



ORIGINAL

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NUI Corporation (NYSE: NUI)

December 30, 1997

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

Re: Docket No. 960547-GU Application
for Approval to Issue and Sell Securities
for the Twelve Months Ending September 30, 1997

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
Mary Patricia Keefe
Mary Patricia Keefe
Regulatory Counsel

- ACK _____
- AFA 1 _____
- APP _____
- CAF _____ Encl.
- CM _____
- CTR _____
- EAG 1 _____
- LEG 1 _____
- LF _____
- OP _____
- RM _____
- SSC _____

- Letter Only*
- W-5 NUI Companies and Affiliates
- City Gas Company of Florida
- Elizabethtown Gas
- Elkton Gas
- North Carolina Gas

- NUI Capital Corp
- NUI Energy
- NUI Energy Brokers
- NUI Environmental Group

DOCUMENT NUMBER DATE

13291 DEC 30 1997

Enterprises, LLC
Utility Business Services
Valley Cities Gas
Waverly Gas
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for approval to issue)
sell securities for the twelve months ending)
September 30, 1997 by NUI)
CORPORATION, d/b/a CITY GAS)
COMPANY OF FLORIDA)
_____)

DOCKET NO. 960547-GU

FILED: December 30, 1997

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

Pursuant to Order No. PSC-97-0822-FOF-GU (with respect to the period ending September 30, 1997 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, 1996 to September 30, 1997 pursuant to the authorization conferred by the aforementioned orders.

Securities Issuance

1. In July of 1997, the Company refinanced tax exempt debt issued in 1991. The New Jersey Economic Development Authority ("NJEDA") issued \$54,600,000 Gas Facilities Refunding Revenue Bonds, 1997 Series A at 5.7% and loaned the proceeds to the Company.

2. The interest rate on the thirty year bonds was 5.7%. The proceeds were loaned to the Company and placed in a fund with the Bank of New York as Trustee.

3. A description of the securities is included in the Official Statement attached as Exhibit 1 (A); a statement of issuance expenses is attached as Exhibit 1(B); copies of petitions and orders with respect to other regulatory bodies are attached as Exhibits 1 (C),and (D); copies of all contracts, underwritings and other arrangements providing for the sale or marketing of the securities are marked as Ex 1 (E), (F), and (G); information with respect to the underwriters is included in the Official Statement. Executed copies of these exhibits are being filed under separate cover.

4. NUI Corporation's Capitalization as of September 30, 1997, Annual Debt Interest and Preferred Stock Dividend Requirements as of September 30, 1997 and Pretax Interest Coverage for the fiscal year ended September 30, 1997 are attached as Exhibit 4(A).

5. In September of 1997, NUI Corporation issued 1,011,400 shares of common stock at \$23.25 per share through a public offering. Approximately \$22,690,759 was realized from the issuance. The net proceeds were used for repaying a portion of the Company's short-term indebtedness and general corporate purposes. A description of the shares is included in the Final Prospectus attached as Exhibit 3 (A); a statement of issuance expenses is attached as Exhibit 3 (B); a copy of the opinion of counsel with respect to the legality of the issue is attached as Exhibit 3 (C); a copy of the Registration with the Securities and Exchange Commission is attached as Exhibit 3 (D); copies of petitions and orders with respect to other regulatory bodies are attached as Exhibits 3 (E) (F)and (G); the underwriting agreement is attached as Exhibit 3 (H); information with

respect to the underwriters is included on page of the Final Prospectus attached as Exhibit 3 (A).

6. NUI Corporation's Form 10-K for the Fiscal Year Ended, September 30, 1997 is attached as Exhibit 4(A); NUI Corporation's Annual Report to Shareholders for the Fiscal Year Ended September 30, 1997 is attached as Exhibit 4(B).



PRELIMINARY OFFICIAL STATEMENT DATED JUNE 6, 1997

NEW ISSUE — Book-Entry Only

In the opinion of Bond Counsel to the Authority, assuming compliance by the Authority and the Company with certain tax covenants described herein, based upon existing statutes, regulations, rulings and court decisions, (a) interest on the 1997 Series A Bonds is not includable for federal income tax purposes in the gross income of the owners of the 1997 Series A Bonds, pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to such exclusion of interest on any 1997 Series A Bond for any period during which such 1997 Series A Bond is held by a person who, within the meaning of Section 147(a) of the Code, is a "substantial user" of the facilities refinanced with the proceeds of the 1997 Series A Bonds or a "related person," and (b) interest on the 1997 Series A Bonds is an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the 1997 Series A Bonds and any gain from the sale of the 1997 Series A Bonds are not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for certain qualifications and conditions.

\$54,600,000

**New Jersey Economic Development Authority
% Gas Facilities Refunding Revenue Bonds, 1997 Series A
(NUI Corporation Projects)**

Price: %

(Plus accrued interest from June 1, 1997)

Dated: June 1, 1997

Due: June 1, 2032

The 1997 Series A Bonds will be limited obligations of the New Jersey Economic Development Authority (the "Authority"), and are secured solely by the pledge of payments required to be made to the Authority pursuant to a Loan Agreement between the Authority and



The 1997 Series A Bonds will be subject to redemption prior to maturity and will be transferable and exchangeable, as more fully described herein.

Interest will be payable on the 1997 Series A Bonds on December 1, 1997 and semi-annually thereafter on each June 1 and December 1. The 1997 Series A Bonds will be issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 1997 Series A Bonds. Individual purchases of the 1997 Series A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof and, except under the limited circumstances described herein, beneficial owners of the 1997 Series A Bonds will not receive certificates representing their ownership interests. Principal of and premium, if any, on the 1997 Series A Bonds will be payable by The Bank of New York, as trustee (the "Trustee"). Interest on the 1997 Series A Bonds will be payable by check or draft mailed to the person whose name appears as the registered owner thereof on the registration books of the Authority maintained by the Trustee. So long as DTC or its nominee, Cede & Co., is the registered owner of the 1997 Series A Bonds, such payments will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and subsequent disbursement of such payments to the beneficial owners is the responsibility of such participants as more fully described herein under "The 1997 Series A Bonds — The DTC Book-Entry-Only System".

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 THE 1997 SERIES A BONDS. THE 1997 SERIES A 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 PAYMENT OF THE 1997 SERIES A BONDS. THE 1997 SERIES A BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

The 1997 Series A Bonds are offered, subject to prior sale, when, as and if issued by the Authority, and accepted by the purchasers, subject to the approval of legality by Crummy, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation, Newark, New Jersey, Bond Counsel. It is expected that the 1997 Series A Bonds will be available for delivery through the book-entry facilities of DTC on or about July 1, 1997, against payment therefor in immediately available funds.

**SEALED BIDS FOR THE 1997 SERIES A BONDS
WILL BE RECEIVED UNTIL 11:00 A.M. NEW YORK TIME
ON JUNE 12, 1997 AT THE OFFICES OF
REID & PRIEST LLP, 30TH FLOOR,
40 WEST 57TH STREET, NEW YORK, NEW YORK 10019**

Dated: June 1, 1997

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an 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 such jurisdiction.

The information contained in this Official Statement has been obtained from the Authority (with respect to the information contained under the caption "The Authority"), NUI Corporation and other sources deemed reliable. No representation or warranty is made as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or shall be relied upon as, a promise or representation by any Purchaser. This Official Statement is delivered in connection with the sale of the 1997 Series A Bonds referred to herein, and may not be reproduced or used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that information herein or in Appendix A hereto is correct as of any time subsequent to its date.

No broker, dealer, salesman or any other person has been authorized to give any information or to make any representation other than as contained or incorporated by reference in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, NUI Corporation, the Trustee or the Purchasers. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not authorized or qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale.

Upon issuance, the 1997 Series A Bonds will not be registered under the Securities Act of 1933 or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy of the Official Statement or, except for the Authority, approved the 1997 Series A Bonds for sale.

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\$54,600,000

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

___% GAS FACILITIES REFUNDING REVENUE BONDS, 1997 SERIES A

(NUI Corporation Projects)

INTRODUCTORY STATEMENT

This Official Statement, including the Appendices hereto, is provided to furnish information in connection with the sale by the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "State"), of its ___% Gas Facilities Refunding Revenue Bonds, 1997 Series A (NUI Corporation Projects, in the aggregate principal amount of \$54,600,000 (the "1997 Series A Bonds"), to be issued pursuant to a Trust Indenture, dated as of June 1, 1997 (the "Indenture"), between the Authority and The Bank of New York, as Trustee (the "Trustee"). The 1997 Series A Bonds are being issued to provide funds to redeem all of the Authority's outstanding 6.75% Gas Facilities Revenue Bonds 1991 Series A (Elizabethtown Gas Company Project) (the "1991 Series A Bonds"), and 6.625% Gas Facilities Revenue Bonds 1991 Series B (Elizabethtown Gas Company Project) (the "1991 Series B Bonds"), in the aggregate principal amounts of \$46,200,000 and \$8,400,000, respectively (together referred to herein as the "1991 Bonds"). The 1991 Bonds were issued to finance gas facilities and functionally related and subordinate equipment consisting of supply mains, distribution mains, service lines, meters and miscellaneous equipment, located in Union and Middlesex Counties, New Jersey (the "Series 1991 A Project") and Sussex County, New Jersey (the "Series 1991 B Project") (collectively, the "Projects").

The proceeds of the 1997 Series A Bonds will be loaned by the Authority to NUI Corporation, a New Jersey corporation (the "Company"), pursuant to a Loan Agreement dated as of June 1, 1997, between the Authority and the Company (the "Loan Agreement"). The 1997 Series A Bonds will be payable from amounts payable by the Company to the Trustee under the Loan Agreement, which correspond to the principal, redemption premium, if any, and interest payments on the 1997 Series A Bonds, provided that such payments will be reduced to the extent that other moneys on deposit with the Trustee are available for such purpose at the respective times such payments on the 1997 Series A Bonds are due.

Brief descriptions of the Authority, the 1997 Series A Bonds, the Loan Agreement and the Indenture are included in this Official Statement. For information concerning the Company, see "Appendix A." All references herein to the Loan Agreement and the Indenture are qualified in their entirety by reference to such documents, and references herein to the 1997 Series A Bonds are qualified in their entirety by reference to the form thereof included in the Indenture, and the information with respect thereto included in the aforesaid documents, copies of all of which are available for inspection at the principal corporate trust office of the Trustee. During

the period of the offering, copies of such documents will also be available at the principal office of the Company.

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 THE 1997 SERIES A BONDS. THE 1997 SERIES A 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 PAYMENT OF THE 1997 SERIES A BONDS. THE 1997 SERIES A 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 pursuant to the New Jersey Economic Development Authority Act, constituting Chapter 80 of the Pamphlet Laws of 1974 of the State, as amended (the "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 1997 Series A Bonds).

The Act provides that neither the members of the Authority nor any person executing bonds issued pursuant to the Act shall be liable personally on such bonds by reason of the issuance thereof, and that 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 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 obligating, the State or any political subdivision thereof.

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 Insurance 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 the 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 alternative members, one alternate member (who shall not be a legislator) is appointed by the Governor upon the recommendation of the Senate President, and one alternate member (who shall not be a legislator) is appointed by the Governor upon the recommendation of the Speaker of the General Assembly.

The executive staff of the Authority includes professionals in the fields of industrial and commercial development and management, finance and mortgage lending. Caren S. Franzini is the Executive Director. The Authority maintains offices at Capital Place One, 200 South Warren Street, CN 990, Trenton, New Jersey 08625.

USE OF PROCEEDS AND REFUNDING PLAN

The proceeds of the 1997 Series A Bonds (net of accrued interest) will be applied toward the refinancing of a portion of the costs of the Project by means of refunding the 1991 Bonds. Proceeds of the 1997 Series A Bonds, together with interest to be earned thereon and other funds of the Company, will be applied to pay the redemption price (101%) of all of the Authority's outstanding 1991 Bonds and interest accrued on such 1991 Bonds to the redemption date.

THE 1997 SERIES A BONDS

General

The 1997 Series A Bonds will be issued in the aggregate principal amount, mature on the date and bear interest at the rate per annum set forth on the cover page hereof. The 1997 Series A Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests from DTC in the 1997 Series A Bonds will be made in book-entry form only (without certificates) in the principal amount of \$5,000 or any integral multiple thereof. For so long as Cede & Co., as nominee of DTC, is the registered owner of the 1997

Series A Bonds, payments of the principal, premium, if any, and interest on the 1997 Series A Bonds will be made directly to DTC by wire transfer in same day funds. Disbursement of such payments to DTC Participants is the responsibility of DTC and subsequent disbursement of such payments to the Beneficial Owners is the responsibility of such Participants, each such term as hereinafter defined. See "The 1997 Series A Bonds - The DTC Book-Entry-Only System". In the event that the 1997 Series A Bonds shall be registered in the names of the Beneficial Owners thereof, the principal of, premium, if any, and interest due at maturity (or earlier redemption pursuant to the terms of the Indenture) on the 1997 Series A Bonds will be payable at the corporate trust office of the Trustee and payment of interest (except interest due at maturity or earlier redemption) on the 1997 Series A Bonds will be made to the holder thereof as of the Record Date described below by check or draft mailed to such holder at the address as it appears on the registration books maintained by the Trustee. Interest on the 1997 Series A Bonds will be payable on December 1, 1997, and semiannually thereafter on June 1 and December 1 of each year (each, an "Interest Payment Date"). The record date (the "Record Date") is the fifteenth day of the calendar month next preceding an interest payment date.

The DTC Book-Entry-Only System

DTC will act as securities depository for the 1997 Series A Bonds. The 1997 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered 1997 Series A Bond certificate will be issued for the 1997 Series A Bonds, and will be deposited with DTC.

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 (the "Exchange Act"). 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 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", and together with the Direct Participants, the "Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of 1997 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 1997 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 1997 Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect 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 Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 1997 Series A 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 1997 Series A Bonds, except in the event that use of the book-entry system for the 1997 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 1997 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of 1997 Series A 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 1997 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 1997 Series A 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 Direct Participants and Indirect 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 1997 Series A Bonds 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 the 1997 Series A 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 1997 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium if any, and interest payments on the 1997 Series A 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 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 Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal, premium if any, and interest to DTC is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the

responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 1997 Series A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 1997 Series A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 1997 Series A 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 Authority believes to be reliable, but the Authority, the Company and the Purchasers take no responsibility for the accuracy thereof.

Source of Payment and Security

The 1997 Series A Bonds are limited obligations of the Authority payable solely from the revenues of the Authority derived from payments by the Company under the Loan Agreement and from other moneys made available to the Trustee for such purposes. The Authority has assigned to the Trustee all of its rights under the Loan Agreement (except for rights relating to certain payments of administrative expenses, indemnification, receipt of notices, consents and, unless the Trustee has declared that the payment of all amounts due under the Loan Agreement has been accelerated, to enforcement of the Company's covenants and undertakings therein).

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 THE 1997 SERIES A BONDS. THE 1997 SERIES A 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 1997 SERIES A BONDS. THE 1997 SERIES A BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

Redemption Provisions

The 1997 Series A Bonds are subject to redemption only as described below:

Optional Redemption. The 1997 Series A Bonds are subject to redemption prior to maturity at any time on or after June 1, 2007, at the option of the Authority, upon the written direction of the Company, in whole or in part, but if in part by random selection in any manner

deemed by the Trustee to be fair and appropriate, at the applicable optional redemption price shown below as a percentage of the principal amount, plus interest accrued to the redemption date:

Redemption Period	Optional Redemption Price
June 1, 2007 to May 31, 2008	102%
June 1, 2008 to May 31, 2009	101%
June 1, 2009 and thereafter	100%

Extraordinary Optional Redemption. The 1997 Series A Bonds are subject to extraordinary optional redemption at any time prior to maturity in whole or in part, but if in part by random selection in any manner deemed by the Trustee to be fair and appropriate, at the option of the Authority, upon the written direction of the Company, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date, upon the occurrence of any of the following events:

- (a) the Company shall have determined that operation of the Projects or some part of the Projects is impracticable, uneconomical or undesirable for any reason; or
- (b) all or substantially all of any part of the Projects shall have been condemned or taken by eminent domain; or
- (c) operation of the Projects, or operation of any part of the Projects, 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.

The Loan Agreement provides that upon the occurrence of any of the events described in the foregoing clauses (a), (b) or (c), the Company shall exercise its option, if at all, to direct the Authority to redeem all or any part of the 1997 Series A Bonds for extraordinary optional redemption not later than 180 days following occurrence of any such event.

Mandatory Redemption. The 1997 Series A Bonds will be subject to mandatory redemption by the Authority prior to maturity at any time, in whole, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date, if it is finally determined by the Internal Revenue Service or a court of competent jurisdiction that, as a result of (i) a failure by the Company to observe any covenant or agreement to be observed by the Company in the Loan Agreement, or (ii) the inaccuracy of any representation of the Company contained in the Loan Agreement, the interest payable on the 1997 Series A Bonds is includable for federal income tax purposes in the gross income of any holder of a 1997 Series A Bond, other than a holder who, within the meaning of Section 147 of the Internal Revenue Code of 1986, as amended (the "Code"), is a "substantial user" of the Projects or a "related person" thereto; provided, that if redemption of less than all of the 1997 Series A Bonds will preserve the

tax-exempt status of interest payable on the remaining 1997 Series A Bonds, then only such amount as will accomplish such preservation need be redeemed. The Authority shall notify the Trustee of such amount and the 1997 Series A Bonds to be redeemed are to be selected randomly in any manner deemed by the Trustee to be fair and appropriate, or as otherwise specified in the determination. Any such determination will not be considered final for this purpose unless the Company has been given written notice thereof and, if it so desires, has been afforded the opportunity to contest the same, either directly or in the name of any holder of 1997 Series A Bond, or to direct the contesting of the same by such holder, until the conclusion of any appellate review, if sought. Any such redemption shall be on the earliest practicable date within 180 days following the date of such final determination. Such failure by the Company to observe such covenant or agreement, or the inaccuracy of such representation in the Loan Agreement shall not in and of itself constitute an Event of Default under the Loan Agreement or the Indenture.

If a mandatory redemption occurs as a result of such a final determination, holders of the 1997 Series A Bonds may receive, for a period of time following such determination, interest that must be included in gross income for federal income tax purposes. If the 1997 Series A Bonds are redeemed within 180 days of such a final determination, the Indenture provides holders with no other remedy, even if interest on the 1997 Series A Bonds must be included in gross income retroactively to the date of issue.

The Loan Agreement provides that in the event the Company receives notice from the Trustee pursuant to the terms of the Indenture that a proceeding has been instituted against a Bondholder or former Bondholder, which proceeding could lead to a final determination that interest on the 1997 Series A Bonds is includable for federal income tax purposes in the gross income of any Bondholder and to mandatory redemption of the 1997 Series A Bonds as contemplated by the Indenture, the Company shall promptly notify the Trustee and the Authority whether it intends to contest, or direct the contesting of, such proceeding. In the event that the Company chooses to so contest or so direct, the Company covenants in the Loan Agreement that it will use its best efforts to obtain a prompt final determination or decision in such proceeding or litigation and will keep the Trustee and the Authority informed of the progress of any such proceeding or litigation.

The 1997 Series A Bonds will also be subject to mandatory redemption prior to maturity at any time at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date, if the Authority has notified the Trustee and the Company that (i) the Company has ceased to operate the Projects or to cause the Projects 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 of the Company in the Loan Agreement or in any other document furnished in connection with the Loan 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.

With respect to a mandatory redemption described in clause (i) of the preceding paragraph that is applicable to (a) the 1991 Series A Project, only the portion of the aggregate principal amount of the 1997 Series A Bonds equal to the aggregate principal amount of the 1991

Series A Bonds shall be subject to such redemption, and (b) the 1991 Series B Project, only the portion of the aggregate principal amount of the 1997 Series A Bonds equal to the aggregate principal amount of the 1991 Series B Bonds shall be subject to such redemption. With respect to a mandatory redemption described in clause (ii) of the preceding paragraph, the 1997 Series A Bonds shall be subject to redemption in whole.

Notice of Redemption. As provided in the Indenture, the Trustee shall provide notice of redemption by registered or certified mail not less than 30 nor more than 60 days prior to the redemption date, to each owner of 1997 Series A Bonds to be redeemed at his registered address as it appears on the registration books kept by the Trustee, but failure to mail any such notice or any defect in respect of such mailing shall not affect the validity of such redemption. After the redemption date specified in such notice, the 1997 Series A Bonds or portion thereof so called will cease to bear interest, provided funds for their payment have been deposited with the Trustee, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding thereunder.

With respect to notice of any optional or extraordinary optional redemption of the 1997 Series A Bonds, as described above, unless moneys sufficient to pay the principal of and premium, if any, and interest on the 1997 Series A 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 1997 Series A Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Exchange and Transfer

The Trustee shall keep the registration books for the 1997 Series A Bonds at its corporate trust office. Subject to the further conditions contained in the Indenture, the 1997 Series A Bonds may be transferred or exchanged for other 1997 Series A Bonds of any authorized denomination in the same aggregate principal amount. The Authority and the Trustee shall not be required to (i) issue, exchange or transfer of 1997 Series A Bonds during the period commencing on the 10th day before the mailing of a notice of partial redemption and ending on the date of such mailing or, (ii) make any exchange or transfer of 1997 Series A Bonds called for redemption. For every such exchange or transfer of 1997 Series A Bonds, the Authority and the Trustee will make no service charge except a charge sufficient to reimburse them for any tax, fee or other governmental charge that may be imposed with respect to such exchange or transfer. In the event a 1997 Series A Bond is mutilated, lost, stolen or destroyed, the Authority may execute, and the Trustee may authenticate and deliver, a new 1997 Series A Bond in accordance with the provisions therefor in the Indenture, and the Authority and the Trustee may charge the holder of such 1997 Series A Bond with costs in this connection and may require indemnity in such case. The Authority and the Trustee shall be entitled to treat the registered owners of the 1997 Series A Bonds, as their names appear on the registration books as of the appropriate date, as the owner of such 1997 Series A Bonds for all purposes under the Indenture.

THE LOAN AGREEMENT

The following is a brief description of the Loan Agreement to which reference is made for the detailed provisions thereof. Capitalized terms used in this section and not defined in this Official Statement shall have the respective meanings assigned thereto in the Loan Agreement.

General

The Authority will obtain a portion of the funds necessary to redeem the 1991 Bonds by issuing the 1997 Series A Bonds, and will (i) deposit in the Bond Fund a sum equal to the accrued interest, if any, on the 1997 Series A Bonds paid by the purchasers thereof and (ii) transfer to the trustee for the 1991 Bonds the remainder of the proceeds of the sale of the 1997 Series A Bonds for deposit into the bond funds for the 1991 Bonds. The remaining funds necessary to redeem the 1991 Bonds will be provided by the Company.

Payment Obligations Under Loan Agreement

The Company agrees in the Loan Agreement to make payments to the Trustee for the benefit of the Bondholders corresponding to the principal, premium, if any, and interest payments on the 1997 Series A Bonds; provided that such payments will be reduced to the extent that other moneys on deposit with the Trustee at the respective times such payments on the 1997 Series A Bonds are due are available for such purpose. Such payments are to be made at the times and in the amounts necessary to pay amounts due, whether by reason of acceleration or otherwise, on the 1997 Series A Bonds. In addition, the Company agrees to pay all reasonable fees and expenses of the Trustee and all reasonable expenses of the Authority. The Company's obligations under the Loan Agreement are unsecured. The Loan Agreement provides that the Company's obligation to pay is absolute and unconditional.

Certain Covenants of the Company

Tax Exemption. The Company covenants that it will not take any action, or omit to take any action, which action or omission thereof would cause the interest on any of the 1997 Series A Bonds to become includable in gross income for purposes of federal income taxation under the Code as in effect on the date the 1997 Series A Bonds are issued, except that such covenant does not preclude action the result of which may be the inclusion of such interest in the gross income of any holder who, within the meaning of Section 147 of the Code, is a "substantial user" of the Project or a "related person" thereto.

Maintenance of Corporate Existence. The Company shall maintain its existence as a legal entity and shall not sell, assign, transfer or otherwise dispose of the Projects or substantially all of its assets. The Company may merge with or into or consolidate with another entity, and the Projects or the Agreement may be transferred without violating the Agreement provided (1) the Company causes the proposed surviving, resulting or transferee company to furnish the Authority

with a Change of Ownership Information Form; (2) 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; (3) 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; (4) the merger, consolidation or transfer shall not impair the excludability of interest paid on the 1997 Series A Bonds from the gross income of holders thereof for purposes of federal income taxation or cause a reissuance pursuant to an opinion of nationally recognized bond counsel; (5) the surviving, resulting or transferee company assumes in writing the obligations of the Company under this Agreement, and (6) after the merger, consolidation or transfer, the Project shall be operated as an authorized projects under the Act.

Operation and Maintenance of the Project. Subject to the Company's right to make changes in or modifications to the Projects that are necessary or desirable to maintain or improve operating performance, so long as any 1997 Series A Bonds are outstanding, the Company will, at its own expense, keep the Projects in as reasonably safe condition as their operations will permit, will keep the Projects in good repair and in good operating condition and make from time to time all necessary repairs, renewals and replacements and will use the Projects in a manner consistent with the furnishing of natural gas to the general public. The Company may, at its own expense, construct improvements or install machinery, equipment and other property (which may be attached or affixed to the Projects) which shall not constitute or be deemed a part of the Projects. The Company may at any time and from time to time remove or permit to be removed such improvements, machinery, equipment or other property from the Projects and create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, such improvements, machinery, equipment or other property. However, any property financed as a part of the Projects that is removed (other than in connection with its retirement) by the Company must remain within Union, Middlesex or Sussex Counties, New Jersey, as the case may be, unless the Company furnishes, prior to such transfer, to the Trustee and the Authority an opinion of nationally recognized bond counsel to the effect that the removal and transfer of such property to a location outside of such area will not impair the exclusion of interest on the 1997 Series A Bonds from federal income taxation.

Insurance. So long as any 1997 Series A Bonds are outstanding, the Company will keep, at all times all of its insurable property insured against loss or damage, to the extent that property of similar character is usually insured by corporations similarly situated and operating like properties, with insurers believed by the Company to be responsible; and the Company will promptly pay all premiums when due in respect of such insurance.

Negative Pledge. Subject to certain exceptions, the Company will 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 Loan Agreement) upon any property of any character of the Company (other than Excepted Property, as defined in the Loan Agreement), whether owned at the date of the Loan Agreement or acquired thereafter, to secure indebtedness for borrowed money without either (i) making

effective provision for the Company's obligations to repay the loan under the Loan Agreement to be directly secured equally and ratably with the indebtedness secured by such mortgage, lien, pledge, charge or encumbrance, or (ii) depositing with the Trustee, as collateral for the Company's obligations under the Loan Agreement, bonds or other evidences of indebtedness of the Company secured by such lien.

Enforcement by Authority

Upon the occurrence of an Event of Default, the Authority may notify the Company that the payment of all amounts due under the Loan Agreement has been accelerated. Furthermore, the Authority may take any action at law or in equity, including the right to seek specific performance, to enforce the covenants and undertakings of the Company set forth in the Loan Agreement.

Events of Default

Any one or more of the following events shall constitute an Event of Default under the Loan Agreement:

- (a) Failure by the Company to pay any amount in respect of the principal of, premium, if any, or interest on, the 1997 Series A Bonds 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 Loan 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 Loan Agreement or 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 Event of Default under the Loan Agreement 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 1997 Series A Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable as liquidated damages under the Loan Agreement and not as a penalty, whereupon the same shall

become immediately due and payable, provided, however, that the Trustee has declared the 1997 Series A Bonds immediately due and payable pursuant to the Indenture, by written notice to the Company.

Amendment

The Loan Agreement may not be amended except by an instrument in writing signed by the Company and the Authority and consented to by the Trustee for the Bondholders in accordance with the Indenture. See "The Indenture - Supplemental Indentures; Amendment of Loan Agreement."

THE INDENTURE

The following is a brief description of the Indenture to which reference is made for the detailed provisions thereof. Capitalized terms used in this section and not defined in the Official Statement shall have the meanings assigned thereto in the Indenture.

General

Pursuant to the Indenture, the Authority has assigned to the Trustee in trust, all of the Authority's right, title and interest in, to and under the Loan Agreement (except the Authority's rights to payment of administrative expenses and indemnification and, unless the Trustee has declared that the payment of all amounts due under the Loan Agreement has been accelerated, to enforcement of the Company's covenants therein) to secure the payment of the 1997 Series A Bonds.

The Indenture provides for the issuance and redemption of the 1997 Series A Bonds and includes all other terms pertaining to the 1997 Series A Bonds.

Bond Fund

There shall be credited to the Bond Fund established under the Indenture an amount equal to the accrued interest on the 1997 Series A Bonds, if any, paid by the initial purchasers thereof. All payments pursuant to the Loan Agreement (except for the Authority's administrative expenses and payments relating to indemnification) shall be credited as received to the Bond Fund. Moneys in the Bond Fund shall be used solely for payment when due of the principal of or premium, if any, and interest on, the 1997 Series A Bonds. Any amounts remaining in the Bond Fund after payment in full of the principal or redemption price of and interest on the 1997 Series A Bonds (or provision for payment thereof) and the fees, charges and expenses of the Authority and the Trustee shall be paid to the Company.

Investments

The Indenture provides that moneys received by the Trustee under the Indenture will be deposited with the commercial or trust department of the Trustee until or unless otherwise invested or deposited as provided in the Indenture. The Trustee will, at the request and discretion of the Company, invest moneys held in the Bond Fund in securities specified in the Indenture.

The interest and income received upon such investments of funds held in the Bond Fund and any profit or loss resulting from the sale of any investment shall be added or charged to the Bond Fund.

Events of Default

Any one or more of the following events shall constitute an Event of Default under the Indenture:

(i) Any payment of principal of or premium, if any, or interest on any 1997 Series A Bond shall not be paid when due, whether on an interest payment date, at maturity or redemption.

(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 1997 Series A 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 Event of Default is cured.

(iii) The occurrence of any Event of Default as defined in the Loan Agreement and as described under THE LOAN AGREEMENT - "Events of Defaults."

Remedies

If any Event of Default described in clause (i) above under "Events of Default", or an Event of Default described in clause (iii) above under "Events of Default" resulting from certain events relating to bankruptcy or insolvency of the Company or from a breach of the covenant of the Company described under "THE LOAN AGREEMENT - Certain Covenants of the Company - Negative Pledge", shall have occurred and is continuing, the Trustee may in its discretion, and upon request of the holders of 25% in aggregate principal amount of the 1997 Series A Bonds then outstanding, shall, by notice in writing to the Authority and the Company, declare the principal of all 1997 Series A Bonds then outstanding to be immediately due and payable; and upon such declaration, the principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein. Upon any declaration of acceleration, the Trustee shall immediately exercise such rights as it may have under the Loan Agreement to declare all payments thereunder to be immediately due and payable.

If, after the principal of the 1997 Series A Bonds outstanding has been so declared to be due and payable, all arrears of interest upon the 1997 Series A Bonds (and, to the extent permitted by law, interest on overdue installments of interest at the rate borne by the 1997 Series A Bonds) are paid or caused to be paid by the Authority or the Company, and the Authority also performs or causes to be performed all other things in respect to which it may have been in default and the Authority or the Company pays or causes to be paid the reasonable charges of the Trustee and the Bondholders, including reasonable attorneys' fees, then, and in every such case, the holders of a majority in aggregate principal amount of the 1997 Series A Bonds then outstanding by notice to the Authority and to the Trustee, may annul such declaration and its consequence and such annulment shall be binding upon the Trustee and upon all holders of 1997 Series A Bonds, but no such annulment shall extend to or affect any subsequent Event of Default under the Indenture or impair any right or remedy consequent thereon. In each such case, the Trustee shall also annul any declaration theretofore made declaring all payments under the Loan Agreement to be due and payable immediately.

No Bondholders shall have any right to pursue remedies under the Indenture unless the Trustee shall have been given written notice of an Event of Default under the Indenture, the holders of at least 25% in aggregate principal amount of all Bonds then outstanding shall have requested the Trustee in writing to exercise the powers granted to the Trustee in the Indenture or to pursue a remedy in their names, the Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities, including but not limited to legal expenses, and the Trustee shall have failed to comply with such request within a reasonable time. However, nothing in the Indenture shall affect or impair the right of action, which is absolute and unconditional, of a holder of any 1997 Series A Bond to enforce the payment of principal of, premium, if any, and interest on such 1997 Series A Bond.

Any moneys received by the Trustee following an Event of Default under the Indenture shall be applied first to the payment of the expenses of the Trustee including reasonable attorneys' fees, any disbursements of the Trustee with interest thereon, and its reasonable compensation; second, to the payment of principal of, premium, if any, and interest then owing on the 1997 Series A Bonds, including any interest on overdue interest, and in case such moneys shall be insufficient to pay the same in full, then to the payment of principal of, premium, if any, and interest ratably, without preference or priority of one over another or of any installment of interest over any other installment of interest; and third, to the payment of expenses of the Authority, including reasonable attorneys' fees, actually incurred in connection with the refunding of the 1991 Bonds and remaining unpaid. The surplus, if any, shall be paid to the Company or the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

The Trustee

The Indenture provides that the Trustee shall not be answerable for any misconduct or negligence on the part of any attorney or agent appointed by it with due care. In addition, the Trustee shall not be answerable for any action or inaction under the Indenture, except for its own

willful misconduct or negligence or that of its agents, officers and employees. The Trustee may act on any requisition, resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement.

The Trustee may in good faith buy, sell, own and hold any of the 1997 Series A Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in any financial or other transaction with the Authority or the Company; provided that if the Trustee determines that any such relation is in conflict with its duties under the Indenture, it shall eliminate the conflict or resign as Trustee.

The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Authority and the Company not less than 60 days before the date when it is to take effect. Such resignation shall take effect only upon the appointment of a successor trustee.

Supplemental Indentures; Amendment of Loan Agreement

Subject to the conditions and restrictions in the Indenture, the Authority may amend or supplement the Indenture without notice to or the consent of the Bondholders for one or more of the following purposes: (a) to add additional covenants of the Authority or to surrender any right or power conferred upon the Authority by the Indenture; and (b) to cure any ambiguity or to correct or supplement any defective provision of, or otherwise to amend, the Indenture in such manner as shall not be inconsistent with the Indenture and shall not impair the security thereof or adversely affect the Bondholders.

The Indenture may be amended and supplemented from time to time, by a supplemental indenture approved by the holders of not less than 66 2/3% in aggregate principal amount of the 1997 Series A Bonds then outstanding; provided, that no amendment shall be made which affects the rights of some but less than all of the outstanding 1997 Series A Bonds without the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding so affected; and, provided, further, that with respect to (a) a decrease in the principal or interest payable upon any 1997 Series A Bond, (b) the dates of maturity or redemption provisions of any 1997 Series A Bond and (c) the provisions regarding amendments, the Indenture may be amended and supplemented only with the consent of the holders of 100% in aggregate principal amount of the 1997 Series A Bonds then outstanding.

The Loan Agreement may be amended with the consent of the Trustee, provided that any amendment which would adversely affect any Bondholders must be consented to by the holders of not less than 66 2/3% in aggregate principal amount of the 1997 Series A Bonds then outstanding so affected. The Trustee shall not consent to any amendment to the Loan Agreement

which would (a) decrease the amounts payable under the Loan Agreement, (b) change the date of the payment or prepayment provisions under the Loan Agreement, or (c) change any provision with respect to amendment, unless it receives the consent of the holders of 100% in aggregate principal amount of the 1997 Series A Bonds then outstanding to such amendment, and no amendment shall be consented to which affects the rights of some but less than all of the outstanding 1997 Series A Bonds without the consent of the holders of at least 66 2/3% in aggregate principal amount of the 1997 Series A Bonds then outstanding so affected.

Defeasance

When the principal of, or premium, if any, and interest on all 1997 Series A Bonds issued under the Indenture have been paid, or provision has been made for payment of the same, together with all other sums payable by the Authority under the Indenture, the Trustee's right, title and interest in the Loan Agreement and the moneys payable thereunder shall thereupon cease, terminate and become void and the Trustee shall release the Indenture in respect thereto and shall execute such documents to evidence such release as may be reasonably required by the Authority and the Company and shall turn over to the Company or its assigns all balances then held by the Trustee not required for the payment of the 1997 Series A Bonds and such other sums.

Without limiting the generality of the foregoing, provision for the payment of any 1997 Series A Bond or Bonds shall be deemed to have been made upon the delivery to the Trustee of (a) cash in an amount sufficient to make all payments referred to in the immediately preceding paragraph, or (b) non-callable obligations issued or guaranteed by the United States of America ("Government Obligations"), maturing on or before the date or dates when the payments specified above shall become due, the principal amount of which and the interest thereon, when due, is or will be, in the aggregate, sufficient without reinvestment to make all such payments, or (c) Government Obligations which have been stripped of their unmatured interest coupons or interest coupons which have been stripped from Government Obligations, provided that such Government Obligations are maintained under the book-entry system operated by the Federal Reserve Banks; or receipts or certificates evidencing payments from such Government Obligations or stripped interest coupons, or (d) any combination of cash and such obligations.

TAX MATTERS

Exclusion of Interest on the 1997 Series A 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 1997 Series A Bonds in order to assure that interest on the 1997 Series A Bonds will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the Authority and the Company to comply with such requirements may cause interest on the 1997 Series A Bonds to lose the exclusion from gross income for Federal income tax purposes, retroactive to the date of the issuance of the 1997 Series

A Bonds. The Authority and the Company have covenanted to comply with the provisions of the Code applicable to the 1997 Series A Bonds and have covenanted not to take any action or fail to take any action which would cause the interest on the 1997 Series A Bonds to lose the exclusion from gross income under Section 103 of the Code.

Assuming the Authority and the Company observe their covenants with respect to continuing compliance with the Code, Crummy, Del Deo, Dolan, Griffinger & Vecchione, Bond Counsel to the Authority, is of the opinion that, based upon existing statutes, regulations, rulings and court decisions, (a) interest on the 1997 Series A Bonds is not includable for Federal income tax purposes in the gross income of the owners of the 1997 Series A Bonds pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any 1997 Series A Bond for any period during which such 1997 Series A Bond is held by a person who, within the meaning of Section 147(a) of the Code is a "substantial user" of the facilities refinanced with the proceeds of the 1997 Series A Bonds or a "related person", and (b) the 1997 Series A Bonds are "specified private activity bonds," as such term is defined under Section 57 of the Code and, as such, interest on the 1997 Series A Bonds is an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax for individuals and corporations.

Additional Federal Income Tax Consequences

Although Bond Counsel has rendered an opinion that interest on the 1997 Series A Bonds is not includable for Federal Income tax purposes in the gross income of the owners of the 1997 Series A Bonds pursuant to Section 103 of the Code, prospective purchasers of the 1997 Series A Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the 1997 Series A Bonds, may have additional Federal income tax consequences for certain taxpayers. These additional Federal income tax consequences include, without limitation, that: (i) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits indirectly to take into account, in determining gross income, receipts or accruals or interest on tax-exempt obligations; (ii) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations or, in the case of financial institutions, the portion of the bondholder's interest expense allocable to interest on tax-exempt obligations; (iii) Section 832(b)(5)(B)(i) of the Code reduces the deductions for loss reserves by 15 percent of the sum of certain items, including interest on tax-exempt obligations, for insurance companies subject to the tax imposed by Section 831 of the Code; (iv) Section 801 of the Code imposes a tax with respect to life insurance companies on their life insurance company taxable income which is determined by permitting deductions for certain dividends received but not to the extent such a dividend is from a non-insurance corporation and is out of tax-exempt interest, such as interest on the 1997 Series A Bonds; (v) Section 884 of the Code includes interest on tax-exempt obligations earned by certain foreign corporations in the computation of the branch profits tax; (vi) Section 1375 of the Code includes passive investment income, such as interest on tax-exempt obligations, for purpose of computing the tax imposed under Section 1375 of the Code on certain S corporations that have Subchapter C earnings and profits for the taxable year in excess of 25 percent of the gross receipts of such S corporations; and (vii) under Section 32(i) of the Code, receipt of

investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel has expressed no opinion regarding any such other tax consequences.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the 1997 Series A Bonds constituting an item of tax preference under Section 57 of the Code. Further, except as discussed under State Taxation below, Bond Counsel does not express any opinion with respect to foreign, state or local taxes. Prospective purchasers of the 1997 Series A Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the 1997 Series A Bonds.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the 1997 Series A Bonds and gains from the sale of the 1997 Series A Bonds are not includable in gross income under the New Jersey Gross Income Tax Act.

LEGAL MATTERS

Crummy, Del Deo, Dolan, Griffinger & Vecchione, a Professional Corporation, Newark, New Jersey, will issue its unqualified approving opinion with respect to legal matters incident to the authorization and issuance of the 1997 Series A Bonds by the Authority. The validity of the Company's obligations under the Loan Agreement will be passed upon for the Company by James R. Van Horn, Esq., General Counsel for and Secretary of the Company and Reid & Priest LLP, New York, New York of counsel to the Company and for the Purchasers by Winthrop, Stimson, Putnam & Roberts, New York, New York. Certain legal matters will be passed upon for the Authority by the Attorney General of the State of New Jersey. Reid & Priest LLP and Winthrop, Stimson, Putnam & Roberts will rely as to all matters of New Jersey law on the opinion of Mr. Van Horn.

CONTINUING DISCLOSURE

The Company will agree to deliver certain continuing disclosure information satisfying the requirements of Rule 15c2-12 (the "Rule") under the Exchange Act, as set forth in Appendix A hereto concerning the Company. Any holder of an outstanding 1997 Series A Bond or beneficial owner of an outstanding 1997 Series A Bond, directly or through the Trustee, may specifically enforce the Company's disclosure obligations, but any breach by the Company of this undertaking pursuant to the Rule will not constitute an Event of Default under the Loan Agreement or the Indenture.

PURCHASERS

The 1997 Series A Bonds have been purchased from the Authority at a public sale by _____ (the "Purchasers") at the price of ___% of the aggregate principal amount thereof, plus accrued interest from June 1, 1997 to the date of delivery. The Notice of Sale provides that the Purchasers will purchase all of the 1997 Series A Bonds if any are purchased, and that the obligation to make such a purchase is subject to the terms and conditions set forth in the Notice of Sale. The Purchasers intend to offer the 1997 Series A Bonds to the public at the initial public offering price set forth on the cover page hereof; however, the Purchasers may, from time to time, change the initial offering price for the 1997 Series A Bonds without prior notice. The Purchasers may offer and sell the 1997 Series A Bonds to certain dealers (including dealers depositing the 1997 Series A Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering price stated on the cover hereof. The Company has agreed to indemnify the Purchasers and the Authority against certain civil liabilities, including certain liabilities under the federal securities laws.

MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions of such documents, prospective purchasers are referred to the Loan Agreement and the Indenture, copies of which may be obtained from the Trustee, or during the offering period, from the Company. Attached as Appendix A to this Official Statement is information concerning the Company.

Any statements in this Official Statement involving matters of opinion, projection or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the Purchasers or owners of any 1997 Series A Bonds.

The information assembled in this Official Statement has been supplied by the Company. **THE AUTHORITY HAS NOT ASSUMED ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN THE INFORMATION CONCERNING THE AUTHORITY UNDER THE CAPTION "THE AUTHORITY"** (insofar as such information relates to the Authority). The Company has agreed to indemnify the Authority against certain liabilities relating to the Official Statement.

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The execution and delivery of this Official Statement has been duly authorized by the Authority.

Dated: June __, 1997

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By: _____
Executive Director
Caren S. Franzini

APPENDIX A

NUI CORPORATION

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 359,000 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 addition to its gas distribution operations, the Company provides 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 Billing Services, Inc.); and energy brokerage and related services through its NUI Energy Brokers, Inc., subsidiary. In February 1997, the Company formed a wholly owned, indirect subsidiary, NUI Sales Management, Inc. ("NUI Sales"). On May 19, 1997, NUI Sales acquired a 49% limited liability company interest in T.I.C. Enterprises, L.L.C. ("TIC"). TIC engages in recruiting, training and managing sales professionals and serving as sales and marketing representative for various businesses, including NUI Energy, Inc.

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" or "Commission"). 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, as prescribed rates. The Common Stock is listed for trading on the New York Stock Exchange (the "NYSE"). The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, including the Company, at <http://www.sec.gov>. 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 will provide annually, to the repositories specified in Rule 15c2-12 under the Exchange Act, annual financial information in the form required by the Commission for companies required to file reports under Section 13 or 15(d) of the Exchange Act, as well as, in a timely manner, other notices required by Rule 15c2-12 under the Exchange Act.

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, 1996;
2. The Company's Quarterly Report on Forms 10-Q for the quarters ended December 31, 1996 and March 31, 1997; and
3. The Company's Current Report on Form 8-K dated February 26, 1997.

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

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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.

APPENDIX B

FORM OF BOND COUNSEL OPINION

[Letterhead of Crummy, Del Deo, Dolan, Griffinger & Vecchione]

[Closing Date]

New Jersey Economic Development Authority
200 South Warren Street
Capital Place One - CN 990
Trenton, New Jersey 08625

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the New Jersey Economic Development Authority (the "Authority") of its Gas Facilities Refunding Revenue Bonds, 1997 Series A (NUI Corporation Projects), in the aggregate principal amount of \$54,600,000 (the "1997 Series A Bonds").

The 1997 Series A Bonds are being issued by the Authority pursuant to Chapter 80 of the Pamphlet Laws of the State of New Jersey of 1974, approved on August 7, 1974 as amended and supplemented (the "Act"), a resolution adopted by the Authority on December 10, 1996 (the "Resolution") and a Trust Indenture dated as of June 1, 1997 (the "Indenture") between the Authority and The Bank of New York, as trustee (the "Trustee").

The 1997 Series A Bonds are dated June 1, 1997, mature on June 1, 2032 and are subject to redemption prior to their maturity at the times, in the amounts and at the redemption prices described therein. The 1997 Series A Bonds bear interest at the rate of _____% per annum.

The 1997 Series A Bonds are issued for the purpose of refunding the Authority's \$46,200,000 aggregate principal amount of Gas Facilities Revenue Bonds, 1991 Series A (Elizabethtown Gas Company Project) and \$8,400,000 aggregate principal amount of Gas Facilities Revenue Bonds, 1991 Series B (Elizabethtown Gas Company Project) (collectively, the "1991 Bonds") issued to finance the acquisition, construction and equipping of certain gas facilities and functionally related equipment located in Union, Middlesex and Sussex Counties, New Jersey (the "Projects").

The Authority and NUI Corporation (the "Company") have entered into a Loan Agreement, dated as of June 1, 1997 (the "Loan Agreement") providing for the making of a loan by the Authority to the Company in an amount equal to the principal amount of the 1997 Series A Bonds, for the purpose of refunding the 1991 Bonds. Pursuant to the Loan Agreement, the Company is obligated to make payments in amounts sufficient to pay when due the principal of and interest and any premium on the 1997 Series A Bonds.

As the basis for the opinions which are set forth below, we have examined executed counterparts of the Indenture, the Loan Agreement and the forms of the 1997 Series A Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

1. The Authority has been duly created and is validly existing under the Act, and has full power and authority to enter into the Loan Agreement and the Indenture, to adopt the Resolution, to execute and deliver the Loan Agreement and the Indenture, to perform its obligations thereunder, to carry out all of the transactions contemplated thereby and to issue and sell the 1997 Series A Bonds.
2. The Loan Agreement and the Indenture have been duly and validly authorized, executed and delivered by the Authority, and the Resolution has been duly adopted by the Authority and, assuming due execution and delivery by the other parties thereto, each constitutes the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its respective terms, except as may be limited by any applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights generally from time to time in effect and the scope of equitable remedies which may be available.
3. The 1997 Series A Bonds have been duly and validly authorized, executed and delivered by the Authority. The 1997 Series A Bonds are legal, valid and binding, special and limited obligations of the Authority enforceable against the Authority in accordance with their terms, and the 1997 Series A Bonds are entitled to the benefits of the Indenture, except as may be limited by any applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights generally from time to time in effect and to the scope of equitable remedies which may be available.
4. The 1997 Series A Bonds are special and limited obligations of the Authority payable only from revenues and other moneys of the Authority derived from payments under the Loan Agreement, and neither the full faith and credit nor the taxing power of the State of New

Jersey, or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the 1997 Series A Bonds.

