accountants

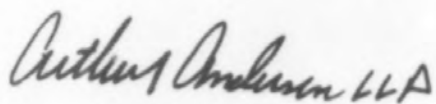
NUI Corporation and Subsidiaries

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 as of September 30, 1996 and 1995, and the related consolidated statements of income, cash flows and shareholders' equity, for each of the three years in the period ended September 30, 1996. 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, 1996 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1996, in conformity with generally accepted accounting principles.



Arthur Andersen LLP

New York, New York

November 19, 1996

Summary of Consolidated Operating Data

NUI Corporation and Subsidiaries

Operating Revenues (Dollars in thousands)

	Fiscal Years Ended September 30,				
	1996	1995	1994	1993	1992
Firm Sales:					
Residential	\$193,842	\$173,395	\$191,297	\$172,749	\$147,650
Commercial	107,444	98,541	110,574	97,966	80,470
Industrial	25,321	20,083	25,809	23,066	21,928
Interruptible Sales	50,650	48,282	53,077	48,254	32,758
Unregulated Sales	54,845	7,498	1,426	1,757	—
Transportation Services	23,087	17,696	13,273	12,154	10,410
Customer Service, Appliance Leasing and Other	13,789	10,950	9,784	11,510	9,213
Total	\$468,978	\$376,445	\$405,240	\$367,456	\$302,429

Gas Sold or Transported (MMcf)

Firm Sales:					
Residential	24,810	21,276	22,558	21,019	20,251
Commercial	16,575	15,455	16,175	14,918	14,006
Industrial	5,407	5,217	5,323	4,781	5,052
Interruptible Sales	14,632	18,365	16,024	13,627	11,142
Unregulated Sales	19,175	3,398	689	904	—
Transportation Services	25,051	22,154	17,290	16,439	14,816
Total	105,650	85,865	78,059	71,688	65,267

Average Utility Customers Served

Firm:					
Residential	332,440	328,644	312,515	297,384	295,153
Commercial	24,484	24,519	22,638	20,995	20,649
Industrial	338	430	382	377	402
Interruptible	120	118	101	105	104
Transportation	668	184	137	87	69
Total	358,050	353,895	335,773	318,948	316,377

Degree Days in New Jersey (normal: 4,978)

Employees (year end)	5,343	4,333	4,944	4,703	4,880
	1,086	1,079	1,186	1,011	979

Five Year Financial Review

NUI Corporation and Subsidiaries

(Dollars in thousands, except per share data)

	1996	1995	1994	1993	1992
Income Statement Data					
Operating Revenues	\$ 468,978	\$ 376,445	\$ 405,240	\$ 367,456	\$ 302,429
Operations and Maintenance Expenses	\$ 94,497	\$ 90,523	\$ 90,904	\$ 80,865	\$ 76,899
Operating Income	\$ 32,881	\$ 23,859	\$ 25,840	\$ 26,724	\$ 25,321
Interest Expense	\$ 18,610	\$ 18,781	\$ 15,566	\$ 13,768	\$ 14,980
Net Income	\$ 14,896	\$ 5,517	\$ 10,780	\$ 13,810	\$ 11,808
Net Income, excluding non-recurring items	\$ 14,896	\$ 11,074	\$ 9,586	\$ 13,810	\$ 11,808
Per Share of Common Stock					
Net Income	\$ 1.52	\$.60	\$ 1.25	\$ 1.70	\$ 1.68
Net Income, excluding non-recurring items	\$ 1.52	\$ 1.21	\$ 1.11	\$ 1.70	\$ 1.68
Dividends Paid Per Share	\$.90	\$.90	\$ 1.60	\$ 1.59	\$ 1.58
Assets (as of fiscal year end)					
Utility Plant, at Original Cost	\$ 630,909	\$ 597,360	\$ 566,982	\$ 483,853	\$ 447,610
Net Utility Plant	\$ 464,300	\$ 448,071	\$ 426,692	\$ 347,212	\$ 323,220
Additions to Utility Plant	\$ 37,059	\$ 37,918	\$ 55,785	\$ 39,595	\$ 31,332
Total Assets	\$ 677,966	\$ 610,165	\$ 601,648	\$ 483,911	\$ 467,321
Funds for Construction Held by Trustee	\$ 44,652	\$ 14,405	\$ 26,906	\$ 24,184	\$ 34,123
Capitalization Data (as of fiscal year end)					
Current Portion of Long-Term Debt and Capital Lease Obligations	\$ 2,584	\$ 1,759	\$ 2,761	\$ 3,882	\$ 7,550
Notes Payable to Banks	\$ 54,895	\$ 37,935	\$ 110,125	\$ 69,325	\$ 46,375
Capital Lease Obligations	\$ 10,466	\$ 11,114	\$ 11,932	\$ 12,290	\$ 13,422
Long-Term Debt	\$ 230,100	\$ 222,060	\$ 160,928	\$ 142,090	\$ 131,546
Common Shareholders' Equity	\$ 179,107	\$ 140,912	\$ 142,768	\$ 122,384	\$ 116,933
Capitalization (% of total)					
Current Portion of Long-Term Debt and Capital Lease Obligations	1%	1%	1%	1%	2%
Notes Payable to Banks	11%	9%	26%	20%	15%
Capital Lease Obligations	2%	2%	3%	4%	4%
Long-Term Debt	48%	54%	37%	40%	42%
Common Shareholders' Equity	38%	34%	33%	35%	37%
Common Stock Data (as of fiscal year end)					
Aggregate Market Value	\$ 210,634	\$ 152,967	\$ 167,115	\$ 237,829	\$ 188,846
Market Value per Share	\$ 19.00	\$ 16.625	\$ 18.25	\$ 29.00	\$ 23.50
Book Value Per Share	\$ 16.16	\$ 15.31	\$ 15.59	\$ 14.93	\$ 14.55
Common Shares Outstanding (thousands)	11,086	9,201	9,157	8,201	8,036

Notes:

- Net income for 1995 includes restructuring and other non-recurring charges amounting to \$5.6 million (after tax), or \$0.61 per share.
- Net income for 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.

Board of Directors

John Kean, 67
Chairman of the Board,
NUI Corporation
Director since 1969
(3, 4)

John Kean, Jr., 39
President and
Chief Executive Officer,
NUI Corporation
Director since 1995
(3)

R. Van Whisnand, 52
Senior Vice President,
Fox Asset Management
Director since 1982
(2, 3)

Vera King Farris, 56
President,
The Richard Stockton
College of New Jersey
Director since 1994
(2, 4)

John Winthrop, 60
President, John Winthrop
& Co., Inc.
Director since 1978
(1, 4)

Calvin R. Carver, 71
Retired NUI
Corporation Executive,
Director since 1969
(4, 3, 4)

Bernard S. Lee, 62
President and
Chief Executive Officer,
Institute of Gas
Technology
Director since 1992
(1, 2)

James J. Forese, 60
Executive Vice President
IKON Office Solutions
President
International Operations
Director since 1978
(1, 2, 3)



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