5. All of the right, title and interest of the Authority in the Loan Agreement (except certain rights reserved by the Authority under the terms of the Indenture) have been validly assigned and pledged to the Trustee under the Indenture.

6. Under existing statutes, regulations, rulings and court decisions, (a) interest on the 1997 Series A Bonds is not includable for Federal income tax purposes in the gross income of the owners of the 1997 Series A Bonds pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") except that no opinion is expressed as to such exclusion of interest on any 1997 Series A Bond for any period during which such 1997 Series A Bond is held by a person who, within the meaning of Section 147(a) of the Code is a "substantial user" of the facilities refinanced with the proceeds of the 1997 Series A Bonds or a "related person," and (b) the 1997 Series A Bonds are "specified private activity bonds," as such term is defined under Section 57 of the Code, and, as such, interest on the 1997 Series A Bonds is an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax for individuals and corporations. We express no opinion regarding any other Federal income tax consequences arising with respect to the 1997 Series A Bonds.

7. Based upon existing law, interest on the 1997 Series A Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

The Code imposes certain requirements which may have to be met or must be met on a continuing basis subsequent to the issuance of the 1997 Series A Bonds in order for interest on the 1997 Series A Bonds to be excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code. The Authority and the Company have covenanted to comply with the provisions of the Code applicable to the 1997 Series A Bonds and have covenanted not to take any action or fail to take any action which would cause the interest on the 1997 Series A Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code. We have assumed continuing compliance by the Authority and the Company with the above covenants in rendering our opinion with respect to treatment of interest on the 1997 Series A Bonds for Federal income tax purposes.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Authority other than the certified copies of the proceedings and proofs referred to hereinabove, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said 1997 Series A Bonds.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions. We undertake no obligation to inform you of any matter occurring after the date of this letter which affects in any way the opinion given herein.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the 1997 Series A Bonds.

We have examined one of the executed 1997 Series A Bonds in registered form and, in our opinion, the form of said 1997 Series A Bond and its execution are regular and proper.

Very truly yours,







7 7

AGENDA DATE: 2/3/97

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

IN THE MATTER OF THE PETITION OF)
NUI CORPORATION FOR AUTHORITY UNDER)
N.J.S.A. 48:3-9 TO (1) ENTER INTO A)
LOAN AGREEMENT WITH THE NEW JERSEY)
ECONOMIC DEVELOPMENT AUTHORITY FOR)
THE ISSUANCE AND SALE OF \$54,600,000)
OF GAS FACILITIES REFUNDING REVENUE)
BONDS)

DOCKET NO. GP96110780

Mary Patricia Keefe, Esq., One Elizabethtown Plaza,
Union, New Jersey, 07083 for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, Julie Huff, 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 November 1, 1996, as amended by a letter petition dated January 8, 1997, pursuant to N.J.S.A. 48:3-9 requests authority to borrow up to \$54,600,000 from the New Jersey Development Authority (NJEDA) for the purpose of refunding \$54,600,000 of long term debt obligations issued by NJEDA for Petitioner's benefit in 1991.

NUI is engaged in the business of distributing natural and mixed gas in service territories located in portions of the States 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 (Elizabethtown). NJEDA is a public instrumentality of the State of New Jersey and a public body corporate and politic organized under the New Jersey Economic Development Authority Act. Elizabethtown, which was merged with and into NUI in 1994, previously has borrowed funds from NJEDA in order to finance certain gas facilities in New Jersey. NUI proposes to use the \$54,600,000 of proceeds of the loan from NJEDA for which NUI seeks Board approval in this proceeding to refinance \$54,600,000 of these previous obligations in order to reduce Petitioner's interest expense. These obligations consist of \$46,200,000 of Series A Gas Facilities Revenue Bonds bearing an interest rate of 6.75% and \$8,400,000 of

Series B Gas Facilities Revenue Bonds bearing an interest rate of 6.625%. Under the terms of the trust indenture for these obligations, they can be called at 102% of face value. Petitioner has determined that current interest rate levels are such that refunding the Series A and B Bonds would be economical. NJEDA authorized the allocation of \$54,600,000 on December 10, 1996. The proceeds of the proposed borrowing from NJEDA will be reflected on the books and records of the New Jersey Division of NUI, as well as the books and records of NUI.

The terms of Petitioner's proposed borrowing from NJEDA are governed by the respective loan agreements between the parties. These loan agreements were attached to NUI's petition as Exhibit N. The proposed financing does not require specific approval of regulatory authorities in any other jurisdictions in which NUI operates.

The Board's announced policy is that competitive bidding be the first choice among methods of sale unless it can be demonstrated that another method is more advantageous to warrant the Board to deviate from this policy. The Board is of the opinion that competitive bidding will ensure that the fair market price will be received for the securities offered. Therefore, as requested by Petitioner, the Board will authorize the offer for sale of the securities by competitive bidding.

Petitioner states that in order to finance the loan to Petitioner, NJEDA would issue and sell to underwriters, through competitive bidding, up to \$54,600,000 aggregate principal amount of NJEDA's Gas Facilities Refunding Revenue Bonds. Since interest on the bonds would be exempt from Federal Income Tax, the bonds would reflect a substantial reduction in interest expenses, as the interest rate on the bonds fixes the interest rate in Petitioner's loan agreements.

The loans from NJEDA to Petitioner would be made from the proceeds of the sale of the bonds. Such proceeds would be deposited with a Corporate Trustee Bank, and held by the Trustee under bond indentures.

The loan agreements are the sole evidence of Petitioner's indebtedness. The indentures would provide in substance that the bonds would be redeemable at the option of the Petitioner under certain circumstances set forth in detail in said indenture.

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**:

(1) To enter into a loan agreement with the New Jersey Economic Development Authority substantially in the form submitted with the petition in this matter as Exhibit N, for the purpose set forth in said loan agreement.

(2) To redeem prior to maturity \$46,200,000 of Series A Gas Facilities Revenue Bonds bearing an interest rate of 6.75% and \$8,400,000 of Series B Gas Facilities Revenue Bonds bearing an interest rate of 6.625% at a price equal to 102% of face value.

(3) To execute such other related documents as may be required to permit consummation of the transactions as hereinabove described.

(4) To defer recognition of the unamortized costs of issue of the existing Series A and B Bonds as well as the call premium due upon early redemption and any other costs resulting from the refinancing to be amortized over the life of the new bonds.

(5) To carry out all of the above without further order of the Board, all as hereinabove described.

This order is issued subject to the following provisions:

(1) Petitioner shall, as promptly as is practical after opening of the sealed bids, furnish the Board, in writing, a statement which will indicate the winning bid. It will also indicate the names of all bidders or group representatives, the interest rate, the price to be paid and the actual rate of the cost of money to Petitioner for each bid received. For the winning bid, the Petitioner will also furnish (i) the price at which said bonds will be sold to the public, and (ii) calculations showing that the bidding criteria have been satisfied. Petitioner shall also submit proofs and support for the reasonableness of the terms of the bid which is proposed to accept.

(2) Petitioner shall provide the actual expenses incurred in the issuance of the financing within sixty (60) days of closing.

(3) Petitioner shall furnish the Board with copies of the loan agreements and the indentures, and such other instruments pursuant to which the bonds are to be issued and executed substantially in the form submitted to the Board in this proceeding.

(4) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

(5) 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 petitions or in any proceeding with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting the Petitioner.



(6) 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.

(7) If, it is economical to redeem Petitioner's Series A & B Gas Facilities Revenue Bonds and pursuant to competitive bidding procedures, (a) at least three independent bids for the purchase of the bonds are received and the Petitioner accepts the bid which produces the lowest annual cost of money, and (b) the price to the Petitioner in such bid is not less than 98¢ of par and not more than 102¢ of par, the Petitioner shall have full authority to sell the bonds and execute the loan agreements with the terms and conditions contained in such accepted bid without further order of the Board. If the competitive bidding does not satisfy the condition set forth above, Petitioner shall seek Board approval on the bidding date for acceptance of a winning bid which does not meet the aforesaid conditions.

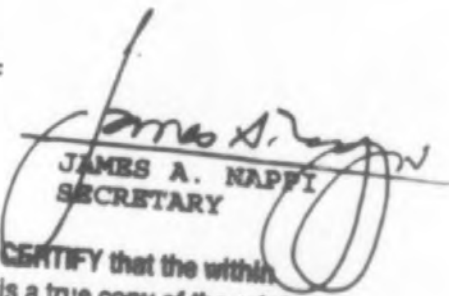
Petitioner is directed to comply with all provisions of N.J.A.C. 14:11-1.7.

DATED: 2-3-97

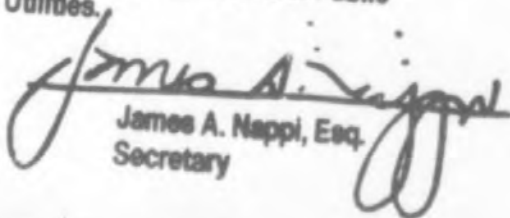
BOARD OF PUBLIC UTILITIES
BY:


HERBERT H. TATE
PRESIDENT

CARMEL J. ARMENTI
COMMISSIONER

ATTEST:


JAMES A. NAPPI
SECRETARY

! 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

CASE STATEMENT

NUI Corporation's Petition seeks authorization to refund 1991 Series A & B Gas Facilities Revenue Bonds of the New Jersey Economic Development Authority and enter into a loan agreement with the New Jersey Economic Development Authority to borrow up to \$54,600,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Refunding Revenue Bonds.

STATE OF NEW JERSEY
BOARD OF REGULATORY COMMISSIONERS

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 \$ 54,600,000 of Gas
Facilities Refunding Revenue
Bonds: Series A: \$46,200,000
and Series B: \$8,400,000

Case No.

TO: THE HONORABLE BOARD OF REGULATORY COMMISSIONERS

Petitioner, NUI Corporation, a public utility corporation duly organized under the laws of the State of New Jersey, subject to the jurisdiction of the Board of Regulatory Commissioners, respectfully states:

1. Petitioner's principal business office is located at 550 Route 202-206, Bedminster, New Jersey 07921.

2. Communications and correspondence regarding these proceedings should be sent

as follows: Mary Patricia Keefe
Senior Vice President and
General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Union, New Jersey 07083

Robert Lurie
Vice President and Treasurer
NUI Corporation
550 Route 202-206
Bedminster, New Jersey 07921

3. Petitioner is engaged in the business of distributing natural and mixed gas in service territories located in portions of the States 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 240,000 customers in a service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union, and Warren Counties.

4 (a). Petitioner proposes to request the New Jersey Economic Development Authority ("Authority") to issue Series A Gas Facilities Refunding Revenue Bonds ("Refunding Bonds") in an aggregate principal amount of up to \$46,200,000 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 Refunding Bonds to Petitioner pursuant to a loan agreement. The Authority approved the issuance of the Bonds on September 5, 1991.

4 (b). Petitioner proposes to request the New Jersey Economic Development Authority ("Authority") to issue Series B Gas Facilities Refunding Revenue Bonds ("Refunding Bonds") in an aggregate principal amount of up to \$8,400,000 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 Refunding Bonds to Petitioner pursuant to a loan agreement. The Authority approved the issuance of the Bonds on September 5, 1991.

5. Petitioner proposes to apply the proceeds of the financing to refund a total of \$54,600,000 of long term debt obligations issued by the Authority in 1991. These obligations consist of \$46,200,000 of Series A Bonds bearing an interest rate of 6.75% and \$8,400,000 of

Series B Bonds bearing an interest rate of 6.625%. These obligations mature on June 1, 2021. Under the terms of the trust indenture for these obligations, they may be called on or after at 102% of face value. Petitioner can call the \$54,600,000 principal amount of Bonds at the redemption price of 102%. Petitioner has determined that current interest rate levels are such that refunding the Series A and B Bonds at this time would be economical. Petitioner therefore proposes and requests the Board authorize it to refund the Series A and B Bonds.

6. It is proposed that the interest rate of the bonds will be determined by competitive bidding for the sale of the bonds accepted or rejected by the Authority and the Petitioner on or about _____, 1996.

7. It is requested that if, pursuant to the competitive bidding procedure, (i) at least three (3) independent bids for the purchase of New Bonds are received, and (ii) the Petitioner accepts the bid that produces the lowest annual cost of money, (i.e., yield to maturity) to Petitioner. Petitioner may have full authority to execute the loan agreements in accordance with the terms and conditions contained in such accepted bid, without further Order of the Board. If the competitive bidding does not satisfy both of the conditions set forth above in this proviso, Petitioner shall not accept the winning bid that does not meet the aforesaid conditions unless and until Board approval is obtained.

8. 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, and mergers and consolidations of predecessor companies and subsidiaries and Certificate of Incorporation as amended.

9. No franchise of franchise right is proposed to be capitalized directly or indirectly.
10. The proposed loan agreements do not require NUI to pledge any assets.
11. 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 at the time of closing.

12. In support of this Petition, the following Exhibits are attached:

- A. Consolidating balance sheet as of June 30, 1996.
- B. Consolidating statement of income for the twelve-month period ended June 30, 1996.
- C. Consolidating statement of cash flows for the twelve-month period ended June 30, 1996.
- D. Consolidating statement of capitalization as of June 30, 1996.
- E. Statement of use of proceeds from loan agreements.
- F. Consolidating pro forma balance sheet and statement of income as of and for the twelve-month period ended June 30, 1996, reflecting the financings.
- G. Consolidating pro forma statement of capitalization and capitalization ratios as of June 30, 1996 reflecting the financings.
- H. Journal entries to record the financing.
- I. Timetable.
- J. Statement of estimated Issuance costs (actual costs to be provided within 60 days of the sale of the Bonds).
- K. Interest coverage, for the twelve-month period ended June 30, 1996 actual

and pro forma.

- L. Resolution of the NUI Board of Directors authorizing the proposed transactions.
- M. Notice of Sale and Proposal for Bonds, which, when executed, together constitute the agreement by the Authority to deliver, and the agreement by the winning bidder to take and pay for the bonds (to be provided by Petitioner by _____).
- N. Draft of loan agreements between Petitioner and the Authority and Petitioner (actual to be provided by Petitioner by _____).
- O. Draft of bond indentures between Authority and the Bond Trustee (actual to be provided by Petitioner by _____).
- P. Draft Order.
- Q. Affidavit of Robert Clancy, Assistant Vice President, Accounting.

CONCLUSION

WHEREFORE, Petitioner requests that the Board issue an Order (a) authorizing Petitioner to refund the Series A & B Bonds at the redemption price, including premium of 102% (b) authorizing Petitioner to enter into a loan agreement with the New Jersey Economic Development Authority providing for the borrowing by Petitioner from the Authority, the aggregate principal amount of not more than \$54,600,000 in two Series, Series A and Series B, (c) authorizing Petitioner to execute the necessary documents to effectuate the sale and loan of said proceeds, and (d) authorizing the above-requested relief 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

Respectfully submitted,
NUI Corporation

By: _____
Mary Patricia Keefe
Senior Vice President
and General Counsel
 Elizabethtown Gas Company
 One Elizabethtown Plaza
 Union, New Jersey 07083

Dated: November 1, 1996

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of June 30, 1996

Exhibit A
Page 1 of 2

29-Oct
11:58 AM

(Dollars in Thousands)

	<u>ETG</u>	<u>All Other Companies *</u>	<u>NUI Consolidated</u>
Assets And Other Debits			
<u>Utility Plant</u>			
101 Utility Plant in Service	\$422,719	\$161,174	\$583,893
107 Construction Work in Progress	3,177	4,909	8,086
108 Accumulated Provision for Depreciation	(128,472)	(57,708)	(186,180)
114 Gas Plant Acquisition Adjustments	-	42,169	42,169
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-	(8,325)	(8,325)
Net Utility Plant	<u>297,424</u>	<u>142,219</u>	<u>439,643</u>
<u>Other Property And Investments</u>			
121 Non-Utility Property	213	25,601	25,814
122 Accumulated Provision for Depreciation	(204)	(10,035)	(10,239)
124 Other Investments	-	3,135	3,135
Total Other Property And Investments	<u>9</u>	<u>18,701</u>	<u>18,710</u>
<u>Current And Accrued Assets</u>			
131 Cash	1,462	1,484	2,946
134 Special Deposits	4	14	18
135 Working Funds	10	3	13
136 Temporary Cash Investments	-	1,266	1,266
142 Customer Accounts Receivable	30,239	20,324	50,563
143 Other Accounts Receivable	475	672	1,147
144 Accumulated Provision for Uncollectible Accounts	(1,964)	(571)	(2,535)
146 Accounts Receivable from Associated Companies	2,484	(2,484)	-
154 Plant Materials & Operating Supplies	2,127	1,242	3,369
155 Merchandise	235	167	402
164.1 Gas Stored Underground-Current	15,099	1,053	16,152
165 Prepayments	11,562	4,610	16,172
173 Accrued Utility Revenues	-	45	45
Total Current And Accrued Assets	<u>61,733</u>	<u>27,825</u>	<u>89,558</u>
<u>Deferred Debits</u>			
181 Unamortized Debt Expense	3,705	1,285	4,990
182.3 Other Regulatory Assets	45,011	9,894	54,905
186 Miscellaneous Deferred Debits	1,018	3,465	4,483
189 Unamortized Loss on Reacquired Debt	1,672	-	1,672
190 Accumulated Deferred Income Taxes	-	4,657	4,657
191 Unrecovered Purchased Gas Costs	254	1,959	2,213
Total Deferred Charges and Other Assets	<u>51,660</u>	<u>21,260</u>	<u>72,920</u>
Total Assets And Other Debits	<u>\$410,826</u>	<u>\$210,005</u>	<u>\$620,831</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Balance Sheet
As of June 30, 1996

29-Oct
11:59 AM

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
	\$	\$171,878	\$171,878
201 Common Stock Issued	42,504	(43,945)	(1,441)
211 Miscellaneous Paid-in-Capital	95,994	(78,427)	17,567
216 Retained Earnings		(1,564)	(1,564)
217 Reacquired Capital Stock	<u>138,498</u>	<u>47,942</u>	<u>186,440</u>
Total Proprietary Capital			
<u>Long-Term Debt</u>			
221 Bonds	108,492	7,684	116,176
224 Other Long-Term Debt	<u>20,000</u>	<u>49,772</u>	<u>69,772</u>
Total Long-Term Debt	<u>128,492</u>	<u>57,456</u>	<u>185,948</u>
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,530	160	10,690
228.2 Accumulated Provision for Injuries & Damages	667	311	978
228.3 Accumulated Provision for Pensions & Benefits	2,096	1,511	3,607
228.4 Accumulated Miscellaneous Operating Provisions	<u>37,649</u>	<u>-</u>	<u>37,649</u>
Total Other Noncurrent Liabilities	<u>50,942</u>	<u>1,982</u>	<u>52,924</u>
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	(7,307)	35,087	27,780
232 Accounts Payable	26,776	12,007	38,783
234 Accounts Payable to Associated Companies	1,085	(1,085)	-
235 Customer Deposits	4,615	5,411	10,026
236 Taxes Accrued	9,619	445	10,064
237 Interest Accrued	2,546	2,355	4,901
241 Tax Collections Payable	173	685	858
242 Miscellaneous Current & Accrued Liabilities	3,498	4,434	7,932
243 Obligations Under Capital Leases	<u>1,537</u>	<u>(6)</u>	<u>1,531</u>
Total Current Liabilities	<u>42,542</u>	<u>59,333</u>	<u>101,875</u>
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,464	272	1,736
253 Other Deferred Credits	5,649	12,318	17,967
254 Other Regulatory Liabilities	2,671	2,619	5,290
255 Accumulated Deferred Investment Tax Credits	5,004	1,748	6,752
282 Accumulated Deferred Federal Income Taxes	<u>35,564</u>	<u>26,335</u>	<u>61,899</u>
Total Deferred Credits	<u>50,352</u>	<u>43,292</u>	<u>93,644</u>
Total Liabilities And Other Credits	<u><u>\$410,826</u></u>	<u><u>\$210,005</u></u>	<u><u>\$620,831</u></u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Income Statement
For the Twelve-Month Period Ended June 30, 1996

29-Oct
11:59 AM

(Dollars in Thousands)

	<u>ETG</u>	<u>All Other Companies *</u>	<u>NUI Consolidated</u>
<u>Utility Operating Income</u>			
400 Operating Revenue	\$323,012	\$102,426	\$425,438
<u>Operating Expenses</u>			
401 Operation Expenses	238,054	70,222	308,276
402 Maintenance Expenses	5,101	1,719	6,820
403 Depreciation	11,399	7,458	18,857
406 Amortization of Utility Plant Acquisition Adjustment	-	1,018	1,018
407 Amortization of Conversion Expenses	-	167	167
408.1 Taxes Other Than Income Taxes	34,010	10,263	44,273
409.1 Income Taxes-Federal	6,879	216	7,095
410.1 Provision for Deferred Income Taxes	2,088	113	2,201
411.4 Investment Tax Credit Adjustments-Net	(320)	(233)	(553)
Total Operating Expenses	<u>297,211</u>	<u>90,943</u>	<u>388,154</u>
Net Operating Income	<u>25,801</u>	<u>11,483</u>	<u>37,284</u>
<u>Other Income (Deductions)</u>			
415-			
421.1 Other Income (Deductions)	(88)	(4,292)	(4,380)
426.1 Donations	(20)	20	-
426.5 Other Deductions	(294)	(8)	(302)
408.2 Taxes Other Than Income Taxes	(58)	(1)	(59)
409.2 Income Taxes-Federal	157	(270)	(113)
Net Other Income (Deductions)	<u>(303)</u>	<u>(4,551)</u>	<u>(4,854)</u>
<u>Interest Charges</u>			
427 Interest on Long-Term Debt	8,295	6,159	14,454
428 Amortization of Debt Discount and Expense	112	245	357
428.1 Amortization of Loss on Reacquired Debt	99	-	99
431 Other Interest Expense	682	1,924	2,606
432 Allow. for Borrowed Funds Used During Construction	(165)	-	(165)
Net Interest Charges	<u>9,023</u>	<u>8,328</u>	<u>17,351</u>
Net Income (Loss)	<u>\$16,475</u>	<u>(\$1,396)</u>	<u>\$15,079</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Statement of Cash Flows
 For the Twelve-Month Period Ended June 30, 1996

Exhibit C
 29-Oct
 11:57 AM

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Net Cash Flow From Operating Activities</u>			
Net Income (Loss)	\$16,475	(\$1,396)	\$15,079
Noncash Charges (Credits) to Income:			
Depreciation and Depletion	12,956	8,565	21,521
Amortization of:			
Debt Expense, Deferred Charges & Credits and Other	1,865	3,747	5,612
Deferred Income Tax and Amortization of			
Investment Tax Credit Adjustment (Net)	2,680	1,670	4,350
Net (Increase) in Receivables	(9,097)	(7,976)	(17,073)
Net Decrease in Inventories	731	446	1,177
Net (Increase) in Payables, Deposits and Accruals	(1,032)	(1,268)	(2,300)
Net Increase in Gross Receipts and Franchise Taxes	1,194	-	1,194
Other	2,700	(1,968)	732
Net Cash Provided by Operating Activities	<u>28,472</u>	<u>1,820</u>	<u>30,292</u>
<u>Net Cash Flow from Investing Activities</u>			
Additions to Utility Plant	(24,380)	(7,837)	(32,217)
Other	(1,662)	1,528	(134)
Net Cash Used in Investing Activities	<u>(26,042)</u>	<u>(6,309)</u>	<u>(32,351)</u>
<u>Net Cash Flow from Financing Activities</u>			
Proceeds From Sales of Common Stock, net of Treasury Stock	-	31,324	31,324
Funds for Construction Held by Trustee, Net	(31,353)	274	(31,079)
Proceeds from Long-Term Debt	39,000	-	39,000
Repayments of Long-Term Debt	-	(38,874)	(38,874)
Net (Repayments) Proceeds from Short-Term Debt	(6,669)	18,349	11,680
Repayment of Capital Lease Obligations	(1,820)	(99)	(1,919)
Dividends to Shareholders	(1,301)	(7,025)	(8,326)
Net Cash Provided by (Used in) Financing Activities	<u>(2,143)</u>	<u>3,949</u>	<u>1,806</u>
Net Increase (Decrease) In Cash and Cash Equivalents	287	(540)	(253)
Cash and Cash Equivalents at Beginning of Period	<u>1,189</u>	<u>3,307</u>	<u>4,496</u>
Cash and Cash Equivalents at End of Period	<u>\$1,476</u>	<u>\$2,767</u>	<u>\$4,243</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Statement of Capitalization
 As of June 30, 1996

29-Oct
12:00 PM

(Dollars in Thousands)

	<u>ETG</u>	<u>All Other Companies *</u>	<u>NUI Consolidated</u>
<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
Variable rate due June 1, 2026	39,000	-	39,000
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
ESOP Indebtedness, 6% due May 31, 2002	-	986	986
Long-Term Debt (Including Current Portion)	<u>160,100</u>	<u>70,986</u>	<u>231,086</u>
Unamortized Debt Discount	-	(356)	(356)
Funds for Construction Held by Trustee	<u>(31,608)</u>	<u>(13,174)</u>	<u>(44,782)</u>
Total Long-Term Debt	<u>128,492</u>	<u>57,456</u>	<u>185,948</u>
<u>Common Shareholders' Equity</u>			
Common Stock Issued	-	171,878	171,878
Miscellaneous Paid-in-Capital	42,504	(43,945)	(1,441)
Retained Earnings	95,994	(78,427)	17,567
Reacquired Capital Stock	-	(1,564)	(1,564)
Total Proprietary Capital	<u>138,498</u>	<u>-47,942</u>	<u>186,440</u>
Total Capitalization	<u>\$266,990</u>	<u>\$105,398</u>	<u>\$372,388</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As of June 30, 1996

(Dollars in Thousands)

	ETG	Financing Adjustments *	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments *	JE Reference	NUI Consolidated
Assets And Other Debits								
<u>Utility Plant</u>								
101 Utility Plant in Service	\$422,719	\$		\$422,719	\$161,174	\$		\$583,893
107 Construction Work in Progress	3,177			3,177	4,909			8,086
108 Accumulated Provision for Depreciation	(128,472)			(128,472)	(57,708)			(186,180)
114 Gas Plant Acquisition Adjustments					42,169			42,169
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments					(8,325)			(8,325)
Net Utility Plant	<u>297,424</u>			<u>297,424</u>	<u>142,219</u>			<u>439,643</u>
<u>Other Property And Investments</u>								
121 Non-Utility Property	213			213	25,601			25,814
122 Accumulated Provision for Depreciation	(204)			(204)	(10,035)			(10,239)
124 Other Investments					3,135			3,135
Total Other Property And Investments	<u>9</u>			<u>9</u>	<u>18,701</u>			<u>18,710</u>
<u>Current And Accrued Assets</u>								
131 Cash	1,462	(1,004)	(1,2,3)	458	1,484			1,942
134 Special Deposits	4			4	14			18
135 Working Funds	10			10	3			13
136 Temporary Cash Investments					1,266			1,266
142 Customer Accounts Receivable	30,239			30,239	20,324			50,563
143 Other Accounts Receivable	475			475	672			1,147
144 Accumulated Provision for Uncollectible Accounts	(1,964)			(1,964)	(571)			(2,535)
146 Accounts Receivable from Associated Companies	2,484			2,484	(2,484)			-
154 Plant Materials & Operating Supplies	2,127			2,127	1,242			3,369
155 Merchandise	235			235	167			402
164.1 Gas Stored Underground-Current	15,099			15,099	1,053			16,152
165 Prepayments	11,562			11,562	4,610			16,172
173 Accrued Utility Revenues					45			45
Total Current And Accrued Assets	<u>61,733</u>	<u>(1,004)</u>		<u>60,729</u>	<u>27,825</u>			<u>88,554</u>
<u>Deferred Debits</u>								
181 Unamortized Debt Expense	3,705	(1,523)	(1,2,5)	2,182	1,285			3,467
182.3 Other Regulatory Assets	45,011			45,011	9,894			54,905
186 Miscellaneous Deferred Debits	1,018			1,018	3,465			4,483
189 Unamortized Loss on Recquired Debt	1,672	2,886	(1,4)	4,558				4,558
190 Accumulated Deferred Income Taxes					4,657			4,657
191 Unrecovered Purchased Gas Costs	254			254	1,959			2,213
Total Deferred Charges and Other Assets	<u>51,660</u>	<u>1,363</u>		<u>53,023</u>	<u>21,260</u>			<u>74,283</u>
Total Assets And Other Debits	<u>\$410,826</u>	<u>\$359</u>		<u>\$411,185</u>	<u>\$210,005</u>	<u>\$</u>		<u>\$621,190</u>

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As of June 30, 1996

(Dollars in Thousands)

	ETG	Financing Adjustments *	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments *	JE Reference	NUI Cons'd
<u>Liabilities And Other Credits</u>								
<u>Proprietary Capital</u>								
201 Common Stock Issued	\$	\$		\$	\$171,878	\$		\$171,878
211 Miscellaneous Paid-in Capital	42,504			42,504	(43,945)			(1,441)
216 Retained Earnings	95,994	237		96,231	(78,427)			17,804
217 Reacquired Capital Stock					(1,564)			(1,564)
Total Proprietary Capital	<u>138,498</u>	<u>237</u>		<u>138,735</u>	<u>47,942</u>			<u>186,677</u>
<u>Long Term Debt</u>								
221 Bonds	108,492			108,492	7,684			116,176
224 Other Long Term Debt	20,000			20,000	49,772			69,772
	<u>128,492</u>			<u>128,492</u>	<u>57,456</u>			<u>185,948</u>
<u>Other Noncurrent Liabilities</u>								
227 Obligations Under Capital Leases	10,530			10,530	160			10,690
228.2 Accumulated Provision for Injuries & Damages	667			667	311			978
228.3 Accumulated Provision for Pensions & Benefits	2,096			2,096	1,511			3,607
228.4 Accumulated Miscellaneous Operating Provisions	37,649			37,649				37,649
Total Other Noncurrent Liabilities	<u>50,942</u>			<u>50,942</u>	<u>1,982</u>			<u>52,924</u>
<u>Current And Accrued Liabilities</u>								
231 Notes Payable	(7,307)			(7,307)	35,087			27,780
232 Accounts Payable	26,776			26,776	12,007			38,783
234 Accounts Payable to Associated Companies	1,085			1,085	(1,085)			
235 Customer Deposits	4,615			4,615	5,411			10,026
236 Taxes Accrued	9,619	122	(6)	9,741	445			10,186
237 Interest Accrued	2,546			2,546	2,355			4,901
241 Tax Collections Payable	173			173	685			858
242 Miscellaneous Current & Accrued Liabilities	3,498			3,498	4,434			7,932
243 Obligations Under Capital Leases	1,537			1,537	(6)			1,531
Total Current Liabilities	<u>42,542</u>	<u>122</u>		<u>42,664</u>	<u>59,333</u>			<u>101,997</u>
<u>Deferred Credits</u>								
252 Customer Advances for Construction	1,464			1,464	272			1,736
253 Other Deferred Credits	5,649			5,649	12,318			17,967
254 Other Regulatory Liabilities	2,671			2,671	2,619			5,290
255 Accumulated Deferred Investment Tax Credits	5,004			5,004	1,748			6,752
282 Accumulated Deferred Federal Income Taxes	35,564			35,564	26,335			61,899
Total Deferred Credits	<u>50,352</u>			<u>50,352</u>	<u>43,292</u>			<u>93,644</u>
Total Liabilities And Other Credits	<u>\$410,826</u>	<u>\$359</u>		<u>\$411,185</u>	<u>\$210,005</u>	<u>\$</u>		<u>\$621,190</u>

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
 Consolidating Pro-Forma Income Statement (Reflecting Financings)
 For Twelve Month Period Endrd June 30, 1996

(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	\$323,012	\$		\$323,012	\$102,426	\$		\$425,438
<u>Operating Expenses</u>								
401 Operation Expenses	238,054			238,054	70,222			308,276
402 Maintenance Expenses	5,101			5,101	1,719			6,820
403 Depreciation	11,399			11,399	7,458			18,857
406 Amortization of Utility Plant Acquisition Adjustment					1,018			1,018
407 Amortization of Conversion Expenses					167			167
408.1 Taxes Other Than Income Taxes					10,263			10,263
409.1 Income Taxes Federal	34,010			34,010	216			34,226
410.1 Provision for Deferred Income Taxes	6,879			6,879	113			7,012
411.4 Investment Tax Credit Adjustments Net	2,088	122	(6)	2,088	(233)			1,975
Total Operating Expenses	(320)			(320)	(233)			(553)
Net Operating Income	297,211	122		297,333	90,943			388,276
<u>Other Income (Deductions)</u>								
415	25,801	(122)		25,679	11,483			37,162
421.1 Other Income (Deductions)								
426.1 Donations	(88)			(88)	(4,292)			(4,380)
426.5 Other Deductions	(20)			(20)	20			
408.2 Taxes Other Than Income Taxes	(294)			(294)	(8)			(302)
409.2 Income Taxes Federal	(58)			(58)	(1)			(59)
Net Other Income (Deductions)	157			157	(270)			(113)
<u>Interest Charges</u>								
427 Interest on Long-Term Debt	(303)			(303)	(4,551)			(4,854)
428 Amortization of Debt Discount and Expense	8,295	(399)	(3)	7,896	6,159			14,055
428.1 Amortization of Loss on Reacquired Debt	112	9	(5)	121	245			366
431 Other Interest Expense	99	31	(4)	130				130
432 Allow. for Borrowed Funds Used During Construction	682			682	1,924			2,606
Net Interest Charges	(165)			(165)	1,924			(165)
Net Income (Loss)	9,023	(359)		8,664	8,328			16,992
	\$16,475	\$237		\$16,712	\$			\$15,316

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
 Consolidating Pro-Forma Statement of Capitalization (Reflecting Financings)
 As of June 30, 1996

(Dollars in Thousands)

	ETG Actual		ETG As Adjusted		NUI Consolidated Actual		NUI Consolidated As Adjusted	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<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		46,500		46,500	
6.40% due October 1, 2024	-		-		20,000		20,000	
Variable rate due June 1, 2026	39,000		39,000		39,000		39,000	
6% due October 1, 2031	-		54,600		-		54,600	
Medium-Term Notes								
7.125% due August 1, 2002	-		-		20,000		20,000	
8.35% due February 1, 2005	20,000		20,000		50,000		50,000	
ESOP Indebtedness, 6% due May 31, 2002	-		-		986		986	
Long-Term Debt (Including Current Portion)	160,100		160,100		231,086		231,086	
Unamortized Debt Discount	-		-		(356)		(356)	
Funds for Construction Held by Trustee	(31,608)		(31,608)		(44,782)		(44,782)	
Total Long-Term Debt	128,492	48.13%	128,492	48.08%	185,948	49.93%	185,948	49.90%
<u>Common Shareholders' Equity</u>								
Common Stock Issued	-		-		171,878		171,878	
Miscellaneous Paid-in-Capital	42,504		42,504		(1,441)		(1,441)	
Retained Earnings	95,994		96,231		17,567		17,804	
Reacquired Capital Stock	-		-		(1,564)		(1,564)	
Total Proprietary Capital	138,498	51.87%	138,735	51.92%	186,440	50.07%	186,677	50.10%
Total Capitalization	\$266,990	100.00%	\$267,227	100.00%	\$372,388	100.00%	\$372,625	100.00%

**NUI Corporation and Subsidiaries
Journal Entries to Record Financings**

28-Oct
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The following journal entries reflect the refinancing of the Company's 6.75% and 6.625% Gas Facilities Revenue Bonds to an assumed interest rate of 6% as if the Bonds were refinanced as of July 1, 1995 (one year ago). This refinancing will be reflected on the separate divisional books of Elizabethtown Gas Company.

Entry Number 1

189	DR	Unamortized Loss on Reacquired Debt	\$2,917,000	
181		CR Unamortized Debt Expense		\$1,825,000
131		CR Cash		\$1,092,000

To record the premium paid (at 102%) to redeem the 6.75% and 6.625% Gas Facilities Revenue Bonds and transfer the remaining balance of unamortized debt expense relating to the original issuance of these bonds.

Entry Number 2

181	DR	Unamortized Debt Expense	\$311,000	
131		CR Cash		\$311,000

To record estimated financing cost.

Entry Number 3

131	DR	Cash	\$399,000	
427		CR Interest Expense		\$399,000

To reflect the annual interest savings as a result of the refinancing.

Entry Number 4

428.1	DR	Amortization of Loss on Reacquired Debt	\$31,200	
189		CR Unamortized Loss on Reacquired Debt		\$31,200

To reflect the annual amortization of unamortized loss on reacquired debt over the new bond issuance (35 years).

Entry Number 5

428	DR	Amortization of Debt Discount and Expense	\$9,000	
181		CR Unamortized Debt Expense		\$9,000

To reflect the annual amortization of new debt issuance costs over the life of the new bonds (35 years)

Entry Number 6

409.1	DR	Income Taxes - Federal	\$122,000	
236		CR Taxes Payable		\$122,000

To record the tax affect of the above entries.

NUI Corporation and Subsidiaries
 Interest Charges Coverage Ratio
 For the Twelve-Month Period ended June 30, 1996

(Dollars in Thousands)

	NUI Consolidated	
	<u>Actual</u>	<u>Proforma</u>
Earnings		
Income from Operations	\$15,079	\$15,316
Provision for Income Taxes	8,856	8,978
Interest Expense Before Reduction for Amounts Capitalized	19,369	19,010
Interest Element of Rents Charged to Expense	3,148	3,148
Earnings Before Income Taxes and Fixed Charges	<u>\$46,452</u>	<u>\$46,452</u>
Fixed Charges		
Interest Expense Before Reduction for Amounts Capitalized	\$19,369	\$19,010
Interest Element of Rents Charged to Expense	3,148	3,148
Total Fixed Charges	<u>\$22,517</u>	<u>\$22,158</u>
Interest Charges Coverage Ratio	<u>2.06</u>	<u>2.10</u>

AFFIDAVIT

Exhibit Q.

Robert J. Clancy, Jr., being duly sworn, deposes and says:

1. I am the Assistant Vice President, Accounting 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 \$54,600,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Refunding Revenue Bonds and to the best of my knowledge, information, and belief, the statements set forth in the Petition are true.

Robert J. Clancy, Jr.

Sworn and subscribed to before
me this _____ day of November 1996.

Notary Public

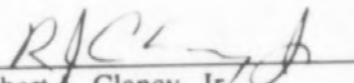
AFFIDAVIT

Exhibit Q.

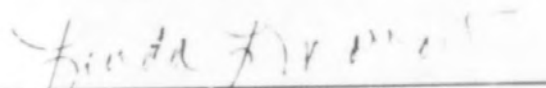
Robert J. Clancy, Jr., being duly sworn, deposes and says:

1. I am the Assistant Vice President, Accounting 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 \$54,600,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Refunding Revenue Bonds and to the best of my knowledge, information, and belief, the statements set forth in the Petition are true.


Robert J. Clancy, Jr.

Sworn and subscribed to before
me this 1st day of November 1996.



Notary Public

LINDA L. MORROW
Notary Public of New Jersey
No. 0048279
My Commission Expires Feb. 25, 1998

TELEPHONE: (910) 273-5569

AMOS & JEFFRIES, L.L.P.
ATTORNEYS AND COUNSELLORS AT LAW
1200 RENAISSANCE PLAZA
200 NORTH ELM STREET
POST OFFICE BOX 787
GREENSBORO, NORTH CAROLINA 27402

FACSIMILE: (910) 273-2435

December 30, 1996

VIA FACSIMILE and
FIRST CLASS MAIL

Mr. Robert H. Bennink, Jr.
General Counsel
North Carolina Utilities Commission
Post Office Box 29510
Raleigh, North Carolina 27626-0510

Dear Mr. Bennink:

I am writing to request that you confirm our advice to NUI Corporation (NUI) that the financial transaction described below does not require approval by the North Carolina Utilities Commission.

NUI has filed an application with the New Jersey Economic Development Authority seeking approval to borrow up to \$54,600,000 from the proceeds generated by the issuance and sale of 1997 Series A Gas Facilities Refunding Revenue Bonds by the Authority. The proceeds of this loan will be used for the purpose of refinancing tax exempt debt issued in 1991.

We believe, and have advised NUI, that this transaction is exempt from the requirements of G.S. §§ 62-160 and 62-161 and Rule R1-16 of the Commission's rules. NUI operates as a public utility in six states, has less than four percent of its investment in North Carolina and only approximately four percent of its customers in North Carolina. Furthermore, NUI receives less than five percent of its revenues from customers in North Carolina.

In *Utilities Commission v. Southern Bell Telephone & Telegraph Company*, 288 N.C. 201 (1975), the North Carolina Supreme Court held that the statutes and rules which require a public utility to obtain Commission approval before issuing securities imposed an undue burden on interstate commerce in violation of Article 1, §8, of the United States Constitution when applied to Southern Bell Telephone & Telegraph Company. The basis for this holding was the fact that, at that time, Southern Bell operated in four states and had only 17 percent of its investment and 18 percent of its telephones in service in North Carolina.


Based upon the *Southern Bell* case and your previous letters relating to similar transactions by NUI, we have advised NUI that approval of the Commission is not required for the above-described transactions. I would appreciate your confirming this opinion in writing.

I would greatly appreciate it if you could respond to this request by January 8, 1997 due to NUI's desire to close this transaction shortly thereafter.

Mr. Robert H. Bennink, Jr.
December 30, 1996
Page 2

If you have any questions, please call.

Sincerely,


James H. Jeffries IV

JHJ/slc

c: Mary Patricia Keefe, Esquire

Exhibit 1(B)

Expenses for 1997 Equity Offering

Underwriter Fee	17,184
Printing	824,291
Legal Fees	150,000
Audit Fees	<u>15,000</u>
	1,006,475

Expenses for EDA Refunding

Underwriter Discount	1,041,768
EDA Fees	130,250
Legal Fees	40,000
Trustee Fees	5,500
Printing	2,929
Premium	<u>546,000</u>
	1,766,447



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

AGENDA DATE: 2/3/97

IN THE MATTER OF THE PETITION OF)
NUI CORPORATION FOR AUTHORITY UNDER)
N.J.S.A. 48:3-9 TO (1) ENTER INTO A)
LOAN AGREEMENT WITH THE NEW JERSEY)
ECONOMIC DEVELOPMENT AUTHORITY FOR)
THE ISSUANCE AND SALE OF \$54,600,000)
OF GAS FACILITIES REFUNDING REVENUE)
BONDS)

DOCKET NO. GP96110780

Mary Patricia Keefe, Esq., One Elizabethtown Plaza,
Union, New Jersey, 07083 for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, Julie Huff, 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 November 1, 1996, as amended by a letter petition dated January 8, 1997, pursuant to N.J.S.A. 48:3-9 requests authority to borrow up to \$54,600,000 from the New Jersey Development Authority (NJEDA) for the purpose of refunding \$54,600,000 of long term debt obligations issued by NJEDA for Petitioner's benefit in 1991.

NUI is engaged in the business of distributing natural and mixed gas in service territories located in portions of the States 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 (Elizabethtown). NJEDA is a public instrumentality of the State of New Jersey and a public body corporate and politic organized under the New Jersey Economic Development Authority Act. Elizabethtown, which was merged with and into NUI in 1994, previously has borrowed funds from NJEDA in order to finance certain gas facilities in New Jersey. NUI proposes to use the \$54,600,000 of proceeds of the loan from NJEDA for which NUI seeks Board approval in this proceeding to refinance \$54,600,000 of these previous obligations in order to reduce Petitioner's interest expense. These obligations consist of \$46,200,000 of Series A Gas Facilities Revenue Bonds bearing an interest rate of 6.75% and \$8,400,000 of

Series B Gas Facilities Revenue Bonds bearing an interest rate of 6.625%. Under the terms of the trust indenture for these obligations, they can be called at 102% of face value. Petitioner has determined that current interest rate levels are such that refunding the Series A and B Bonds would be economical. NJEDA authorized the allocation of \$54,600,000 on December 10, 1996. The proceeds of the proposed borrowing from NJEDA will be reflected on the books and records of the New Jersey Division of NUI, as well as the books and records of NUI.

The terms of Petitioner's proposed borrowing from NJEDA are governed by the respective loan agreements between the parties. These loan agreements were attached to NUI's petition as Exhibit N. The proposed financing does not require specific approval of regulatory authorities in any other jurisdictions in which NUI operates.

The Board's announced policy is that competitive bidding be the first choice among methods of sale unless it can be demonstrated that another method is more advantageous to warrant the Board to deviate from this policy. The Board is of the opinion that competitive bidding will ensure that the fair market price will be received for the securities offered. Therefore, as requested by Petitioner, the Board will authorize the offer for sale of the securities by competitive bidding.

Petitioner states that in order to finance the loan to Petitioner, NJEDA would issue and sell to underwriters, through competitive bidding, up to \$54,600,000 aggregate principal amount of NJEDA's Gas Facilities Refunding Revenue Bonds. Since interest on the bonds would be exempt from Federal Income Tax, the bonds would reflect a substantial reduction in interest expenses, as the interest rate on the bonds fixes the interest rate in Petitioner's loan agreements.

The loans from NJEDA to Petitioner would be made from the proceeds of the sale of the bonds. Such proceeds would be deposited with a Corporate Trustee Bank, and held by the Trustee under bond indentures.

The loan agreements are the sole evidence of Petitioner's indebtedness. The indentures would provide in substance that the bonds would be redeemable at the option of the Petitioner under certain circumstances set forth in detail in said indenture.

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**:

(1) To enter into a loan agreement with the New Jersey Economic Development Authority substantially in the form submitted with the petition in this matter as Exhibit N, for the purpose set forth in said loan agreement.

(2) To redeem prior to maturity \$46,200,000 of Series A Gas Facilities Revenue Bonds bearing an interest rate of 6.75% and \$8,400,000 of Series B Gas Facilities Revenue Bonds bearing an interest rate of 6.625% at a price equal to 102% of face value.

(3) To execute such other related documents as may be required to permit consummation of the transactions as hereinabove described.

(4) To defer recognition of the unamortized costs of issue of the existing Series A and B Bonds as well as the call premium due upon early redemption and any other costs resulting from the refinancing to be amortized over the life of the new bonds.

(5) To carry out all of the above without further order of the Board, all as hereinabove described.

This order is issued subject to the following provisions:

(1) Petitioner shall, as promptly as is practical after opening of the sealed bids, furnish the Board, in writing, a statement which will indicate the winning bid. It will also indicate the names of all bidders or group representatives, the interest rate, the price to be paid and the actual rate of the cost of money to Petitioner for each bid received. For the winning bid, the Petitioner will also furnish (i) the price at which said bonds will be sold to the public, and (ii) calculations showing that the bidding criteria have been satisfied. Petitioner shall also submit proofs and support for the reasonableness of the terms of the bid which is proposed to accept.

(2) Petitioner shall provide the actual expenses incurred in the issuance of the financing within sixty (60) days of closing.

(3) Petitioner shall furnish the Board with copies of the loan agreements and the indentures, and such other instruments pursuant to which the bonds are to be issued and executed substantially in the form submitted to the Board in this proceeding.

(4) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.

(5) 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 petitions or in any proceeding with respect to rates, franchises, services, financing (including method of sale of securities), accounting, capitalization, depreciation, or any other matters affecting the Petitioner.

(6) 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.

(7) If, it is economical to redeem Petitioner's Series A & B Gas Facilities Revenue Bonds and pursuant to competitive bidding procedures, (a) at least three independent bids for the purchase of the bonds are received and the Petitioner accepts the bid which produces the lowest annual cost of money, and (b) the price to the Petitioner in such bid is not less than 98¢ of par and not more than 102¢ of par, the Petitioner shall have full authority to sell the bonds and execute the loan agreements with the terms and conditions contained in such accepted bid without further order of the Board. If the competitive bidding does not satisfy the condition set forth above, Petitioner shall seek Board approval on the bidding date for acceptance of a winning bid which does not meet the aforesaid conditions.

Petitioner is directed to comply with all provisions of N.J.A.C. 14:11-1.7.

DATED: 2-3-97

BOARD OF PUBLIC UTILITIES
BY:

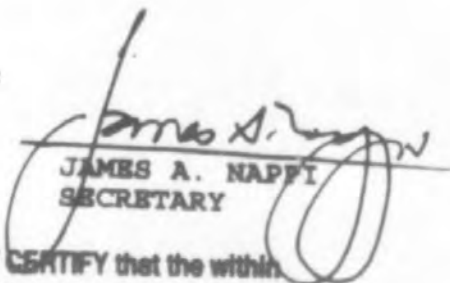


HERBERT H. TATE
PRESIDENT



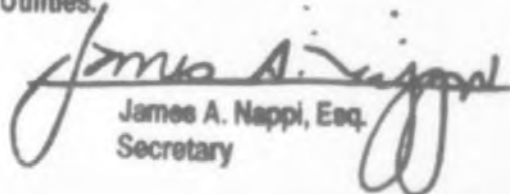
CARMELO J. ARMENTI
COMMISSIONER

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

CASE STATEMENT

NUI Corporation's Petition seeks authorization to refund 1991 Series A & B Gas Facilities Revenue Bonds of the New Jersey Economic Development Authority and enter into a loan agreement with the New Jersey Economic Development Authority to borrow up to \$54,600,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Refunding Revenue Bonds.

STATE OF NEW JERSEY
BOARD OF REGULATORY COMMISSIONERS

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 \$ 54,600,000 of Gas	:	Case No.
Facilities Refunding Revenue	:	
Bonds: Series A: \$46,200,000	:	
and Series B: \$8,400,000	:	

TO: THE HONORABLE BOARD OF REGULATORY COMMISSIONERS

Petitioner, NUI Corporation, a public utility corporation duly organized under the laws of the State of New Jersey, subject to the jurisdiction of the Board of Regulatory Commissioners, respectfully states:

1. Petitioner's principal business office is located at 550 Route 202-206, Bedminster, New Jersey 07921.

2. Communications and correspondence regarding these proceedings should be sent

as follows: Mary Patricia Keefe
Senior Vice President and
General Counsel
Elizabethtown Gas Company
One Elizabethtown Plaza
Union, New Jersey 07083

Robert Lurie
Vice President and Treasurer
NUI Corporation
550 Route 202-206
Bedminster, New Jersey 07921

3. Petitioner is engaged in the business of distributing natural and mixed gas in service territories located in portions of the States 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 240,000 customers in a service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union, and Warren Counties.

4 (a). Petitioner proposes to request the New Jersey Economic Development Authority ("Authority") to issue Series A Gas Facilities Refunding Revenue Bonds ("Refunding Bonds") in an aggregate principal amount of up to \$46,200,000 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 Refunding Bonds to Petitioner pursuant to a loan agreement. The Authority approved the issuance of the Bonds on September 5, 1991.

4 (b). Petitioner proposes to request the New Jersey Economic Development Authority ("Authority") to issue Series B Gas Facilities Refunding Revenue Bonds ("Refunding Bonds") in an aggregate principal amount of up to \$8,400,000 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 Refunding Bonds to Petitioner pursuant to a loan agreement. The Authority approved the issuance of the Bonds on September 5, 1991.

5. Petitioner proposes to apply the proceeds of the financing to refund a total of \$54,600,000 of long term debt obligations issued by the Authority in 1991. These obligations consist of \$46,200,000 of Series A Bonds bearing an interest rate of 6.75% and \$8,400,000 of

Series B Bonds bearing an interest rate of 6.625%. These obligations mature on June 1, 2021. Under the terms of the trust indenture for these obligations, they may be called on or after at 102% of face value. Petitioner can call the \$54,600,000 principal amount of Bonds at the redemption price of 102%. Petitioner has determined that current interest rate levels are such that refunding the Series A and B Bonds at this time would be economical. Petitioner therefore proposes and requests the Board authorize it to refund the Series A and B Bonds.

6. It is proposed that the interest rate of the bonds will be determined by competitive bidding for the sale of the bonds accepted or rejected by the Authority and the Petitioner on or about _____, 1996.

7. It is requested that if, pursuant to the competitive bidding procedure, (i) at least three (3) independent bids for the purchase of New Bonds are received, and (ii) the Petitioner accepts the bid that produces the lowest annual cost of money, (i.e., yield to maturity) to Petitioner. Petitioner may have full authority to execute the loan agreements in accordance with the terms and conditions contained in such accepted bid, without further Order of the Board. If the competitive bidding does not satisfy both of the conditions set forth above in this proviso, Petitioner shall not accept the winning bid that does not meet the aforestated conditions unless and until Board approval is obtained.

8. 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, and mergers and consolidations of predecessor companies and subsidiaries and Certificate of Incorporation as amended.

9. No franchise of franchise right is proposed to be capitalized directly or indirectly.
10. The proposed loan agreements do not require NUI to pledge any assets.
11. 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 at the time of closing.
12. In support of this Petition, the following Exhibits are attached:
 - A. Consolidating balance sheet as of June 30, 1996.
 - B. Consolidating statement of income for the twelve-month period ended June 30, 1996.
 - C. Consolidating statement of cash flows for the twelve-month period ended June 30, 1996.
 - D. Consolidating statement of capitalization as of June 30, 1996.
 - E. Statement of use of proceeds from loan agreements.
 - F. Consolidating pro forma balance sheet and statement of income as of and for the twelve-month period ended June 30, 1996, reflecting the financings.
 - G. Consolidating pro forma statement of capitalization and capitalization ratios as of June 30, 1996 reflecting the financings.
 - H. Journal entries to record the financing.
 - I. Timetable.
 - J. Statement of estimated Issuance costs (actual costs to be provided within 60 days of the sale of the Bonds).
 - K. Interest coverage, for the twelve-month period ended June 30, 1996 actual

and pro forma.

- L. Resolution of the NUI Board of Directors authorizing the proposed transactions.
- M. Notice of Sale and Proposal for Bonds, which, when executed, together constitute the agreement by the Authority to deliver, and the agreement by the winning bidder to take and pay for the bonds (to be provided by Petitioner by _____).
- N. Draft of loan agreements between Petitioner and the Authority and Petitioner (actual to be provided by Petitioner by _____).
- O. Draft of bond indentures between Authority and the Bond Trustee (actual to be provided by Petitioner by _____).
- P. Draft Order.
- Q. Affidavit of Robert Clancy, Assistant Vice President, Accounting.

CONCLUSION

WHEREFORE, Petitioner requests that the Board issue an Order (a) authorizing Petitioner to refund the Series A & B Bonds at the redemption price, including premium of 102% (b) authorizing Petitioner to enter into a loan agreement with the New Jersey Economic Development Authority providing for the borrowing by Petitioner from the Authority, the aggregate principal amount of not more than \$54,600,000 in two Series, Series A and Series B, (c) authorizing Petitioner to execute the necessary documents to effectuate the sale and loan of said proceeds, and (d) authorizing the above-requested relief 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

Respectfully submitted,
NUI Corporation

By: _____
Mary Patricia Keefe
Senior Vice President
and General Counsel
 Elizabethtown Gas Company
One Elizabethtown Plaza
Union, New Jersey 07083

Dated: November 1, 1996

NUI Corporation and Subsidiaries
 Consolidating Balance Sheet
 As of June 30, 1996

Exhibit A
 Page 1 of 2

29 Oct
 11:58 AM

(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	\$422,719	\$161,174	\$583,893
108 Accumulated Provision for Depreciation	3,177	4,909	8,086
114 Gas Plant Acquisition Adjustments	(128,472)	(57,708)	(186,180)
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments	-	42,169	42,169
Net Utility Plant	-	(8,325)	(8,325)
	<u>297,424</u>	<u>142,219</u>	<u>439,643</u>
<u>Other Property And Investments</u>			
121 Non-Utility Property	213	25,601	25,814
122 Accumulated Provision for Depreciation	(204)	(10,035)	(10,239)
124 Other Investments	-	3,135	3,135
Total Other Property And Investments	<u>9</u>	<u>18,701</u>	<u>18,710</u>
<u>Current And Accrued Assets</u>			
131 Cash			
134 Special Deposits	1,462	1,484	2,946
135 Working Funds	4	14	18
136 Temporary Cash Investments	10	3	13
142 Customer Accounts Receivable	-	1,266	1,266
143 Other Accounts Receivable	30,239	20,324	50,563
144 Accumulated Provision for Uncollectible Accounts	475	672	1,147
146 Accounts Receivable from Associated Companies	(1,964)	(571)	(2,535)
154 Plant Materials & Operating Supplies	2,484	(2,484)	-
155 Merchandise	2,127	1,242	3,369
164.1 Gas Stored Underground-Current	235	167	402
165 Prepayments	15,099	1,053	16,152
173 Accrued Utility Revenues	11,562	4,610	16,172
Total Current And Accrued Assets	<u>-</u>	<u>45</u>	<u>45</u>
	<u>61,733</u>	<u>27,825</u>	<u>89,558</u>
<u>Deferred Debits</u>			
181 Unamortized Debt Expense	3,705	1,285	4,990
182.3 Other Regulatory Assets	45,011	9,894	54,905
186 Miscellaneous Deferred Debits	1,018	3,465	4,483
189 Unamortized Loss on Reacquired Debt	1,672	-	1,672
190 Accumulated Deferred Income Taxes	-	4,657	4,657
191 Unrecovered Purchased Gas Costs	-	1,959	2,213
Total Deferred Charges and Other Assets	<u>254</u>	<u>1,959</u>	<u>2,213</u>
	<u>51,660</u>	<u>21,260</u>	<u>72,920</u>
Total Assets And Other Debits	<u>\$410,826</u>	<u>\$210,005</u>	<u>\$620,831</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Balance Sheet
 As of June 30, 1996

Exhibit A
 Page 2 of 2

29-Oct
 11:59 AM

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
Liabilities And Other Credits			
<u>Proprietary Capital</u>			
201 Common Stock Issued		\$171,878	\$171,878
211 Miscellaneous Paid-in-Capital	\$42,504	(43,945)	(1,441)
216 Retained Earnings	95,994	(78,427)	17,567
217 Reacquired Capital Stock		(1,564)	(1,564)
Total Proprietary Capital	<u>138,498</u>	<u>47,942</u>	<u>186,440</u>
<u>Long-Term Debt</u>			
221 Bonds	108,492	7,684	116,176
224 Other Long-Term Debt	20,000	49,772	69,772
Total Long-Term Debt	<u>128,492</u>	<u>57,456</u>	<u>185,948</u>
<u>Other Noncurrent Liabilities</u>			
227 Obligations Under Capital Leases	10,530	160	10,690
228.2 Accumulated Provision for Injuries & Damages	667	311	978
228.3 Accumulated Provision for Pensions & Benefits	2,096	1,511	3,607
228.4 Accumulated Miscellaneous Operating Provisions	37,649		37,649
Total Other Noncurrent Liabilities	<u>50,942</u>	<u>1,982</u>	<u>52,924</u>
<u>Current And Accrued Liabilities</u>			
231 Notes Payable	(7,307)	35,087	27,780
232 Accounts Payable	26,776	12,007	38,783
234 Accounts Payable to Associated Companies	1,085	(1,085)	
235 Customer Deposits	4,615	5,411	10,026
236 Taxes Accrued	9,619	445	10,064
237 Interest Accrued	2,546	2,355	4,901
241 Tax Collections Payable	173	685	858
242 Miscellaneous Current & Accrued Liabilities	3,498	4,434	7,932
243 Obligations Under Capital Leases	1,537	(6)	1,531
Total Current Liabilities	<u>42,542</u>	<u>59,333</u>	<u>101,875</u>
<u>Deferred Credits</u>			
252 Customer Advances for Construction	1,464	272	1,736
253 Other Deferred Credits	5,649	12,318	17,967
254 Other Regulatory Liabilities	2,671	2,619	5,290
255 Accumulated Deferred Investment Tax Credits	5,004	1,748	6,752
282 Accumulated Deferred Federal Income Taxes	35,564	26,335	61,899
Total Deferred Credits	<u>50,352</u>	<u>43,292</u>	<u>93,644</u>
Total Liabilities And Other Credits	<u>\$410,826</u>	<u>\$210,005</u>	<u>\$620,831</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Income Statement
 For the Twelve-Month Period Ended June 30, 1996

Exhibit B
 29-Oct
 11:59 AM

(Dollars in Thousands)

	<u>ETG</u>	<u>All Other Companies *</u>	<u>NUI Consolidated</u>
<u>Utility Operating Income</u>			
400 Operating Revenue	<u>\$323,012</u>	<u>\$102,426</u>	<u>\$425,438</u>
<u>Operating Expenses</u>			
401 Operation Expenses	238,054	70,222	308,276
402 Maintenance Expenses	5,101	1,719	6,820
403 Depreciation	11,399	7,458	18,857
406 Amortization of Utility Plant Acquisition Adjustment	-	1,018	1,018
407 Amortization of Conversion Expenses	-	167	167
408.1 Taxes Other Than Income Taxes	34,010	10,263	44,273
409.1 Income Taxes-Federal	6,879	216	7,095
410.1 Provision for Deferred Income Taxes	2,088	113	2,201
411.4 Investment Tax Credit Adjustments-Net	(320)	(233)	(553)
Total Operating Expenses	<u>297,211</u>	<u>90,943</u>	<u>388,154</u>
Net Operating Income	<u>25,801</u>	<u>11,483</u>	<u>37,284</u>
<u>Other Income (Deductions)</u>			
415-			
421.1 Other Income (Deductions)	(88)	(4,292)	(4,380)
426.1 Donations	(20)	20	-
426.5 Other Deductions	(294)	(8)	(302)
408.2 Taxes Other Than Income Taxes	(58)	(1)	(59)
409.2 Income Taxes-Federal	157	(270)	(113)
Net Other Income (Deductions)	<u>(303)</u>	<u>(4,551)</u>	<u>(4,854)</u>
<u>Interest Charges</u>			
427 Interest on Long-Term Debt	8,295	6,159	14,454
428 Amortization of Debt Discount and Expense	112	245	357
428.1 Amortization of Loss on Reacquired Debt	99	-	99
431 Other Interest Expense	682	1,924	2,606
432 Allow. for Borrowed Funds Used During Construction	(165)	-	(165)
Net Interest Charges	<u>9,023</u>	<u>8,328</u>	<u>17,351</u>
Net Income (Loss)	<u>\$16,475</u>	<u>(\$1,396)</u>	<u>\$15,079</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Statement of Cash Flows
 For the Twelve-Month Period Ended June 30, 1996

Exhibit C

29-Oct
 11:57 AM

(Dollars in Thousands)

	ETG	All Other Companies *	NUI Consolidated
<u>Net Cash Flow From Operating Activities</u>			
Net Income (Loss)	\$16,475	(\$1,396)	\$15,079
Noncash Charges (Credits) to Income:			
Depreciation and Depletion	12,956	8,565	21,521
Amortization of:			
Debt Expense, Deferred Charges & Credits and Other	1,865	3,747	5,612
Deferred Income Tax and Amortization of			
Investment Tax Credit Adjustment (Net)	2,680	1,670	4,350
Net (Increase) in Receivables	(9,097)	(7,976)	(17,073)
Net Decrease in Inventories	731	446	1,177
Net (Increase) in Payables, Deposits and Accruals	(1,032)	(1,268)	(2,300)
Net Increase in Gross Receipts and Franchise Taxes	1,194	-	1,194
Other	2,700	(1,968)	732
<u>Net Cash Provided by Operating Activities</u>	<u>28,472</u>	<u>1,820</u>	<u>30,292</u>
<u>Net Cash Flow from Investing Activities</u>			
Additions to Utility Plant	(24,380)	(7,837)	(32,217)
Other	(1,662)	1,528	(134)
<u>Net Cash Used in Investing Activities</u>	<u>(26,042)</u>	<u>(6,309)</u>	<u>(32,351)</u>
<u>Net Cash Flow from Financing Activities</u>			
Proceeds From Sales of Common Stock, net of Treasury Stock	-	31,324	31,324
Funds for Construction Held by Trustee, Net	(31,353)	274	(31,079)
Proceeds from Long-Term Debt	39,000	-	39,000
Repayments of Long-Term Debt	-	(38,874)	(38,874)
Net (Repayments) Proceeds from Short-Term Debt	(6,669)	18,349	11,680
Repayment of Capital Lease Obligations	(1,820)	(99)	(1,919)
Dividends to Shareholders	(1,301)	(7,025)	(8,326)
<u>Net Cash Provided by (Used in) Financing Activities</u>	<u>(2,143)</u>	<u>3,949</u>	<u>1,806</u>
<u>Net Increase (Decrease) In Cash and Cash Equivalents</u>	<u>287</u>	<u>(540)</u>	<u>(253)</u>
Cash and Cash Equivalents at Beginning of Period	1,189	3,307	4,496
<u>Cash and Cash Equivalents at End of Period</u>	<u>\$1,476</u>	<u>\$2,767</u>	<u>\$4,243</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
 Consolidating Statement of Capitalization
 As of June 30, 1996

Exhibit D

29-Oct
 12:00 PM

(Dollars in Thousands)

	<u>ETG</u>	<u>All Other Companies *</u>	<u>NUI Consolidated</u>
<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
Variable rate due June 1, 2026	39,000	-	39,000
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
ESOP Indebtedness, 6% due May 31, 2002	-	986	986
Long-Term Debt (Including Current Portion)	160,100	70,986	231,086
Unamortized Debt Discount	-	(356)	(356)
Funds for Construction Held by Trustee	(31,608)	(13,174)	(44,782)
Total Long-Term Debt	<u>128,492</u>	<u>57,456</u>	<u>185,948</u>
<u>Common Shareholders' Equity</u>			
Common Stock Issued	-	171,878	171,878
Miscellaneous Paid-in-Capital	42,504	(43,945)	(1,441)
Retained Earnings	95,994	(78,427)	17,567
Reacquired Capital Stock	-	(1,564)	(1,564)
Total Proprietary Capital	<u>138,498</u>	<u>47,942</u>	<u>186,440</u>
Total Capitalization	<u>\$266,990</u>	<u>\$105,398</u>	<u>\$372,388</u>

* Amounts include all consolidation elimination entries.

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As of June 30, 1996

(Dollars in Thousands)

	ETG	Financing Adjustments *	JE Reference	Adjusted ETG	All Other Companies	Financing Adjustments *	JE Reference	NUI Cons'd
Assets And Other Debits				\$422,719	\$161,174	\$		\$583,893
<u>Utility Plant</u>	\$422,719	\$		3,177	4,909			8,086
101 Utility Plant in Service	3,177			(128,472)	(57,708)			(186,180)
107 Construction Work in Progress	(128,472)				42,169			42,169
108 Accumulated Provision for Depreciation								
114 Gas Plant Acquisition Adjustments					(8,325)			(8,325)
115 Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments				297,424	142,219			439,643
Net Utility Plant	297,424							
<u>Other Property And Investments</u>	213			213	25,601			25,814
121 Non-Utility Property	(204)			(204)	(10,035)			(10,239)
122 Accumulated Provision for Depreciation					3,135			3,135
124 Other Investments	9			9	18,701			18,710
Total Other Property And Investments	9							
<u>Current And Accrued Assets</u>	1,462	(1,004)	(1,2,3)	458	1,484			1,942
131 Cash	4			4	14			18
134 Special Deposits	10			10	3			13
135 Working Funds								1,266
136 Temporary Cash Investments	30,239			30,239	20,324			50,563
142 Customer Accounts Receivable	475			475	672			1,147
143 Other Accounts Receivable	(1,964)			(1,964)	(571)			(2,535)
144 Accumulated Provision for Uncollectible Accounts	2,484			2,484	(2,484)			
146 Accounts Receivable from Associated Companies	2,127			2,127	1,242			3,369
154 Plant Materials & Operating Supplies	235			235	167			402
155 Merchandise	15,099			15,099	1,053			16,152
164.1 Gas Stored Underground-Current	11,562			11,562	4,610			16,172
165 Prepayments					45			45
173 Accrued Utility Revenues	61,733	(1,004)		60,729	27,825			88,554
Total Current And Accrued Assets	61,733	(1,004)						
<u>Deferred Debits</u>	3,705	(1,523)	(1,2,5)	2,182	1,285			3,467
181 Unamortized Debt Expense	45,011			45,011	9,894			54,905
182.3 Other Regulatory Assets	1,018			1,018	3,465			4,483
186 Miscellaneous Deferred Debits	1,672	2,886	(1,4)	4,558				4,558
189 Unamortized Loss on Reacquired Debt					4,657			4,657
190 Accumulated Deferred Income Taxes	254			254	1,959			2,213
191 Unrecovered Purchased Gas Costs	51,660	1,363		53,023	21,260			74,283
Total Deferred Charges and Other Assets	51,660	1,363						
Total Assets And Other Debits	\$410,826	\$359		\$411,185	\$210,005	\$		\$621,190

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
Consolidating Pro-Forma Balance Sheet (Reflecting Financings)
As of June 30, 1996

(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	\$	\$		\$	\$171,878	\$		\$171,878
201 Common Stock Issued	42,504			42,504	(43,945)			(1,441)
211 Miscellaneous Paid-in Capital	95,994	237		96,231	(78,427)			17,804
216 Retained Earnings					(1,564)			(1,564)
217 Reacquired Capital Stock	138,498	237		138,735	47,942			186,677
Total Proprietary Capital								
Long Term Debt	108,492			108,492	7,684			116,176
221 Bonds	20,000			20,000	49,772			69,772
224 Other Long Term Debt	128,492			128,492	97,456			185,948
Other Noncurrent Liabilities	10,530			10,530	160			10,690
227 Obligations Under Capital Leases	667			667	311			978
228.2 Accumulated Provision for Injuries & Damages	2,096			2,096	1,511			3,607
228.3 Accumulated Provision for Pensions & Benefits	37,649			37,649				37,649
228.4 Accumulated Miscellaneous Operating Provisions	50,942			50,942	1,982			52,924
Total Other Noncurrent Liabilities								
Current And Accrued Liabilities	(7,307)			(7,307)	35,087			27,780
231 Notes Payable	26,776			26,776	12,007			38,783
232 Accounts Payable	1,085			1,085	(1,085)			
234 Accounts Payable to Associated Companies	4,615			4,615	5,411			10,026
235 Customer Deposits	9,619	122	(6)	9,741	445			10,186
236 Taxes Accrued	2,546			2,546	2,355			4,901
237 Interest Accrued	173			173	685			858
241 Tax Collections Payable	3,498			3,498	4,434			7,932
242 Miscellaneous Current & Accrued Liabilities	1,537			1,537	(6)			1,531
243 Obligations Under Capital Leases	42,542	122		42,664	59,333			101,997
Total Current Liabilities								
Deferred Credits	1,464			1,464	272			1,736
252 Customer Advances for Construction	5,649			5,649	12,318			17,967
253 Other Deferred Credits	2,671			2,671	2,619			5,290
254 Other Regulatory Liabilities	5,004			5,004	1,748			6,752
255 Accumulated Deferred Investment Tax Credits	35,564			35,564	26,335			61,899
282 Accumulated Deferred Federal Income Taxes	50,352			50,352	43,292			93,644
Total Deferred Credits								
Total Liabilities And Other Credits	\$410,826	\$359		\$411,185	\$210,005	\$		\$621,190

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
 Consolidating Pro-Forma Income Statement (Reflecting Financings)
 For Twelve-Month Period Endrd June 30, 1996

(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	\$323,012	\$		\$323,012	\$102,426	\$		\$425,438
<u>Operating Expenses</u>								
401 Operation Expenses								
402 Maintenance Expenses	238,054			238,054	70,222			308,276
403 Depreciation	5,101			5,101	1,719			6,820
406 Amortization of Utility Plant Acquisition Adjustment	11,399			11,399	7,458			18,857
407 Amortization of Conversion Expenses					1,018			1,018
408.1 Taxes Other Than Income Taxes					167			167
409.1 Income Taxes-Federal	34,010			34,010	10,263			44,273
410.1 Provision for Deferred Income Taxes	6,879	122	(6)	7,001	216			7,217
411.4 Investment Tax Credit Adjustments-Net	2,088			2,088	113			2,201
Total Operating Expenses	(320)			(320)	(233)			(553)
Net Operating Income	297,211	122		297,333	90,943			388,276
	25,801	(122)		25,679	11,483			37,162
<u>Other Income (Deductions)</u>								
415								
421.1 Other Income (Deductions)								
426.1 Donations	(88)			(88)	(4,292)			(4,380)
426.5 Other Deductions	(20)			(20)	20			
408.2 Taxes Other Than Income Taxes	(294)			(294)	(8)			(302)
409.2 Income Taxes-Federal	(58)			(58)	(1)			(59)
Net Other Income (Deductions)	157			157	(270)			(113)
	(303)			(303)	(4,551)			(4,854)
<u>Interest Charges</u>								
427 Interest on Long-Term Debt	8,295	(399)	(3)	7,896	6,159			14,055
428 Amortization of Debt Discount and Expense	112	9	(5)	121	245			366
428.1 Amortization of Loss on Reacquired Debt	99	31	(4)	130				130
431 Other Interest Expense	682			682	1,924			2,606
432 Allow. for Borrowed Funds Used During Construction	(165)			(165)				(165)
Net Interest Charges	9,023	(359)		8,664	8,328			16,992
Net Income (Loss)	\$16,475	\$237		\$16,712	(\$1,396)	\$		\$15,316

* See Exhibit H for journal entries describing adjustments.

NUI Corporation and Subsidiaries
 Consolidating Pro-Forma Statement of Capitalization (Reflecting Financings)
 As of June 30, 1996

(Dollars in Thousands)

	ETG Actual		ETG As Adjusted		NUI Consolidated Actual		NUI Consolidated As Adjusted	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<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		46,500		46,500	
6.40% due October 1, 2024	-		-		-		-	
Variable rate due June 1, 2026	39,000		39,000		20,000		20,000	
6% due October 1, 2031	-		54,600		39,000		39,000	
Medium-Term Notes								
7.125% due August 1, 2002	-		-		-		54,600	
8.35% due February 1, 2005	20,000		20,000		20,000		20,000	
ESOP Indebtedness, 6% due May 31, 2002	-		-		50,000		50,000	
Long-Term Debt (Including Current Portion)	160,100		160,100		986		986	
Unamortized Debt Discount	-		-		231,086		231,086	
Funds for Construction Held by Trustee	(31,608)		(31,608)		(356)		(356)	
Total Long-Term Debt	128,492	48.13%	128,492	48.08%	185,948	49.93%	185,948	49.90%
<u>Common Shareholders' Equity</u>								
Common Stock Issued	-		-		-		-	
Miscellaneous Paid-in-Capital	42,504		42,504		171,878		171,878	
Retained Earnings	95,994		96,231		(1,441)		(1,441)	
Reacquired Capital Stock	-		-		17,567		17,804	
Total Proprietary Capital	138,498	51.87%	138,735	51.92%	(1,564)		(1,564)	
Total Capitalization	\$266,990	100.00%	\$267,227	100.00%	\$372,388	100.00%	\$372,625	100.00%

NUI Corporation and Subsidiaries
Journal Entries to Record Financings

28-Oct
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The following journal entries reflect the refinancing of the Company's 6.75% and 6.625% Gas Facilities Revenue Bonds to an assumed interest rate of 6% as if the Bonds were refinanced as of July 1, 1995 (one year ago). This refinancing will be reflected on the separate divisional books of Elizabethtown Gas Company.

Entry Number 1

		\$2,917,000	
189	DR Unamortized Loss on Reacquired Debt		\$1,825,000
181	CR Unamortized Debt Expense		\$1,092,000
131	CR Cash		

To record the premium paid (at 102%) to redeem the 6.75% and 6.625% Gas Facilities Revenue Bonds and transfer the remaining balance of unamortized debt expense relating to the original issuance of these bonds.

Entry Number 2

		\$311,000	
181	DR Unamortized Debt Expense		\$311,000
131	CR Cash		

To record estimated financing cost.

Entry Number 3

		\$399,000	
131	DR Cash		\$399,000
427	CR Interest Expense		

To reflect the annual interest savings as a result of the refinancing

Entry Number 4

		\$31,200	
428.1	DR Amortization of Loss on Reacquired Debt		\$31,200
189	CR Unamortized Loss on Reacquired Debt		

To reflect the annual amortization of unamortized loss on reacquired debt over the new bond issuance (35 years).

Entry Number 5

		\$9,000	
428	DR Amortization of Debt Discount and Expense		\$9,000
181	CR Unamortized Debt Expense		

To reflect the annual amortization of new debt issuance costs over the life of the new bonds (35 years)

Entry Number 6

		\$122,000	
409.1	DR Income Taxes - Federal		\$122,000
236	CR Taxes Payable		

To record the tax affect of the above entries.

NUI Corporation and Subsidiaries
Interest Charges Coverage Ratio
For the Twelve-Month Period ended June 30, 1996

(Dollars in Thousands)

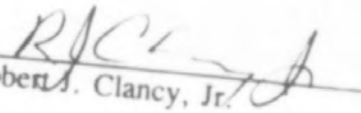
	NUI Consolidated	
	<u>Actual</u>	<u>Proforma</u>
Earnings		
Income from Operations	\$15,079	\$15,316
Provision for Income Taxes	8,856	8,978
Interest Expense Before Reduction for Amounts Capitalized	19,369	19,010
Interest Element of Rents Charged to Expense	3,148	3,148
	<u>\$46,452</u>	<u>\$46,452</u>
Earnings Before Income Taxes and Fixed Charges		
Fixed Charges		
Interest Expense Before Reduction for Amounts Capitalized	\$19,369	\$19,010
Interest Element of Rents Charged to Expense	3,148	3,148
	<u>\$22,517</u>	<u>\$22,158</u>
Total Fixed Charges		
Interest Charges Coverage Ratio	<u>2.06</u>	<u>2.10</u>

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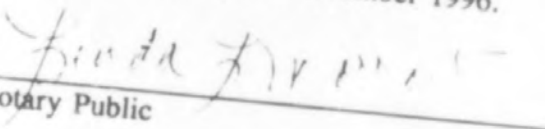
Exhibit Q.

Robert J. Clancy, Jr., being duly sworn, deposes and says:

1. I am the Assistant Vice President, Accounting 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 \$54,600,000 from the proceeds of the issuance and sale of the Authority's Gas Facilities Refunding Revenue Bonds and to the best of my knowledge, information, and belief, the statements set forth in the Petition are true.


Robert J. Clancy, Jr.

Sworn and subscribed to before
me this 1st day of November 1996.


Notary Public

LINDA L. MORROW
Notary Public of New Jersey
No. 0048279
My Commission Expires Feb. 25, 1998

PROSPECTUS

1,000,000 Shares



**Common Stock
(No par value)**

NUI Corporation (the "Company") is offering hereby 1,000,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (the "Rights" and, together with the 1,000,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol NUI. On September 18, 1997, the last reported sale price for the Common Stock on the NYSE was \$23.25 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	\$23.25	\$.815	\$22.435
Total(3)	\$23,250,000	\$815,000	\$22,435,000

- (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) Amounts shown are before deducting expenses payable by the Company, estimated at \$150,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 150,000 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 \$26,737,500, \$937,250 and \$25,800,250, 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 September 24, 1997.

Merrill Lynch & Co. Morgan Stanley Dean Witter

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE SHARES. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF SHARES TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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 SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants, including the Company; the address of such site is <http://www.sec.gov>. The Common Stock is listed for trading on 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 (together with all exhibits and amendments thereto, 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, 1996;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997;
3. The Company's Current Report on Form 8-K, dated February 26, 1997; 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.

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)	1,000,000 shares
Common Stock Outstanding as of July 31, 1997	11,382,679 shares
Common Stock Closing Price Range per Share (August 30, 1996 through September 18, 1997)	\$18.75 - \$23.625
Common Stock Closing Price on September 18, 1997	\$23.25
NYSE Symbol	NUI
Indicated Annual Dividend Per Share	\$0.94
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 June 30, 1997	Fiscal Years Ended September 30,		
	(Unaudited)	1996	1995(1)	1994(2)(3)
Income statement data:				
Operating revenues	\$ 559,372	\$ 468,978	\$ 376,445	\$ 405,240
Operating margins	167,798	163,928	153,266	144,646
Operations and maintenance expenses	93,419	94,497	90,523	90,904
Operating income	34,463	32,881	23,859	25,840
Net income	18,448	14,896	5,517	10,780
Net income, excluding non-recurring items	\$ 18,448	\$ 14,896	\$ 11,074	\$ 9,586
Weighted average number of shares of Common Stock outstanding	11,122,876	9,819,431	9,152,837	8,617,790
Net income per share of Common Stock	\$1.66	\$1.52	\$0.60	\$1.25
Net income per share of Common Stock, excluding non-recurring items	\$1.66	\$1.52	\$1.21	\$1.11
Dividends paid per share of Common Stock	\$0.93	\$0.90	\$0.90	\$1.60

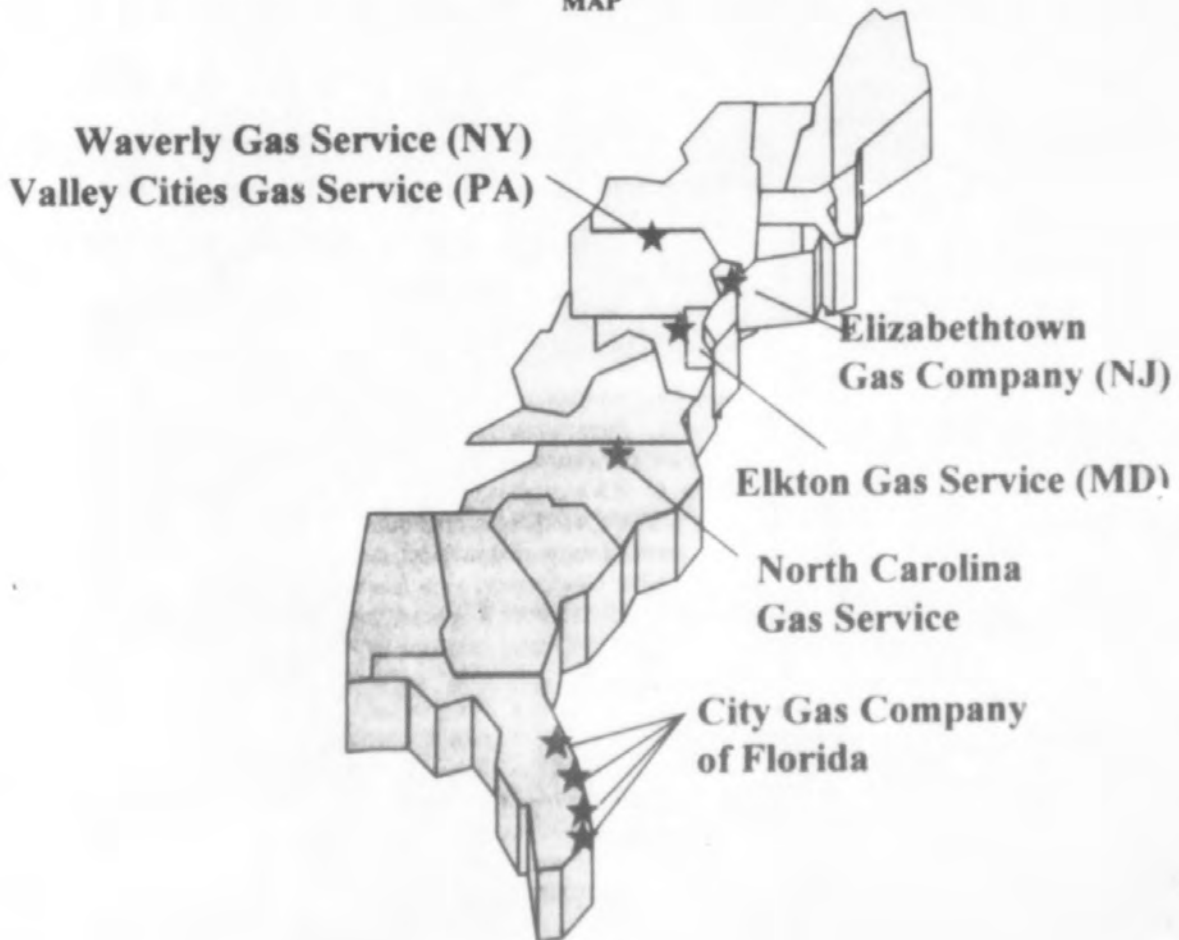
- (1) Net income and net income per share for fiscal 1995 reflect restructuring and other non-recurring charges amounting to \$ 8.6 million (\$5.6 million after tax), or \$0.61 per share.
- (2) Net income and net income per share for fiscal 1994 reflect the reversal of \$1.8 million of income tax reserves 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.

June 30, 1997 (unaudited)

	Actual		As Adjusted(1)	
	Amount	Percent	Amount	Percent
Balance sheet data:				
Total assets	\$720,862		\$720,862	
Capital lease obligations	9,454		9,454	
Current portion of long-term debt and capital lease obligations	1,439		1,439	
Notes payable to banks	60,730		38,295	
Capitalization				
Common shareholders' equity	\$200,122	46.5%	\$222,557	49.2%
Long-term debt	230,100	53.5%	230,100	50.8%
Total capitalization	<u>\$430,222</u>	<u>100%</u>	<u>\$452,657</u>	<u>100%</u>

(1) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares) of \$22,435,000.

MAP



THE COMPANY

General

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 359,000 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 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 service through its NUI Energy Brokers, Inc. subsidiary. In February 1997, the Company formed a wholly owned, indirect subsidiary, NUI Sales Management, Inc. ("NUI Sales").

On May 19, 1997, NUI Sales acquired a 49% limited liability company interest in T.I.C. Enterprises, L.L.C. ("TIC") for a purchase price of \$22 million. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including NUI Energy, Inc. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement, TIC will continue the business previously conducted by T.I.C. Enterprises, Inc. Such agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's fiscal 1997 earnings, before interest and taxes, exceed \$5 million. In addition, NUI Sales has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$20 million and is being amortized on a straight line basis over a 15 year period. If the Company is required to make an additional incentive payment as set forth above, such amount will also be amortized on a straight line basis over a 15 year period.

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

Territory and Customers Served

The Company's utility operations serve more than 359,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Approximately 54% of the Company's utility customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1996 amounted to \$469 million, of which approximately 66% was generated by utility operations in the Northern Division, 22% was generated by utility operations in the Southern Division states and 12% by the Company's unregulated activities. Gas volumes sold or transported in fiscal 1996 amounted to 105.7 million Mcf, of which approximately 65% was sold or transported in New Jersey, 17% was sold or transported in the Southern Division states and 18% represented unregulated sales. 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 239,000 customers in franchised territories within seven counties 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.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") authorized new tariffs to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1996, 845 commercial sales customers had switched to transportation-only service under the new tariff. Despite the transfer to transportation service, the commercial sales market continues to grow. In fiscal 1996, 27 schools and 490 businesses converted to gas heating systems with the Company or switched from interruptible service to commercial firm service. 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 effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 90% to 95% of the margins that otherwise should be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm sales customers.

The Company provides gas sales and transportation services comprising 20% 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 1996, sales and transportation of gas to this customer accounted for approximately 5% of the Company's operating revenues and approximately 7% of total gas sold or transported. The Company was authorized by the NJBP to retain a total of approximately \$2.3 million of the operating margins realized from these sales. The Company reached this maximum during fiscal 1995 and, therefore, all margins realized from the sale of gas to this customer in fiscal 1996 were used to reduce gas costs charged to firm customers.

In order to maximize the value of the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the NJBP, however, the NJBP has authorized the Company to retain 20% of the margins realized from these sales. The remaining 80% of these margins is 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 97,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. CGF's service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million. During fiscal 1996, CGF sold or transported approximately 10.1 Mcf of gas as follows: 21% sold to residential customers, 40% sold to commercial customers, 21% sold to industrial customers and 18% 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. Year-to-year growth in the average number of residential customers primarily reflects new construction. The rate of residential market growth was lower in fiscal 1996 as compared with fiscal 1995 reflecting the application of more selective investment feasibility standards. The rate of residential market growth is expected to increase in fiscal 1997 as more central Florida residential projects have qualified for main extensions under the Company's investment feasibility standards, principally reflecting lower Company costs to complete projects and more effective marketing practices.

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.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 13,100 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1996, NCGS sold or transported approximately 3.9 million Mcf of gas as follows: 24% sold to residential customers, 14% sold to commercial customers, 44% sold to industrial customers and 18% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,400 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1996, Elkton sold approximately 603,000 Mcf of gas as follows: 34% sold to residential customers, 38% sold to commercial customers and 28% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,100 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 1996, VCGS and WGS sold or transported approximately 3.9 million Mcf of gas as follows: 15% sold to residential customers, 8% sold to commercial customers, 9% sold to industrial customers and 68% transported to commercial and industrial customers.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares will be \$22,435,000. Approximately \$22 million of the net proceeds will be used for repaying short-term indebtedness of the Company incurred to finance the acquisition of a 49% limited liability company interest in TIC by NUI Sales. Such short-term indebtedness consists of revolving credit loans with a weighted average borrowing rate of 5.813% per annum from May 16, 1997 (the date on which funds were borrowed for the TIC acquisition) through August 14, 1997. The remainder of the net proceeds will be used for 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 trading prices per share of Common Stock, as reported by the NYSE:

<u>Fiscal Years Ended September 30</u>	<u>Quarterly Cash Dividends</u>	<u>Price Range</u>	
		<u>High</u>	<u>Low</u>
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	\$17.75	\$15.75
Second Quarter	0.225	19.25	17.125
Third Quarter	0.225	20.00	16.75
Fourth Quarter	0.225	20.00	16.50
1997:			
First Quarter	\$0.235	\$23.50	\$18.875
Second Quarter	0.235	23.625	19.25
Third Quarter	0.235	22.50	19.00
Fourth Quarter through September 18, 1997	0.235*	24.00	19.75

* On July 22, 1997, the Board of Directors of the Company declared a quarterly cash dividend of \$0.235 per share. Such dividend was payable on September 15, 1997 to holders of Common Stock as of August 15, 1997. Purchasers of the Shares will not be entitled to receive this dividend.

The closing sale price of the Common Stock on September 18, 1997, on the NYSE was \$23.25 per share.

There were 6,851 shareholders of record of Common Stock at July 31, 1997.

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 June 30, 1997, the Company would have been permitted to pay \$40.7 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 the required voting percentage for the 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 of Directors of the Company (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.

The provisions described above 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 Common Stock over the then market price of such Common 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. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

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.

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 shareholders), 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) more than 50% 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 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.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated (the "Representatives"), 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.

Underwriters	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	300,000
Morgan Stanley & Co. Incorporated	300,000
A.G. Edwards & Sons, Inc.	50,000
Janney Montgomery Scott Inc.	50,000
Edward D. Jones & Co., L.P.	50,000
Legg Mason Wood Walker, Incorporated	50,000
NatWest Securities Limited	50,000
PaineWebber Incorporated	50,000
Prudential Securities Incorporated	50,000
Smith Barney Inc.	50,000
Total	1,000,000

The Representatives 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 \$0.46 per share. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$0.10 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 150,000 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 1,000,000 Shares offered hereby.

The Company has agreed that, for a period of 90 days from the date of this Prospectus, it will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, sell any share of Common Stock, except for (i) Common Stock to be sold in this offering, (ii) any shares granted pursuant to existing employee benefit plans, (iii) any shares issued pursuant to dividend reinvestment or certain stock purchase plans, (iv) any shares issued upon the exercise of any Right or (v) any shares issued upon the exercise of an outstanding option or warrant.

Until the distribution of the Shares is completed, rules of the SEC may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Shares. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Shares. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Shares.

If the Underwriters create a short position in the Shares in connection with the offering, i.e., if they sell more Shares than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing shares of Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Shares, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those Shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

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, Vice President and Secretary of and General Counsel to 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 Schedule incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said report.

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.

1,000,000 Shares



Common Stock

PROSPECTUS

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**Merrill Lynch & Co.
Morgan Stanley Dean Witter**

September 18, 1997

As filed with the Securities and Exchange Commission on August 15, 1997
Registration No. 333-33791

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 offices)

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
(Name, 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 on 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	1,150,000 Shares	\$22.375	\$25,731,250	\$7,798
Series A Junior Participating Preferred Stock Purchase Rights(2)	1,150,000 Rights	N/A	N/A	N/A

- (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 August 13, 1997.
- (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 AUGUST 15, 1997

PROSPECTUS

1,000,000 Shares
[NUI CORPORATION LOGO]
Common Stock
(No par value)

NUI Corporation (the "Company") is offering hereby 1,000,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (the "Rights" and, together with the 1,000,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol NUI. On August 14, 1997, the closing sale price for the Common Stock on the NYSE was \$22.375 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) Amounts shown are before deducting expenses payable by the Company, estimated at \$150,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 150,000 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 _____, 1997.

Merrill Lynch & Co.

Morgan Stanley Dean Witter

The date of this Prospectus is _____, 1997.

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.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE SHARES. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF SHARES TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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 SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants, including the Company; the address of such site is <http://www.sec.gov>. The Common Stock is listed for trading on 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 (together with all exhibits and amendments thereto, 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, 1996;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997;
3. The Company's Current Report on Form 8-K, dated February 26, 1997; 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.

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)	1,000,000 shares
Common Stock Outstanding as of July 31, 1997	11,352,425 shares
Common Stock Closing Price Range per Share (August 15, 1996 through August 14, 1997)	\$18.125 - \$23.50
Common Stock Closing Price on August 14, 1997	\$22.375
NYSE Symbol	NUI
Indicated Annual Dividend Per Share	\$0.94
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		
	June 30, 1997	September 30,		
	(Unaudited)	1996	1995(1)	1994(2)(3)
Income statement data:				
Operating revenues	\$ 559,372	\$ 468,978	\$ 376,445	\$ 405,240
Operating margins	167,798	163,298	153,266	144,646
Operations and maintenance expenses	93,419	94,497	90,523	90,904
Operating income	34,463	32,881	23,859	25,840
Net income	18,448	14,896	5,517	10,780
Net income, excluding non- recurring items	\$ 18,448	\$ 14,896	\$ 11,074	\$ 9,586
Weighted average number of shares of Common Stock outstanding	11,122,876	9,819,431	9,152,837	8,617,790
Net income per share of Common Stock	\$1.66	\$1.52	\$0.60	\$1.25
Net income per share of Common Stock, excluding non-recurring items	\$1.66	\$1.52	\$1.21	\$1.11
Dividends paid per share of Common Stock	\$0.93	\$0.90	\$0.90	\$1.60

- (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.

	June 30, 1997 (unaudited)			
	Actual		As Adjusted(1)	
	Amount	Percent	Amount	Percent
Balance sheet data:				
Total assets	\$720,862		\$	
Capital lease obligations	9,454		9,454	
Current portion of long-term debt and capital lease obligations	1,439			
Notes payable to banks	60,730			
Capitalization				
Common shareholders' equity	200,122	46.5%	\$	%
Long-term debt	<u>\$230,100</u>	<u>%</u>	<u> </u>	<u> </u>
Total capitalization	<u>\$430,222</u>	<u>100%</u>	<u>\$</u>	<u>%</u>

(1) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares) of \$ _____.

MAP

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

THE COMPANY

General

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 359,000 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 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 service through its NUI Energy Brokers, Inc. subsidiary. In February 1997, the Company formed a wholly owned, indirect subsidiary, NUI Sales Management, Inc. ("NUI Sales").

On May 19, 1997, NUI Sales acquired a 49% limited liability company interest in T.I.C. Enterprises, L.L.C. ("TIC") for a purchase price of \$22 million. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including NUI Energy, Inc. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement, TIC will continue the business previously conducted by T.I.C. Enterprises, Inc. Such agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's fiscal 1997 earnings, before interest and taxes, exceed \$5 million. In addition, NUI Sales has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$20 million and is being amortized on a straight line basis over a 15 year period. If the Company is required to make an additional incentive payment as set forth above, such amount will also be amortized on a straight line basis over a 15 year period.

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

Territory and Customers Served

The Company's utility operations serve more than 359,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Approximately 54% of the Company's utility customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1996 amounted to \$469 million, of which approximately 66% was generated by utility operations in the Northern Division, 22% was generated by utility operations in the Southern Division states and 12% by the Company's unregulated activities. Gas volumes sold or transported in fiscal 1996 amounted to 105.7 million Mcf, of which approximately 65% was sold or transported in New Jersey, 17% was sold or transported in the Southern Division states and 18% represented unregulated sales. 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 239,000 customers in franchised territories within seven counties 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.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") authorized new tariffs to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1996, 845 commercial sales customers had switched to transportation-only service under the new tariff. Despite the transfer to transportation service, the commercial sales market continues to grow. In fiscal 1996, 27 schools and 490 businesses converted to gas heating systems with the Company or switched from interruptible service to commercial firm service. 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 effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 90% to 95% of the margins that otherwise should be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm sales customers.

The Company provides gas sales and transportation services comprising 20% 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 1996, sales and transportation of gas to this customer accounted for approximately 5% of the Company's operating revenues and approximately 7% of total gas sold or transported. The Company was authorized by the NJBP to retain a total of approximately \$2.3 million of the operating margins realized from these sales. The Company reached this maximum during fiscal 1995 and, therefore, all margins realized from the sale of gas to this customer in fiscal 1996 were used to reduce gas costs charged to firm customers.

In order to maximize the value of the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the NJBP, however, the NJBP has authorized the Company to retain 20% of the margins realized from these sales. The remaining 80% of these margins is 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 97,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. CGF's service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million.

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. Year-to-year growth in the average number of residential customers primarily reflects new construction. The rate of residential market growth was lower in fiscal 1996 as compared with fiscal 1995 reflecting the application of more selective investment feasibility standards. The rate of residential market growth is expected to increase in fiscal 1997 as more central Florida residential projects have qualified for main extensions under the Company's investment feasibility standards, principally reflecting lower Company costs to complete projects and more effective marketing practices.

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.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 13,100 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1996, NCGS sold or transported approximately 3.9 million Mcf of gas as follows: 24% sold to residential customers, 14% sold to commercial customers, 44% sold to industrial customers and 18% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,400 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1996, Elkton sold approximately 603,000 Mcf of gas as follows: 34% sold to residential customers, 38% sold to commercial customers and 28% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,100 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 1996, VCGS and WGS sold or transported approximately 3.9 million Mcf of gas as follows: 15% sold to residential customers, 8% sold to commercial customers, 9% sold to industrial customers and 68% transported to commercial and industrial customers.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares are estimated to be \$ million. Approximately \$22 million of the net proceeds will be used for repaying short-term indebtedness of the Company incurred to finance the acquisition of a 49% limited liability company interest in TIC by NUI Sales. Such short-term indebtedness consists of revolving credit loans with a weighted average borrowing rate of 5.813% per annum from May 16, 1997 (the date on which funds were borrowed for the TIC acquisition) through August 14, 1997. The remainder of the net proceeds will be used for 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 trading prices per share of Common Stock, as reported by the NYSE:

	<u>Fiscal Years Ended September 30</u>	Quarterly Cash Dividends	Price Range	
			High	Low
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	\$17.75	\$15.75
Second Quarter	0.225	19.25	17.125
Third Quarter	0.225	20.00	16.75
Fourth Quarter	0.225	20.00	16.50
1997:				
First Quarter	\$0.235	\$23.50	\$18.875
Second Quarter	0.235	23.625	19.25
Third Quarter	0.235	22.50	19.00
Fourth Quarter through August 14, 1997	0.235	23.375	19.75

The closing sale price of the Common Stock on August 14, 1997, on the NYSE was \$22.375 per share.

There were 6,851 shareholders of record of Common Stock at July 31, 1997.

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 June 30, 1997, the Company would have been permitted to pay \$40.7 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 the required voting percentage for the 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 of Directors of the Company (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.

The provisions described above 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 Common Stock over the then market price of such Common 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. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

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.

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 shareholders), 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) more than 50% 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 may redeem the Rights in whole, but not in part, at a price of \$5.00 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.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated (the "Representatives"), 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	
Morgan Stanley & Co. Incorporated	
Total	1,000,000

The Representatives 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 150,000 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 1,000,000 Shares offered hereby.

Until the distribution of the Shares is completed, rules of the SEC may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Shares. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Shares. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Shares.

If the Underwriters create a short position in the Shares in connection with the offering, i.e., if they sell more than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing Shares in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase Shares in the open market to reduce the Underwriters' short position or to stabilize the price of the Shares, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those Shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition,

neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

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, Vice President and Secretary of and General Counsel to 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 Schedule and audited Summary Consolidated Financial Data included or incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said report.

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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1,000,000 Shares

[NUI CORPORATION LOGO]

Common Stock

PROSPECTUS

Merrill Lynch & Co.

Morgan Stanley Dean Witter

_____, 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.*

Securities and Exchange Commission Registration Fee	\$ 7,798
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	4,202
 Total	 <u>\$150,000</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	To be filed by amendment
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.	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 15th day of August, 1997.

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.

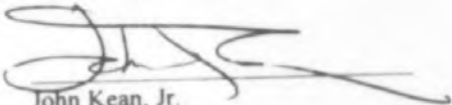

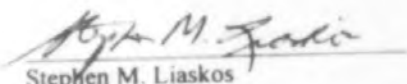
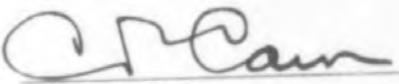

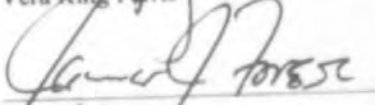
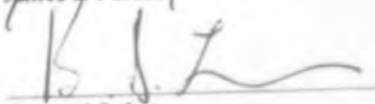
Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

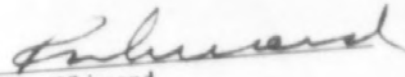
<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John Kean, Jr.</u> John Kean, Jr.	President, Chief Executive Officer and Director (principal executive officer)	August 15, 1997
<u>/s/ John Kean</u> John Kean	Chairman and Director	August 15, 1997
<u>/s/ Stephen M. Liaskos</u> Stephen M. Liaskos	Controller (principal financial and accounting officer)	August 15, 1997
<u>/s/ Calvin R. Carver</u> Calvin R. Carver	Director	August 15, 1997
<u>/s/ Vera King Farris</u> Vera King Farris	Director	August 15, 1997
<u>/s/ James J. Forese</u> James J. Forese	Director	August 15, 1997
<u>/s/ Bernard S. Lee</u> Bernard S. Lee	Director	August 15, 1997
<u>/s/ R. Van Whisnand</u> R. Van Whisnand	Director	August 15, 1997
<u>/s/ John Winthrop</u> John Winthrop	Director	August 15, 1997

POWER OF ATTORNEY

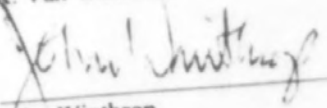
KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John Kean, Jr. And James Van Horn and each of them severally his or her true and lawful attorneys-in-fact and agents, with full power and authority, including power of substitution and resubstitution, 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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
 John Kean, Jr.	President, Chief Executive Officer and Director (Principal executive officer)	8/15/97
 John Kean	Chairman and Director	8/15/97
 Stephen M. Liaskos	Vice President & Controller (Principal financial and accounting officer)	8/15/97
 Calvin R. Carver	Director	8/15/97
 Vera King Farris	Director	8/15/97
 James J. Forese	Director	8/15/97
 Bernard S. Lee	Director	8/15/97


R. Van Whisnand Director

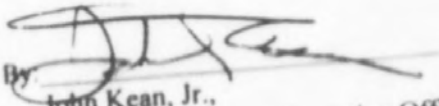
8/15/97


John Winthrop Director

8/15/97

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 had 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 15th day of August, 1997.

NUI CORPORATION


By John Kean, Jr.,
President and Chief Executive Officer

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

<u>Number</u>	<u>Description</u>	<u>Sequentially Numbered Pages</u>
5(i)	Opinion of James R. Van Horn, Esq.	
5(ii)	Opinion of Reid & Priest LLP	
23(iii)	Consent of Arthur Andersen LLP	



550 Route 202-206
 PO Box 760
 Bedminster, NJ 07921-0760
 Tel: (908) 781-0500
 Fax: (908) 781-0718
 www.nui.com

NUI Corporation (NYSE: NUI)

Exhibit 5(i)

Bedminster, New Jersey
 August 15, 1997

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

Ladies and Gentlemen:

I am 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

NUI Companies and Affiliates:
 City Gas Company of Florida
 Elizabethtown Gas
 Elkton Gas

NUI Capital Corp
 NUI Energy
 NUI Energy Brokers

TIC Enterprises, LLC
 Utility Business Services
 Valley Cities Gas
 Waverly Gas

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
August 15, 1997

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;
- (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

NUI Corporation

-2-

August 15, 1997

above and the Company's Amended and Restated Certificate of Incorporation, as amended, and

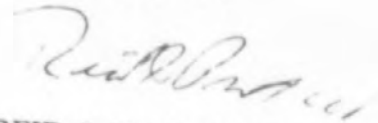
(e) the Rights appurtenant to the Stock shall have been issued in accordance with the terms of the Rights Agreement dated as of November 28, 1995 between the Company and Mellon Securities Trust Company,

the 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, and as to all matters governed by New York law in connection with paragraph (b) above, 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

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 19, 1996 included in the NUI Corporation Annual Report on Form 10-K for the fiscal year ended September 30, 1996 and to all references to our Firm included in the Registration Statement.

Arthur Andersen LLP
ARTHUR ANDERSEN LLP

New York, New York
August 15, 1997

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
(212) 603-2202

New York, New York
August 15, 1997

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Registration Statement on
Form S-3 of NUI Corporation
under the Securities Act of 1933

Ladies and Gentlemen:

Transmitted herewith for filing with the Securities and Exchange Commission (the "Commission") is the Registration Statement on Form S-3, including exhibits (the "Registration Statement"), of NUI Corporation (the "Company") in connection with the registration of 1,150,000 shares of the Company's Common Stock, no par value, and the appurtenant Preferred Stock Purchase Rights under the Securities Act of 1933, as amended. Such 1,150,000 shares and such rights are collectively referred to hereinafter as the "Shares".

The filing fee in the amount of \$7,798 has been wired directly to the Commission's account with Mellon Bank.

The Company has requested us to advise the Commission as follows:

1. It has reviewed the various criteria for eligibility for the use of Form S-3 and all such criteria have been satisfied.

Securities and
Exchange Commission

-2-

August 15, 1997

2. It has filed all reports with the Commission required to be filed under the Securities Exchange Act of 1934, as amended, and such reports are complete.

The Company would like (i) to receive any comments of the Commission by August 26, 1997, (ii) to file an amendment to include the form of Purchase Agreement and to respond to any comments by August 29, 1997 and (iii) to request on or about September 15, 1997 an order of the Commission declaring the Registration Statement effective. We would appreciate the Commission's cooperation in enabling us to meet this schedule.

We would be grateful if you would send copies of all communications addressed to the Company in connection with the Registration Statement to Michael F. Cusick, Esq., of Winthrop, Stimson, Putnam & Roberts, One Battery Park Plaza, New York, New York 10004-1490, and to the undersigned.

Very truly yours,

REID & PRIEST LLP, Counsel
for NUI Corporation

By:


Richard S. Green

ACCEPTED FORM TYPE S-3
EDGAR POSTMASTER BDM:POSTMASTER

SEC Filer 72741,2346
1053-1296

MSG ID: 0-26810

THE FOLLOWING SUBMISSION HAS BEEN ACCEPTED BY THE U.S. SECURITIES
AND EXCHANGE COMMISSION:

COMPANY:	NUI CORP	NUMBER OF DOCUMENTS:	5
FORM TYPE:	S-3	ACCEPTED DATE:	15-Aug-97 17:13
RECEIVED DATE:	15-Aug-97 17:12	CONFIRMING COPY:	NO
FILING DATE:	15-Aug-97 17:12		
TEST FILING:	NO		

ACCESSION NUMBER: 0000070668-97-000029

FILE NUMBER(S):
1. 333-33791

THE PASSWORD FOR LOGIN CIK 0000070668 WILL EXPIRE 03-Apr-98 11:59.

PLEASE REFER TO THE ACCESSION NUMBER LISTED ABOVE FOR FUTURE
INQUIRIES.

REGISTRANT(S):

1. CIK: 0000070668
COMPANY: NUI CORP
FORM TYPE: S-3

FILE NUMBER(S):
1. 333-33791

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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)

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

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 offices)

James R. Van Horn, General Counsel and Secretary
550 Route 202-206, Box 760
Bedminster, New Jersey 07921-0760
(908) 781-0500
(Name, 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.
Wirthrop, 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.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED SEPTEMBER 3, 1997

PROSPECTUS

1,000,000 Shares
[NUI CORPORATION LOGO]
Common Stock
(No par value)

NUI Corporation (the "Company") is offering hereby 1,000,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (the "Rights" and, together with the 1,000,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol NUI. On September 2, 1997, the last reported sale price for the Common Stock on the NYSE was \$23.00 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) Amounts shown are before deducting expenses payable by the Company, estimated at \$150,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 150,000 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 1997.

Merrill Lynch & Co.

Morgan Stanley Dean Witter

The date of this Prospectus is _____, 1997.

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.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE SHARES. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF SHARES TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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 SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants, including the Company; the address of such site is <http://www.sec.gov>. The Common Stock is listed for trading on 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 (together with all exhibits and amendments thereto, 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, 1996;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997;
3. The Company's Current Report on Form 8-K, dated February 26, 1997; 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.

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)	1,000,000 shares
Common Stock Outstanding as of July 31, 1997	^ <u>11,382,679</u> shares
Common Stock Closing Price Range per Share (August ^ 30, 1996 through ^ September 2, 1997)	^ \$18.75 - \$23.50
Common Stock Closing Price on ^ September 2, 1997	^ <u>\$23.00</u>
NYSE Symbol	NUI
Indicated Annual Dividend Per Share	\$0.94
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)

Income statement data:	Twelve Months Ended	Fiscal Years Ended		
	June 30, 1997	September 30,		
	(Unaudited)	1996	1995(1)	1994(2)(3)
Operating revenues	\$ 559,372	\$ 468,978	\$ 376,445	\$ 405,240
Operating margins	167,798	^ <u>163,928</u>	153,266	144,646
Operations and maintenance expenses	93,419	94,497	90,523	90,904
Operating income	34,463	32,881	23,859	25,840
Net income	18,448	14,896	5,517	10,780
Net income, excluding non-recurring items	\$ 18,448	\$ 14,896	\$ 11,074	\$ 9,586
Weighted average number of shares of Common Stock outstanding	11,122,876	9,819,431	9,152,837	8,617,790
Net income per share of Common Stock	\$1.66	\$1.52	\$0.60	\$1.25
Net income per share of Common Stock, excluding non-recurring items	\$1.66	\$1.52	\$1.21	\$1.11
Dividends paid per share of Common Stock	\$0.93	\$0.90	\$0.90	\$1.60

- (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.

June 30, 1997 (unaudited)				
	Actual		As Adjusted(1)	
	Amount	Percent	Amount	Percent
Balance sheet data:				
Total assets	\$720,862		\$720,862	
Capital lease obligations	9,454		9,454	
Current portion of long-term debt and capital lease obligations	1,439			
Notes payable to banks	60,730			
Capitalization				
Common shareholders' equity	\$200,122	46.5%	\$	%
Long-term debt	[^] 230,100	53.5%	[^] 230,100	%
Total capitalization	<u>\$430,222</u>	<u>100%</u>	<u>\$</u>	<u>[^] 100%</u>

(1) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares) of \$ _____.

MAP

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

THE COMPANY

General

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 359,000 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 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 service through its NUI Energy Brokers, Inc. subsidiary. In February 1997, the Company formed a wholly owned, indirect subsidiary, NUI Sales Management, Inc. ("NUI Sales").

On May 19, 1997, NUI Sales acquired a 49% limited liability company interest in T.I.C. Enterprises, L.L.C. ("TIC") for a purchase price of \$22 million. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including NUI Energy, Inc. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement, TIC will continue the business previously conducted by T.I.C. Enterprises, Inc. Such agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's fiscal 1997 earnings, before interest and taxes, exceed \$5 million. In addition, NUI Sales has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$20 million and is being amortized on a straight line basis over a 15 year period. If the Company is required to make an additional incentive payment as set forth above, such amount will also be amortized on a straight line basis over a 15 year period.

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

Territory and Customers Served

The Company's utility operations serve more than 359,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Approximately 54% of the Company's utility customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1996 amounted to \$469 million, of which approximately 66% was generated by utility operations in the Northern Division, 22% was generated by utility operations in the Southern Division states and 12% by the Company's unregulated activities. Gas volumes sold or transported in fiscal 1996 amounted to 105.7 million Mcf, of which approximately 65% was sold or transported in New Jersey, 17% was sold or transported in the Southern Division states and 18% represented unregulated sales. 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 239,000 customers in franchised territories within seven counties 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.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") authorized new tariffs to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1996, 845 commercial sales customers had switched to transportation-only service under the new tariff. Despite the transfer to transportation service, the commercial sales market continues to grow. In fiscal 1996, 27 schools and 490 businesses converted to gas heating systems with the Company or switched from interruptible service to commercial firm service. 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 effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 90% to 95% of the margins that otherwise should be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm sales customers.

The Company provides gas sales and transportation services comprising 20% 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 1996, sales and transportation of gas to this customer accounted for approximately 5% of the Company's operating revenues and approximately 7% of total gas sold or transported. The Company was authorized by the NJBP to retain a total of approximately \$2.3 million of the operating margins realized from these sales. The Company reached this maximum during fiscal 1995 and, therefore, all margins realized from the sale of gas to this customer in fiscal 1996 were used to reduce gas costs charged to firm customers.

In order to maximize the value of the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the NJBP, however, the NJBP has authorized the Company to retain 20% of the margins realized from these sales. The remaining 80% of these margins is 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 97,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. CGF's service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million. During fiscal 1996, CGF sold or transported approximately 10.1 Mcf of gas as follows: 21% sold to residential customers, 40% sold to commercial customers, 21% sold to industrial customers and 18% 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. Year-to-year growth in the average number of residential customers primarily reflects new construction. The rate of residential market growth was lower in fiscal 1996 as compared with fiscal 1995 reflecting the application of more selective investment feasibility standards. The rate of residential market growth is expected to increase in fiscal 1997 as more central Florida residential projects have qualified for main extensions under the Company's investment feasibility standards, principally reflecting lower Company costs to complete projects and more effective marketing practices.

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.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 13,100 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1996, NCGS sold or transported approximately 3.9 million Mcf of gas as follows: 24% sold to residential customers, 14% sold to commercial customers, 44% sold to industrial customers and 18% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,400 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1996, Elkton sold approximately 603,000 Mcf of gas as follows: 34% sold to residential customers, 38% sold to commercial customers and 28% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,100 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 1996, VCGS and WGS sold or transported approximately 3.9 million Mcf of gas as follows: 15% sold to residential customers, 8% sold to commercial customers, 9% sold to industrial customers and 68% transported to commercial and industrial customers.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares are estimated to be \$ million. Approximately \$22 million of the net proceeds will be used for repaying short-term indebtedness of the Company incurred to finance the acquisition of a 49% limited liability company interest in TIC by NUI Sales. Such short-term indebtedness consists of revolving credit loans with a weighted average borrowing rate of 5.813% per annum from May 16, 1997 (the date on which funds were borrowed for the TIC acquisition) through August 14, 1997. The remainder of the net proceeds will be used for 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 trading prices per share of Common Stock, as reported by the NYSE:

<u>Fiscal Years Ended September 30</u>	<u>Quarterly Cash Dividends</u>	<u>Price Range</u>	
		<u>High</u>	<u>Low</u>
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	\$17.75	\$15.75
Second Quarter	0.225	19.25	17.125
Third Quarter	0.225	20.00	16.75
Fourth Quarter	0.225	20.00	16.50
1997:			
First Quarter	\$0.235	\$23.50	\$18.875
Second Quarter	0.235	23.625	19.25
Third Quarter	0.235	22.50	19.00
Fourth Quarter through [^] <u>September 2, 1997</u>	<u>0.235*</u>	23.375	19.75

* On July 22, 1997, the Board of Directors of the Company declared a quarterly cash dividend of \$0.235 per share. Such dividend is payable on September 15, 1997 to holders of Common Stock as of August 15, 1997. Purchasers of the Shares will not be entitled to receive this dividend.

The closing sale price of the Common Stock on [^] September 2, 1997, on the NYSE was [^] 23.00 per share.

There were 6,851 shareholders of record of Common Stock at July 31, 1997.

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 June 30, 1997, the Company would have been permitted to pay \$40.7 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 the required voting percentage for the 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 of Directors of the Company (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.

The provisions described above 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 Common Stock over the then market price of such Common 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. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

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.

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 shareholders), 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) more than 50% 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 may redeem the Rights in whole, but not in part, at a price of \$0.001 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.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated (the "Representatives"), 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>Underwriters</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Morgan Stanley & Co. Incorporated	
Total	1,000,000

The Representatives 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 150,000 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 1,000,000 Shares offered hereby.

The Company has agreed that, for a period of 90 days from the date of this Prospectus, it will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, sell any share of Common Stock, except for (i) Common Stock to be sold in this offering, (ii) any shares granted pursuant to existing employee benefit plans, (iii) any shares issued pursuant to dividend reinvestment or certain stock purchase plans, (iv) any shares issued upon the exercise of any Right or (v) any shares issued upon the exercise of an outstanding option or warrant.

Until the distribution of the Shares is completed, rules of the SEC may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Shares. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Shares. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Shares.

If the Underwriters create a short position in the Shares in connection with the offering, i.e., if they sell more Shares than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position

by purchasing [^] shares of Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase [^] shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Shares, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those Shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

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, Vice President and Secretary of and General Counsel to 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 Schedule [^] incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said report.

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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1,000,000 Shares

[NUI CORPORATION LOGO]

Common Stock

PROSPECTUS

Merrill Lynch & Co.

Morgan Stanley Dean Witter

_____, 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

[^] Item 16. Exhibits.

Exhibit No.	Description	Reference
1	Form of Purchase Agreement	[^] <u>Filed herewith</u>
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.	[^] <u>Previously filed</u>
5(ii)	Opinion of Reid & Priest LLP	[^] <u>Previously filed</u>
23(i)	Consent of James R. Van Horn, Esq.	[^] <u>Previously filed</u> (contained in Exhibit 5(i))
23(ii)	Consent of Reid & Priest LLP	[^] <u>Previously filed</u> (contained in Exhibit 5(ii))
23(iii)	Consent of Arthur Andersen LLP	[^] <u>Previously filed</u>
24	Power of Attorney	[^] <u>Previously filed</u>

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 ^ 3rd day of ^ September, 1997.

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)	^ <u>September 3, 1997</u>
<u> ^*</u> John Kean	Chairman and Director	^ <u>September 3, 1997</u>
<u>/s/ ^ A. Mark Abramovic</u> ^ <u>A. Mark Abramovic</u>	^ <u>Chief Financial Officer</u> (principal financial and accounting officer)	^ <u>September 3, 1997</u>
<u> ^*</u> Calvin R. Carver	Director	^ <u>September 3, 1997</u>
<u> ^*</u> Vera King Farris	Director	^ <u>September 3, 1997</u>
<u> ^*</u> James J. Forese	Director	^ <u>September 3, 1997</u>
<u> ^*</u> Bernard S. Lee	Director	^ <u>September 3, 1997</u>
<u> ^*</u> R. Van Whisnand	Director	^ <u>September 3, 1997</u>
<u> ^*</u> John Winthrop	Director	^ <u>September 3, 1997</u>

*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 consist of the stylized word "NUI".

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

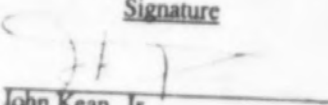

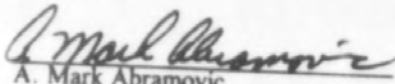
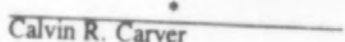
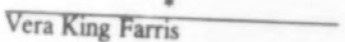
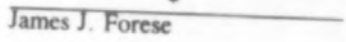
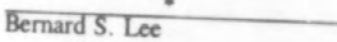

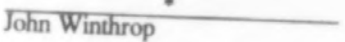
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Description

1

Form of ^ Purchase Agreement

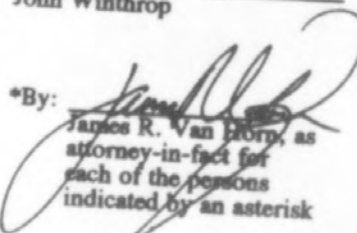
Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
 John Kean, Jr.	President, Chief Executive Officer and Director (principal executive officer)	September 3, 1997
 *	Chairman and Director	September 3, 1997
 A. Mark Abramovic	Chief Financial Officer (principal financial and accounting officer)	September 3, 1997
 *	Director	September 3, 1997
 *	Director	September 3, 1997
 *	Director	September 3, 1997
 *	Director	September 3, 1997
 *	Director	September 3, 1997
 *	Director	September 3, 1997

*By: James R. Van Horn, as attorney-in-fact for each of the persons indicated by an asterisk

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.

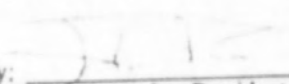
<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ John Kean, Jr.	President, Chief Executive Officer and Director (principal executive officer)	September 3, 1997
_____ * John Kean	Chairman and Director	September 3, 1997
_____ A. Mark Abramovic	Chief Financial Officer (principal financial and accounting officer)	September 3, 1997
_____ * Calvin R. Carver	Director	September 3, 1997
_____ * Vera King Farris	Director	September 3, 1997
_____ * James J. Forese	Director	September 3, 1997
_____ * Bernard S. Lee	Director	September 3, 1997
_____ * R. Van Whisnand	Director	September 3, 1997
_____ * John Winthrop	Director	September 3, 1997

*By: 
James R. Van Horn, as attorney-in-fact for each of the persons indicated by an asterisk

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 3rd day of September, 1997.

NUI CORPORATION

By: 
John Kean, Jr., President

NUI CORPORATION
(a New Jersey corporation)
_____ Shares of Common Stock
(No Par Value)

PURCHASE AGREEMENT

Dated: September __, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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:

NUI Corporation, a New Jersey corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Morgan Stanley & Co. Incorporated and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch and Morgan Stanley & Co. Incorporated are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company, and the purchase by the Underwriters, acting severally and not jointly, of _____ shares of Common Stock, no par value, of the Company (the "Common Stock") and the preferred share purchase rights attached thereto (the "Rights") (collectively, the "Initial Securities"), in the respective amounts set forth on Schedule A hereto, and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of _____ additional shares of Common Stock and the Rights attached thereto to cover over-allotments, if any (the "Option Securities"). The Initial Securities and the Option Securities, if any, are hereinafter called, collectively, the "Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-33791) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company

will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). The information included in such prospectus or in such Term Sheet, as the case may be, that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective (a) pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information" or (b) pursuant to paragraph (d) of Rule 434 is referred to as "Rule 434 Information." Each prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto, schedules thereto, if any, and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations relating to additional shares of Common Stock and the Rights relating thereto is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." If Rule 434 is relied on, the term "Prospectus" shall refer to the preliminary prospectus dated September 3, 1997 together with the Term Sheet and all references in this Agreement to the date of the Prospectus shall mean the date of the Term Sheet. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any Term Sheet or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "1934 Act") which is incorporated by reference in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Underwriter as of the date hereof, and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. The Company meets the requirements for use of Form S-3 under the 1933 Act. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was filed with the Commission and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will 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. If Rule 434 is used, the Company will comply with the requirements of Rule 434. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Merrill Lynch expressly for use in the Registration Statement or Prospectus.

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and, if applicable, each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the

other information in the Prospectus, at the date of the Prospectus and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iv) Financial Statements. The financial statements included or incorporated by reference in the Registration Statement and the Prospectus, together with the related schedules and notes thereto, present fairly the financial position of the Company and its consolidated subsidiaries as at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved except as disclosed therein. The supporting schedules, if any, included or incorporated by reference in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement.

(v) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the business, properties, financial condition or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business or those contemplated by the Registration Statement and Prospectus, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) except for regular quarterly dividends on the Common Stock in amounts per share that are consistent with past practice, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of New Jersey and has full 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 this Agreement; 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 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.

(vii) No Significant Subsidiaries. There are no subsidiaries of the Company which would be considered a "significant subsidiary" under Rule 405 of Regulation C under the 1933 Act.

(viii) Capitalization. The authorized, issued and outstanding Common Stock of the Company is as set forth in the Prospectus in the row entitled "Common Stock Outstanding on July 31, 1997" under the caption "Prospectus Summary - The Offering" in the Prospectus (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or director or employee benefit plans referred to or incorporated by reference in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding Common Stock have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of Common Stock was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(ix) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(x) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, the Common Stock comprising a portion of the Securities will be validly issued and fully paid and non-assessable and the Rights will have been duly and validly issued, the Securities conform to all statements relating thereto contained or incorporated by reference in the Prospectus; and the issuance of the Securities is not subject to preemptive or other similar rights of any securityholder of the Company.

(xi) Absence of Defaults and Conflicts. The Company is not in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument 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 (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, 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 the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges

or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality, or court, domestic or foreign, having jurisdiction over the Company or any of its assets, properties or operations where such violation could have a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding or inquiry before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or 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 this Agreement or the performance by the Company of its obligations hereunder.

(xiii) Absence of Further Requirements. The Florida Public Service Commission, the Board of Public Utilities of the State of New Jersey and the Public Utility Commission of the Commonwealth of Pennsylvania have each issued appropriate orders or other authorizations with respect to the execution, delivery and performance by the Company of this Agreement and the issuance of the Common Stock comprising a portion of the Securities, and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations 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 exercise of the Rights.

(xiv) Possession of Licenses and Permits. The Company possesses such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by it; the Company is in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and the Company has not received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xv) Holding Company Act. Neither the Company nor any of its subsidiaries is a "holding company" or a subsidiary or affiliate of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935.

(xvi) Environmental Laws. Except as described in the Registration Statement and except such violations as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) the Company is not in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law and any judicial or administrative interpretation thereof including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations, relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company relating to any Hazardous Materials or the violation of any Environmental Laws.

(b) *Officer's Certificates*. Any certificate signed by any officer of the Company or any subsidiary delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters, Closing

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule 3, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional _____ shares of Common Stock and related Rights at the price per share set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time

and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the office of Reid & Priest LLP, West 57th Street, New York, NY 10019, or at such other place as shall be agreed upon by the Representatives and the Company, at 10:00 A.M. (Eastern Time) on the third (fourth, if the pricing of the Initial Securities occurs after 4:30 P.M. (Eastern Time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned office, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer in immediately available funds to an account designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose payment has not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration.* Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern Time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* The Company, subject to Section 3(b), will comply with the requirements of Rule 430A and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments.* The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which counsel for the Underwriters shall reasonably object in writing.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to each of the Representatives without charge, one signed copy of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) (with copies to counsel for the Underwriters) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. If applicable, the copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for

purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. If applicable, the Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) *Blue Sky Qualifications.* The Company will endeavor, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions as the Representatives may reasonably designate; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject or to meet the requirements deemed by the Company to be unduly burdensome. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction, unless such statements or reports are deemed by the Company to be unduly burdensome, to continue such qualification in effect until the earlier of (i) six months from the effective date of the Registration Statement or any Rule 462(b) Registration Statement or (ii) the completion of the distribution of all of the Securities.

(g) *Rule 158.* The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its security holders as soon as practicable an earning statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds."

(i) *Listing.* The Company will use its best efforts to effect the listing of the Securities on the New York Stock Exchange.

(j) *Restriction on Sale of Securities.* During a period of 90 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof, (C) any shares of Common Stock issued or options to purchase Common Stock or stock appreciation rights granted pursuant to existing employee benefit plans of the Company, (D) any shares of Common Stock or stock appreciation rights issued pursuant to any non-employee director stock plan or dividend reinvestment plan or (E) any shares of Common Stock issued by the Company upon the exercise of the Rights.

SECTION 4. *Payment of Expenses.* (a) *Expenses.* Except as otherwise provided in the Agreement, the Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes or duties payable upon the sale of the Securities to the Underwriters, (iii) the fees and disbursements of the Company's counsel, accountants and other advisors, (iv) the reasonable fees and disbursements of counsel for the Underwriters in connection with the preparation of the Blue Sky Survey and any supplement thereto and the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto (not to exceed in the aggregate \$5,000), (v) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheets and the Prospectus and any amendments or supplements thereto, (vi) the fees and expenses of any transfer agent or registrar for the Securities and (x) the fees and expenses incurred in connection with the listing of the Securities on the New York Stock Exchange.

(b) *Termination of Agreement.* If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions.

(a) *Effectiveness of Registration Statement.* The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) *Opinions of Counsel for Company.* At Closing Time the Representatives shall have received:

(i) the favorable opinion, dated as of Closing Time, of Reid & Priest LLP, counsel for the Company, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit A-1 hereto.

(ii) the favorable opinion, dated as of Closing Time, of James R. Van Horn, Esq., General Counsel and Secretary for the Company, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit A-2 hereto.

(iii) the favorable opinion, dated as of Closing Time, of each of McWhirter, Reeves, McGlothlin, Davidson & Bakas, Piper & Marbury, Cullen & Dykman, Amos & Jeffries, LLP and Malatesta, Hawke, McKeon, local counsel to the Company, together with signed or reproduced copies of such letter for each of the other Underwriters and substantially in the form set forth in Exhibits A-3, A-4, A-5, A-6 and A-7 hereto, respectively.

(c) *Opinion of Counsel for Underwriters.* At Closing Time the Representatives shall have received the favorable opinion, dated as of Closing Time, of Winthrop, Stimson, Putnam & Roberts, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit B hereto.

(d) *Officers' Certificate.* At Closing Time there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, and the Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no Material Adverse Effect, (ii) the representations and warranties in Section 1 (a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing

Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and, to the best knowledge of the Company, no proceedings for that purpose have been instituted or are pending or are contemplated by the Commission.

(e) *Accountant's Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from Arthur Andersen LLP a letter dated such date, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit C hereto.

(f) *Bring-down Comfort Letter.* At Closing Time the Representatives shall have received from Arthur Andersen LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) *Approval of Listing.* At Closing Time the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(h) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any of its subsidiaries hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof is true and correct as of such Date of Delivery.

(ii) Opinions of Counsel for Company. The favorable opinion of Reid & Priest, counsel for the Company, James R. Van Horn, Esq., General Counsel and Secretary for the Company, and McWhirter, Reeves, McGlothlin, Davidson & Bakas, Piper & Marbury, Cullen & Dykman, Amos & Jeffries, LLP and Malatesta, Hawke, McKeon, local counsel to the Company, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Counsel for Underwriters. The favorable opinion of Winthrop, Stimson, Putnam & Roberts, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Bring-down Comfort Letter. A letter from Arthur Andersen LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to

Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(i) *Additional Documents.* At Closing Time and at each Date of Delivery counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(j) *Termination of Agreement.* If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6 and 7 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including, subject to Section 6(c) hereof, the fees and disbursements of counsel chosen by Merrill Lynch),

reasonably incurred 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 statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto), including the 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided further, however, that this indemnity shall not inure to the benefit of any Underwriter, or any person who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, on account of any loss, liability, claim, damage or expense arising from the sale of the Securities to any person if a copy of the Prospectus, as the same may then be supplemented or amended, was not sent or given by or on behalf of such Underwriter to such person with or prior to the written confirmation of the sale involved and the alleged omission or alleged untrue statement was corrected in the Prospectus as so supplemented or amended at the time of such confirmation.

(b) *Indemnification of Company, Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of any such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may, subject to the proviso in the immediately succeeding sentence, assume the defense of such action with counsel chosen by it reasonably satisfactory to such indemnified parties in such action. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified

parties incurred thereafter in connection with such action; provided, however, that if such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them that are different from or in addition to those available to such indemnifying party, then the indemnifying party may not assume the defense of such action and the fees and expenses of separate counsel for the indemnified parties shall be paid by the indemnifying parties. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such Settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its consent if such indemnifying party (i) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (ii) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification and hold harmless provided for in Section 6 hereof is for any reason or to any extent unavailable to an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein (subject to the limitations contained therein), then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses 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 Underwriters on the other hand from the offering of the Securities 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 Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such 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 Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 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.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of the Securities to the Underwriters.

SECTION 9. Termination of Agreement.

(a) *Termination; General.* The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, or (ii) if there has occurred any material adverse change in the financial markets in the United States, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by said exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6 and 7 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters with the approval of the Company, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to

purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the Representatives or the Company shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at North Tower, World Financial Center, New York, New York 10281-1201, attention of General Counsel; notices to the Company shall be directed to it at 550 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, attention of Treasurer.

SECTION 12. Parties. This Agreement shall inure to the benefit of and be binding upon each of the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 14. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

NUI CORPORATION

By _____
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
For themselves and as Representatives of the
other Underwriters named in Schedule A hereto.

By: Merrill Lynch, Pierce, Fenner & Smith Incorporated

By _____
Authorized Signatory

SCHEDULE A

Name of Underwriter

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

Morgan Stanley & Co. Incorporated.....

Number of
Initial
Securities

TOTAL _____

SCHEDULE B

NUI CORPORATION

Shares of Common Stock

(No Par Value)

1. The initial public offering price per share for the Securities, determined as provided in Section 2, shall be \$___.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be \$___, being an amount equal to the initial public offering price set forth above less \$__ per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. 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)(i) 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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:

(i) The Agreement has been duly authorized, executed and delivered by the Company.

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

(iii) The Rights have been duly and validly issued.

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

(v) 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] [May need to adjust after reviewing local counsel opinions.]

(vi) 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.

(vii) 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 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 such 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 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 such Registration Statement became effective (including (i) the Exchange 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 to make the statements therein not misleading, or that as of the date it was filed under Rule 424(b)(1) 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 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 the laws of the States of Florida, Maryland, New Jersey, North Carolina and the Commonwealth of Pennsylvania, and as to all matters governed by the laws of the State of New York relating to the regulation of public utilities, upon the opinions of even date herewith addressed to you of James R. Van Horn, Esq., General Counsel and Secretary of the Company, and _____.

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 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

[Letterhead of James R. Van Horn, Esq., General Counsel
and Secretary of the Company]

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") pursuant to a Registration Statement on Form S-3 (File No. 333-33791) (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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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.] [May need to adjust after reviewing local counsel opinions.]
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 thereof or, 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 such 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 to make the statements therein not misleading, or that as of the date it was filed under Rule 424(b)(1) 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 Registration Statement, the Prospectus or the Exchange 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 the laws of the States of Florida, Maryland, New York, North Carolina and the Commonwealth of Pennsylvania, upon the opinions of even date herewith addressed to you of _____.

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 on 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

[Letterhead of McWhirter, Reeves, McGlothlin, Davidson & Bakas
or other Florida Counsel reasonably acceptable to the Representatives]

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Florida counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Florida and has full power and authority under the laws of the State of Florida to transact the business in which it is engaged in the State of Florida and to own, lease and operate the properties used by it in such business.

2. The Florida Public Service Commission has issued appropriate orders with respect to authorizing the execution, delivery and performance by the Company of the Agreement and the Common Stock and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency is necessary or required under the laws of the State of Florida for the performance by the Company of its obligations under the Agreement, in connection with the offering, issuance or sale of the Securities under the Agreement or the consummation of the transactions contemplated thereby, *provided, however*, we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

Very truly yours,

MCWHIRTER, REEVES, MCGLOTHLIN,
DAVIDSON & BAKAS

[Letterhead of Piper & Marbury or other Maryland Counsel
reasonably acceptable to the Representatives]

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Maryland counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Maryland and has full power and authority under the laws of the State of Maryland to transact the business in which it is engaged in the State of Maryland and to own, lease and operate the properties used by it in such business.
2. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the State of Maryland in connection with the filing of the Registration Statement, the execution and delivery of the Agreement or the issuance and sale of the Securities, or the consummation of the transactions contemplated thereby; *provided, however*, that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

Very truly yours,

PIPER & MARBURY

[Letterhead of Cullen & Dykman or other New York Counsel
reasonably acceptable to the Representatives]

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 New York counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of New York and has full power and authority under the laws of the State of New York to transact the business in which it is engaged in the State of New York and to own, lease and operate the properties used by it in such business.

2. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the State of New York in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the Securities; *provided, however,* that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

Very truly yours,

CULLEN & DYKMAN

[Letterhead of Amos & Jeffries, LLP or other
North Carolina Counsel reasonably acceptable to the Representatives]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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

[Closing Date]

Ladies and Gentlemen:

We have acted as special North Carolina counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of North Carolina and has full power and authority under the laws of the State of North Carolina to transact the business in which it is engaged in the State of North Carolina and to own, lease and operate the properties used by it in such business.

2. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the State of North Carolina in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the Securities; *provided, however,* that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

Very truly yours,

AMOS & JEFFRIES, LLP

[Letterhead of Malatesta, Hawke, McKeon or other Pennsylvania
Counsel reasonably acceptable to the Representatives]

[Closing Date]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Pennsylvania counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September __, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the Commonwealth of Pennsylvania and has full power and authority under the laws of the Commonwealth of Pennsylvania to transact the business in which it is engaged in the Commonwealth of Pennsylvania and to own, lease and operate the properties used by it in such business.

2. The Public Utility Commission of the Commonwealth of Pennsylvania has issued the appropriate Secretarial Letter with respect to the execution, delivery and performance by the Company of the Agreement and the issuance and sale of the Common Stock, and no other approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the Commonwealth of Pennsylvania in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the Securities; *provided, however*, that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

Very truly yours,

MALATESTA, HAWKE, MCKEON

[Letterhead of Winthrop, Stimson, Putnam & Roberts]

[Closing Date]

MERRILL LYNCH & CO.

Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED

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 counsel to you, as Representatives of the several Underwriters under the Purchase Agreement, dated September __, 1997, between NUI Corporation, a New Jersey corporation (the "Company") and you (the "Agreement"), relating to the offering of _____ 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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.
2. The Common Stock has been duly and validly authorized and issued and is fully paid and non-assessable.
3. The Securities conform, as to legal matters, with the statements concerning them made under the heading "Description of Capital Stock" in the Prospectus.
4. The Registration Statement, as of the time such 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 except that we express no opinion with respect to the financial statements or other financial data contained or incorporated by reference in the Registration Statement or the Prospectus.

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 3 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 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, we have no reason to believe that the Registration Statement, as of the time such Registration Statement became effective (including (i) the Exchange 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 to make the statements therein not misleading, or that as of the date it was filed under Rule 424(b)(1) 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 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 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 the laws of the States of Florida, Maryland, New Jersey, North Carolina and the Commonwealth of Pennsylvania, upon the opinions of even date herewith addressed to you of James R. Van Horn, Esq., General Counsel and Secretary of the Company, and _____ We have reviewed such opinions and believe that such opinions are satisfactory and that you and we are justified in relying thereon.

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 or furnished to any other person, firm or corporation (other than the several Underwriters), without our prior written consent.

Very truly yours,

WINTHROP, STIMSON PUTNAM & ROBERTS

[FORM OF ACCOUNTANTS' COMFORT LETTER PURSUANT TO SECTION 5(g)]

September __, 1997

MERRILL LYNCH & CO.
Morgan Stanley & Co. Incorporated
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

Board of Directors
NUI Corporation
P.O. Box 760
Bedminster, New Jersey 07921

Dear Sirs:

We have audited the consolidated balance sheets of NUI Corporation (the company) and subsidiaries as of September 30, 1996 and 1995, and the consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended September 30, 1996, and the related financial statement schedule, all included in the company's annual report on Form 10-K for the year ended September 30, 1996, and incorporated by reference in the registration statement (no. 333-33791) on Form S-3 filed by the company under the Securities Act of 1933 (the Act); our reports with respect thereto are also incorporated by reference in that registration statement.

In connection with the registration statement:

1. We are independent certified public accountants with respect to the company within the meaning of the Act and the applicable published rules and regulations thereunder.
2. In our opinion, the consolidated financial statements and financial statement schedule audited by us and incorporated by reference in the registration statement comply as to form in all material respects with the applicable accounting requirements of the Act and the Securities Exchange Act of 1934 and the related published rules and regulations.
3. We have not audited any financial statements of the company as of any date or for any period subsequent to September 30, 1996; although we have conducted an audit for the year ended September 30, 1996, the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the consolidated financial statements as of September 30, 1996,

and for the year then ended, but not the consolidated financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited consolidated balance sheet as of December 31, 1996, March 31, 1997 and June 30, 1997, the unaudited consolidated statements of income for the three and twelve-month periods ended December 31, 1996 and 1995 and the three, six, and twelve-month periods ended June 30, 1997 and 1996 and the unaudited consolidated statement of cash flows for the three and twelve-month periods ended December 31, 1996 and 1995 and the six and twelve-month periods ended June 30, 1997 and 1996, included in the company's quarterly reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997 and incorporated by reference in the registration statement, or on the financial position, results of operations, or cash flows as of any date or for any period subsequent to September 30, 1996.

4. For purposes of this letter, we have read the 1996 and 1997 minutes of the meetings of the board of directors of the company as set forth in the minute books at _____, 1997, officials of the company having advised us that the minutes of all such meetings through that date were set forth therein; we have carried out other procedures to _____, 1997, as follows (our work did not extend to the period from _____, 1997, to _____, 1997, inclusive): with respect to the three and twelve-month periods ended December 31, 1996 and 1995 and the three, six and twelve-month periods ended June 30, 1997 and 1996, we have --

- (i) Performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in the SAS No. 71, *Interim Financial Information*, on the unaudited condensed consolidated financial statements for these periods, described in 3, included in the Company's quarterly reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997, incorporated by reference in the registration statement
- (ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether the unaudited condensed consolidated financial statements referred to in (i): (1) are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the registration statement, and (2) comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to Form 10-Q and the related published rules and regulations.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes. Had we performed additional procedures or had we conducted an audit, other matters might have come to our attention that would have been reported to you.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that -

- (i) Any material modifications should be made to the unaudited condensed consolidated financial statements described in 3, incorporated by reference in the registration statement, for them to be in conformity with generally accepted accounting principles.
 - (ii) The unaudited condensed consolidated financial statements described in 3 do not comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to Form 10-Q and the related published rules and regulations.
- 6. Company officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 1997, are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 1997, have, of necessity, been even more limited than those with respect to the periods referred to in 4. We have inquired of certain officials of the company who have responsibility for financial and accounting matters whether (a) at _____, 1997, there was any change in the capital stock (other than any change attributable to the dividend reinvestment plan or stock option and other employee and officer benefit plans), increase in long-term debt or any decrease in stockholders' equity (other than any decrease attributable to the declaration of a dividend) of the company as compared with amounts shown on the June 30, 1997, unaudited consolidated balance sheet incorporated by reference in the registration statement, or (b) for the period from July 1, 1997, to _____, 1997, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated operating revenues or in the total per-share amounts of net income. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase, or decrease, except in all instances for changes, increases or decreases that the registration statement discloses have occurred or may occur.
- 7. For purposes of this letter, we have also read the items identified by you on the attached copy of the registration statement (including items incorporated by reference) and the prospectus, and have performed additional procedures, which were applied as indicated in Schedule A attached hereto, with respect to the items so identified and described.
- 8. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.
- 9. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed ourselves solely to the foregoing data as set forth in the registration statement and make no

representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

10. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the company in connection with the offering of the securities covered by the registration statement, and it is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any purpose, including but not limited to the registration, purchase, or sale of securities, nor is to be filed with or referred to in whole or in part in the registration statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the registration statement.

Very truly yours,

ARTHUR ANDERSEN LLP

FROM: EDGAR POSTMASTER, BDM:POSTMASTER
TO: Feeney, Moira, 72741,101
DATE: 09/03/97 at 11:14

SUBJECT: ACCEPTED FORM TYPE S-3/A

MSG ID: 6-10137

THE FOLLOWING SUBMISSION HAS BEEN ACCEPTED BY THE U.S. SECURITIES
AND EXCHANGE COMMISSION:

COMPANY:	NUI CORP	NUMBER OF DOCUMENTS:	3
FORM TYPE:	S-3/A	ACCEPTED DATE:	03-Sep-97 11:08
RECEIVED DATE:	03-Sep-97 11:06		
FILING DATE:	03-Sep-97 11:06		
TEST FILING:	NO	CONFIRMING COPY:	NO

ACCESSION NUMBER: 0000950120-97-000243

FILE NUMBER(S):
1. 333-33791

THE PASSWORD FOR LOGIN CIK 0000950120 WILL EXPIRE 16-Jul-98 11:53.

PLEASE REFER TO THE ACCESSION NUMBER LISTED ABOVE FOR FUTURE
INQUIRIES.

REGISTRANT(S):

1. CIK: 0000070668
COMPANY: NUI CORP
FORM TYPE: S-3/A
FILE NUMBER(S):
1. 333-33791

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
September 3, 1997

Via Edgar

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: NUI Corporation

Ladies and Gentlemen:

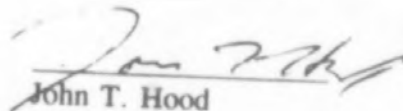
We transmit herewith for filing with the Securities and Exchange Commission (the "Commission") Amendment No. 1 to the Registration Statement on Form S-3 (Registration No. 333-33791) of NUI Corporation (the "Company"). The Amendment includes, as Exhibit No. 1, the Form of Purchase Agreement. The Amendment is marked to show changes from the initial Registration Statement filed with the Commission on August 15, 1997.

We understand that the Company plans to request an order of the Commission declaring the Registration Statement effective at 10:00AM on September 18, 1997, or as soon thereafter as may be practicable. We would appreciate the Commission's cooperation in enabling the Company to meet this schedule.

Very truly yours,

REID & PRIEST LLP,
Counsel to NUI Corporation

By:


John T. Hood

PROSPECTUS

1,000,000 Shares
[NUI CORPORATION LOGO]
Common Stock
(No par value)

NUI Corporation (the "Company") is offering hereby 1,000,000 shares of its common stock, no par value (the "Common Stock") and the appurtenant Preferred Stock Purchase Rights (the "Rights" and, together with the 1,000,000 shares of Common Stock, the "Shares"). The Common Stock is listed and traded on the New York Stock Exchange (the "NYSE") under the symbol NUI. On September 18, 1997, the last reported sale price for the Common Stock on the NYSE was \$23.25 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	\$23.25	\$.815	\$22.435
Total(3)	\$23,250,000	\$815,000	\$22,435,000

- (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) Amounts shown are before deducting expenses payable by the Company, estimated at \$150,000.
- (3) The Company has granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 150,000 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 \$26,737,500, \$937,250 and \$25,800,250, 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 September 24, 1997.

Merrill Lynch & Co.

Morgan Stanley Dean Witter

The date of this Prospectus is September 18, 1997.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN, OR OTHERWISE AFFECT THE PRICE OF THE SHARES. SUCH TRANSACTIONS MAY INCLUDE STABILIZING, THE PURCHASE OF SHARES TO COVER SYNDICATE SHORT POSITIONS AND THE IMPOSITION OF PENALTY BIDS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

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 SEC maintains a Web site that contains reports, proxy and information statements and other information regarding registrants, including the Company; the address of such site is <http://www.sec.gov>. The Common Stock is listed for trading on 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 (together with all exhibits and amendments thereto, 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, 1996;
2. The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997;
3. The Company's Current Report on Form 8-K, dated February 26, 1997; 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.

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)	1,000,000 shares
Common Stock Outstanding as of July 31, 1997	11,382,679 shares
Common Stock Closing Price Range per Share (August 30, 1996 through September 18, 1997)	\$18.75 - \$23.625
Common Stock Closing Price on September 18, 1997	\$23.25
NYSE Symbol	NUI
Indicated Annual Dividend Per Share	\$0.94
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 June 30, 1997	Fiscal Years Ended September 30,		
	(Unaudited)	1996	1995(1)	1994(2)(3)
Income statement data:				
Operating revenues	\$ 559,372	\$ 468,978	\$ 376,445	\$ 405,240
Operating margins	167,798	163,928	153,266	144,646
Operations and maintenance expenses	93,419	94,497	90,523	90,904
Operating income	34,463	32,881	23,859	25,840
Net income	18,448	14,896	5,517	10,780
Net income, excluding non-recurring items	\$ 18,448	\$ 14,896	\$ 11,074	\$ 9,586
Weighted average number of shares of Common Stock outstanding	11,122,876	9,819,431	9,152,837	8,617,790
Net income per share of Common Stock	\$1.66	\$1.52	\$0.60	\$1.25
Net income per share of Common Stock, excluding non-recurring items	\$1.66	\$1.52	\$1.21	\$1.11
Dividends paid per share of Common Stock	\$0.93	\$0.90	\$0.90	\$1.60

- (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.

	June 30, 1997 (unaudited)			
	Actual		As Adjusted(1)	
	Amount	Percent	Amount	Percent
Balance sheet data:				
Total assets	\$720,862		\$720,862	
Capital lease obligations	9,454		9,454	
Current portion of long-term debt and capital lease obligations	1,439		1,439	
Notes payable to banks	60,730		38,295	
Capitalization				
Common shareholders' equity	\$200,122	46.5%	\$222,557	49.2%
Long-term debt	230,100	53.5%	230,100	50.8%
Total capitalization	<u>\$430,222</u>	<u>100%</u>	<u>\$452,657</u>	<u>100%</u>

(1) As adjusted for the issuance and anticipated use of the net proceeds from the sale of the Shares (excluding the Additional Shares) of \$22,435,000.

MAP

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

THE COMPANY

General

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 359,000 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 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 service through its NUI Energy Brokers, Inc. subsidiary. In February 1997, the Company formed a wholly owned, indirect subsidiary, NUI Sales Management, Inc. ("NUI Sales").

On May 19, 1997, NUI Sales acquired a 49% limited liability company interest in T.I.C. Enterprises, L.L.C. ("TIC") for a purchase price of \$22 million. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including NUI Energy, Inc. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement, TIC will continue the business previously conducted by T.I.C. Enterprises, Inc. Such agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's fiscal 1997 earnings, before interest and taxes, exceed \$5 million. In addition, NUI Sales has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$20 million and is being amortized on a straight line basis over a 15 year period. If the Company is required to make an additional incentive payment as set forth above, such amount will also be amortized on a straight line basis over a 15 year period.

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

Territory and Customers Served

The Company's utility operations serve more than 359,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Approximately 54% of the Company's utility customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1996 amounted to \$469 million, of which approximately 66% was generated by utility operations in the Northern Division, 22% was generated by utility operations in the Southern Division states and 12% by the Company's unregulated activities. Gas volumes sold or transported in fiscal 1996 amounted to 105.7 million Mcf, of which approximately 65% was sold or transported in New Jersey, 17% was sold or transported in the Southern Division states and 18% represented unregulated sales. 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 239,000 customers in franchised territories within seven counties 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.

Effective January 1, 1995, the New Jersey Board of Public Utilities (the "NJBP") authorized new tariffs to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1996, 845 commercial sales customers had switched to transportation-only service under the new tariff. Despite the transfer to transportation service, the commercial sales market continues to grow. In fiscal 1996, 27 schools and 490 businesses converted to gas heating systems with the Company or switched from interruptible service to commercial firm service. 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 effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 90% to 95% of the margins that otherwise should be realized on gas sold or transported to interruptible customers are used to reduce gas costs charged to firm sales customers.

The Company provides gas sales and transportation services comprising 20% 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 1996, sales and transportation of gas to this customer accounted for approximately 5% of the Company's operating revenues and approximately 7% of total gas sold or transported. The Company was authorized by the NJBP to retain a total of approximately \$2.3 million of the operating margins realized from these sales. The Company reached this maximum during fiscal 1995 and, therefore, all margins realized from the sale of gas to this customer in fiscal 1996 were used to reduce gas costs charged to firm customers.

In order to maximize the value of the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the NJBP, however, the NJBP has authorized the Company to retain 20% of the margins realized from these sales. The remaining 80% of these margins is 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 97,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. CGF's service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million. During fiscal 1996, CGF sold or transported approximately 10.1 Mcf of gas as follows: 21% sold to residential customers, 40% sold to commercial customers, 21% sold to industrial customers and 18% 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. Year-to-year growth in the average number of residential customers primarily reflects new construction. The rate of residential market growth was lower in fiscal 1996 as compared with fiscal 1995 reflecting the application of more selective investment feasibility standards. The rate of residential market growth is expected to increase in fiscal 1997 as more central Florida residential projects have qualified for main extensions under the Company's investment feasibility standards, principally reflecting lower Company costs to complete projects and more effective marketing practices.

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.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 13,100 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1996, NCGS sold or transported approximately 3.9 million Mcf of gas as follows: 24% sold to residential customers, 14% sold to commercial customers, 44% sold to industrial customers and 18% transported to commercial and industrial customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,400 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1996, Elkton sold approximately 603,000 Mcf of gas as follows: 34% sold to residential customers, 38% sold to commercial customers and 28% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,100 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 1996, VCGS and WGS sold or transported approximately 3.9 million Mcf of gas as follows: 15% sold to residential customers, 8% sold to commercial customers, 9% sold to industrial customers and 68% transported to commercial and industrial customers.

USE OF PROCEEDS

The net proceeds to the Company (excluding the Additional Shares) from the sale of the Shares will be \$22,435,000. Approximately \$22 million of the net proceeds will be used for repaying short-term indebtedness of the Company incurred to finance the acquisition of a 49% limited liability company interest in TIC by NUI Sales. Such short-term indebtedness consists of revolving credit loans with a weighted average borrowing rate of 5.813% per annum from May 16, 1997 (the date on which funds were borrowed for the TIC acquisition) through August 14, 1997. The remainder of the net proceeds will be used for 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 trading prices per share of Common Stock, as reported by the NYSE:

<u>Fiscal Years Ended September 30</u>	<u>Quarterly Cash Dividends</u>	<u>Price Range</u>	
		<u>High</u>	<u>Low</u>
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	\$17.75	\$15.75
Second Quarter	0.225	19.25	17.125
Third Quarter	0.225	20.00	16.75
Fourth Quarter	0.225	20.00	16.50
1997:			
First Quarter	\$0.235	\$23.50	\$18.875
Second Quarter	0.235	23.625	19.25
Third Quarter	0.235	22.50	19.00
Fourth Quarter through September 18, 1997	0.235*	24.00	19.75

* On July 22, 1997, the Board of Directors of the Company declared a quarterly cash dividend of \$0.235 per share. Such dividend was payable on September 15, 1997 to holders of Common Stock as of August 15, 1997. Purchasers of the Shares will not be entitled to receive this dividend.

The closing sale price of the Common Stock on September 18, 1997, on the NYSE was \$23.25 per share.

There were 6,851 shareholders of record of Common Stock at July 31, 1997.

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 June 30, 1997, the Company would have been permitted to pay \$40.7 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 the required voting percentage for the 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 of Directors of the Company (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.

The provisions described above 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 Common Stock over the then market price of such Common 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. Certain of the capitalized terms used in the following description have the meanings set forth in the Rights Agreement.

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.

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 shareholders), 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) more than 50% 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 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.

UNDERWRITING

The Underwriters named below (the "Underwriters"), acting through their representatives, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated (the "Representatives"), 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.

Underwriters	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated	300,000
Morgan Stanley & Co. Incorporated	300,000
A.G. Edwards & Sons, Inc.	50,000
Janney Montgomery Scott Inc.	50,000
Edward D. Jones & Co., L.P.	50,000
Legg Mason Wood Walker, Incorporated	50,000
NatWest Securities Limited	50,000
PaineWebber Incorporated	50,000
Prudential Securities Incorporated	50,000
Smith Barney Inc.	50,000
Total	1,000,000

The Representatives 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 \$0.46 per share. The Underwriters may allow, and such dealers may reallow, a discount not in excess of \$0.10 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 150,000 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 1,000,000 Shares offered hereby.

The Company has agreed that, for a period of 90 days from the date of this Prospectus, it will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, sell any share of Common Stock, except for (i) Common Stock to be sold in this offering, (ii) any shares granted pursuant to existing employee benefit plans, (iii) any shares issued pursuant to dividend reinvestment or certain stock purchase plans, (iv) any shares issued upon the exercise of any Right or (v) any shares issued upon the exercise of an outstanding option or warrant.

Until the distribution of the Shares is completed, rules of the SEC may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Shares. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Shares. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Shares.

If the Underwriters create a short position in the Shares in connection with the offering, i.e., if they sell more Shares than are set forth on the cover page of this Prospectus, the Representatives may reduce that short position by purchasing shares of Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Shares, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those Shares as part of the offering.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of a security to the extent that it were to discourage resales of the security.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

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, Vice President and Secretary of and General Counsel to 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 Schedule incorporated by reference in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report thereon, and are incorporated herein by reference in reliance upon the authority of said firm as experts in giving said report.

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 may 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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1,000,000 Shares

[NUI CORPORATION LOGO]

Common Stock

PROSPECTUS

Merrill Lynch & Co.

Morgan Stanley Dean Witter

September 18, 1997



AGENDA DATE: 5/13/97

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

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)

ORDER
AUTHORIZING ISSUANCE OF NO
PAR COMMON STOCK

DOCKET NO. GF97020093

M. Patricia Keefe, Union, New Jersey, and James H. Laskey
(Norris, McLaughlin & Marcus, attorneys),
Somerville, New Jersey for NUI Corporation

Fred S. Grygiel, Chief Economist, Mark C. Beyer,
Manager, on behalf of the Staff of the Board of
Public Utilities

BY THE BOARD:

NUI Corporation (Petitioner), a New Jersey corporation subject to the jurisdiction of the Board of Public Utilities (Board), with its principal business office located at 550 Route 202-206, Bedminster, New Jersey, 07921, by Petition filed on February 19, 1997, requests authority pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 to issue up to two million shares of no par common stock through a public offering.

Petitioner is engaged, inter alia, in the business of distributing natural and mixed gas in service territories located in portions of the States of New Jersey, Florida, Maryland, New York, North Carolina, and Pennsylvania. Petitioner's New Jersey Division, Elizabethtown Gas Company (New Jersey Utility Division), 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. Through its subsidiary NUI Capital Corporation (NUI Capital) and other subsidiaries, Petitioner also engages in activities other than regulated public utility activities.

Petitioner intends to utilize the proceeds of the equity offering to contribute capital to its unregulated subsidiary, NUI Capital, which in turn will use the proceeds to purchase a 49% equity interest in TIC Corporation, an unregulated marketing company based in Atlanta, Georgia, and for other business purposes of NUI Capital. None of the proceeds will be used for Elizabethtown Gas Company.

As of December 31, 1996, Petitioner had 11,210,540 shares outstanding of no par common stock out of 30,000,000 shares authorized by its Certificate of Incorporation.

Petitioner states that the proposed transaction will not result in any changes in the New Jersey Utility Division's rates charged to customers, in service policies to customers, in its directors, officers or active managers, or in any of its policies with respect to its operations, financing, accounting, capitalization, depreciation, maintenance or any other matter regarding the utility operations which affects the public interest. Petitioner also states that it will continue to maintain its books and records in accordance with the appropriate Uniform System of Accounts as prescribed by the Board. For these and other reasons, Petitioner concludes that neither the issuance of the common stock nor the activities of NUI capital will have an adverse impact on the ratepayers of the New Jersey Utility Division.

While the Board has recognized that a utility to a large extent may act within its discretion to determine dividends and retained earnings, the Board has a legitimate concern that the use of proceeds derived from stock issuances do not result in investments which have a deleterious impact upon the utility's ability to internally finance necessary construction or meet its basic statutory duty to provide safe, adequate and proper service. In the Matter of the Petition of Elizabethtown Gas Company - Merger with City Gas Company of Florida, BPU Docket No. G088040577 (July 29, 1988). In the within matter, Petitioner plans to invest 100% of the proceeds from a proposed stock issuance in a business unrelated to the provision of utility services. Since the risks associated with this investment are necessarily different from risks normally associated with investments in utility operations, the Board's primary interest in this matter is to ensure to the greatest extent possible that there are sufficient reporting requirements relating to NUI's investment activities and that the New Jersey utility operations are adequately protected against losses resulting therefrom.

To this end, the Board has included a number of conditions and reporting requirements in this Order designed to protect the public interest. In view of these conditions, and after a review of the documents submitted, the Board **HEREBY FINDS** that the proposed issuance of common stock is to be made in accordance with law and is not contrary to the public interest. Therefore, the Board **HEREBY ORDERS** that Petitioner be and is **HEREBY AUTHORIZED** to issue and sell up to two million shares of common stock by public offering for the purposes set forth herein, subject to compliance by Petitioner with the following provisions.

1. NUI shall inform the Board of the date on which the proposed transactions shall have been consummated.
2. Copies of all tax returns of NUI shall be provided if requested by the Board.
3. Full access shall be provided to the Board to any books and records and other information of any kind, documentary or otherwise, of NUI or any of its divisions or subsidiaries.
4. NUI shall continue to maintain its books and records, as well as those of its New Jersey Utility Division, in accordance with the appropriate Uniform System of Accounts as prescribed by the Board.
5. NUI shall continue to record costs and any allocations of costs among its various divisions in sufficient detail to allow the Board to analyze, evaluate and render a determination as to their fairness and reasonableness for ratemaking purposes.
6. All expenses for NUI's corporate activities shall be separately identified, accounted for separately for accounting purposes, and "below the line" for ratemaking purposes. To the extent that NUI seeks to recover any of NUI's corporate expenses from its New Jersey Utility Division's ratepayers in base tariff rates, NUI will specifically identify these expenditures to enable the Board to make a determination as to the appropriateness and reasonableness of reflecting those expenditures in rates.
7. NUI's capital contribution to NUI Capital in connection with this transaction and other future investments in non-utility diversified activities will not exceed ten percent (10%) of NUI's total assets, provided that NUI reserves the right in the future to seek Board approval of a higher threshold.
8. All costs associated with this transaction shall be recorded in separate accounts and shall not be passed on to the New Jersey Utility Division's ratepayers. No request shall be made to the Board for rate treatment pertaining to the foregoing costs and expenses.
9. NUI shall maintain financial, statistical and accounting records in sufficient detail to enable the Board to evaluate, analyze and consider the New Jersey Utility Division on a stand alone basis.
10. NUI shall continue to devote the highest level of management oversight to its non-utility diversified activities.

11. All transactions and allocations exceeding, in the aggregate, \$25,000 annually between the New Jersey Utility Division and NUI's other divisions and subsidiaries, shall be reported annually by NUI at the time of the filing of its annual report to the Board.

12. NUI shall file quarterly reports, including balance sheets and income statements in sufficient detail to enable the Board to review the financial results of the combined NUI, as well as each of its separate divisions on an ongoing basis.

13. NUI shall promptly notify the Board of any significant event that may affect its financial integrity, such as having its equity securities downgraded or being placed on a "ratings watch list" by a securities rating firm.

14. The Board will continue to exercise its full authority to review in detail the capital structure of NUI and its New Jersey Utility Division including ratios and costs of debt and equity in order to insulate New Jersey ratepayers from any adverse effects from non-New Jersey operations and events. NUI shall not seek to recover from its New Jersey Utility Division's ratepayers any costs, either direct or indirect, associated with its utility operations in other states or with unregulated operations wherever located.

15. Should NUI's operations outside New Jersey or its unregulated operations result in a decline in the price of NUI's stock, NUI shall not attempt to recoup this price decrease by seeking to impose higher rates upon its New Jersey Utility Division's ratepayers. The effects of a decline in the value of NUI's stock caused by operations outside New Jersey shall be borne by NUI's stockholders. If non-New Jersey or unregulated operations result in higher rates for interest charges paid by the New Jersey Utility Division, NUI agrees for ratemaking purposes (including Allowance for Funds used During Construction) that New Jersey Utility Division ratepayers will be charged only that rate of interest which would have been charged absent the adverse financial stress caused by the non-New Jersey activities.

16. NUI shall continue to maintain a separate Board of Directors for its New Jersey Utility Division in an advisory capacity. The minutes of the meetings of the advisory Board of Directors shall be made available to the BPU and the Parties upon request.


17. NUI shall produce the books and records of its other divisions as provided for N.J.S.A. 48:3-7.8, upon written notice from the Board.

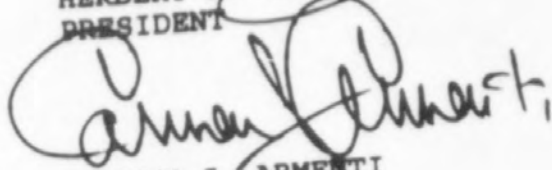
18. The assets of NUI's New Jersey Utility Division shall not be pledged to support any financing related to NUI's other divisions or its subsidiaries.
19. This order shall not be construed as approval by the Board of any value of consideration related to this transaction.
20. Salaries for the New Jersey Utility Division operations shall continue to be subject to ongoing review by the Board as to their reasonableness for ratemaking purposes.
21. No current non-New Jersey utility division salaries shall be allocated to the New Jersey Utility Division without prior Board review and approval. Also, said salaries shall not be relied upon as a standard for review of salaries paid in New Jersey.
22. The results of this transaction shall be taken into consideration by the Board within the context of a review of any subsequent petition requesting approval of any future acquisition. Such future petition shall be filed in a timely manner in order to allow the Board ample opportunity to fully review and analyze the proposal. Such filing shall satisfy all statutory and regulatory requirements including pro forma balance sheets and income statements reflecting all known or anticipated changes.
23. This Order shall not affect or in any way limit the exercise of the authority of the Board in any future petition or in any proceeding with respect to rates, franchises, services, financing, capitalization, depreciation, accounting, maintenance, operations or any other matter affecting the New Jersey Utility Division.
24. Any transfer of assets by NUI or the New Jersey Utility Division or any of its subsidiaries will be subject to the Board's jurisdiction pursuant to N.J.S.A. 48:3-7.
25. The Board of Directors of NUI shall agree in writing to the terms and conditions of this Order.
26. NUI shall provide on a quarterly basis the same information supplied to its Board of Directors concerning the status of its investment in T.I.C., Inc., so that the Board may more readily monitor the investment.
27. There shall be no commingling of cash between NUI Corporation and NUI Capital, Inc. If NUI Capital shall fund operations, capital additions or investments by external borrowing, any such borrowing or any commitments by NUI Capital or its subsidiaries must be non-recourse to NUI Corporation and may not provide for cross-default to, or for credit support from NUI Corporation, unless prior approval is granted by the Board.

28. In approving the issuance of common stock in this order, the Board is in no way limiting or foreclosing any independent action, inquiry, or investigation it may determine to take, pursuant to its authority, now or in the future with respect to the underlying transactions contemplated as a result of the Board's approval herein.

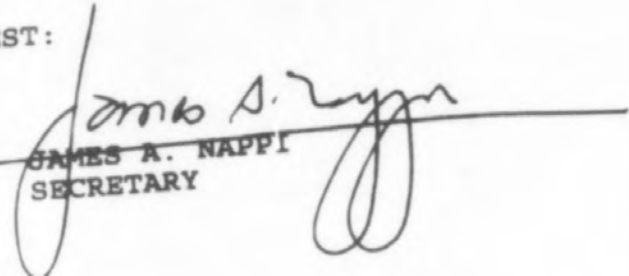
DATED: 5-13-97

BOARD OF PUBLIC UTILITIES
BY:


HERBERT H. TATE
PRESIDENT


CARMEN J. ARMENTI
COMMISSIONER

ATTEST:


JAMES A. NAPPI
SECRETARY

MAY.14.1997 12:11PM

AMOS & JEFFRIES 918 273 2435

NO.567 P.22



State of North Carolina
Utilities Commission

Post Office Box 28810
Raleigh, N. C. 27628-0810

5/12
Ex 3(F)

COMMISSIONERS
JANNE SANFORD, Chair
CHARLES H. HUGHES
LAURENCE A. COBB

COMMISSIONERS
ALLYSON K. DUNCAN
RALPH A. HUNT
JUDY HUNT
WILLIAM R. PITTMAN

May 12, 1997

Mr. James H. Jeffries IV
Amos & Jeffries, L.L.P.
Post Office Box 787
Greensboro, North Carolina 27402

Dear Mr. Jeffries:

The Commission has reviewed your letter dated April 30, 1997, requesting an opinion as to whether the NUI Corporation (NUI) is required to seek the approval of the North Carolina Utilities Commission for certain specified financial transactions. The Commission agrees with your legal opinion that NUI is not required to seek Commission approval for the financial transactions described in your letter of April 30, 1997.

If you have any questions regarding this matter, please advise.

Sincerely,

J. Anne Sanford
Jo Anne Sanford
Chair

cc: George Sessoms - Operations Division
Tony Wike - Public Staff Legal Division
Office of the Attorney General
Chief Clerk - Docket No. G-3, Sub 201

Ex 3 (6)

THE LAW FIRM OF
MALATESTA HAWKE & McKEON LLP

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

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

HARRISBURG ENERGY CENTER
100 NORTH TENTH STREET
HARRISBURG, PENNSYLVANIA 17101
(717) 236-1300
FAX (717) 236-4841
<http://www.MHM-LAW.com>

April 16, 1997

APR 18 1997

HAND-DELIVERY

James McNulty, Prothonotary
Pennsylvania Public Utility Commission
Room B-18, North Office Building
PO Box 3265
Harrisburg, PA 17105-3265

RE: NUI Corporation -- Abbreviated Securities Certificate for Authority to Issue up to 2 Million Shares of Common Stock

Dear Mr. McNulty:

Enclosed, for filing with the Commission, on behalf of NUI Corporation ("NUI"), are two (2) copies (including a signed original) of this letter, which constitutes an abbreviated securities certificate filing under the Commission's regulation at 52 Pa. Code §3.602. I also have enclosed a check in the amount of \$25, in full payment of the Commission's filing fee under 52 Pa. Code §1.43.

Consistent with the Commission's form at 52 Pa. Code §3.551(M), NUI submits the following:

1. NUI's name and address are NUI Corporation, 550 Route 202-206, P.O. Box 760, Bedminster, NJ 07921-0760. NUI's representative who is executing this letter is Joseph J. Malatesta, Jr., who, together with his firm, Malatesta Hawke & McKeon LLP, is authorized to represent NUI Corporation as its counsel before this Commission.
2. This securities certificate is for NUI Corporation's issuance of up to 2 million shares of common stock in mid-1997 through a public offering. The price of the stock will be determined by market conditions at the time of issuance. NUI's issuance of up to 2 million shares of common stock at this time is necessary or proper for the present and probable future capital needs of NUI because the proceeds of the issuance will be used to fund NUI subsidiary operations. NUI

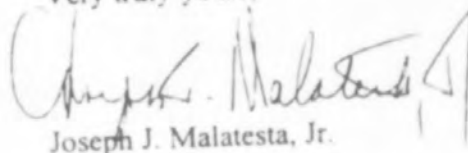
James McNulty, Prothonotary
April 16, 1997
Page 2

intends to downstream the proceeds of the stock issuance to its wholly owned subsidiary, NUI Capital Corp., for the latter's use for one of its authorized corporate purposes.

3. NUI Corporation's issuance of up to 2 million shares of common stock qualifies for the use of the Commission's abbreviated securities certificate procedure because NUI's gross operating revenues from service rendered during the immediately preceding fiscal year under tariffs filed with the Commission for intrastate service are less than 10% of NUI's total gross operating revenues during the fiscal year from all service, wherever rendered, of the type described in Section 102 of the Public Utility Code, 66 Pa. C.S. §102. 52 Pa. Code §3.602(a)(3)(ii).
4. The undersigned affirms that the information provided in this letter is true and correct to the best of his knowledge, information and belief, and that he understands that false statements contained in this letter are made subject to the penalties of 18 Pa. C.S. §4904, relating to unsworn falsification to authorities.

Thank you for your attention to this matter.

Very truly yours,


Joseph J. Malatesta, Jr.

JJM:lju
Enclosures

cc: Douglas T. Beebe (Bureau of Fixed Utility Services)
(hand-delivery)
Mary Patricia Keefe, Esquire



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

June 17, 1997

IN REPLY PLEASE
REFER TO OUR FILE

JOSEPH J MALATESTA JR
MALATESTA HAWKE & MCKEON
100 NORTH TENTH STREET
HARRISBURG PA 17101

Abbreviated Securities Certificate of NUI Corporation for
the issuance of up to 2 million shares of common stock.

S-00970614

Date Filed: April 16, 1997

Dear Mr. Malatesta:

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,

A handwritten signature in cursive script, appearing to read "John G. Alford".

John G. Alford
Secretary

RECEIVED JUN 18 1997

NUI CORPORATION
 (a New Jersey corporation)
 1,000,000 Shares of Common Stock
 (No Par Value)

PURCHASE AGREEMENT

Dated: September 18, 1997

MERRILL LYNCH & CO.
 Merrill Lynch, Pierce, Fenner & Smith Incorporated
 MORGAN STANLEY & CO. INCORPORATED
 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:

NUI Corporation, a New Jersey corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Morgan Stanley & Co. Incorporated and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters," which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch and Morgan Stanley & Co. Incorporated are acting as representatives (in such capacity, the "Representatives"), with respect to (i) the sale by the Company, and the purchase by the Underwriters, acting severally and not jointly, of 1,000,000 shares of Common Stock, no par value, of the Company (the "Common Stock") and the preferred share purchase rights attached thereto (the "Rights")(collectively, the "Initial Securities"), in the respective amounts set forth on Schedule A hereto, and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of 150,000 additional shares of Common Stock and the Rights attached thereto to cover over-allotments, if any (the "Option Securities"). The Initial Securities and the Option Securities, if any, are hereinafter called, collectively, the "Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-33791) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company will either (i) prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule

430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations or (ii) if the Company has elected to rely upon Rule 434 ("Rule 434") of the 1933 Act Regulations, prepare and file a term sheet (a "Term Sheet") in accordance with the provisions of Rule 434 and Rule 424(b). The information included in such prospectus or in such Term Sheet, as the case may be, that was omitted from such registration statement at the time it became effective (a) pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information" or (b) pursuant to paragraph (d) of Rule 434 is referred to as "Rule 434 Information." Each prospectus used before such registration statement became effective, and any prospectus that omitted, as applicable, the Rule 430A Information or the Rule 434 Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto, schedules thereto, if any, and the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, at the time it became effective and including the Rule 430A Information and the Rule 434 Information, as applicable, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations relating to additional shares of Common Stock and the Rights relating thereto is herein referred to as the "Rule 462(b) Registration Statement." and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final prospectus, including the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the 1933 Act, in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." If Rule 434 is relied on, the term "Prospectus" shall refer to the preliminary prospectus dated September 3, 1997 together with the Term Sheet and all references in this Agreement to the date of the Prospectus shall mean the date of the Term Sheet. For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any Term Sheet or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "1934 Act") which is incorporated by reference in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Underwriter as of the date hereof, and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. The Company meets the requirements for use of Form S-3 under the 1933 Act. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was filed with the Commission and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), included or will include an untrue statement of a material fact or omitted or will 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. If Rule 434 is used, the Company will comply with the requirements of Rule 434. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through Merrill Lynch expressly for use in the Registration Statement or Prospectus.

Each preliminary prospectus and the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and, if applicable, each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the

other information in the Prospectus, at the date of the Prospectus and at the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) Independent Accountants. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iv) Financial Statements. The financial statements included or incorporated by reference in the Registration Statement and the Prospectus, together with the related schedules and notes thereto, present fairly the financial position of the Company and its consolidated subsidiaries as at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved except as disclosed therein. The supporting schedules, if any, included or incorporated by reference in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement.

(v) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the business, properties, financial condition or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business or those contemplated by the Registration Statement and Prospectus, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) except for regular quarterly dividends on the Common Stock in amounts per share that are consistent with past practice, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of New Jersey and has full 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 this Agreement; 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 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.

(vii) No Significant Subsidiaries. There are no subsidiaries of the Company which would be considered a "significant subsidiary" under Rule 405 of Regulation C under the 1933 Act.

(viii) Capitalization. The authorized, issued and outstanding Common Stock of the Company is as set forth in the Prospectus in the row entitled "Common Stock Outstanding on July 31, 1997" under the caption "Prospectus Summary - The Offering" in the Prospectus (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or director or employee benefit plans referred to or incorporated by reference in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding Common Stock have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of Common Stock was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(ix) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(x) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, the Common Stock comprising a portion of the Securities will be validly issued and fully paid and non-assessable and the Rights will have been duly and validly issued; the Securities conform to all statements relating thereto contained or incorporated by reference in the Prospectus; and the issuance of the Securities is not subject to preemptive or other similar rights of any securityholder of the Company.

(xi) Absence of Defaults and Conflicts. The Company is not in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument 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 (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, 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 the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges

or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality, or court, domestic or foreign, having jurisdiction over the Company or any of its assets, properties or operations where such violation could have a Material Adverse Effect.

(xii) Absence of Proceedings. There is no action, suit, proceeding or inquiry before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or 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 this Agreement or the performance by the Company of its obligations hereunder.

(xiii) Absence of Further Requirements. The Florida Public Service Commission, the Board of Public Utilities of the State of New Jersey and the Public Utility Commission of the Commonwealth of Pennsylvania have each issued appropriate orders or other authorizations with respect to the execution, delivery and performance by the Company of this Agreement and the issuance of the Common Stock comprising a portion of the Securities, and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations 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 exercise of the Rights.

(xiv) Possession of Licenses and Permits. The Company possesses such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by it; the Company is in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and the Company has not received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xv) Holding Company Act. Neither the Company nor any of its subsidiaries is a "holding company" or a subsidiary or affiliate of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935.

(xvi) Environmental Laws. Except as described in the Registration Statement and except such violations as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) the Company is not in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law and any judicial or administrative interpretation thereof including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations, relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company relating to any Hazardous Materials or the violation of any Environmental Laws.

(b) *Officer's Certificates*. Any certificate signed by any officer of the Company or any subsidiary delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters: Closing

(a) *Initial Securities*. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule B, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) *Option Securities*. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional 150,000 shares of Common Stock and related Rights at the price per share set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time

and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Representatives, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as the Representatives in their discretion shall make to eliminate any sales or purchases of fractional shares.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the office of Reid & Priest LLP, West 57th Street, New York, NY 10019, or at such other place as shall be agreed upon by the Representatives and the Company, at 10:00 A.M. (Eastern Time) on the third (fourth, if the pricing of the Initial Securities occurs after 4:30 P.M. (Eastern Time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned office, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer in immediately available funds to an account designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose payment has not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) *Denominations; Registration.* Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern Time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* The Company, subject to Section 3(b), will comply with the requirements of Rule 430A and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) *Filing of Amendments.* The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), any Term Sheet or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act or otherwise, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which counsel for the Underwriters shall reasonably object in writing.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to each of the Representatives without charge, one signed copy of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) (with copies to counsel for the Underwriters) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. If applicable, the copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for

purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. If applicable, the Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations and the 1934 Act and the 1934 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) *Blue Sky Qualifications.* The Company will endeavor, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions as the Representatives may reasonably designate; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject or to meet the requirements deemed by the Company to be unduly burdensome. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction, unless such statements or reports are deemed by the Company to be unduly burdensome, to continue such qualification in effect until the earlier of (i) six months from the effective date of the Registration Statement or any Rule 462(b) Registration Statement or (ii) the completion of the distribution of all of the Securities.

(g) *Rule 158.* The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its security holders as soon as practicable an earning statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds."

(i) *Listing.* The Company will use its best efforts to effect the listing of the Securities on the New York Stock Exchange.

(j) *Restriction on Sale of Securities.* During a period of 90 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof, (C) any shares of Common Stock issued or options to purchase Common Stock or stock appreciation rights granted pursuant to existing employee benefit plans of the Company, (D) any shares of Common Stock or stock appreciation rights issued pursuant to any non-employee director stock plan or dividend reinvestment plan or (E) any shares of Common Stock issued by the Company upon the exercise of the Rights.

SECTION 4. Payment of Expenses. (a) *Expenses.* Except as otherwise provided in the Agreement, the Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes or duties payable upon the sale of the Securities to the Underwriters, (iii) the fees and disbursements of the Company's counsel, accountants and other advisors, (iv) the reasonable fees and disbursements of counsel for the Underwriters in connection with the preparation of the Blue Sky Survey and any supplement thereto and the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto (not to exceed in the aggregate \$5,000), (v) the printing and delivery to the Underwriters of copies of each preliminary prospectus, any Term Sheets and the Prospectus and any amendments or supplements thereto, (vi) the fees and expenses of any transfer agent or registrar for the Securities and (x) the fees and expenses incurred in connection with the listing of the Securities on the New York Stock Exchange.

(b) *Termination of Agreement.* If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any subsidiary delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement*. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A) or, if the Company has elected to rely upon Rule 434, a Term Sheet shall have been filed with the Commission in accordance with Rule 424(b).

(b) *Opinions of Counsel for Company*. At Closing Time the Representatives shall have received:

(i) the favorable opinion, dated as of Closing Time, of Reid & Priest LLP, counsel for the Company, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit A-1 hereto.

(ii) the favorable opinion, dated as of Closing Time, of James R. Van Horn, Esq., General Counsel and Secretary for the Company, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit A-2 hereto.

(iii) the favorable opinion, dated as of Closing Time, of each of McWhirter, Reeves, McGlothlin, Davidson & Bakas, Piper & Marbury, Cullen & Dykman, Amos & Jeffries, LLP and Malatesta, Hawke, McKeon, local counsel to the Company, together with signed or reproduced copies of such letter for each of the other Underwriters and substantially in the form set forth in Exhibits A-3, A-4, A-5, A-6 and A-7 hereto, respectively.

(c) *Opinion of Counsel for Underwriters*. At Closing Time the Representatives shall have received the favorable opinion, dated as of Closing Time, of Winthrop, Stimson, Putnam & Roberts, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit B hereto.

(d) *Officers' Certificate*. At Closing Time there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, and the Representatives shall have received a certificate of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company, dated as of Closing Time, to the effect that (i) there has been no Material Adverse Effect, (ii) the representations and warranties in Section 1 (a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing

Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and, to the best knowledge of the Company, no proceedings for that purpose have been instituted or are pending or are contemplated by the Commission.

(e) *Accountant's Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from Arthur Andersen LLP a letter dated such date, together with signed or reproduced copies of such letter for each of the other Underwriters substantially in the form set forth in Exhibit C hereto.

(f) *Bring-down Comfort Letter.* At Closing Time the Representatives shall have received from Arthur Andersen LLP a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) *Approval of Listing.* At Closing Time the Securities shall have been approved for listing on the New York Stock Exchange, subject only to official notice of issuance.

(h) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any of its subsidiaries hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof is true and correct as of such Date of Delivery.

(ii) Opinions of Counsel for Company. The favorable opinion of Reid & Priest, counsel for the Company, James R. Van Horn, Esq., General Counsel and Secretary for the Company, and McWhirter, Reeves, McGlothlin, Davidson & Bakas, Piper & Marbury, Cullen & Dykman, Amos & Jeffries, LLP and Malatesta, Hawke, McKeon, local counsel to the Company, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Counsel for Underwriters. The favorable opinion of Winthrop, Stimson, Putnam & Roberts, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof

(iv) Bring-down Comfort Letter. A letter from Arthur Andersen LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to

Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(i) *Additional Documents.* At Closing Time and at each Date of Delivery counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(j) *Termination of Agreement.* If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6 and 7 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including, subject to Section 6(c) hereof, the fees and disbursements of counsel chosen by Merrill Lynch),

reasonably incurred 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 statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto), including the 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto); provided further, however, that this indemnity shall not inure to the benefit of any Underwriter, or any person who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, on account of any loss, liability, claim, damage or expense arising from the sale of the Securities to any person if a copy of the Prospectus, as the same may then be supplemented or amended, was not sent or given by or on behalf of such Underwriter to such person with or prior to the written confirmation of the sale involved and the alleged omission or alleged untrue statement was corrected in the Prospectus as so supplemented or amended at the time of such confirmation.

(b) *Indemnification of Company, Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information and the Rule 434 Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through Merrill Lynch expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of any such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party, jointly with any other indemnifying parties receiving such notice, may, subject to the proviso in the immediately succeeding sentence, assume the defense of such action with counsel chosen by it reasonably satisfactory to such indemnified parties in such action. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified

parties incurred thereafter in connection with such action; provided, however, that if such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them that are different from or in addition to those available to such indemnifying party, then the indemnifying party may not assume the defense of such action and the fees and expenses of separate counsel for the indemnified parties shall be paid by the indemnifying parties. In no event shall the indemnifying parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such Settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, an indemnifying party shall not be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its consent if such indemnifying party (i) reimburses such indemnified party in accordance with such request to the extent it considers such request to be reasonable and (ii) provides written notice to the indemnified party substantiating the unpaid balance as unreasonable, in each case prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification and hold harmless provided for in Section 6 hereof is for any reason or to any extent unavailable to an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein (subject to the limitations contained therein), then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses 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 Underwriters on the other hand from the offering of the Securities 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 Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, or, if Rule 434 is used, the corresponding location on the Term Sheet bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such 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 Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 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.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of the Securities to the Underwriters.

SECTION 9. Termination of Agreement.

(a) *Termination; General.* The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any Material Adverse Effect, or (ii) if there has occurred any material adverse change in the financial markets in the United States, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international politics, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or limited by the Commission or the New York Stock Exchange, or if trading generally on the New York Stock Exchange has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by said exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6 and 7 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters with the approval of the Company, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to

purchase and of the Company to sell the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the Representatives or the Company shall have the right to postpone the Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at North Tower, World Financial Center, New York, New York 10281-1201, attention of General Counsel; notices to the Company shall be directed to it at 550 Route 202-206, Box 760, Bedminster, New Jersey 07921-0760, attention of Treasurer.

SECTION 12. Parties. This Agreement shall inure to the benefit of and be binding upon each of the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

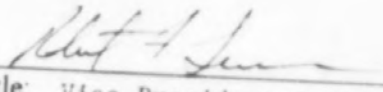
SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 14. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

NUI CORPORATION

By 
Title: Vice President Corporate Development
& Treasurer

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
For themselves and as Representatives of the
other Underwriters named in Schedule A hereto.

By: Merrill Lynch, Pierce, Fenner & Smith Incorporated

By _____
Authorized Signatory

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

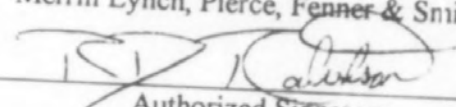
NUI CORPORATION

By _____
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
For themselves and as Representatives of the
other Underwriters named in Schedule A hereto.

By: Merrill Lynch, Pierce, Fenner & Smith Incorporated

By  _____
Authorized Signatory

SCHEDULE A

<u>Name of Underwriter</u>	<u>Number of Initial Securities</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	300,000
Morgan Stanley & Co. Incorporated	300,000
A.G. Edwards & Sons, Inc.	50,000
Janney Montgomery Scott Inc.	50,000
Edward D. Jones & Co., L.P.	50,000
Legg Mason Wood Walker, Incorporated	50,000
NatWest Securities Limited	50,000
PaineWebber Incorporated	50,000
Prudential Securities Incorporated	50,000
Smith Barney Inc.	<u>50,000</u>
 TOTAL	 <u>1,000,000</u>

SCHEDULE B

NUI CORPORATION
1,000,000 Shares of Common Stock
(No Par Value)

1. The initial public offering price per share for the Securities, determined as provided in Section 2, shall be \$23.25.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be \$22.435, being an amount equal to the initial public offering price set forth above less \$.815 per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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. 333-33791) (the "Registration Statement") relating to such offering. 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)(i) 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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.
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. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the federal laws of the United States of America for the valid issuance and sale of Securities by the Company under the Agreement, except that we express no opinion in this paragraph 5 with respect to the Act.
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 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 such 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 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 such Registration Statement became effective (including (i) the Exchange 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 to make the statements therein not misleading, or that as of the date it 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 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 relating to the regulation of public utilities 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. Vice President, 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 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

[Letterhead of James R. Van Horn, Esq., General Counsel
and Secretary of the Company]

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Vice President, 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 September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") pursuant to a Registration Statement on Form S-3 (File No. 333-33791) (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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 and the Registration Statement on Form 8-A of the company 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 thereof or, 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 such 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 to make the statements therein not misleading, or that as of the date it 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 Registration Statement, the Prospectus or the Exchange 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 and Jefferies, L.L.P and (v) Pennsylvania law upon the opinion of Malatesta Hawke & McKeon, all of such opinions of even date herewith 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 on 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.
Vice President, General Counsel and
Secretary

[Letterhead of McWhirter, Reeves, McGlothlin, Davidson & Bakas
or other Florida Counsel reasonably acceptable to the Representatives]

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Florida counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreemer.t"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

We have examined originals or copies, identified to our satisfaction, of the Purchase Agreement, as well as such other documents, and certificates, documents and records of officers of the Company and public officials, as we have deemed necessary in connection with the opinions expressed herein.

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.

The order of the Florida Public Service Commission to which we refer herein relates specifically to the authority of NUI Corporation to issue securities during the three month period ending September 30, 1997. Accordingly, in providing the opinion expressed herein, we have assumed that the issuance and sale of all of the Common Stock that is the subject hereof will take place on or before September 30, 1997.

Further, in granting NUI Corporation authority to issue securities during the three months ending September 30, 1997, the Florida Public Service Commission placed a ceiling on the dollar amount of securities which the company could issue during the period without obtaining

additional authority from the agency. In that regard, we have relied upon the representation of the company that the issuance and sale of 1,000,000 additional shares of Common Stock when combined with all other securities issued by the company during the three months ending September 30, 1997, will not cause the Company to exceed, in the aggregate, the limit of the authority obtained from the Florida Public Service Commission for the period.

The opinion provided herein concerning the status of necessary approvals, authorizations, consents or orders relates only to the issuance and sale of the 1,000,000 shares of common Stock. We express no opinion concerning the regulatory authority that may be necessary or required in connection with the issuance of securities upon exercise of the "preferred share purchase rights" attached thereto.

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

(i) The Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Florida and has full power and authority under the laws of the State of Florida to transact the business in which it is engaged in the State of Florida and to own, lease and operate the properties used by it in such business.

(ii) The Florida Public Service Commission has issued appropriate orders with respect to authorizing the execution, delivery and performance by the Company of the Agreement and the Securities, and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency is necessary or required under the laws of the State of Florida for the performance by the Company of its obligations under the Agreement, in connection with the offering, issuance or sale of the Securities; provided, however, we express no opinion with respect to the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America.

We express no opinion regarding any law other than the laws of the State of Florida.

This opinion is rendered to you in connection with the above-described transaction. The opinion may not be relied upon by you for any other purpose. We hereby authorize and consent to the reliance upon this opinion by James R. Van Horn, Esq. and Reid & Priest LLP in each of their opinions addressed to you of even date hereof. With those exceptions, the opinion cannot be relied on or furnished to any other person, firm or corporation (other than the several underwriters) without our prior written consent.

Very truly yours,

MCWHIRTER, REEVES, MCGLOTHLIN,
DAVIDSON & BAKAS, P.A.

Joseph A. McGlothlin
For the Firm

[Letterhead of Piper & Marbury or other Maryland Counsel
reasonably acceptable to the Representatives]

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Maryland counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the current Report on Form 8-K of the Company dated February 26, 1997 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Maryland and has full power and authority under the laws of the State of Maryland to transact the business in which it is engaged in the State of Maryland and to own, lease and operate the properties used by it in such business.

(2) No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the State of Maryland in connection with the filing of the Registration Statement, the execution and delivery of the Agreement or the issuance and sale of the Securities, or the consummation of the transactions contemplated thereby; provided, however, that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

We hereby authorize and consent to the reliance upon this opinion by James R. Van Horn, Esq. and Reid & Priest, L.L.P. in each of their opinions addressed to you of even date hereof.

Very truly yours,

PIPER & MARBURY

[Letterhead of Cullen & Dykman or other New York Counsel
reasonably acceptable to the Representatives]

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 New York counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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, 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. Specifically, we have relied upon the representation of the Company's Treasurer, Robert Lurie, that none of the proceeds from the sale of the Securities will be used to finance the Company's utility operation in the State of New York, and the previous opinions of the General Counsel of the Public Service Commission of the State of New York (the "Commission") to the effect that the approval of the Commission is not required for the issuance of Securities by the Company under virtually identical circumstances.

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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of New York and has full power and authority under the laws of the State of New York to transact the business in which it is engaged in the State of New York and to own, lease and operate the properties used by it in such business.

2. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the State of New York in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the Securities; provided, however, that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

We express no opinion regarding any law other than the law of the State of New York. This letter may be relied upon by you only in connection with the transactions contemplated by the Purchase Agreement and the Registration Statement and may not be relied upon by any other person for any purpose whatsoever except that we hereby authorize and consent to the reliance upon this opinion by James R. Van Horn, Esq. and Reid & Priest, L.L.P. in each of their opinions addressed to you of even date hereof.

Very truly yours,

CULLEN & DYKMAN

[Letterhead of Amos & Jeffries, LLP or other
North Carolina Counsel reasonably acceptable to the Representatives]

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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

September 24, 1997

Ladies and Gentlemen:

We have acted as special North Carolina counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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 Rights and Common Stock being collectively referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in the Agreement.

In giving the opinions set forth below, we have relied on certifications and representations provided to us by public officials, including certifications and letters from the Secretary of State of North Carolina and the Chairman of the North Carolina Utilities Commission. As to matters of fact which form the basis of any opinion set forth below, we have relied solely on certifications and representations of officers and employees of the company and upon the information contained in the Agreement, Registration Statement and Prospectus.

Subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. The company is duly qualified as a foreign corporation to transact business and is in good standing in the State of North Carolina and has full power and authority under the laws of the State of North Carolina and to own, lease and operate the properties used by it in such business.
2. No approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made by the Company under the laws of the State of North Carolina in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the securities; provided, however, that we express no opinion with respect to (a) the necessity for any

qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United State of America or (b) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

The forgoing opinion and all statements set forth in this letter are expressly limited and qualified as follows:

- a. The opinions expressed herein are limited to matters of North Carolina law. No opinion is expressed as to any matter which is governed by the laws of any other jurisdiction.
- b. Except to the extent expressly stated herein, we have not undertaken any independent investigation or inquiry to determine the existence or absence of any facts, and no inference as to our knowledge of the existence of facts should be drawn from the fact of our representation of the Company as North Carolina special counsel.
- c. Our opinions are limited to the matter expressly stated herein, and no opinion may be inferred or implied beyond the matters expressly stated.
- d. We have performed no independent factual investigation and therefore express no opinion with respect to compliance by the Company or of any of its subsidiaries or of any other person with any Environmental Laws or with respect to any representation, covenant or condition in, or reference by the Agreement, the Registration Statement, the Prospectus or in the Securities that may be issued pursuant thereto relating to Environmental Laws. For purposes of this opinion, Environmental Laws shall be deemed to include any local, state or federal statute, regulation, rule, order, approval, license, permit, authorization, certification or ordinance which regulates, controls or manages (1) the generation, use, storage, treatment or disposal of hazardous materials, hazardous substances, hazardous wastes, toxic substances, oils and solid wastes (however such terms may be defined under any Environmental Laws), (2) the discharge of pollutants into the waters of the State of North Carolina or of the United States, (3) the discharge of any air emissions, (4) the release or discharge of any substance into land, and (5) the use of any water, air or land resources.
- e. We express no opinion with respect to compliance by the company or any of its subsidiaries or any other person with respect to any federal or state tax laws or regulations.
- f. Our opinions herein are delivered solely for your benefit in connection with the transaction being consummated pursuant to the Agreement. No other person shall be entitled to rely on our opinions herein, and you are not entitled to rely on such opinions in any other context. Notwithstanding the foregoing, however, we hereby authorize and consent to the reliance upon this opinion by James R. Van Horn, Esquire and Reid & Priest LLP in each of their opinions addressed to you of even date herewith.

- g. Our opinions herein are limited to matters in existence as of the date hereof, and we undertake no responsibility to revise or supplement this letter or our opinions herein to reflect any change in the laws or facts after the date hereof.

AMOS & JEFFRIES, LLP

By: _____
James H. Jefferies IV

[Letterhead of Malatesta, Hawke, McKeon or other Pennsylvania
Counsel reasonably acceptable to the Representatives]

September 24, 1997

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
MORGAN STANLEY & CO. INCORPORATED
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 Pennsylvania counsel to NUI Corporation, a New Jersey corporation (the "Company"), in connection with the preparation, execution and delivery of the Purchase Agreement, dated September 18, 1997, between the Company and you, as Representatives of the several Underwriters (the "Agreement"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) and Amendment No. 1 to form S-3 (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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 our examination of these documents, 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 Company is duly qualified as a foreign corporation to transact business and is in good standing in the Commonwealth of Pennsylvania and has full power and authority under the laws of the Commonwealth of Pennsylvania to transact the business in which it is engaged in the Commonwealth of Pennsylvania and to own, lease and operate the properties used by it in such business.

2. The Public Utility Commission of the Commonwealth of Pennsylvania has issued the appropriate Secretarial Letter with respect to the execution, delivery and performance by the Company of the Agreement and the issuance and sale of the Common Stock, and no other approval or consent is required to be obtained, nor is any filing with any governmental authority required to be made, by the Company under the laws of the Commonwealth of Pennsylvania in connection with the execution, delivery and performance of the Agreement or the consummation of the transactions contemplated thereby or the issuance and sale of the Securities; provided, however, that we express no opinion with respect to (i) the necessity for any qualification or other action under the Blue Sky or securities laws of any jurisdiction of the United States of America or (ii) the necessity for any other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of any governmental authority or agency in connection with the issuance of securities upon the exercise of the Rights.

We hereby authorize and consent to the reliance upon this opinion by James R. Van Horn, Esquire and Reid & Priest, L.L.P. in each of their opinions addressed to you of even date hereof.

Very truly yours,

MALATESTA, HAWKE, MCKEON

[Letterhead of Winthrop, Stimson, Putnam & Roberts]

September 24, 1997

MERRILL LYNCH & CO.
 Merrill Lynch, Pierce, Fenner & Smith Incorporated
 MORGAN STANLEY & CO. INCORPORATED
 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 counsel to you, as Representatives of the several Underwriters under the Purchase Agreement, dated September 18, 1997, between NUI Corporation, a New Jersey corporation (the "Company") and you (the "Agreement"), relating to the offering of 1,000,000 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 referred to herein as the "Securities") and the preparation and filing of a Registration Statement on Form S-3 (File No. 333-33791) (the "Registration Statement") relating to such offering. All capitalized terms used herein without definition shall have the respective meanings set forth in 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, 1996 (the "Annual Report"), the Quarterly Reports on Form 10-Q for the quarterly periods ended December 31, 1996, March 31, 1997 and June 30, 1997, the Current Report on Form 8-K of the Company dated February 26, 1997 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.
2. The Common Stock has been duly and validly authorized and issued and is fully paid and non-assessable.
3. The Securities conform, as to legal matters, with the statements concerning them made under the heading "Description of Capital Stock" in the Prospectus.
4. The Registration Statement, as of the time such 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 except that we express no opinion with respect to the financial statements or other financial data contained or incorporated by reference in the Registration Statement or the Prospectus.

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 3 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 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, we have no reason to believe that the Registration Statement, as of the time such Registration Statement became effective (including (i) the Exchange 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 to make the statements therein not misleading, or that as of the date it was filed under Rule 424(b)(1) 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 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 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 the laws of the States of Florida, Maryland, New Jersey, North Carolina and the Commonwealth of Pennsylvania, upon the opinions of even date herewith addressed to you

of James R. Van Horn, Esq., General Counsel and Secretary of the Company, and _____, We have reviewed such opinions and believe that such opinions are satisfactory and that you and we are justified in relying thereon.

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 or furnished to any other person, firm or corporation (other than the several Underwriters), without our prior written consent.

Very truly yours,

WINTHROP, STIMSON PUTNAM & ROBERTS

[FORM OF ACCOUNTANTS' COMFORT LETTER PURSUANT TO SECTION 5(g)]

September 18, 1997

MERRILL LYNCH & CO.
Morgan Stanley & Co. Incorporated
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

Board of Directors
NUI Corporation
P.O. Box 760
Bedminster, New Jersey 07921

Dear Sirs:

We have audited the consolidated balance sheets of NUI Corporation (the company) and subsidiaries as of September 30, 1996 and 1995, and the consolidated statements of income, cash flows and shareholders' equity for each of the three years in the period ended September 30, 1996, and the related financial statement schedule, all included in the company's annual report on Form 10-K for the year ended September 30, 1996, and incorporated by reference in the registration statement (no. 333-33791) on Form S-3 filed by the company under the Securities Act of 1933 (the Act); our reports with respect thereto are also incorporated by reference in that registration statement.

In connection with the registration statement:

1. We are independent certified public accountants with respect to the company within the meaning of the Act and the applicable published rules and regulations thereunder.
2. In our opinion, the consolidated financial statements and financial statement schedule audited by us and incorporated by reference in the registration statement comply as to form in all material respects with the applicable accounting requirements of the Act and the Securities Exchange Act of 1934 and the related published rules and regulations.
3. We have not audited any financial statements of the company as of any date or for any period subsequent to September 30, 1996, although we have conducted an audit for the year ended September 30, 1996, the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the consolidated financial statements as of September 30, 1996,

and for the year then ended, but not the consolidated financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited consolidated balance sheet as of December 31, 1996, March 31, 1997 and June 30, 1997, the unaudited consolidated statements of income for the three and twelve-month periods ended December 31, 1996 and 1995 and the three, six, and twelve-month periods ended June 30, 1997 and 1996 and the unaudited consolidated statement of cash flows for the three and twelve-month periods ended December 31, 1996 and 1995 and the six and twelve-month periods ended June 30, 1997 and 1996, included in the company's quarterly reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997 and incorporated by reference in the registration statement, or on the financial position, results of operations, or cash flows as of any date or for any period subsequent to September 30, 1996.

4. For purposes of this letter, we have read the 1996 and 1997 minutes of the meetings of the board of directors of the company as set forth in the minute books at September 11, 1997, officials of the company having advised us that the minutes of all such meetings through that date were set forth therein; we have carried out other procedures to September 11, 1997, as follows (our work did not extend to the period from September 12, 1997 to September 18, 1997, inclusive): with respect to the three and twelve-month periods ended December 31, 1996 and 1995 and the three, six and twelve-month periods ended June 30, 1997 and 1996, we have —
- (i) Performed the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in the SAS No. 71, *Interim Financial Information*, on the unaudited condensed consolidated financial statements for these periods, described in 3, included in the Company's quarterly reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997, incorporated by reference in the registration statement.
 - (ii) Inquired of certain officials of the company who have responsibility for financial and accounting matters whether the unaudited condensed consolidated financial statements referred to in (i): (1) are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited consolidated financial statements incorporated by reference in the registration statement, and (2) comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to Form 10-Q and the related published rules and regulations.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes. Had we performed additional procedures or had we conducted an audit, other matters might have come to our attention that would have been reported to you.

5. Nothing came to our attention as a result of the foregoing procedures, however, that caused us to believe that -
- (i) Any material modifications should be made to the unaudited condensed consolidated financial statements described in 3, incorporated by reference in the registration statement, for them to be in conformity with generally accepted accounting principles.
 - (ii) The unaudited condensed consolidated financial statements described in 3 do not comply as to form in all material respects with the applicable accounting requirements of the Securities Exchange Act of 1934 as it applies to Form 10-Q and the related published rules and regulations.
6. Company officials have advised us that no financial statements as of any date or for any period subsequent to June 30, 1997, are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after June 30, 1997, have, of necessity, been even more limited than those with respect to the periods referred to in 4. We have inquired of certain officials of the company who have responsibility for financial and accounting matters whether (a) at September 11, 1997, there was any change in the capital stock (other than any change attributable to the dividend reinvestment plan or stock option and other employee and officer benefit plans), increase in long-term debt or any decrease in the company as compared with amounts shown on the June 30, 1997, unaudited consolidated balance sheet incorporated by reference in the registration statement, or (b) for the period from July 1, 1997, to September 11, 1997, there were any decreases, as compared with the corresponding period in the preceding year, in consolidated operating revenues or in the total per-share amounts of net income. On the basis of these inquiries and our reading of the minutes as described in 4, nothing came to our attention that caused us to believe that there was any such change, increase, or decrease, except in all instances for changes, increases or decreases that the registration statement discloses have occurred or may occur.
7. For purposes of this letter, we have also read the items identified by you on the attached copy of the registration statement (including items incorporated by reference) and the prospectus, and have performed additional procedures, which were applied as indicated in Schedule A attached hereto, with respect to the items so identified and described.
8. Our audit of the consolidated financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.
9. It should be understood that we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraph; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above. Further, we have addressed

ourselves solely to the foregoing data as set forth in the registration statement and make no representations regarding the adequacy of disclosure or regarding whether any material facts have been omitted.

10. This letter is solely for the information of the addressees and to assist the underwriters in conducting and documenting their investigation of the affairs of the company in connection with the offering of the securities covered by the registration statement, and it is not to be used, circulated, quoted, or otherwise referred to within or without the underwriting group for any purpose, including but not limited to the registration, purchase, or sale of securities, nor is to be filed with or referred to in whole or in part in the registration statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the securities covered by the registration statement.

Very truly yours,

ARTHUR ANDERSEN LLP

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 1997

OR

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

For the transition period from _____ to _____

Commission File Number 1-8353

NUI CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey
(State of incorporation)

22-1869941
(IRS 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:

Title of Each Class:

Common Stock, No Par Value
Preferred Stock Purchase Rights

New York Stock Exchange
New York Stock Exchange

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 to Part III of this Form 10-K or any amendment to the Form 10-K:

The aggregate market value of 11,049,105 shares of common stock held by non-affiliates of the registrant calculated using the \$24.625 per share closing price on November 28, 1997 was \$272,084,211

The number of shares outstanding for each of the registrant's classes of common stock, as of November 28, 1997:

Common Stock, No Par Value: 12,455,176 shares outstanding.

Documents incorporated by reference: NUI Corporation's definitive Proxy Statement for the Company's Annual Meeting of Stockholders, filed with the Securities and Exchange Commission on December 23, 1997.

NUI Corporation

Annual Report on Form 10-K For The
Fiscal Year Ended September 30, 1997

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NUI Corporation

Annual Report on Form 10-K for the
Fiscal Year Ended September 30, 1997

PART I

Item 1. Business

NUI Corporation ("NUI" or the "Company") was incorporated in New Jersey in 1969. NUI is a multi-state energy sales, services and distribution company. The Company's natural gas utility distribution operations serve approximately 362,000 customers in six states through its Northern and Southern operating divisions. These operating divisions are regulated by the public utility commissions of the states in which it operates. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company also provides retail gas sales and related services through its NUI Energy, Inc. subsidiary; wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary; customer information systems and services through its Utility Business Services, Inc. subsidiary; environmental project development operations through its NUI Environmental Group, Inc. subsidiary; and sales and marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC (see Note 2 of the Notes to the Consolidated Financial Statements).

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 primary business is its utility operations which serve approximately 362,000 customers, of which approximately 67% are in New Jersey and 33% are in the Southern Division states. Most of the Company's utility customers are residential and commercial customers that purchase gas primarily for space heating. The Company's operating revenues for fiscal 1997 amounted to approximately \$609 million, of which approximately 52% was generated by utility operations in the Northern Division, 18% was generated by utility operations in the Southern Division states and 30% by the Company's unregulated activities. Gas volumes sold or transported in fiscal 1997 amounted to 148.2 million Mcf, of which approximately 46% was sold or transported in New Jersey, 12% was sold or transported in the Southern Division states and 42% represented unregulated sales. An Mcf is a basic unit of measurement for natural gas comprising 1,000 cubic feet of gas.

Natural Gas Utility Operations

Northern Division The Company, through its Northern Division, provides gas service to approximately 241,000 customers in franchised territories within seven counties 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>1997</u>	<u>1996</u>	<u>1995</u>
Firm Sales:			
Residential	19,485	20,862	17,855
Commercial	9,333	11,337	10,275
Industrial	4,085	4,709	4,595
Interruptible Sales	12,886	11,885	15,440
Unregulated Sales	14,753	7,062	1,044
Transportation Sales	<u>22,510</u>	<u>19,793</u>	<u>17,202</u>
Total	<u>83,052</u>	<u>75,648</u>	<u>66,411</u>

Utility Customers Served (twelve-month average)

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Firm Sales:			
Residential - Heating	165,305	162,156	159,164
Residential - Non-heating	57,380	58,558	59,586
Commercial	16,922	17,232	17,359
Industrial	262	291	387
Interruptible Sales	72	72	75
Transportation Services	<u>1,373</u>	<u>600</u>	<u>130</u>
Total	<u>241,314</u>	<u>238,909</u>	<u>236,701</u>

Gas volumes sold to the Company's firm customers are sensitive to the weather in New Jersey. In fiscal 1997, the weather in New Jersey, as reported by the National Oceanic and Atmospheric Administration (NOAA), was very close to normal and 7% warmer than the prior year thereby decreasing gas sales as compared to 1996. However, these comparisons were distorted by new temperature measurement equipment installed by NOAA in late 1996. Data indicates that this new equipment records colder temperatures than the equipment it replaced. Hence, it is likely that weather in fiscal 1997 was actually warmer than normal and more than 7% warmer than 1996. Weather in fiscal 1996 contributed to higher gas sales as compared with fiscal 1995, as the weather was 7% colder than normal and 23% colder than fiscal 1995.

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. As a result of a stipulation approved by the New Jersey Board of Public Utilities (NJBPU) on October 22, 1997, the company increased the amount collectible under this clause by \$1.3 in fiscal 1997 to consider the distortion caused by the change in temperature measurement equipment. An adjustment factor was also established for fiscal 1998. 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.

Effective January 1, 1995, the NJBPU authorized new tariffs designed to provide for the unbundling of natural gas transportation and sales service to commercial and industrial customers. As of September 30, 1997, 1,840 commercial sales customers had switched to transportation-only service under the new tariff. Despite the transfer to transportation service, the commercial sales market continues to grow. In fiscal 1997, 39 schools and 887 businesses converted to gas heating systems with the Company or switched from interruptible service to commercial firm service. 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 effect on the Company's earnings because, in accordance with New Jersey regulatory requirements, 80% 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 sales customers. This percentage was changed, effective May 12, 1997 from 90% of sales margins and 95% of transportation margins.

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 1997 sales and transportation of gas to this customer accounted for approximately 8% of the Company's operating revenues and approximately 9% of total gas sold or transported. The Company was authorized by the NJBPU to retain a total of approximately \$2.3 million of the operating margins realized from these sales. The Company reached this maximum during fiscal 1995 and, therefore, all margins realized from the sale of gas to this customer in fiscal 1997 and 1996 were used to reduce gas costs charged to firm customers.

In order to maximize the value of the Company's gas supply portfolio, in fiscal 1995 the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the NJBPU, however the NJBPU has authorized the Company to retain 20% of the margins realized from these sales. The remaining 80% of these margins is 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 97,000 customers in Dade and Broward Counties in south Florida, and in Brevard, Indian River and St. Lucie Counties in central Florida. CGF's service areas cover approximately 3,000 square miles and have a population of approximately 1.7 million.

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>1997</u>	<u>1996</u>	<u>1995</u>
Firm Sales:			
Residential	1,850	2,130	1,982
Commercial	3,944	4,096	4,198
Interruptible Sales	1,162	1,259	1,533
Unregulated Sales	4,124	1,779	—
Transportation Sales	<u>2,277</u>	<u>908</u>	<u>1,313</u>
Total	<u>13,357</u>	<u>10,172</u>	<u>9,026</u>

Utility Customers Served (twelve-month average)

	1997	1996	1995
Firm Sales:	92,724	92,179	90,960
Residential	4,706	4,629	4,615
Commercial	16	19	20
Interruptible Sales	51	36	24
Transportation Services	<u>97,497</u>	<u>96,863</u>	<u>95,619</u>
Total			

CGF's residential customers purchase gas primarily for water heating, clothes drying and cooking. Some customers, principally in central Florida, also purchase gas to provide space heating during the relatively mild winter season. Year-to-year growth in the average number of residential customers primarily reflects new construction. The rate of residential market growth was lower in fiscal 1997 as compared with fiscal 1996, as build-out commitments from prior year expansions in the south Florida service areas were concluded. Through the application of selective investment feasibility standards, CGF is focusing its principal new residential growth efforts in its central Florida markets. The volume from the residential market in fiscal 1996 benefited from cooler weather than experienced in fiscal 1997 and in fiscal 1995. Effective in April 1997, CGF increased the rates it charges residential customers under its appliance leasing programs, generating approximately \$150,000 per month in additional unregulated margins.

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.

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. In November 1997, the Florida Public Service Commission (FPSC) approved CGF's proposal to offer unbundled gas service to certain small commercial customers, in a manner similar to that currently in place in the Company's New Jersey service territory.

During fiscal 1996, the Company began selling available gas supply and excess interstate pipeline capacity to other gas service companies and to customers located outside of the Company's service territories. The price of gas sold to these customers is not regulated by the FPSC; however, the FPSC has ordered that 50% of the margins realized from these sales be used to reduce gas costs charged to firm customers.

North Carolina Gas Service ("NCGS"). The Company, through NCGS, provides gas service to approximately 13,400 customers in Rockingham and Stokes Counties in North Carolina, which territories comprise approximately 560 square miles. During fiscal 1997, NCGS sold or transported approximately 4.3 million Mcf of gas as follows: 20% sold to residential customers, 11% sold to commercial customers, 30% sold to industrial customers on system, 16% sold to industrial customers through unregulated off-system sales, and 23% transported to commercial and industrial customers. The North Carolina Public Utilities Commission has ordered that 75% of margins realized from off-system sales be used to reduce gas costs charged to firm customers.

Elkton Gas Service ("Elkton"). The Company, through Elkton, provides gas service to approximately 3,500 customers in franchised territories comprising approximately 14 square miles within Cecil County, Maryland. During fiscal 1997, Elkton sold approximately 660,000 Mcf of gas as follows: 30% sold to residential customers, 28% sold to commercial customers and 42% sold to industrial customers.

Valley Cities Gas Service ("VCGS") and Waverly Gas Service ("WGS"). VCGS and WGS provide gas service to approximately 6,100 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 1997, VCGS and WGS sold or transported approximately 3.9 million Mcf of gas as follows: 15% sold to residential customers, 8% sold to commercial customers, 5% sold to industrial customers on system, 8% sold to industrial customers through unregulated sales off-system, and 64% 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 (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 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 services provided and 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.

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 and utilizing capacity release and off-system sales opportunities afforded by Order No. 636 when operationally feasible.

The Company's gas supply during fiscal 1997 came from the following sources: approximately 18% from purchases under contracts with primary pipeline suppliers and additional purchases under their filed tariffs; approximately 82% 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 1997, the Company's largest single supplier accounted for 11% 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 eight suppliers, including two interstate pipeline companies, three 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 37.9 million Mcf of natural gas annually with a maximum of approximately 101,170 Mcf per day. In order to achieve greater supply flexibility, and to more closely match its gas supply portfolio to changes in the market it serves, the Company recently allowed a long-term gas supply contract to expire at the conclusion of its primary terms. As a result, the Company has reduced its fixed gas cost obligations. The Company has replaced the supply with both spot market gas and shorter-term, seasonal firm supply, thus reducing the average term of its long-term obligations. 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. Participation in and reliance upon certain contractual arrangements among Co-op members has allowed the Company to reduce costs associated with winter services.

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 15.4 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 1997 was approximately 368,371 Mcf in its Northern Division and 87,717 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 398,643 Mcf and approximately 119,800 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 \$71 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. In certain of these contracts, the Company has recently negotiated terms with its suppliers which will allow the Company to reduce its commitment to its suppliers in connection with changes in the Company's markets that may result from further unbundling initiatives.

The Company distributes gas through approximately 6,000 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 optimizing 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 "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.

The current rates and tariffs for the Florida operations were authorized on October 29, 1996. The FPSC voted to authorize the Company to increase its base rates in Florida by \$3.75 million annually. The rate increase reflected a rate base amounting to \$91.9 million, which includes the addition of investments in system improvements and expansion projects. Under the approval, the allowed return on equity is 11.3% with an overall after-tax rate of return of 7.87%. The increase became effective on November 28, 1996. The FPSC order also gives the Company the flexibility to negotiate rates with certain business customers that have access to other energy sources.

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. The tariff for NCGS reflects a weather normalization clause for its temperature sensitive residential and commercial customers.

The Company's tariffs for each state in which it operates 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.

Unregulated Operations

NUI Energy, Inc. (Energy) was formed by the Company in fiscal 1995 to market gas service to unbundled retail commercial and industrial customers. Energy's operating margins have increased to \$2.4 million in fiscal 1997 as compared with \$1.1 million in fiscal 1996 and \$0.3 million in fiscal 1995, reflecting the Company's growth efforts. However, expenses related to this start-up operation has resulted in net losses in all three fiscal years. It is expected that Energy will be profitable in fiscal 1998, as the Company will continue to take advantage of opportunities that exist in the deregulated market.

NUI Energy Brokers, Inc. (Energy Brokers) was formed by the Company in fiscal 1996 to provide wholesale energy trading and related services, primarily to other utilities and energy marketing companies. Energy Brokers generated margins of \$3.6 million in fiscal 1997 as compared with \$1.6 million in fiscal 1996. Energy Brokers minimizes 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. Therefore, the earnings from Energy Brokers are likely to be more volatile than the Company's utility distribution business.

Utility Business Services, Inc. (UBS) provides billing and customer information systems and services to investor-owned and municipal utilities as well as third-party energy providers. WINS, the premiere account management product developed and maintained by UBS, is presently serving almost 20 clients with state-of-the-art computing capabilities in support of almost 600,000 customers. In addition to generating over 3 million bills each year, UBS assists clients in allied areas, such as automatic meter reading, payment processing, and account recovery.

NUI Environmental Group, Inc. (NUI Environmental) was formed by the Company in fiscal 1996 to develop a solution to the rapidly decreasing accessibility of the New York/New Jersey Harbor to international commercial shipping traffic. To this end, NUI Environmental plans to jointly develop a permanent sediment processing facility to decontaminate and process the dredged sediment, thereby providing environmentally safe disposal or beneficial reuse of the material. Towards this effort, NUI Environmental has signed a Memorandum of Understanding with the Department of Energy/Brookhaven National Laboratories, which is leading the decontamination effort on behalf of a Federal consortium of the Environmental Protection Agency, Army Corps. of Engineers and Department of Energy which are

working towards a solution to the dredging problem. It is expected that NUI Environmental will receive public financing to design, construct and operate the facility in partnership with governmental or public entities. It is anticipated that phase one operations could begin in late fiscal 1998.

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC (TIC), a newly formed limited liability company, for a purchase price of \$22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including the Company's subsidiary, Energy (see Note 2 of the Notes to the Consolidated Financial Statements).

Persons Employed

As of September 30, 1997, the Company employed 1,126 persons, of which 291 employees in the Northern Division were represented by the Utility Workers Union of America (Local 424), 73 employees in Florida and 17 employees in Pennsylvania were represented by The Teamsters Union, and 44 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 agreement in Pennsylvania was negotiated on November 30, 1997 and expires on September 30, 1999. The collective bargaining agreement in Florida expires on March 31, 1998.

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 addition, 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, 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. 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. 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 effectively, it must offer a greater variety of services at competitive prices. See Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Competition and Outlook" 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 seek 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 11, "Commitments and Contingencies" of the "Notes to the Consolidated Financial Statements" for information regarding environmental matters affecting the Company.

Year 2000

Many existing computer programs use only two digits to identify a year in the date field. These programs were designed and developed without considering the impact of the upcoming change in the century. If not corrected, many computer applications could fail or create erroneous results by or at the Year 2000. The Company has undertaken a systems readiness program which is designed to mitigate the risks associated with the Year 2000 issue. This program involves an analysis of systems to determine those that are not presently Year 2000 compliant, the establishment of a plan to either modify or replace those systems and the modification and procurement of systems to make them Year 2000 compliant. Although the Company is endeavoring to ensure that the year 2000 readiness program is comprehensive, it can make no assurance that the program will address all Year 2000 compliance issues in a timely manner. The Company identified, replaced and modified many of these systems during fiscal year 1997 and currently estimates that its remaining cost of the Year 2000 systems readiness program will be approximately \$2 million, of which approximately \$0.7 million is anticipated to be spent in fiscal 1998.

Item 2. Properties

The Company owns approximately 6,000 mile 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 1997.

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, 1997 were as follows:

	Quarterly Cash Dividend	Price Range	
		High	Low
Fiscal 1997:			
First Quarter	\$0.235	\$23.500	\$18.875
Second Quarter	0.235	23.625	19.250
Third Quarter	0.235	22.500	19.000
Fourth Quarter	0.235	24.813	19.750
Fiscal 1996:			
First Quarter	\$0.225	\$17.750	\$15.750
Second Quarter	0.225	19.250	17.125
Third Quarter	0.225	20.000	16.750
Fourth Quarter	0.225	20.000	16.500

There were 6,768 shareholders of record of NUI common stock at November 28, 1997.

It is the Company's intent to continue to pay quarterly dividends in the foreseeable future. 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. On November 6, 1997, the Company increased its quarterly dividend to \$0.245 per share of common stock. The previous quarterly rate was \$0.235 per share of common stock.

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 \$37 million of cash dividends at September 30, 1997.

Item 6. Selected Financial Data

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

	Fiscal Years Ended September 30,				
	1997	1996	1995	1994	1993
Operating Revenues					
Net Income	\$608,596	\$469,596	\$376,884	\$405,240	\$367,456
Net Income Per Share	\$19,649	\$14,896	\$5,517	\$10,780	\$13,810
Dividends Paid Per Share	\$1.75	\$1.52	\$0.60	\$1.25	\$1.70
	\$0.94	\$0.90	\$0.90	\$1.60	\$1.59
Total Assets					
Capital Lease Obligations	\$803,665	\$677,662	\$610,165	\$601,648	\$483,911
Long-Term Debt	\$9,679	\$10,503	\$11,114	\$11,932	\$12,290
Common Shareholders' Equity	\$229,069	\$230,100	\$222,060	\$160,928	\$142,090
Common Shares Outstanding	\$218,291	\$179,107	\$140,912	\$142,768	\$122,384
	12,429	11,086	9,201	9,157	8,201

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.

Summary Consolidated Operating Data

	Fiscal Years Ended September 30,				1993
	1997	1996	1995	1994	
Operating Revenues (Dollars in thousands)					
Firm Sales:	\$201,757	\$194,332	\$173,395	\$191,297	\$172,749
Residential	106,234	107,067	98,541	110,574	97,966
Commercial	23,263	25,321	20,083	25,809	23,066
Industrial	55,844	50,539	48,282	53,077	48,254
Interruptible Sales	177,881	55,678	7,498	1,426	1,757
Unregulated Sales	28,617	23,085	17,696	13,273	12,154
Transportation Services				9,784	11,510
Customer Service, Appliance Leasing and Other	<u>15,000</u>	<u>13,477</u>	<u>11,389</u>	<u>\$405,240</u>	<u>\$367,456</u>
	<u>\$608,596</u>	<u>\$469,499</u>	<u>\$376,884</u>		
Gas Sold or Transported (MMcf)					
Firm Sales:	22,956	24,810	21,276	22,558	21,019
Residential	14,254	16,575	15,455	16,175	14,918
Commercial	4,819	5,407	5,217	5,323	4,781
Industrial	15,074	16,003	18,365	16,024	13,627
Interruptible Sales	62,819	17,804	3,398	689	904
Unregulated Sales	<u>28,294</u>	<u>25,051</u>	<u>22,154</u>	<u>17,290</u>	<u>16,439</u>
Transportation Services	<u>148,216</u>	<u>105,650</u>	<u>85,865</u>	<u>78,059</u>	<u>71,688</u>
Average Utility Customers Served					
Firm Sales:	335,632	332,440	328,644	312,515	297,384
Residential	24,312	24,484	24,519	22,638	20,995
Commercial	306	338	430	382	377
Industrial	121	120	118	101	105
Interruptible Sales	<u>1,460</u>	<u>668</u>	<u>184</u>	<u>137</u>	<u>87</u>
Transportation Services	<u>361,831</u>	<u>358,050</u>	<u>353,895</u>	<u>335,773</u>	<u>318,948</u>
Degree Days in New Jersey (normal: 4978)	4,772	5,343	4,333	4,944	4,703
Employees (year end)	1,126	1,086	1,079	1,186	1,011
Ratio of Earnings to Fixed Charges	2.15	2.00	1.37	1.66	2.15

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 the "Company"). The Company is a multi-state energy sales, services and distribution company. Its natural gas utility operations distribute natural gas and provide related customer services in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company also provides retail gas sales and related services through its NUI Energy, Inc. subsidiary ("Energy"); wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary ("Energy Brokers"); customer information systems and services through its Utility Business Services, Inc. subsidiary; and sales and marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC ("TIC") (see Note 2 of the Notes to the Consolidated Financial Statements).

Results of Operations

Fiscal Years Ended September 30, 1997 and 1996

Net Income. Net income for fiscal 1997 was \$19.6 million, or \$1.75 per share, as compared with net income of \$14.9 million, or \$1.52 per share in fiscal 1996. The increase in the current year was primarily due to higher operating margins and other income, partially offset by higher operations and maintenance, depreciation, general taxes and interest 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 full effect of 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 \$139.1 million, or 30%, in fiscal 1997 as compared with fiscal 1996. The increase was principally due to approximately \$122 million of additional revenues generated by the Company's unregulated operations, the effect of purchased gas adjustment clauses, a base rate increase in the Company's Florida service territory, increased customer service and appliance leasing revenues, and customer growth (see "Regulatory Matters"). These increases were partially offset by the effect of warmer weather, mainly in New Jersey where it was 11% warmer than the prior year and 4% warmer than normal.

The Company has taken advantage of the opportunities brought on by deregulation of the natural gas industry and realized substantial growth in these unregulated activities in fiscal 1997. The Company's unregulated operations include its Energy and Energy Brokers subsidiaries, as well as sales of natural gas by the Company's utility operations to customers outside of its franchise service territories. While the prices charged for these utility off-system sales 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 are returned 100% to customers.

The Company's operating margins increased by \$8.3 million, or 5%, in fiscal 1997 as compared with fiscal 1996. The increase reflects approximately \$3.6 million of additional margins generated by the Company's utility distribution operations, approximately \$3.1 million of additional margins on sales by the Company's unregulated operations and approximately \$1.6 million of additional customer service and appliance leasing revenues. The increase in utility distribution margins was mainly due to the effect of the rate case in Florida and customer growth, partially offset by the effect of warmer weather in the fiscal 1997 period in all of the Company's service territories, part of which was not fully recovered from customers under weather normalization clauses, and lower amounts billed to certain of the

Company's Florida customers for its energy conservation program. The Company is allowed to pass through to its customers costs incurred for various energy conservation programs. The Company does not earn a profit on these billings as operations expense is charged or credited for any difference between amounts billed to customers and amounts actually incurred. 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 weather normalization clauses, operating margins were approximately \$2.0 million higher in fiscal 1997 than they would have been without such clauses. In fiscal 1996, operating margins were \$2.2 million less than they would have been without such clauses.

Other Operating Expenses. Operations and maintenance expenses increased by approximately \$0.9 million, or 1%, in fiscal 1997 as compared with fiscal 1996. The increase was primarily the result of additional expenses related to the growth in the Company's unregulated operations and expenses resulting from the consolidation of two of the Company's New Jersey service facilities. These increases were partially offset by the capitalization of costs associated with the development and implementation of new information technology, lower pension and insurance expenses, lower expenses charged for the Company's energy conservation programs in Florida and the reversal of certain reserves which management determined to be no longer required.

Depreciation and amortization increased approximately \$1.7 million over the prior year primarily due to additional plant in service.

The increase in other taxes of approximately \$0.8 million in fiscal 1997 was mainly due to higher real estate, sales and payroll-related taxes.

The increase in income taxes of approximately \$1.5 million in fiscal 1997 was the result of higher pre-tax income.

Other Income and (Expense), Net. Pre-tax other income and expense, net, increased approximately \$2.6 million in fiscal 1997 as compared with fiscal 1996. The increase was primarily due to approximately \$1.3 million of net equity earnings in TIC for the period January 1, 1997 through September 30, 1997 (see Note 2 of the Notes to the Consolidated Financial Statements), the sale of certain marketable securities resulting in a realized gain of \$0.7 million, and the sale of property in the Southern Division, which resulted in a gain of approximately \$0.7 million.

Interest Expense. Interest expense increased by approximately \$0.4 million in fiscal 1997 as compared with fiscal 1996. The increase was primarily due to an increase in short-term interest expense due to higher average borrowings, partially offset by lower average long-term borrowings as a result of the repayment of amounts outstanding under the Company's \$30 million credit agreement in May 1996.

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 fiscal 1996 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 fiscal 1996 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 increased by \$92.6 million, or 25%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects approximately \$48 million of additional unregulated sales, 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 increased revenues from interruptible

and industrial customers primarily as a result of higher gas prices incurred, increased customer service revenues and customer growth.

The Company's operating margins increased by \$11.0 million, or 7%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects approximately \$6.1 million of additional margins generated by the Company's utility distribution operations, approximately \$3.2 million of additional margins on sales by the Companies unregulated operations and approximately \$1.7 million of additional customer service and appliance leasing revenues. The increase in utility distribution margins was mainly due to an increase in rates for Florida's energy conservation program, customer growth and the effect of colder-than-normal weather not fully returned to customers through the weather normalization clauses. 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. Operations and maintenance expenses increased approximately \$3.4 million, or 4%, in fiscal 1996 as compared with fiscal 1995. The increase was primarily due to costs incurred as a result of the colder weather in New Jersey during the fiscal 1996 heating season, higher expenses related to the start-up and growth of the Company's unregulated operations, and higher pension costs. Fiscal 1995 results included non-recurring pre-tax charges of \$8.6 million (see Note 3 of the Notes to the Consolidated Financial Statements).

Depreciation and amortization expenses increased by approximately \$1.5 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 \$0.2 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.

Regulatory Matters

Northern Division

On October 22, 1997, the New Jersey Board of Public Utilities (NJBPU) approved a petition filed by the Northern Division to revise its weather normalization clause to reflect an increase in the level of degree days used to determine margin revenue differences associated with variations between the actual degree days experienced in the months of October through April and the degree days that underlie the Company's base rates. The actual degree days are intended to adjust for a bias in weather data created by the National Oceanic and Atmospheric Administration's installation of a device to measure temperature known as the automatic surface observing system. As a result of the NJBPU approval, the Company recognized an increase in its weather normalization margins of approximately \$1.3 million in the fourth quarter of fiscal 1997 to adjust for the effect of the bias in the new weather measuring device on margins recorded earlier in the fiscal year.

In July 1997, the State of New Jersey enacted legislation that will eliminate the current gross receipts and franchise taxes effective January 1, 1998. These taxes will be replaced with a 6% sales tax on sales of electricity and natural gas, a corporate business tax currently paid by all non-utility corporations in the State, and a third tax called the Transitional Energy Facilities Assessment tax (TEFA). The legislation was intended, in part, to provide comparability between utilities that pay gross receipts and franchise taxes and non-utility energy companies that do not. A key objective of this legislation was to maintain energy tax revenue neutrality in 1998, seeking to collect approximately the same amount in new taxes as collected with gross receipts and franchise taxes in 1997. The TEFA tax is scheduled to be phased out at a rate of approximately 20% per year starting in 1999. These tax changes are designed to have no effect on the Company's net income or on overall rates charged to customers, until the TEFA reductions occur, and will not have a

material effect on working capital. The Company paid approximately \$25 million of gross receipts and franchise taxes to the State in 1997.

On November 20, 1997, the Northern Division amended its July 31, 1997 proposal filed with the NJBPU to increase its annual purchased gas adjustment revenues by approximately \$14.7 million and change the way it recovers gas supply costs from its different classes of customers. The filing proposes to collect separately the commodity component of purchased gas and the fixed costs the Company incurs on behalf of its customers to supply gas service. The filing also includes a request to incorporate a performance based mechanism whereby Northern Division customers and the Company would benefit from the Company's ability to secure gas at rates more favorable than a market index benchmark. The proposed mechanism would provide an 80/20 sharing, with Northern Division customers receiving the greater percentage of risk and opportunity on the difference between a monthly market benchmark and the actual cost of purchased gas. Action by the NJBPU on the Company's proposal is expected in 1998.

On May 13, 1997, the NJBPU approved an order (replacing an interim order dated December 4, 1996) authorizing the Northern Division to increase its annual purchased gas adjustment revenues by approximately \$22 million. The increase was effective in December 1996 and reflects higher gas prices incurred in the current year. The increase in revenues does not affect the operating margins of the Company.

Southern Division

On October 29, 1996, the Florida Public Service Commission (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 is 11.3% with an overall after-tax rate of return of 7.9%. The Company had been granted interim rate relief of \$2.2 million effective in September 1996. The permanent rate increase, which was effective in December 1996, includes the interim adjustment.

Financing Activities and Resources

The Company's net cash provided by operating activities was \$40.5 million in fiscal 1997, \$22.5 million in fiscal 1996, and \$47.9 million in fiscal 1995. The increase in fiscal 1997 as compared with fiscal 1996 was primarily due to additional collections of gas costs through the Company's purchased gas adjustment clauses and the timing of payments to gas suppliers. 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.

Because the Company's primary 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 \$66.0 million at 5.5% in fiscal 1997, \$39.9 million at 5.6% in fiscal 1996 and \$58.0 million at 5.9% in fiscal 1995. The weighted average daily amounts of notes payable to banks increased in fiscal 1997 principally due to borrowings to initially finance the Company's acquisition of a 49% interest in TIC (see "Common Stock"), and additional borrowings to finance portions of the Company's construction expenditures. The weighted average daily amounts of notes payable to banks decreased in fiscal 1996 as compared with fiscal 1995 primarily due to the full effect of the issuance of \$70 million of Medium-Term Notes issued in fiscal 1995, which were used to repay short-term debt, and the issuance of an additional 1.8 million shares of common stock in fiscal 1996, 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.

At September 30, 1997, the Company had outstanding notes payable to banks amounting to \$54.4 million and available unused lines of credit amounting to \$91.6 million.

Long-Term Debt and Funds for Construction Held by Trustee. On July 9, 1997, the Company issued \$54.6 million of tax exempt Gas Facilities Revenue Refunding Bonds at an interest rate of 5.7%. The bonds mature on June 1, 2032 and were used to refinance previously issued Gas Facilities Revenue Bonds in the aggregate principal amounts and rates of \$46.2 million at 6.75% and \$8.4 million at 6.625% on October 1, 1997. The proceeds from the refunding bonds were invested in temporary cash investments and were held in trust until the old bonds were called.

In November 1994, the Company filed a shelf registration statement with the Securities and Exchange Commission for an aggregate of up to \$100 million of debt and equity securities. As of September 30, 1997, the Company has issued \$70 million of Medium-Term Notes subject to the shelf registration statement. While the Company has no present intention to issue additional securities subject to the shelf registration, such securities may be issued from time to time, depending upon the Company's needs and prevailing market conditions.

The Company 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, 1997 and 1996, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$23.8 million and \$42.6 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 September 25, 1997, the Company issued an additional 1,011,400 shares of NUI common stock. The net proceeds from the offering totaled \$22.6 million and were used to reduce outstanding short-term debt incurred to finance the Company's acquisition of a 49% interest in TIC and for other general corporate purposes.

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. The proceeds from such issuances amounted to approximately \$5.7 million, \$0.3 million and \$1.0 million in fiscal 1997, 1996 and 1995, respectively, and were used primarily to reduce outstanding short-term debt. The increase in proceeds received in fiscal 1997 reflects that the plans commenced purchasing shares directly from the Company in October 1996. Effective in December 1994, these plans commenced purchasing shares on the open market to fulfill the plans' requirements. 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.

Dividends. On November 6, 1997, the Company increased its quarterly dividend to \$0.245 per share of common stock. The previous quarterly rate was \$0.235 per share of common stock.

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 approximately \$37 million of cash dividends at September 30, 1997.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were \$52.3 million in fiscal 1997, \$37.1 million in fiscal 1996 and \$37.9 million in fiscal 1995. The increase in fiscal 1997 was primarily the result of planned capital investment related to providing gas or transportation service to new customers, which is mainly occurring in the Company's Southern Division, and to the Company's investment in new information technology designed to enhance productivity in the long term. The Company's capital expenditures are expected to be approximately \$60 million in fiscal 1998.

The Company owns or previously owned six former manufactured gas plant (MGP) sites in the Northern Division and ten MGP sites in the Southern Division. The Company, with the aid of environmental consultants, regularly assesses the

potential future costs associated with conducting remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately \$34 million, which the Company expects it will expend in the next twenty years to remediate the Company's MGP sites. Of this reserve, approximately \$30 million relates to Northern Division MGP sites and approximately \$4 million relates to Southern Division MGP sites. However, 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 \$24 million and be incurred during a future period of time that may range up to fifty years. Of this \$24 million in possible future expenditures, approximately \$12 million relates to the Northern Division MGP sites and approximately \$12 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 \$24 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the Northern Division MGP sites will be recoverable in rates or from insurance carriers. The Company is able to recover actual MGP expenses over a rolling seven-year period through its MGP Remediation Adjustment Clause (RAC). The NJBPU approved the Company's initial RAC rate filing on April 2, 1997 at which time the Company began recovery of approximately \$3.1 million, which represents environmental costs incurred from inception through June 30, 1996. On August 5, 1997, the Company submitted a second RAC rate filing to the NJBPU to recover an additional \$0.5 million in environmental costs incurred from July 1, 1996 through June 30, 1997. Approval by the NJBPU on this second RAC rate filing is expected in early 1998. With respect to costs which may be associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able at this time to express a belief as to whether any or all of these recovery efforts related to the Southern Division MGP sites will ultimately be successful. For a further discussion of environmental matters see Note 11 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 \$71 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 Company prepaid \$54.6 million of its Gas Facilities Revenue Bonds in October 1997 with proceeds received from a new bond issuance (see "Financing Activities and Resources- Long-Term Debt and Funds for Construction Held by Trustee"). No other long-term debt is scheduled to be repaid over the next five years.

Purchase of Interest in TIC Enterprises, LLC

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC, a newly formed limited liability company, for a purchase price of \$22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement (the "Agreement"), the limited liability company will continue the business previously conducted by TIC Enterprises, Inc. The Agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's calendar 1997 earnings, before interest and taxes, exceed \$5 million. As of September 30, 1997, the Company has recorded a reserve of approximately \$2.2 million for the additional incentive payment. In addition, NUI has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC.

TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including the Company's subsidiary, NUI Energy, Inc. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$22 million, including the reserve for the additional incentive payment, and is being amortized on a straight line basis over a 15-year period.

Competition and Outlook

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 energy products and services may include sales and management of electricity and other energy commodities, energy efficiency and information services, and new energy technology. The Company may also offer additional non-energy products and services if such offerings are consistent with the Company's business plan.

Not all of the products and services described above are 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 of such products and services would likely be offered through the coordinated marketing efforts of the Company.

One vehicle the Company will use to offer products and services is the sales force of TIC Enterprises, LLC (see "Purchase of Interest in TIC Enterprises, LLC"). TIC's sales force of more than 400 sales representatives gives NUI access to business customers across 40 states. Also, TIC has existing sales partnerships with several major companies, allowing NUI to offer a wide range of telecommunications services and office equipment in addition to energy. TIC will also be an asset to NUI in the formation of partnerships with other energy companies trying to find ways to gain access to customers and new products in the newly deregulated energy markets.

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 \$60 million in fiscal 1998 from \$52 million in fiscal 1997, 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. While the Company is confident that these fiscal 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.

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.

The FPSC has approved the Company's proposal to unbundle gas service to certain small commercial customers, in a manner similar to that currently in place in the Company's New Jersey service territory.

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 also faces the risk of loss of transportation service for large industrial customers who 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.

Customer Services

The Customer Services unit provides repair and maintenance for 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 provide additional services that customers value, to charge prices that fully reflect the quality of those services to its customers, and improve the quality and timeliness of service.

The Company intends to implement several measures, including the use of new metering and communications technology, to improve the response time to customer service requests and to improve the accuracy and timeliness of billing information.

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 the cost of providing gas service to its general customer base.

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 formed NUI Energy, Inc. (Energy) to market gas service to unbundled retail commercial and industrial customers. The margins from Energy in fiscal 1997 were approximately \$2.4 million, up from \$1.1 million in fiscal 1996, but the expenses related to this start-up operation resulted in a slight loss for the year. Energy is expected to be profitable in 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, Energy. Energy Brokers generated margins of approximately \$3.5 million in fiscal 1997, compared with \$1.6 million in fiscal 1996. The Company minimizes 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. Therefore, the earnings from Energy Brokers are likely to be more volatile than the Company's distribution business.

The third business line within Energy Sales and Services is in "off-system sales", or the use of utility-owned gas 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 were approximately \$0.8 million in fiscal 1997, unchanged from fiscal 1996.

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, 1997 and 1996 and for each of the three years in the period ended September 30, 1997, the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1997, 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. Such Proxy Statement was filed with the Securities and Exchange Commission on December 23, 1997.

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. Such Proxy Statement was filed with the Securities and Exchange Commission on December 23, 1997.

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. Such Proxy Statement was filed with the Securities and Exchange Commission on December 23, 1997.

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. Such Proxy Statement was filed with the Securities and Exchange Commission on December 23, 1997.

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, 1997 and 1996 and for each of the three years in the period ended September 30, 1997 and the auditors' report thereon, and the unaudited quarterly financial data for the two-year period ended September 30, 1997 are included herewith as indicated on the "Index to Financial Statements and Schedule" on page F-1.

(2) The applicable financial statement schedule for the fiscal years 1997, 1996 and 1995 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	Incorporated by reference to Exhibit 3(i) of NUI's Form 10-K Report for Fiscal 1995
3(ii)	By-Laws, amended and restated as of September 23, 1997	Filed herewith.
4(i)	Rights Agreement between NUI Corporation and Mellon Securities Trust Company dated November 28, 1995	Incorporated by reference to NUI's Form 8-K dated December 1, 1995
10(i)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and Elizabethtown Gas Company ("EGC"), dated February 1, 1992 (#3686)	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 July 1, 1996	Filed herewith.
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, 1995 (Contract #1.1997)	Incorporated by reference to Exhibit 10(iv) of NUI's Form 10-K Report for Fiscal 1996
10(v)	Service Agreement by and between Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1995 (Contract #1.1995)	Incorporated by reference to Exhibit 10(v) of NUI's Form 10-K Report for Fiscal 1996

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
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
10(vii)	Service Agreement by and among Transcontinental Gas Pipe Line Corporation and EGC, dated November 1, 1995 (Contract #1.1998)	Incorporated by reference to Exhibit 10(vii) of NUI's Form 10-K Report for Fiscal 1996
10(viii)	Service Agreement for Rate Schedule CDS by and between Texas Eastern Transmission Corporation and EGC, dated December 1, 1993 (Contract #800361)	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 (Contract #331720)	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 March 18, 1996 (Contract #331501)	Filed herewith.
10(xi)	Service Agreement under Rate Schedule FTS-8 by and between Texas Eastern Transmission Corporation and EGC, dated June 28, 1994 (Contract #331013)	Incorporated by reference to Exhibit 10(xi) to NUI's Form 10-K Report for Fiscal 1994
10(xii)	Firm Transportation Service Agreement under FTS-2 Rate Schedule by and between City Gas and Florida Gas Transmission, dated August 12, 1993	Filed herewith.
10(xiii)	Service Agreement for Rate Schedule FTS-2 by and between Texas Eastern Transmission Corporation and EGC, dated June 1, 1993 (Contract #330788)	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 (Contract #39275)	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 (Contract #38045)	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 (Contract #37882)	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

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
10(xix)	Service Agreement by and between Transcontinental Gas Pipe Line Company and EGC, dated November 1, 1995 (Contract #3832)	Incorporated by reference to Exhibit 10(xix) of NUI's Form 10-K Report for Fiscal 1996
10(xx)	Firm Transportation Service Agreement under FTS-1 Rate Schedule by and between City Gas and Florida Gas Transmission dated October 1, 1993 (Contract # 5034)	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	Incorporated by reference to Exhibit 10(xxiii) of NUI's Form 10-K Report for Fiscal 1995
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 (Contract #3608)	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, dated July 1, 1996	Filed herewith.
10(xxvii)	1996 Employee Stock Purchase Plan	Incorporated by reference to Exhibit 10(xxvii) of NUI's Form 10-K Report for Fiscal 1996
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 (Contract # 0.3922)	Incorporated by reference to Exhibit 10(xxviii) of NUI's Form 10-K Report for Fiscal 1994
10(xxix)	1996 Directors Stock Purchase Plan	Incorporated by reference to Exhibit 10(xxix) of NUI's Form 10-K Report for Fiscal 1996
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 (Contract #2277)	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	Incorporated by reference to Exhibit 10(xxxvi) of NUI's Form 10-K Report for Fiscal 1995
10(xxxvii)	Service Agreement for Rate Schedule FT by and between Transcontinental Gas Pipe Line Corporation and EGC (Contract #1.0445) dated April 1, 1995	Incorporated by reference to Exhibit 10(xxxvii) of NUI's Form 10-K Report for Fiscal 1995
10(xxxviii)	Service Agreement for Rate Schedule SS-1 by and between Texas Eastern Transmission Corporation and EGC (Contract #400196) dated September 23, 1994	Incorporated by reference to Exhibit 10(xxxviii) of NUI's Form 10-K Report for Fiscal 1995
10(xxxix)	Gas Storage Agreement under Rate Schedule FS by and between Tennessee Gas Pipeline Company and EGC (Contract #8703) dated November 1, 1994	Incorporated by reference to Exhibit 10(xxxix) of NUI's Form 10-K Report for Fiscal 1995
10(xl)	Consulting Agreement, dated as of March 24, 1995, between NUI Corporation and John Kean	Incorporated by reference to Exhibit 10(xl) of NUI's Form 10-K Report for Fiscal 1995
10(xli)	Form of Deferred Compensation Agreement	Incorporated by reference to Exhibit 10(xli) of NUI's Form 10-K Report for Fiscal 1995
10(xlii)	1996 Stock Option and Stock Award Plan	Incorporated by reference to Exhibit 10(xlii) of NUI's Form 10-K Report for Fiscal 1996
10(xliii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010003)	Filed herewith

<u>Exhibit No.</u>	<u>Description</u>	<u>Reference</u>
10(xliv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010011)	Filed herewith
10(xlv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010012)	Filed herewith
10(xlvi)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010013)	Filed herewith
10(xlvii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020003)	Filed herewith
10(xlviii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020005)	Filed herewith
12	Consolidated Ratio of Earnings to Fixed Charges	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:

None

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Consolidated Financial Statements of NUI Corporation and Subsidiaries:

Report of Independent Public Accountants F-2

Consolidated Financial Statements as of
September 30, 1997 and 1996 and for each
of the Three Years in the Period
Ended September 30, 1997..... F-3

Unaudited Quarterly Financial Data for
the Two-Year Period Ended September 30, 1997
(Note 12 of the Notes to the Company's Consolidated
Financial Statements)..... F-18

Financial Statement Schedule of NUI Corporation and Subsidiaries:

Report of Independent Public Accountants F-2

Schedule II — Valuation and Qualifying Accounts
for each of the Three Years in the
Period Ended September 30, 1997 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 statement of consolidated capitalization of NUI Corporation (a New Jersey corporation) and Subsidiaries as of September 30, 1997 and 1996, and the related consolidated statements of income, cash flows and shareholders' equity, for each of the three years in the period ended September 30, 1997. 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles.

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 a required 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 6, 1997

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

	Years Ended September 30,		
	1997	1996	1995
Operating Margins			
Operating revenues	\$608,596	\$469,499	\$376,884
Less- Purchased gas and fuel	401,923	268,123	189,510
Gross receipts and franchise taxes	<u>33,598</u>	<u>36,624</u>	<u>33,669</u>
	<u>173,075</u>	<u>164,752</u>	<u>153,705</u>
Other Operating Expenses			
Operations and maintenance	95,276	94,350	90,962
Depreciation and amortization	23,032	21,289	19,750
Restructuring and other non-recurring charges	—	—	8,591
Other taxes	9,189	8,433	7,657
Income taxes	<u>9,293</u>	<u>7,807</u>	<u>2,886</u>
	<u>136,790</u>	<u>131,879</u>	<u>129,846</u>
Operating Income	<u>36,285</u>	<u>32,873</u>	<u>23,859</u>
Other Income and Expense, Net			
Equity in Earnings of TIC Enterprises, LLC, net	1,334	—	—
Other	2,180	897	679
Income taxes	<u>(1,230)</u>	<u>(337)</u>	<u>(240)</u>
	<u>2,284</u>	<u>560</u>	<u>439</u>
Interest Expense	<u>18,920</u>	<u>18,537</u>	<u>18,781</u>
Net Income	<u>\$19,649</u>	<u>\$14,896</u>	<u>\$ 5,517</u>
Net Income Per Share of Common Stock	<u>\$ 1.75</u>	<u>\$ 1.52</u>	<u>\$.60</u>
Dividends Per Share of Common Stock	<u>\$.94</u>	<u>\$.90</u>	<u>\$.90</u>
Weighted Average Number of Shares of Common Stock Outstanding	<u>11,253,513</u>	<u>9,819,431</u>	<u>9,152,837</u>

See the notes to the consolidated financial statements.

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

	September 30,	
	1997	1996
ASSETS		
Utility Plant		
Utility plant, at original cost	\$680,391	\$631,194
Accumulated depreciation and amortization	(218,895)	(200,456)
Unamortized plant acquisition adjustments, net	<u>32,327</u>	<u>33,572</u>
	<u>493,823</u>	<u>464,310</u>
Funds for Construction Held by Trustee		
	<u>27,648</u>	<u>44,652</u>
Investment in TIC Enterprises, LLC		
	<u>26,069</u>	—
Investments in Marketable Securities, at market		
	<u>2,570</u>	<u>4,417</u>
Current Assets		
Cash and cash equivalents		
Accounts receivable (less allowance for doubtful accounts of \$2,318 in 1997 and \$2,288 in 1996)	58,793	3,736
Fuel inventories, at average cost	64,499	43,589
Unrecovered purchased gas costs	31,068	29,191
Prepayments and other	9,602	6,987
	<u>24,787</u>	<u>18,542</u>
Other Assets		
Regulatory assets	<u>188,749</u>	<u>102,045</u>
Deferred assets		
	54,607	52,439
	<u>10,199</u>	<u>9,799</u>
	<u>64,806</u>	<u>62,238</u>
	<u>\$803,665</u>	<u>\$677,662</u>
CAPITALIZATION AND LIABILITIES		
Capitalization (See accompanying statements)		
Common shareholders' equity		
Preferred stock		
Long-term debt	\$218,291	\$179,107
	—	—
	<u>229,069</u>	<u>230,100</u>
	<u>447,360</u>	<u>409,207</u>
Capital Lease Obligations		
	<u>9,679</u>	<u>10,503</u>
Current Liabilities		
Notes payable to banks		
Current portion of long-term debt	54,428	54,895
Current portion of capital lease obligations	54,600	950
Accounts payable, customer deposits and accrued liabilities	1,587	1,596
Federal income and other taxes	96,655	66,372
	<u>4,049</u>	<u>2,947</u>
	<u>211,319</u>	<u>126,760</u>
Other Liabilities		
Deferred Federal income taxes		
Unamortized investment tax credits	62,391	59,328
Environmental remediation reserve	6,171	6,635
Regulatory and other liabilities	33,981	33,981
	<u>32,764</u>	<u>31,248</u>
	<u>135,307</u>	<u>131,192</u>
	<u>\$803,665</u>	<u>\$677,662</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>1997</u>	<u>1996</u>	<u>1995</u>
Operating Activities			
Net Income			
Adjustments to reconcile net income to net cash provided by operating activities:	\$19,649	\$14,896	\$5,517
Depreciation and amortization	24,040	22,315	20,932
Deferred Federal income taxes	3,246	7,569	2,005
Non-cash portion of restructuring and other non-recurring charges	—	—	4,913
Amortization of deferred investment tax credits	(464)	(467)	(468)
Other	1,020	4,617	4,626
Effects of changes in:			
Accounts receivable, net	(20,911)	(13,371)	7,923
Fuel inventories	(1,877)	(1,562)	987
Accounts payable, deposits and accruals	28,133	8,310	7,775
Over (under) recovered purchased gas costs	(2,614)	(11,882)	2,949
Other	(9,707)	(7,895)	(9,240)
Net cash provided by operating activities	<u>40,515</u>	<u>22,530</u>	<u>47,919</u>
Financing Activities			
Proceeds from sales of common stock, net of treasury stock purchased	28,204	31,371	577
Dividends to shareholders	(10,575)	(8,700)	(8,296)
Proceeds from issuance of long-term debt	53,569	39,000	70,000
Funds for construction held by trustee, net	18,784	(29,049)	10,125
Repayments of long-term debt	(950)	(30,138)	(9,902)
Principal payments under capital lease obligations	(1,730)	(1,829)	(1,844)
Net short-term borrowings (repayments)	(467)	16,960	(72,190)
Net cash provided by (used for) financing activities	<u>86,835</u>	<u>17,615</u>	<u>(11,530)</u>
Investing Activities			
Cash expenditures for utility plant	(51,366)	(37,053)	(37,976)
Investment in TIC Enterprises, LLC	(22,584)	—	—
Other	1,657	(2,957)	(449)
Net cash (used for) investing activities	<u>(72,293)</u>	<u>(40,010)</u>	<u>(38,425)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$55,057</u>	<u>\$ 135</u>	<u>\$ (2,036)</u>
Cash and Cash Equivalents			
At beginning of period	\$ 3,736	\$ 3,601	\$ 5,637
At end of period	\$58,793	\$ 3,736	\$ 3,601
Supplemental Disclosures of Cash Flows			
Income taxes paid (refunds received), net	\$ 5,008	\$ 2,612	\$ (1,129)
Interest paid	\$19,760	\$18,654	\$17,436

See the notes to the consolidated financial statements

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

	September 30,	
	1997	1996
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
Variable rate due June 1, 2026*	39,000	39,000
5.70% due June 1, 2032	54,600	—
Medium-term notes		
7.125% due August 1, 2002	20,000	20,000
8.35% due February 1, 2005	50,000	50,000
ESOP indebtedness, 6% due May 31, 2002	—	950
Current portion of long-term debt	284,700	231,050
Unamortized debt discount	(54,600)	(950)
	(1,031)	—
	<u>229,069</u>	<u>230,100</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: 12,428,952 in 1997 and 11,085,876 in 1996	201,549	171,968
Shares held in treasury: 98,475 shares in 1997 and 92,731 shares in 1996	(1,615)	(1,564)
Retained earnings	19,260	10,117
Valuation of marketable securities	120	389
Unearned employee compensation	(1,023)	(1,803)
	<u>218,291</u>	<u>179,107</u>
Total Capitalization	<u>\$447,360</u>	<u>\$409,207</u>

* The total unexpended portions of the net proceeds from these bonds, amounting to \$23.8 million and \$42.6 million as of September 30, 1997 and September 30, 1996, 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.

See the notes to the consolidated financial statements.

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

	Common Stock		Held in Treasury	Retained Earnings	Unrealized Gain (Loss)-Marketable Securities	Unearned Employee Compensation	Total
	Shares Outstanding	Paid-in Amount					
Balance, September 30, 1994	9,157,095	\$138,082	\$ (797)	\$ 6,700	\$ —	\$ (1,217)	142,768
Common stock issued*	74,499	1,045	(468)	5,517			1,045
Treasury stock purchased	(30,357)			(8,296)			(468)
Net income					232		5,517
Cash dividends						148	(8,296)
Unrealized gain							232
ESOP transactions							114
Balance, September 30, 1995	9,201,237	\$139,093	\$ (1,265)	\$ 3,921	\$ 232	\$ (1,069)	\$140,912
Common stock issued:							31,067
Public offering	1,800,000	31,067					1,548
Other*	86,973	1,548	(299)	14,896			(39)
Treasury stock transactions	(2,334)	260		(8,700)			14,896
Net income					157		(8,700)
Cash dividends						(734)	157
Unrealized gain							(734)
Unearned compensation							157
Balance, September 30, 1996	11,085,876	\$171,968	\$ (1,564)	\$ 10,117	\$ 389	\$ (1,803)	\$179,107
Common stock issued:							22,610
Public offering	1,011,400	22,610					6,971
Other*	337,420	6,971	(51)	19,649			(51)
Treasury stock transactions	(5,744)			(10,575)		(269)	19,649
Net income							(10,575)
Cash dividends							(269)
Unrealized (loss)					69		(288)
Unearned compensation							(288)
ESOP transactions						1,068	1,137
Balance, September 30, 1997	<u>12,428,952</u>	<u>\$201,549</u>	<u>\$ (1,615)</u>	<u>\$ 19,260</u>	<u>\$ 120</u>	<u>\$ (1,023)</u>	<u>\$218,291</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 the "Company"). The Company is a multi-state energy sales, services and distribution company. Its natural gas utility operations distribute natural gas and provide related customer services in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida ("CGF"), North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company also provides retail gas sales and related services through its NUI Energy, Inc. subsidiary ("Energy"); wholesale energy brokerage and related services through its Utility Business Services, Inc. subsidiary ("Energy Brokers"); customer information systems and services through its TIC Enterprises, LLC ("TIC") (see Note 2). All intercompany marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC ("TIC") (see Note 2). 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 both fiscal 1997 and fiscal 1996 and 3.2% in fiscal 1995. 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 net 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 for the Company's regulated utilities 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.

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, 1997 and 1996 (in thousands):

	<u>1997</u>	<u>1996</u>
Regulatory Assets		
Environmental investigation and remediation costs	\$34,217	\$33,679
Unrecovered gas costs	7,091	6,730
Postretirement and other employee benefits	10,041	8,339
Deferred piping allowances	2,512	3,010
Other	<u>746</u>	<u>681</u>
	<u>\$54,607</u>	<u>\$52,439</u>
Regulatory Liabilities		
Net overcollection of income taxes	\$5,250	\$5,207
Refunds to customers	2,442	850
Other	<u>272</u>	<u>88</u>
	<u>\$7,964</u>	<u>\$6,145</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.

Impairment of Long-Lived Assets. During the current year, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" (SFAS 121). SFAS 121 requires the Company to review such assets for possible impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of SFAS 121 did not have an impact on the results of operations, financial condition or cash flows of the Company.

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.

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). This statement supersedes APB Opinion No. 15, "Earnings per Share" and simplifies the computation of earnings per share. SFAS 128 will be effective for financial statements for both interim and annual periods ending after December 15, 1997. The Company does not expect the effect of adopting SFAS No. 128 to have a material effect on its calculation of earnings per share.

New Accounting Standards. In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 requires disclosures for each business segment that are similar to current requirements, with the addition of quarterly disclosures and more

detailed geographic disclosures. The Company is not required to adopt SFAS 131 until fiscal 1999. SFAS 131 relates solely to disclosure provisions, and therefore will not have any effect on the results of operations, financial position and cash flows of the Company.

2. Purchase of Interest in TIC Enterprises, LLC

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC, a newly formed limited liability company (LLC), for a purchase price of \$22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement (the "Agreement"), the limited liability company will continue the business previously conducted by TIC Enterprises, Inc. The Agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's calendar 1997 earnings before interest and taxes, exceed \$5 million. As of September 30, 1997, the Company has recorded a reserve of approximately \$2.2 million for the additional incentive payment. In addition, NUI has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC.

TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including the Company's subsidiary, NUI Energy, Inc. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$22 million, including the reserve for the additional incentive payment, and is being amortized on a straight line basis over a fifteen year period.

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 Pennsylvania & Southern Gas Service (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 were 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 a November 1994 settlement of the Company's Florida rate case.

4. Capitalization

Long-Term Debt. On July 9, 1997, the Company issued \$54.6 million of tax exempt Gas Facilities Revenue Refunding Bonds at an interest rate of 5.7%. The bonds mature on June 1, 2032 and were used to refinance previously issued Gas Facilities Revenue Bonds in the aggregate principal amounts and rates of \$46.2 million at 6.75% and \$8.4 million at 6.625%. The proceeds from the refunding bonds were held in trust until the old bonds were called on October 1, 1997.

The Company prepaid approximately \$1 million of long-term debt, without penalty, associated with its Employee Stock Ownership Plan in January 1997.

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, 1997 and 1996, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$23.8 million and \$42.6 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, 1997, the Company is scheduled to repay approximately \$54.6 million of long-term debt in fiscal 1998 as noted above. 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 September 25, 1997, the Company issued an additional 1,011,400 million shares of NUI common stock. The net proceeds from the offering totaled \$22.6 million and were used to reduce outstanding short-term debt incurred to finance the Company's acquisition of a 49% interest in TIC (see Note 2) and other general corporate purposes.

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, these plans began purchasing shares directly from the Company to fulfill the plans' requirements.

At September 30, 1997, shares reserved for issuance under the Company's common stock plans were: NUI Direct, 103,389; Savings and Investment Plan, 195,756; 1996 Stock Option and Stock Award Plan, 137,891; 1996 Employee Stock Purchase Plan, 91,022; and the 1996 Director Stock Purchase Plan, 58,542.

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 NUI common stock.

Each non-employee director of the Company earns an annual retainer fee that consists of a grant of shares of NUI common stock which are deferred until their retirement from the Board. During 1997, such retainer fee granted 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.

Shares granted as long-term compensation for executive officers and key employees amounted to 69,800 in fiscal 1997, 65,113 shares in fiscal 1996 and 17,620 shares in fiscal 1995. As of September 30, 1997, a total of 132,678 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:

	<u>Number of Shares</u>	<u>Option Price per Share</u>
Options outstanding and exercisable at September 30, 1994	13,000	\$15.77-\$17.625
<u>Fiscal 1995</u>		
Options canceled	(3,200)	\$15.77
Options outstanding and exercisable at September 30, 1997	<u>9,800</u>	\$15.77-\$17.625

During fiscal 1997, the Company was required to adopt Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 establishes financial accounting and reporting standards for stock based compensation plans and includes all arrangements by which employees receive shares of stock or other equity instruments of the employer, or by which the employer incurs liabilities to employees in amounts based on the price of the employer's stock. Under SFAS 123, the reporting entity is given the option to either adopt the accounting standards of SFAS 123, or continue to measure compensation cost in accordance with previous guidance and provide proforma disclosure of the effect of adopting SFAS 123. The Company has elected to continue its current accounting treatment in this area. If the Company had adopted provisions of SFAS 123, there would not have been a material effect on the results of operations or financial position.

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 is permitted to pay approximately \$37 million of cash dividends at September 30, 1997.

5. Notes Payable to Banks

At September 30, 1997, the Company's outstanding notes payable to banks were \$54.4 million with a combined weighted average interest rate of 6.3%. Unused lines of credit at September 30, 1997 were approximately \$92 million. The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were \$66.0 million at 5.5% in fiscal 1997, \$39.9 million at 5.6% in fiscal 1996 and \$58.0 million at 5.9% in fiscal 1995.

6. Leases

Utility plant held under capital leases amounted to \$22.9 million at September 30, 1997 and \$23.5 million at September 30, 1996, with related accumulated amortization of \$12.5 million and \$11.5 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):

1998	\$ 2,437
1999	2,433
2000	7,267
2001	485
2002	346
2003 and thereafter	<u>172</u>

Total future minimum payments	13,140
Amount representing interest	(1,874)
Current portion of capital lease obligations	<u>(1,587)</u>
Capital lease obligations	<u>\$9,679</u>

Minimum payments under noncancelable operating leases, which relate principally to office space, are approximately \$4.1 million in fiscal 1998, \$3.8 million in fiscal 1999, \$3.7 million in fiscal 2000, \$3.8 million in fiscal 2001 and \$3.9 million in fiscal 2002.

Rents charged to operations expense were \$5.7 million in fiscal 1997 and \$5.3 million in both fiscal 1996 and fiscal 1995.

7. Financial Instruments

Derivatives. The Company engages in risk management activities to minimize the risk associated with fluctuating natural gas prices. The Company's unregulated subsidiaries utilize the following financial instruments to provide competitive energy supplies and hedge its retail sales: forward contracts, which commit the Company to purchase or sell natural gas in the future; swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed price and an index price of natural gas; natural gas options, which provide the right, but not the requirement, to buy or sell natural gas at a fixed price; and futures contracts, bought on the New York Mercantile Exchange (NYMEX), to buy or sell natural gas at a fixed price.

Energy Brokers accounts for its trading and price risk management activities by marking to market its various physical transactions and financial instruments. The values assigned to these transactions reflect quotes from the NYMEX, established pricing models and price volatility factors. The Company manages open positions with strict policies which limit its exposure to market risk and require reporting potential financial exposure to management on a daily basis.

Margin requirements for natural gas futures contracts are recorded in other current assets. Realized and unrealized gains and losses are recorded in the consolidated statement of income under purchased gas and fuel. At September 30, 1997, Energy Brokers' futures positions consisted of 565 long contracts and 619 short contracts at prices ranging from \$2.15 to \$3.40 per Mcf, none of which extend beyond August 1998, representing 11,840 MMcf of natural gas. Energy Brokers' options positions consisted of 30 long contracts and 275 short contracts with varying strike prices, none of which extend beyond July 1998. Margin deposits with brokers were approximately \$1.2 million at September 30, 1997. In addition, Energy Brokers has forward sales and purchase commitments associated with contracts totaling approximately 50,000 MMcf of natural gas, with terms extending through October 1998. Net realized and unrealized gains on derivative trading for fiscal 1997 was \$2.4 million, which has been included in income. During fiscal 1996, Energy Brokers' use of financial instruments was not significant.

Energy utilizes financial instruments to ensure adequate margins on its retail and industrial sales. Margin requirements for natural gas futures contracts are recorded as other current assets. Unrealized gains and losses on all futures and options contracts are deferred in the consolidated balance sheet as either a current asset or liability. Realized gains and losses on futures, forwards and options contracts are included in the consolidated statement of income under purchased gas and fuel when the underlying gas commodity hedged is purchased and sold to its customers. At September 30, 1997, Energy's futures positions consisted of 362 long contracts and 47 short contracts at prices ranging from \$1.98 to \$3.18 per Mcf, none of which extend beyond July 1999, representing 4,090 MMcf of natural gas. Energy's options positions consisted of 91 short contracts with varying strike prices, none of which extend beyond September 1998. During fiscal 1996, Energy's use of financial instruments was not significant.

The Company is exposed to credit risk in the event of default or non-performance by one of its trading partners. The Company maintains credit policies that management believes significantly minimize overall credit risk.

Other Financial Instruments. As of September 30, 1997 and 1996, the market value of the Company's investments in marketable securities exceeded their cost by approximately \$196,000 and \$623,000, 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 as of September 30, 1997 and 1996. 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 and State income taxes was comprised of the following (in thousands):

	<u>1997</u>	<u>1996</u>	<u>1995</u>
Currently payable -			
Federal			
State	\$7,205	\$ 647	\$ 833
Deferred -	595	244	356
Federal			
State	3,246	7,569	2,005
Amortization of investment tax credits	(59)	151	400
	<u>(464)</u>	<u>(467)</u>	<u>(468)</u>
Total provision for income taxes	<u>\$10,523</u>	<u>\$8,144</u>	<u>\$ 3,126</u>

The components of the Company's net deferred Federal tax liability (asset) as of September 30, 1997 and 1996 are as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Depreciation and other utility plant differences	\$50,620	\$47,700
Plant acquisition adjustments	10,544	11,254
Alternative minimum tax credit	(3,670)	(2,984)
Unamortized investment tax credit	(2,144)	(2,306)
Deferred charges and regulatory assets	8,357	8,864
Gross receipts and franchise taxes	2,375	2,559
Other	<u>(3,691)</u>	<u>(5,759)</u>
	<u>\$62,391</u>	<u>\$59,328</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>1997</u>	<u>1996</u>	<u>1995</u>
Pre-tax income	\$30,172	\$23,040	\$ 8,643
Federal income taxes computed at Federal statutory tax rate (35% in both fiscal 1997 and 1996 and 34% in fiscal 1995)	10,560	8,064	3,025
Increase (reduction) resulting from:			
Excess of book over tax depreciation	354	360	367
Amortization of investment tax credits	(464)	(467)	(468)
Federal benefit of state tax provision	(188)	(138)	(257)
Other, net	<u>(275)</u>	<u>(70)</u>	<u>(297)</u>
Total provision for Federal income taxes	9,987	7,749	2,370
Provision for State income taxes	536	395	756
Total provision for income taxes	10,523	8,144	3,126
(Less) provision included in other income and expense	<u>(1,230)</u>	<u>(337)</u>	<u>(240)</u>
Provision for income taxes included in operating expenses	<u>\$9,293</u>	<u>\$7,807</u>	<u>\$2,886</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>1997</u>	<u>1996</u>	<u>1995</u>
Service cost	\$1,849	\$1,973	\$2,044
Interest cost	6,480	6,103	5,290
Actual return on plan assets	(36,984)	(15,076)	(20,072)
Net amortization and deferral	26,089	6,653	11,949
Special termination benefits	<u>1,150</u>	<u>—</u>	<u>4,083</u>
Pension (credit) expense	<u><u>\$(1,416)</u></u>	<u><u>\$(347)</u></u>	<u><u>\$3,294</u></u>

The status of the Company's funded plans as of September 30 was as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Actuarial present value of benefit obligations:		
Vested benefits	\$73,154	\$67,142
Non-vested benefits	<u>2,791</u>	<u>2,531</u>
Accumulated benefit obligations	75,945	69,673
Projected increases in compensation levels	<u>11,457</u>	<u>11,725</u>
Projected benefit obligation	87,402	81,398
Market value of plan assets	<u>137,290</u>	<u>109,952</u>
Plan assets in excess of projected benefit obligation	49,888	28,554
Unrecognized net gain	(42,969)	(22,756)
Unrecognized prior service cost	658	775
Unrecognized net transition asset	<u>(2,619)</u>	<u>(3,272)</u>
Pension prepayment	<u><u>\$ 4,958</u></u>	<u><u>\$ 3,301</u></u>

The projected benefit obligation was calculated using a discount rate of 7.5% in fiscal 1997 and 8% in fiscal 1996 and an assumed annual increase in compensation levels of 4% in both fiscal 1997 and fiscal 1996. 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 \$4.3 million as of September 30, 1997 and \$2.6 million as of September 30, 1996, and the expense for this plan was approximately \$0.6 million in fiscal 1997 and \$0.4 million in both fiscal 1996 and fiscal 1995.

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, 1997 and 1996 were as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Service cost	\$564	\$ 600
Interest cost	2,123	2,096
Amortization of transition obligation	1,028	1,028
Other	<u>26</u>	<u>115</u>
Net postretirement expense	<u>\$3,741</u>	<u>\$3,839</u>

The status of the Company's postretirement plans other than pensions as of September 30, 1997 and 1996 was as follows (in thousands):

	<u>1997</u>	<u>1996</u>
Accumulated postretirement benefit obligation:		
Retirees		
Fully eligible active plan participants	\$14,790	\$19,905
Other active plan participants	2,019	3,095
Total accumulated postretirement benefit obligations	<u>6,264</u>	<u>6,721</u>
Unrecognized transition obligation	23,073	29,721
Unrecognized net (loss)	(11,270)	(17,475)
Unrecognized prior service cost	(1,572)	(4,113)
Accrued postretirement benefit obligation	<u>—</u>	<u>(426)</u>
	<u>\$10,231</u>	<u>\$7,707</u>

The health care trend rate assumption is 10% in 1998 gradually decreasing to 5.5% for the year 2006 and later. The discount rate used to compute the accumulated postretirement benefit obligation was 7.5% in fiscal 1997 and 8% in fiscal 1996. 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 \$4.1 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 in rates the amount of postretirement benefit expense other than pensions computed under SFAS 106. The Company has also received an order from the New Jersey Board of Public Utilities (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 (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 January 8, 1997, the NJBPU issued a generic order approving a stipulation that sets forth mechanisms under which New Jersey utilities may recover postretirement benefits expenses other than pensions in accordance with SFAS 106 and the EITF consensus, without being required to file a base rate case. In accordance with that order, the Company filed a request with the NJBPU on August 4, 1997 seeking recovery of these costs by means of a discreet adjustment of base rates. The Company expects NJBPU action on its request in early 1998. The Company will also seek ratemaking treatment consistent with the EITF consensus from the commissions 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. Business Segment Information

The Company's operations are organized under three primary lines of business: Distribution, Energy Sales and Services and Customer Services. The Distribution segment distributes natural gas in six states through the Company's regulated utility divisions. The Energy Sales and Services segment reflects the operations of the Company's Energy and Energy Brokers subsidiaries, as well as utility off-system sales. The Customer Services segment provides repair and maintenance of customer-owned gas facilities and appliances and collects energy usage data for billing purposes.

The following table provides information concerning the major segments of the Company for each of the three years ended September 30, 1997. Revenues include intersegment sales to affiliated entities, which are eliminated in consolidation. Identifiable assets include only those attributable to the operations of each segment.

(dollars in thousands)	1997	1996	1995
Revenues:			
Distribution	\$418,426	\$403,100	\$360,361
Energy Sales & Services	180,111	60,379	8,710
Customer Services	12,290	10,722	9,025
Intersegment Revenues	(2,231)	(4,702)	(1,212)
Total Revenues	<u>\$608,596</u>	<u>\$469,499</u>	<u>\$376,884</u>
Operating Margins:			
Distribution	\$154,119	\$150,477	\$144,377
Energy Sales & Services	6,666	3,553	303
Customer Services	12,290	10,722	9,025
Total	<u>\$173,075</u>	<u>\$164,752</u>	<u>\$153,705</u>
Pre-Tax Operating Income:			
Distribution	\$42,579	\$39,313	\$27,580
Energy Sales & Services	2,592	1,313	103
Customer Services	2,840	2,025	975
Other	(2,433)	(1,951)	(1,913)
Total	45,578	40,680	26,745
Income Taxes	9,293	7,807	2,886
Total Operating Income	<u>\$36,285</u>	<u>\$32,873</u>	<u>\$23,859</u>
Depreciation & Amortization:			
Distribution	\$18,518	\$17,287	\$16,342
Energy Sales & Services	50	23	6
Customer Services	2,031	2,028	2,030
Other	2,433	1,951	1,372
Total Depreciation & Amortization	<u>\$23,032</u>	<u>\$21,289</u>	<u>\$19,750</u>
Capital Expenditures:			
Distribution	\$47,378	\$35,437	\$36,491
Energy Sales & Services	502	315	45
Customer Services	1,403	1,008	1,100
Other	2,996	299	282
Total Capital Expenditures	<u>\$52,279</u>	<u>\$37,059</u>	<u>\$37,918</u>
Identifiable Assets:			
Distribution	\$697,889	\$645,247	\$586,627
Energy Sales & Services	28,638	7,415	517
Customer Services	15,458	14,958	13,122
Other	61,680	10,042	9,899
Total Identifiable Assets	<u>\$803,665</u>	<u>\$677,662</u>	<u>\$610,165</u>

11. Commitments and Contingencies

Commitments. Capital expenditures are expected to be approximately \$60 million in fiscal 1998.

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 (EPA), the New Jersey Department of Environmental Protection (NJDEP) and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants (MGP) were operated by the Company or by other parties in the past. Coal tar residues are present on the six MGP sites located in the Northern Division. The Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities (NJBPU). In 1991, the NJDEP issued an Administrative Consent Order for an MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five Northern Division MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Company 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 "Southern Division MGP sites"). 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 Company.

The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately \$34 million, which the Company expects to expend during the next twenty years. The reserve is net of approximately \$4 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. However, 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 \$24 million and be incurred during a future period of time that may range up to fifty years. Of this \$24 million in additional possible future expenditures, approximately \$12 million relates to the Northern Division MGP sites and approximately \$12 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 \$24 million will be incurred and therefore has not recorded it on its books.

The Company's prudently incurred remediation costs for the Northern Division MGP sites have been authorized by the NJBPU to be recoverable in rates. The Company also believes 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 \$34 million as of September 30, 1997, reflecting the future recovery of environmental

remediation liabilities related to the Northern Division MGP sites. The Company is able to recover actual MGP expenses over a rolling seven year period through its MGP Remediation Adjustment Clause (RAC). The NJBPU approved the Company's initial RAC rate filing on April 2, 1997 at which time the Company began recovery of approximately \$3.1 million, which represents environmental costs incurred from inception through June 30, 1996. On August 5, 1997, the Company submitted a second RAC rate filing to the NJBPU to recover an additional \$0.5 million in environmental costs incurred from July 1, 1996 through June 30, 1997. Approval by the NJBPU on this second RAC rate filing is expected in early 1998. With respect to costs associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

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 \$71 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.

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.

12. 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
1997:				
Operating Revenues				
Operating Income	\$151,868	\$204,077	\$125,175	\$127,477
Net Income (Loss)	10,767	19,668	5,074	120
Net Income (Loss) Per Share	6,773	15,313	1,365	(3,802)
	0.61	1.37	0.12	(0.33)
1996:				
Operating Revenues				
Operating Income (Loss)	\$124,767	\$170,963	\$95,517	\$78,252
Net Income (Loss)	11,409	19,170	3,340	(1,045)
Net Income (Loss) Per Share	6,446	14,456	(1,003)	(5,002)
	0.70	1.58	(0.10)	(0.45)

Quarterly net income (loss) per share in both fiscal 1997 and fiscal 1996 does not total to the annual amounts due to rounding and to changes in the average common shares outstanding.

SCHEDULE II

NUI Corporation and Subsidiaries
Valuation and Qualifying Accounts
For each of the Three Years in the
Period Ended September 30, 1997
(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>		
1997					
Allowance for doubtful accounts	\$ 2,288	\$ 2,305	\$ 1,088 ^a	\$ 3,363 ^b	\$ 2,318
Environmental remediation reserve ^c	\$ 33,981	—	—	—	\$ 33,981
1996					
Allowance for doubtful accounts	\$ 1,689	\$ 3,369	\$ 863 ^a	\$ 3,633 ^b	\$ 2,288
Environmental remediation reserve ^c	\$ 33,981	—	—	—	\$ 33,981
1995					
Allowance for doubtful accounts	\$ 1,368	\$ 2,449	\$ 1,127 ^a	\$ 3,255 ^b	\$ 1,689
Environmental remediation reserve ^c	\$ 32,181	—	\$ 1,800	—	\$ 33,981

^a Recoveries

^b Uncollectible amounts written off.

^c 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 11 of the Notes to the Consolidated Financial Statements.

NUI CORPORATION AND SUBSIDIARIES
 CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES
 (000's)

	Year Ended September 30,				
	1997	1996	1995	1994	1993
Income from continuing operations before income taxes	\$30,172	\$23,044	\$ 8,644	\$12,883	\$20,837
Less-Adjustment related to equity investments	(1,334)	—	—	—	—
Add:					
Interest element of rentals charged to income (a)	3,299	2,930	3,220	3,173	3,156
Interest expense	<u>21,374</u>	<u>19,808</u>	<u>20,032</u>	<u>16,443</u>	<u>14,966</u>
Earnings as defined	<u>\$53,511</u>	<u>\$45,782</u>	<u>\$31,896</u>	<u>\$32,449</u>	<u>\$38,959</u>
Interest expense	21,374	19,808	19,814	16,323	14,844
Capitalized interest	186	150	218	120	122
Interest element of rentals charged to income (a)	<u>3,299</u>	<u>2,930</u>	<u>3,220</u>	<u>3,173</u>	<u>3,156</u>
Fixed charges as defined	<u>\$24,859</u>	<u>\$22,888</u>	<u>\$23,252</u>	<u>\$19,616</u>	<u>\$18,122</u>
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES	<u>2.15</u>	<u>2.00</u>	<u>1.37</u>	<u>1.66</u>	<u>2.15</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.

SUBSIDIARIES OF NUI CORPORATION

NUI Capital Corp. (a Florida corporation) is a wholly-owned subsidiary of NUI Corporation.

NUI Energy, Inc. (a Delaware Corporation), NUI Energy Brokers, Inc. (a Delaware Corporation), Utility Business Services, Inc. (a New Jersey Corporation), NUI Environmental Group, Inc. (a New Jersey Corporation), NUI Energy Solutions Inc. (a New Jersey Corporation) and NUI Sales Management, Inc. (a Delaware Corporation) are wholly-owned subsidiaries of NUI Capital Corp.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated November 6, 1997, included in the Form 10-K, into the Company's previously filed Registration Statements File No. 33-56509 relating to Amendment No. 1 to Form S-3 Registration Statement, File No. 33-51459 relating to NUI Direct, File No. 33-57183 relating to the Savings and Investment Plan, File No. 33-24169 relating to the 1988 Stock Plan, File No. 333-02425 relating to the 1996 Stock Option and Stock Award Plan, File No. 333-02421 relating to the Employee Stock Purchase Plan, and File No. 333-02423 relating to the 1996 Director Stock Purchase Plan.

ARTHUR ANDERSEN LLP

New York, New York
December 24, 1997

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 day of December

NUI CORPORATION

By: JAMES R. VAN HORN
Vice President, General Counsel
and 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 22, 1997
JOHN KEAN	Chairman and Director	December 22, 1997
A. MARK ABRAMOVIC	Senior Vice President and Chief Financial Officer (Principal financial and accounting officer)	December 22, 1997
C. R. CARVER	Director	December 22, 1997
DR. VERA KING FARRIS	Director	December 22, 1997
JAMES J. FORESE	Director	December 22, 1997
BERNARD S. LEE	Director	December 22, 1997
R. V. WHISNAND	Director	December 22, 1997
JOHN WINTHROP	Director	December 22, 1997

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_____ A. MARK ABRAMOVIC	Senior Vice President and Chief Financial Officer (Principal financial and accounting officer)	December 22, 1997
_____ C. R. CARVER	Director	December 22, 1997
_____ DR. VERA KING FARRIS	Director	December 22, 1997
_____ JAMES J. FORESE	Director	December 22, 1997
_____ BERNARD S. LEE	Director	December 22, 1997
_____ R. V. WHISNAND	Director	December 22, 1997
_____ JOHN WINTHROP	Director	December 22, 1997

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
3(ii)	By-Laws, amended and restated as of September 23, 1997
10(ii)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipe Line Corporation and EGC, dated July 1, 1996
10(x)	Service Agreement for Rate Schedule FTS-5 by and between Texas Eastern Transmission Corporation and EGC, dated March 18, 1996 (Contract #331501)
10(xii)	Firm Transportation Service Agreement under FTS-2 Rate Schedule by and between City Gas and Florida Gas Transmission, dated August 12, 1993
10(xxvi)	Service Agreement under Rate Schedule GSS by and between Transcontinental Gas Pipeline and North Carolina Gas Service, dated July 1, 1996
10(xliii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010003)
10(xliv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010011)
10(xlv)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010012)
10(xlvi)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #010013)
10(xlvii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020003)
10(xlviii)	Service Agreement under Rate Schedule FT by and between Elkton Gas and Eastern Shore Natural Gas Company, dated as of November 1, 1997 (Contract #020005)
12	Consolidated Ratio of Earnings to Fixed Charges
21	Subsidiaries of NUI Corporation
23	Consent of Independent Public Accountants
27	Financial Data Schedule



Annual Report

1997

NUI Corporation.

**Putting together the
pieces of the puzzle.**

**Providing the gateway
to new opportunities...**

and new successes.



About the Company

NUI Corporation (NYSE:NUI), based in Bedminster, NJ, is a multi-state energy sales, services and distribution company. NUI has positioned itself to succeed in a constantly changing and increasingly competitive business environment by strengthening its core operations while expanding its interests to take advantage of broadening business opportunities. NUI is putting together the pieces of the puzzle that are framing our gateway to success.

The NUI utility divisions comprise Elizabethtown Gas Company (NJ), City Gas Company of Florida, North Carolina Gas, Valley Cities Gas (PA), Elkton Gas (MD) and Waverly Gas (NY). The NUI affiliates are NUI Energy, Inc., a natural gas and energy services retailer; NUI Energy Brokers, Inc., an energy wholesaler; NUI Environmental Group, Inc., an environmental project development operation; and Utility Business Services, Inc., a customer information systems and services subsidiary. NUI also owns a 49 percent interest in TIC Enterprises, LLC, a national sales and marketing outsourcing firm.

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NUI Advantage Products and Services

Residential

Gas Sales and
Distribution

Home Service Contracts

Water Heater
Replacements

Appliance Leasing

Appliance Financing

Rapid Pay Program

Commercial and Industrial

Gas Sales and
Distribution

Telecommunications and
Business Products

Risk Management

Project Development
• Central Plant Upgrade
• Fuel Conversion
• Chilled and Hot Water
 Looping
• Compressed Air Systems
• Cogeneration

Energy Consulting
• Billing Audits
• Energy Efficiency Studies
• Fuel Management

Customer Piping
Maintenance Contracts

Portfolio Management

Corporate Services

Sales and Marketing
Outsourcing

Utility Billing

WINS™ (Water
Information System)

Utility Network Analysis

Utility GIS Systems

Environmental Project
Management

Utility Asset
Management

Financial and Operating Highlights

Years Ended September 30

(Dollars in thousands, except per share amounts)	1997	1996	Change
Financial (thousands of dollars):			
Operating Revenues	\$ 608,596	\$ 469,499	29.6%
Operating Margins	173,075	164,752	5.1
Operations and Maintenance Expenses	95,276	94,350	1.0
Operating Income	36,285	32,873	10.4
Net Income	19,649	14,896	31.9
Stockholders' Equity	218,291	179,107	21.9
Capital Expenditures	52,279	37,059	41.1
Common Stock Data:			
Earnings Per Share	\$ 1.75	\$ 1.52	15.1%
Book Value Per Share	17.56	16.16	8.7
Market Value:			
Trading High	24.81	20.00	24.1
Trading Low	18.88	15.75	19.9
Year-end Close	23.50	19.00	23.7
Price/Earnings Ratio (year-end)	13.43	12.50	7.4
Average Daily Trading Volume	25,417	20,615	23.3
Average Shares Outstanding (thousands)	11,254	9,819	14.6
Financial Statistics:			
Return on Average Common Equity	10.1%	9.2%	9.8%
Market to Book Ratio	133.8	117.6	13.8
Common Dividends:			
Dividends Paid Per Share	\$.94	\$.90	4.4%
Indicated Annual Dividend Rate	.98	.94	4.3
Operating Data:			
Total Gas Sold or Transported (MMcf)	148,216	105,650	40.3%
Total Degree Days in New Jersey (normal: 4,978)	4,772	5,343	(10.7)
Total Average Utility Customers	361,831	358,050	1.1
Miles of Main	6,040	5,930	1.9
Employees (year-end)	1,126	1,086	3.7

Earnings Per Share
(excluding non-recurring items)



Net Income
(excluding non-recurring items)
(millions)



Gas Sold or Transported
(billion cubic feet)

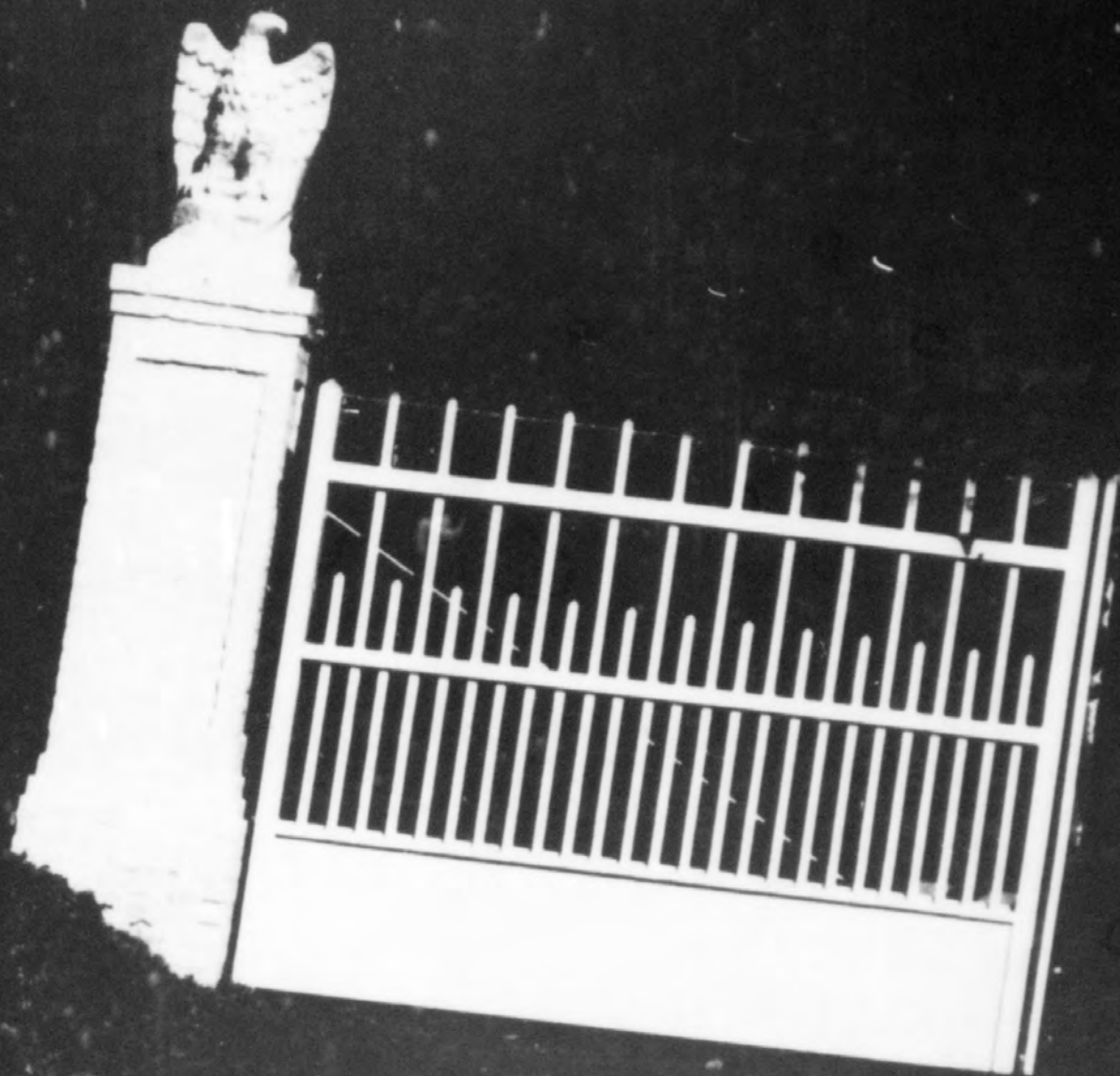


Margins Per Customer



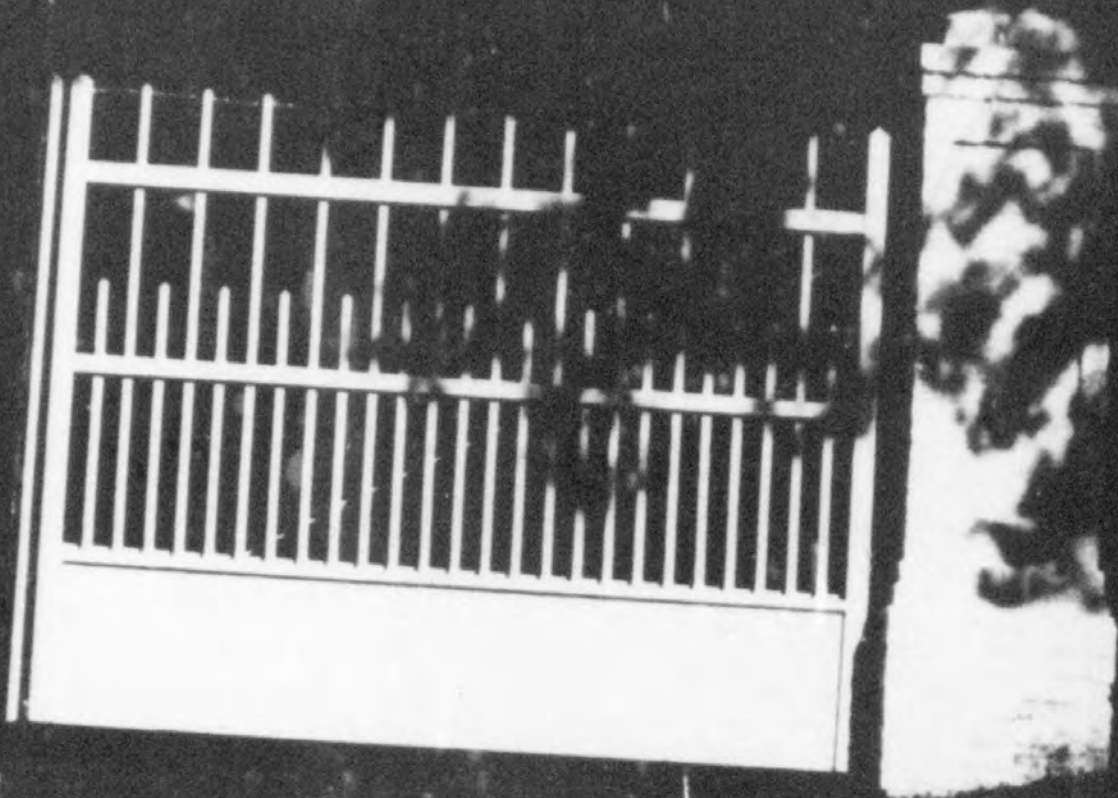
O&M Expense as a Percent of Margin







Travel Through
the NUI Gateway
for a Growing
Variety of Products
and Services



To Our Shareholders:

For the second consecutive year, NUI Corporation has achieved double-digit growth in earnings per share. This performance was not an accident, but rather the result of the aggressive implementation of NUI's new business strategy. Of particular importance is that we have increased earnings while also increasing the number of outstanding shares of NUI common stock by more than 35 percent through two successful equity offerings in May 1996 and September 1997. The proceeds from these offerings have enabled NUI to expand investments that have the potential to provide above average earnings growth.

The foundation of our strategy is based upon the strong connections we have successfully developed with our customers. This is further supported by our employees' commitment to quality and to finding ways to expand our customer relationships. Fiscal 1997 marks the third year since this strategy was implemented and we are clearly showing positive results. The pieces of the business and consumer puzzle that will frame continued success in the future are in place. We have positioned NUI as the gateway through which customers will choose from a growing menu of products and services. Not all of these will be provided directly by NUI. Instead, we are focusing on developing existing alliances and seeking new alliances with companies that share our commitment to quality and want to provide their products and services through the NUI Gateway.

In last year's annual report we talked about the importance of connecting to our customers – residential and business – and understanding the challenges they face in today's world of increasing competition and deregulation. The NUI Gateway will provide our customers with the solutions they need to save money, gain more flexibility, be more efficient and gain a competitive edge. Today, we no longer simply offer the delivery of natural gas. We have the people and alliances in place to provide a variety of products and services to our customers. These include services as simple as offering homeowners furnace air filters and carbon monoxide detectors, to as complex as providing total energy management and energy efficiency services for large and medium size businesses. With the addition of TIC Enterprises, LLC (TIC), in May, we can now offer a full array of telecommunications and business products and services, and have expanded our reach to customers across 40 states.

Our efforts are generating attractive results. Net income increased 32 percent to \$19.6 million for fiscal year 1997, and earnings per share rose 15 percent to \$1.75. As a result of our strong performance and confidence in our future, the NUI Board of Directors increased the common stock dividend by 4 cents per share, to 98 cents annually, effective with the dividend payable December 15, 1997.

We intend to achieve our goal of double digit earnings per share growth in the future by pursuing our gateway strategy, expanding our customers' access to new products and services, and by continuing to focus on sound business practices. For example, we have improved our return from every dollar of expense we incur. Today, 55 cents of every dollar in margin we

generate goes toward paying operating expenses. This is down 13 percent from 63 cents in 1994. Growing margins and increasing the return on each customer relationship has been a key element in our success. Average margins per customer rose by 4 percent in fiscal 1997. We continue to invest money to provide for profitable growth. In 1997, over 62 percent of capital expenditures went toward the development of new business and technological improvements.

Our core Distribution Services segment continued to provide reliable growth in 1997. Nearly 5,200 new customers connected to our 6,040 miles of main and 1,300 existing customers converted from fuel oil, electricity or propane to natural gas. Our commitment to meeting our customers' needs is evidenced by our Rapid Pay program. NUI was the first utility in the United States to offer six electronic payment options. To date, 7,200 customers are taking advantage of Rapid Pay to pay their monthly gas bill - and this number continues to grow. Margins in our Customer Services segment increased by almost 15 percent to \$12.3 million. Our Energy Sales and Services segment also had a strong year, increasing margins by 88 percent to \$6.7 million as we successfully expanded non-regulated marketing and trading operations, and off-system sales.

We are using the skills we have developed in the wholesale gas and electric markets to provide attractive pricing advantages to our retail customers. We are currently selling natural gas on the non-regulated retail level in five states. With the addition of TIC Enterprises to the NUI family of companies, we are well positioned to either expand this effort or become a strong alliance partner with a fellow energy provider by providing 400 sales representatives spanning 40 states.

NUI's purchase of a 49 percent interest in this nationally recognized sales and marketing outsourcing firm also strengthens the NUI Gateway by providing access to a full array of telecommunications and office services. More information on TIC and the benefits it brings to NUI and its customers is provided later in this report. TIC contributed \$600,000, or 5 cents per share, to NUI's net income in fiscal 1997.

As we enter the new year, we would like to thank our shareholders, our customers and our employees for their continued support and dedication. Our commitment to creating value for our shareholders and addressing the needs of our customers remains pivotal to the business decisions we make as we move forward. Our employees provide the enthusiasm, energy and dedication necessary to honor our commitments to our shareholders and customers, and as most of them are shareholders themselves, they are driven to ensure that NUI is successful. We look forward to sharing more good news with you as we continue to successfully build our future.

Sincerely,



John Kean
Chairman of the Board

December 26, 1997



John Kean, Jr.
President and Chief Executive Officer

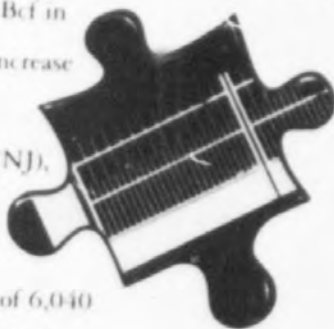
*John Kean
Chairman
of the Board*



*John Kean, Jr.
President and
Chief Executive
Officer*

Through Distribution Services, NUI serves more than 360,000 natural gas customers in 124 communities in six states along the eastern seaboard. In 1997, NUI delivered a record 85.4 billion cubic feet (Bcf) of gas to these customers while selling or transporting more than 148 Bcf in total, to both its utility and non-utility customers, an increase of 40 percent over last year.

...trust



Valley Cities

Customer growth was approaching the maximum capacity of the transmission line feeding Valley Cities Gas and Waverly Gas, NUI's Pennsylvania and New York utility operations. The division needed a new line to serve the valley's growing natural gas consumption and replace the aging existing pipe installed in the 1980s. Valley Cities personnel, working with NUI central engineering and central purchasing on the two-year project, completed a 7.5-mile high pressure distribution line that now serves 80 percent of the divisions' 6,200 customers.

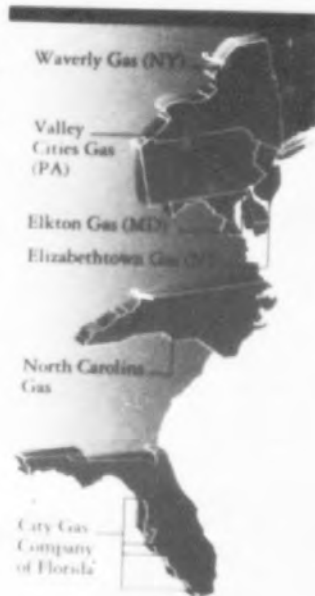
The NUI utility operations – Elizabethtown Gas (NJ), City Gas Company of Florida, North Carolina Gas, Valley Cities Gas (PA), Elkton Gas (MD) and Waverly Gas (NY) – maintain an expanding distribution system of 6,040 miles of main, reflecting consistent customer growth in all of the company's jurisdictions. More than 5,200 new customers installed gas this year while

Distribution

an additional 1,300 existing non-heating customers converted their heating systems to gas from oil, propane or electricity.

Transportation service continues to grow among NUI's distribution customers. More than 1,460 commercial and industrial customers within the six NUI service areas now transport their own natural gas through NUI distribution systems – more than double the number last year. As utilities earn no profit on the sale of the gas they distribute to their customers, transportation service offers NUI the growing ability to profit from the continuing deregulation of the natural gas industry.

The minimal increase in operations and maintenance expenses NUI incurred in fiscal 1997 can be attributed in large part to improving operating efficiencies and to the continued consolidation of New Jersey facilities.

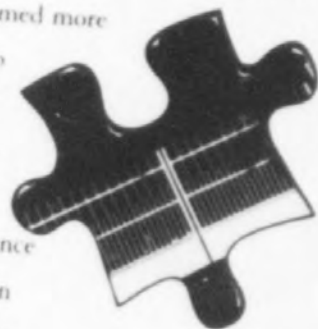




Services

The Customer Services group grew its contribution to margins in fiscal 1997 by combining quality service that generates customer loyalty, proper pricing of our offerings, and a widening menu of products and services. As a result, Customer Services contributed \$12.3 million in margin in fiscal 1997, an increase of 14.6 percent.

...value



Dear Mr. Motley,

It is with a great deal of appreciation and pleasure that I tell you about one of your employees, serviceman Jeff Warner. Mr. Warner was sent to my home on a scheduled call. He soothed my fears and helped me resolve my hot water gas heater problem. He pointed out the problem and how to avoid it in the future. He was polite, reassuring and took great pride in his work. He helped me obtain a hot water heater within two hours. If there is something you are doing to encourage and develop this sort of attitude in your employees, bottle it!

Sincerely,
Theresa Tordson

*Mr. Motley,
I am with a great deal of appreciation and pleasure that I tell you about one of your employees, serviceman Jeff Warner. Mr. Warner was sent to my home on a scheduled call. He soothed my fears and helped me resolve my hot water gas heater problem. He pointed out the problem and how to avoid it in the future. He was polite, reassuring and took great pride in his work. He helped me obtain a hot water heater within two hours. If there is something you are doing to encourage and develop this sort of attitude in your employees, bottle it!*

The Company's 187 field service technicians performed more than 110,000 revenue-producing jobs during the year, up 10 percent. In New Jersey, mechanics performed 500 range tune-ups, 750 dryer tune-ups and 1,650 grill tune-ups, generating \$210,000 in revenue. The Company sold more than 2,500 new heating and water heating maintenance contracts, generating an additional \$350,000 in revenue. In Florida, the Company more appropriately priced its rates for appliance leasing to better reflect the value provided to customers, increasing annual revenue raised through this program by \$1.6 million.

Customer

More than 7,200 customers are now paying their monthly NUI gas bills through the Company's Rapid Pay service, which offers customers six convenient payment options. Customers have begun purchasing air filters and carbon monoxide detectors NUI is providing through new business alliances. NUI is committed to offering a continually expanding menu of products and services. WINS, the premier account management product developed by NUI's customer information systems and services affiliate, Utility Business Services, is now providing approximately 20 clients with state-of-the-art technology in support of nearly 600,000 customers. NUI's central engineering group has begun offering facilities and systems management services to other utility operations, and intends to offer maintenance contracts on customer-owned, internal piping systems - allowing the Company to gain added value from existing skills and capabilities.

Customer Services Margins (millions)





Services



MEI

Elizabethtown Gas Company, NUI's New Jersey utility operation, recently signed a 10-year agreement with Magnesium Elektron, Inc. (MEI) to provide natural gas for new processing equipment. MEI is a leading manufacturer of zirconium chemicals, which are increasingly in demand for use in catalytic converters in vehicles. The five-mile natural gas main Elizabethtown Gas extended to MEI helped expand this world class plant while creating a relationship that will also expand as NUI looks to provide additional energy-related services to MEI in the future.



Energy Sales and Services enjoyed exciting activity this year that resulted in an 88 percent increase in its contribution to total margin. NUI Energy, Inc. sold \$19.5 million of gas on the retail level in five states and is well positioned to offer its growing customer base additional products and services in the near future. NUI Energy Brokers, Inc. completed \$108 million of wholesale transactions in its first full year of operation, including the trading of electricity. Energy Brokers reached agreement with two large utilities to manage portions of their natural gas portfolios, demonstrating the industry's growing recognition of NUI's energy management skills.

Energy Brokers and the NUI supply group continued to maximize the value the Company realizes from its pipeline capacity, achieving 96 percent capacity utilization in 1997. NUI sold gas in 20 states this year, both on its distribution system and off. Off-system sales generated \$1 million of additional margin for the company and \$2.9 million going toward reducing utility fixed gas costs.

The NUI marketing group is providing commercial and industrial customers a widening array of energy solutions to fit their individual operational needs. Managing a turn-key fuel conversion solution, providing long-term compressed air services for a major manufacturer, pursuing cogeneration opportunities for industrial users or providing energy management services for multiple-meter accounts – these are the energy solutions that take the NUI Advantage well beyond the traditional utility relationship.

NUI Environmental Group made significant strides this year in developing its Dredged Material Management process that offers a solution to the dredging problem facing the New York/New Jersey harbor. Environmental Group has entered a public-private partnership with the Brookhaven National Laboratories to further develop the project toward the goal of creating a dredged material processing facility.


...opportunity



Energy

Energy Sales and Services Margins (millions)





Truck & Bus Group

GM

LINDEN PLANT

Sales and Services



In May 1997, NUI purchased 49 percent of TIC Enterprises, LLC (TIC), a nationally recognized leader in sales and marketing outsourcing.

What does this purchase mean to NUI, its customers and shareholders? TIC is a "sales force for hire," with more than 400 sales representatives in 40 states focusing on growing relationships with business customers. Corporate partners such as Lucent Technologies utilize TIC's sales force as a gateway to customers coast to coast.

NUI can use TIC's corporate partnerships to provide business customers with a gateway to attractively priced telecommunications products, office equipment, local and long distance telephone services, web site construction and maintenance, cellular telephone service, and other products and services, including energy.

TIC is also an attractive vehicle for partnerships with other energy companies to offer products and services to their customers in the newly competitive energy markets. TIC's ability to quickly field an effective, incentive-driven sales force at low cost is an excellent way for energy companies to reach business customers. Partners also have the option to add TIC's growing array of products to their individual brand offerings. TIC has helped NUI become the gateway through which our customers access new products and services.

Lucent Technologies

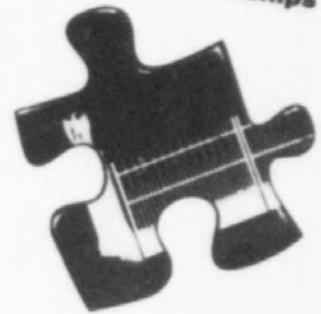
Since 1987, TIC has provided Lucent Technologies - Business Communication Systems (BCS) with a highly motivated, cost effective, alternate premise sales force. TIC markets BCS' business products and has proven instrumental in penetrating remote and independent territories throughout the United States. This service has greatly enhanced Lucent's presence within the small business market as well as other customer segments that are vital to Lucent's success.

TIC has proven to be a key player in helping Lucent's local area offices meet and exceed their financial objectives.



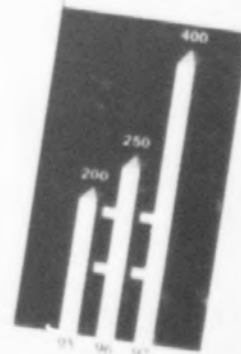
Lucent Technologies
Bell Labs Innovations

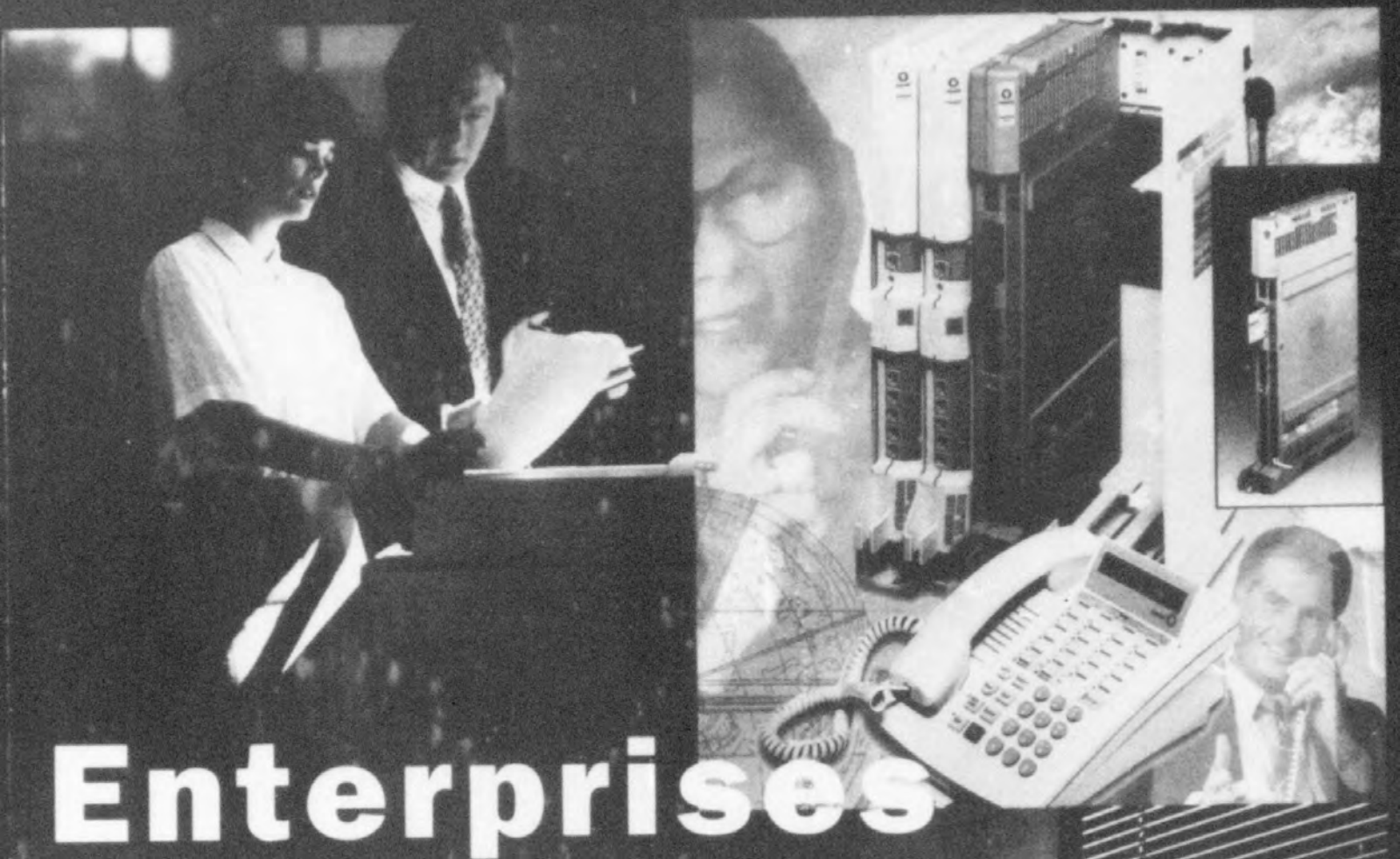
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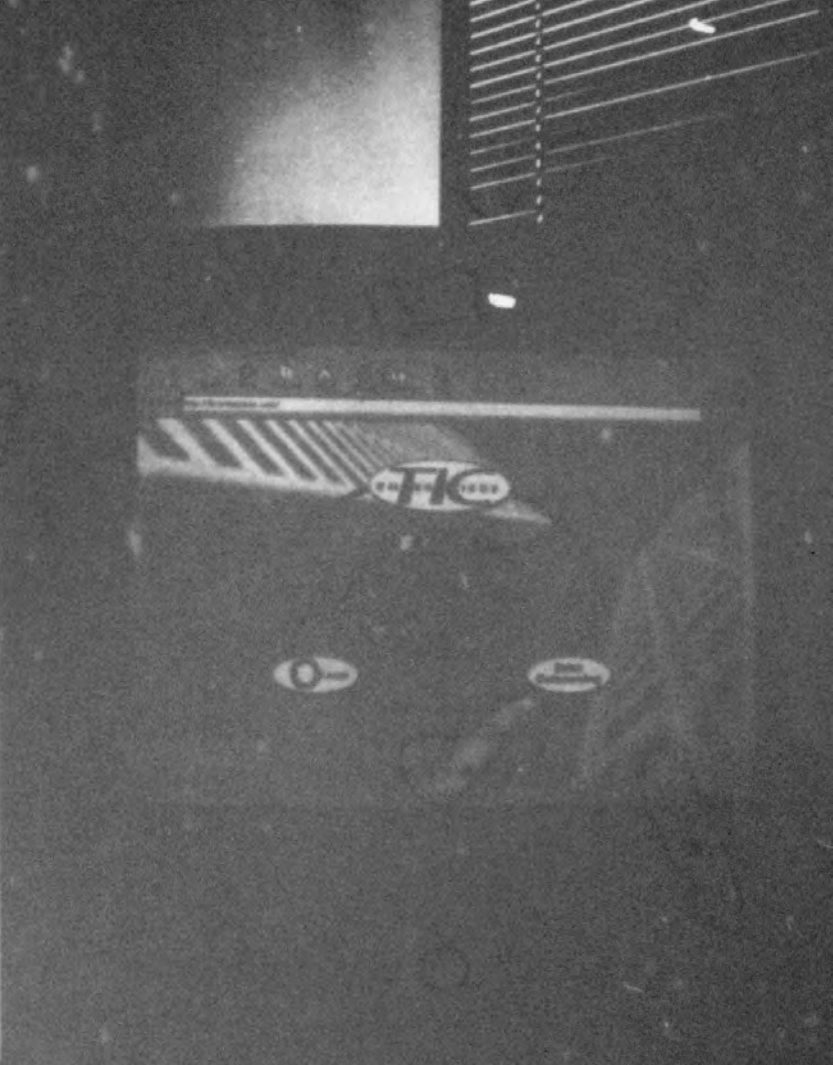
TIC

TIC Sales Representatives





Enterprises



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 the "Company"). The Company is a multi-state energy sales, services and distribution company. Its natural gas utility operations distribute natural gas and provide related customer services in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida, North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company also provides retail gas sales and related services through its NUI Energy, Inc. subsidiary ("Energy"), wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary ("Energy Brokers"), customer information systems and services through its Utility Business Services, Inc. subsidiary, and sales and marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC ("TIC") (see Note 2 of the Notes to the Consolidated Financial Statements).

Results of Operations

Fiscal Years Ended September 30, 1997 and 1996

Net Income. Net income for fiscal 1997 was \$19.6 million, or \$1.75 per share, as compared with net income of \$14.9 million, or \$1.52 per share in fiscal 1996. The increase in the current year was primarily due to higher operating margins and other income, partially offset by higher operations and maintenance, depreciation, general taxes and interest expense.

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 full effect of 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 \$139.1 million, or 50%, in fiscal 1997 as compared with fiscal 1996. The increase was principally due to approximately \$122 million of additional revenues generated by the Company's unregulated operations, the effect of purchased gas adjustment clauses, a base rate increase in the Company's Florida service territory, increased customer service and appliance leasing revenues, and customer growth (see "Regulatory Matters"). These increases were partially offset by the effect of warmer weather, mainly in New Jersey where it was 11% warmer than the prior year and 4% warmer than normal. The Company has taken advantage of the opportunities brought on by deregulation of the natural gas industry and realized substantial growth in these unregulated activities in fiscal 1997. The Company's unregulated operations include its Energy and Energy Brokers subsidiaries, as well as sales of natural gas by the Company's utility operations to customers outside of its franchise service territories. While the prices charged for these utility off-system sales 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 are returned 100% to customers.

The Company's operating margins increased by \$8.3 million, or 5%, in fiscal 1997 as compared with fiscal 1996. The increase reflects approximately \$3.6 million of additional margins generated by the Company's utility distribution operations, approximately \$3.1 million of additional margins on sales by the Company's unregulated operations and approximately \$1.6 million of additional customer service and appliance leasing revenues. The increase in utility distribution margins was mainly due to the effect of the rate case in Florida and customer growth, partially offset by the effect of warmer weather in the fiscal 1997 period in all of the Company's service territories, part of which was not fully recovered from customers under weather normalization clauses, and lower amounts billed to certain of the Company's Florida customers for its energy conservation program. The Company is allowed to pass through to its customers costs incurred for various energy conservation programs. The Company does not earn a profit on these billings as operations expense is charged or credited for any difference between amounts billed to customers and amounts actually incurred. 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 weather normalization clauses, operating margins were approximately \$2.0 million higher in fiscal 1997 than they would have been without such clauses. In fiscal 1996, operating margins were \$2.2 million less than they would have been without such clauses.

Other Operating Expenses. Operations and maintenance expenses increased by approximately \$0.9 million, or 1%, in fiscal 1997 as compared with fiscal 1996. The increase was primarily the result of additional expenses related to the growth in the Company's unregulated operations and expenses resulting from the consolidation of two of the Company's New Jersey service facilities. These increases were partially offset by the capitalization of costs associated with the development and implementation of new information technology, lower pension and insurance expenses, lower expenses charged for the Company's energy conservation programs in Florida and the reversal of certain reserves which management determined to be no longer required.

Depreciation and amortization increased approximately \$1.7 million over the prior year primarily due to additional plant in service.

The increase in other taxes of approximately \$0.8 million in fiscal 1997 was mainly due to higher real estate, sales and payroll-related taxes.

The increase in income taxes of approximately \$1.5 million in fiscal 1997 was the result of higher pre-tax income.

Other Income and (Expense), Net. Pre-tax other income and expense, net, increased approximately \$2.6 million in fiscal 1997 as compared with fiscal 1996. The increase was primarily due to approximately \$1.3 million of net equity earnings in TIC for the period January 1, 1997 through September 30, 1997 (see Note 2 of the Notes to the Consolidated Financial Statements), the sale of certain marketable securities resulting in a realized gain of \$0.7 million, and the sale of property in the Southern Division, which resulted in a gain of approximately \$0.7 million.

Interest Expense. Interest expense increased by approximately \$0.4 million in fiscal 1997 as compared with fiscal 1996. The increase was primarily due to an increase in short-term interest expense due to higher average borrowings, partially offset by lower average long-term borrowings as a result of the repayment of amounts outstanding under the Company's \$30 million credit agreement in May 1996.

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 fiscal 1996 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 fiscal 1996 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 increased by \$92.6 million, or 25%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects approximately \$48 million of additional unregulated sales, the effect of weather in New Jersey that was 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 increased revenues from interruptible and industrial customers primarily as a result of higher gas prices incurred, increased customer service revenues and customer growth.

The Company's operating margins increased by \$11.0 million, or 7%, in fiscal 1996 as compared with fiscal 1995. The increase principally reflects approximately \$6.1 million of additional margins generated by the Company's utility distribution operations, approximately \$3.2 million of additional margins on sales by the Company's unregulated operations and approximately \$1.7 million of additional customer service and appliance leasing revenues. The increase in utility distribution margins was mainly due to an increase in rates for Florida's energy conservation program, customer growth and the effect of colder-than-normal weather not fully returned to customers through the weather normalization clauses. 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. Operations and maintenance expenses increased approximately \$5.4 million, or 4%, in fiscal 1996 as compared with fiscal 1995. The increase was primarily due to costs incurred as a result of the colder weather in New Jersey during the fiscal 1996 heating season, higher expenses related to the start-up and growth of the Company's unregulated operations, and higher pension costs. Fiscal 1995 results included non-recurring pre-tax charges of \$8.6 million (see Note 5 of the Notes to the Consolidated Financial Statements).

Depreciation and amortization expenses increased by approximately \$1.5 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 \$0.2 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.

Regulatory Matters

Northern Division

On October 22, 1997, the New Jersey Board of Public Utilities (NJBPU) approved a petition filed by the Northern Division to revise its weather normalization clause to reflect an increase in the level of degree days used to determine margin revenue differences associated with variations between the actual degree days experienced in the months of October through April and the degree days that underlie the Company's base rates. The revised degree days are intended to adjust for a bias in weather data created by the National Oceanic and Atmospheric Administration's installation of a device to measure temperature known as the automatic surface observing system. As a result of the NJBPU approval, the Company recognized an increase in its weather normalization margins of approximately \$1.5 million in the fourth quarter of fiscal 1997 to adjust for the effect of the bias in the new weather measuring device on margins recorded earlier in the fiscal year.

In July 1997, the State of New Jersey enacted legislation that will eliminate the current gross receipts and franchise taxes effective January 1, 1998. These taxes will be replaced with a 6% sales tax on sales of electricity and natural gas, a corporate business tax currently paid by all non-utility corporations in

the State, and a third tax called the Transitional Energy Facilities Assessment tax (TEFA). The legislation was intended, in part, to provide comparability between utilities that pay gross receipts and franchise taxes and non-utility energy companies that do not. A key objective of this legislation was to maintain energy tax revenue neutrality in 1998, seeking to collect approximately the same amount in new taxes as collected with gross receipts and franchise taxes in 1997. The TEFA tax is scheduled to be phased out at a rate of approximately 20% per year starting in 1999. These tax changes are designed to have no effect on the Company's net income or on overall rates charged to customers, until the TEFA reductions occur, and will not have a material effect on working capital. The Company paid approximately \$25 million of gross receipts and franchise taxes to the State in 1997.

On November 20, 1997, the Northern Division amended its July 31, 1997 proposal filed with the NJBPU to increase its annual purchased gas adjustment revenues by approximately \$14.7 million and change the way it recovers gas supply costs from its different classes of customers. The filing proposes to collect separately the commodity component of purchased gas and the fixed costs the Company incurs on behalf of its customers to supply gas service. The filing also includes a request to incorporate a performance based mechanism whereby Northern Division customers and the Company would benefit from the Company's ability to secure gas at rates more favorable than a market index benchmark. The proposed mechanism would provide an 80/20 sharing, with Northern Division customers receiving the greater percentage of risk and opportunity on the difference between a monthly market benchmark and the actual cost of purchased gas. Action by the NJBPU on the Company's proposal is expected in 1998.

On May 13, 1997, the NJBPU approved an order (replacing an interim order dated December 4, 1996) authorizing the Northern Division to increase its annual purchased gas adjustment revenues by approximately \$22 million. The increase was effective in December 1996 and reflects higher gas prices incurred in the current year. The increase in revenues does not affect the operating margins of the Company.

Southern Division

On October 29, 1996, the Florida Public Service Commission (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 is 11.3% with an overall after-tax rate of return of 7.9%. The Company had been granted interim rate relief of \$2.2 million effective in September 1996. The permanent rate increase, which was effective in December 1996, includes the interim adjustment.

● Financing Activities and Resources

The Company's net cash provided by operating activities was \$40.5 million in fiscal 1997, \$22.5 million in fiscal 1996, and \$47.9 million in fiscal 1995. The increase in fiscal 1997 as compared with fiscal 1996 was primarily due to additional collections of gas costs through the Company's purchased gas adjustment clauses and the timing of payments to gas suppliers. 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.

Because the Company's primary 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 \$66.0 million at 5.5% in fiscal 1997, \$39.9 million at 5.6% in fiscal 1996 and \$58.0 million at 5.9% in fiscal 1995. The weighted average daily amounts of notes payable to banks increased in fiscal 1997 principally due to borrowings to initially finance the Company's acquisition of a 49% interest in TIC (see "Common Stock"), and additional borrowings to finance portions of the Company's construction expenditures. The weighted average daily amounts of notes payable to banks decreased in fiscal 1996 as compared with fiscal 1995 primarily due to the full effect of the issuance of \$70 million of Medium-Term Notes issued in fiscal 1995, which were used to repay

short-term debt, and the issuance of an additional 1.8 million shares of common stock in fiscal 1996, 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.

At September 30, 1997, the Company had outstanding notes payable to banks amounting to \$54.4 million and available unused lines of credit amounting to \$91.6 million.

Long-Term Debt and Funds for Construction Held by Trustee. On July 9, 1997, the Company issued \$54.6 million of tax exempt Gas Facilities Revenue Refunding Bonds at an interest rate of 5.7%. The bonds mature on June 1, 2032 and were used to refinance previously issued Gas Facilities Revenue Bonds in the aggregate principal amounts and rates of \$46.2 million at 6.75% and \$8.4 million at 6.625% on October 1, 1997. The proceeds from the refunding bonds were invested in temporary cash investments and were held in trust until the old bonds were called.

In November 1994, the Company filed a shelf registration statement with the Securities and Exchange Commission for an aggregate of up to \$100 million of debt and equity securities. As of September 30, 1997, the Company has issued \$70 million of Medium-Term Notes subject to the shelf registration statement. While the Company has no present intention to issue additional securities subject to the shelf registration, such securities may be issued from time to time, depending upon the Company's needs and prevailing market conditions.

The Company 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, 1997 and 1996, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$23.8 million and \$42.6 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 September 25, 1997, the Company issued an additional 1,011,400 shares of common stock. The net proceeds from the offering totaled \$22.6 million and were used to reduce outstanding short-term debt incurred to finance the Company's acquisition of a 49% interest in TIC and for other general corporate purposes.

On May 20, 1996, the Company issued an additional 1.8 million shares of 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. The proceeds from such issuances amounted to approximately \$5.7 million, \$0.3 million and \$1.0 million in fiscal 1997, 1996 and 1995, respectively, and were used primarily to reduce outstanding short-term debt. The increase in proceeds received in fiscal 1997 reflects that the plans commenced purchasing shares directly from the Company in October 1996. Effective in December 1994, these plans commenced purchasing shares on the open market to fulfill the plans' requirements. 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.

Dividends. On November 6, 1997, the Company increased its quarterly dividend to \$0.245 per share of common stock. The previous quarterly rate was \$0.235 per share of common stock.

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 approximately \$37 million of cash dividends at September 30, 1997.

Capital Expenditures and Commitments

Capital expenditures, which consist primarily of expenditures to expand and upgrade the Company's gas distribution systems, were \$52.3 million in fiscal 1997, \$37.1 million in fiscal 1996 and \$37.9 million in fiscal 1995. The increase in fiscal 1997 was primarily the result of planned capital investment related to providing gas or transportation service to new customers, which is mainly occurring in the Company's Southern Division, and to the Company's investment in new information technology designed to enhance

productivity in the long term. The Company's capital expenditures are expected to be approximately \$60 million in fiscal 1998.

The Company owns or previously owned six former manufactured gas plant (MGP) sites in the Northern Division and ten MGP sites in the Southern Division. The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately \$34 million, which the Company expects it will expend in the next twenty years to remediate the Company's MGP sites. Of this reserve, approximately \$30 million relates to Northern Division MGP sites and approximately \$4 million relates to Southern Division MGP sites. However, 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 \$24 million and be incurred during a future period of time that may range up to fifty years. Of this \$24 million in possible future expenditures, approximately \$12 million relates to the Northern Division MGP sites and approximately \$12 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 \$24 million will be incurred and therefore has not recorded it on its books. The Company believes that all costs associated with the Northern Division MGP sites will be recoverable in rates or from insurance carriers. The Company is able to recover actual MGP expenses over a rolling seven-year period through its MGP Remediation Adjustment Clause (RAC). The NJBPU approved the Company's initial RAC rate filing on April 2, 1997 at which time the Company began recovery of approximately \$3.1 million, which represents environmental costs incurred from inception through June 30, 1996. On August 5, 1997, the Company submitted a second RAC rate filing to the NJBPU to recover an additional \$0.5 million in environmental costs incurred from July 1, 1996 through June 30, 1997. Approval by the NJBPU on this second RAC rate filing is expected in early 1998. With respect to costs which may be associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators of the sites and from insurance carriers. However, the Company is not able at this time to express a belief as to whether any or all of these recovery efforts related to the Southern Division MGP sites will ultimately be successful. For a further discussion of environmental matters see Note 11 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 \$71 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 (Bcf) 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 prepaid \$54.6 million of its Gas Facilities Revenue Bonds in October 1997 with proceeds received from a new bond issuance (see "Financing Activities and Resources-Long-Term Debt and Funds for Construction Held by Trustee"). No other long-term debt is scheduled to be repaid over the next five years.

● Purchase of Interest in TIC Enterprises, LLC

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC (TIC), a newly formed limited liability company, for a purchase price of \$22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement (the "Agreement"), the limited liability company will continue the business previously conducted by TIC Enterprises, Inc. The Agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's calendar 1997 earnings, before interest and taxes, exceed \$5 million. As of September 30, 1997, the Company has recorded a reserve of approximately \$2.2 million for the additional incentive payment. In addition, NUI has the option, during the period beginning April 1,

2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC.

TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including the Company's subsidiary, NUI Energy, Inc. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$22 million, including the reserve for the additional incentive payment, and is being amortized on a straight line basis over a 15-year period.

● Competition and Outlook

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 energy products and services may include sales and management of electricity and other energy commodities, energy efficiency and information services, and new energy technology. The Company may also offer additional non-energy products and services if such offerings are consistent with the Company's business plan.

Not all of the products and services described above are 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.

One vehicle the Company will use to offer products and services is the sales force of TIC Enterprises, LLC (see "Purchase of Interest in TIC Enterprises, LLC"). TIC's sales force of more than 400 gives NUI access to business customers across 40 states. Also, TIC has existing sales partnerships with several major companies, allowing NUI to offer a wide range of telecommunications services and office equipment in addition to energy. TIC will also be an asset to NUI in the formation of partnerships with other energy companies trying to find ways to gain access to customers and new products in the newly deregulated energy markets.

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 \$60 million in fiscal 1998 from \$52 million in fiscal 1997, 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. While the Company is confident that these fiscal 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.

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.

The FPSC has approved the Company's proposal to unbundle gas service to certain small commercial customers, in a manner similar to that currently in place in the Company's New Jersey service territory.

Tariffs for transportation service have generally been designed to provide the same margins as bun-

dled 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 also faces the risk of loss of transportation service for large industrial customers who 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.

Customer Services

The Customer Services unit provides repair and maintenance for 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 provide additional services that customers value, to charge prices that fully reflect the quality of those services to its customers, and improve the quality and timeliness of service.

The Company intends to implement several measures, including the use of new metering and communications technology, to improve the response time to customer service requests and to improve the accuracy and timeliness of billing information.

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 the cost of providing gas service to its general customer base.

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 formed NUI Energy, Inc. (Energy) to market gas service to unbundled retail commercial and industrial customers. The margins from Energy in fiscal 1997 were approximately \$2.4 million, up from \$1.1 million in fiscal 1996, but the expenses related to this start-up operation resulted in a slight loss for the year. Energy is expected to be profitable in 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, Energy. Energy Brokers generated margins of approximately \$3.5 million in fiscal 1997, compared with \$1.6 million in fiscal 1996. The Company minimizes 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. Therefore, the earnings from Energy Brokers are likely to be more volatile than the Company's distribution business.

The third business line within Energy Sales and Services is in "off-system sales", or the use of utility-owned gas 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 were approximately \$0.8 million in fiscal 1997, unchanged from fiscal 1996.

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

Years Ended September 30

	1997	1996	1995
(Dollars in thousands, except per share amounts)			
Operating Margins	\$ 608,596	\$ 469,499	\$ 376,884
Operating revenues	401,923	268,123	189,510
Less- Purchased gas and fuel	33,598	36,624	33,669
Gross receipts and franchise taxes	173,075	164,752	153,705
Other Operating Expenses	95,276	94,350	90,962
Operations and maintenance	23,032	21,289	19,750
Depreciation and amortization	—	—	8,591
Restructuring and other non-recurring	9,189	8,433	7,657
Other taxes	9,293	7,807	2,886
Income taxes	136,790	131,879	129,846
	36,285	32,873	23,859
Operating Income			
Other Income and Expense, Net	1,334	—	—
Equity in earnings of TIC Enterprises, LLC, net	2,180	897	679
Other	(1,230)	(337)	(240)
Income taxes	2,284	560	439
	18,920	18,537	18,781
Interest Expense	\$ 19,649	\$ 14,896	\$ 5,517
Net Income	\$ 1.75	\$ 1.52	\$.60
Net Income Per Share of Common Stock	\$.94	\$.90	\$.90
Dividends Per Share of Common Stock			
Weighted Average Number of Shares of Common Stock Outstanding	11,253,513	9,819,431	9,152,837

See the notes to the consolidated financial statements.

Consolidated Balance Sheet

As of September 30

	(Dollars in thousands)	
	1997	1996
Assets		
Utility Plant		
Utility plant, at original cost	\$ 680,391	\$ 631,194
Accumulated depreciation and amortization	(218,895)	(200,456)
Unamortized plant acquisition adjustments, net	32,327	33,572
	493,823	464,310
Funds for Construction Held by Trustee	27,648	44,652
Investment in TIC Enterprises, LLC, Net	26,069	—
Investments in Marketable Securities, at Market	2,570	4,417
Current Assets		
Cash and cash equivalents	58,793	3,736
Accounts receivable (less allowance for doubtful accounts of \$2,318 in 1997 and \$2,288 in 1996)	64,499	43,589
Fuel inventories, at average cost	31,068	29,191
Unrecovered purchased gas costs	9,602	6,987
Prepayments and other	24,787	18,542
	188,749	102,045
Other Assets		
Regulatory assets	54,607	52,439
Deferred assets	10,199	9,799
	64,806	62,238
	\$ 803,665	\$ 677,662
Capitalization and Liabilities		
Capitalization (See accompanying statements)		
Common shareholders' equity	\$ 218,291	\$ 179,107
Preferred stock	—	—
Long-term debt	229,069	230,100
	447,360	409,207
Capital Lease Obligations	9,679	10,503
Current Liabilities		
Notes payable to banks	54,428	54,895
Current portion of long-term debt	54,600	950
Current portion of capital lease obligations	1,587	1,596
Accounts payable, customer deposits and accrued liabilities	96,655	66,372
Federal income and other taxes	4,049	2,947
	211,319	126,760
Other Liabilities		
Deferred Federal income taxes	62,391	59,328
Unamortized investment tax credits	6,171	6,635
Environmental remediation reserve	33,981	33,981
Regulatory and other liabilities	32,764	31,248
	135,307	131,192
	\$ 803,665	\$ 677,662

See the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

NUI Corporation and Subsidiaries

Years Ended September 30

(Dollars in thousands, except per share amounts)

	1997	1996	1995
Operating Activities			
Net Income	\$ 19,649	\$ 14,896	\$ 5,517
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	24,040	22,315	20,932
Deferred Federal income taxes	3,246	7,569	2,005
Non-cash portion of restructuring and other non-recurring charges	—	—	—
Amortization of deferred investment tax credits	(464)	(467)	4,913
Other	1,020	4,617	(468)
Effects of changes in:			
Accounts receivable, net	(20,911)	(13,371)	4,626
Fuel inventories	(1,877)	(1,562)	7,923
Accounts payable, deposits and accruals	28,133	8,310	987
Over (under) recovered purchased gas costs	(2,614)	(11,882)	7,775
Other	(9,707)	(7,895)	2,949
Net cash provided by operating activities	40,515	22,530	47,919
Financing Activities			
Proceeds from sales of common stock, net of treasury stock purchased	28,204	31,371	577
Dividends to shareholders	(10,575)	(8,700)	(8,296)
Proceeds from issuance of long-term debt	53,569	39,000	70,000
Funds for construction held by trustee, net	18,784	(29,049)	10,125
Repayments of long-term debt	(950)	(30,138)	(9,902)
Principal payments under capital lease obligations	(1,730)	(1,829)	(1,844)
Net short-term borrowings (repayments)	(467)	16,960	(72,190)
Net cash provided by (used for) financing activities	86,835	17,615	(11,530)
Investing Activities			
Cash expenditures for utility plant	(51,366)	(37,053)	(37,976)
Investment in TIC Enterprises, LLC	(22,584)	—	—
Other	1,657	(2,957)	(449)
Net cash (used for) investing activities	(72,293)	(40,010)	(38,425)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 55,057	\$ 135	\$ (2,036)
Cash and Cash Equivalents			
At beginning of period	\$ 3,736	\$ 3,601	\$ 5,637
At end of period	\$ 58,793	\$ 3,736	\$ 3,601
Supplemental Disclosures of Cash Flows			
Income taxes paid (refunds received), net	\$ 5,008	\$ 2,612	\$ (1,129)
Interest paid	\$ 19,760	\$ 18,654	\$ 17,436

See the notes to the consolidated financial statements.

Consolidated Statement of Capitalization

As of September 30

(Dollars in thousands)	1997	1996
Long-Term Debt		
Gas facilities revenue bonds:	\$ 8,400	\$ 8,400
6.625% due October 1, 2021	46,200	46,200
6.75% due October 1, 2021	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*	54,600	—
5.70% due June 1, 2032		
Medium-term notes	20,000	20,000
7.125% due August 1, 2002	50,000	50,000
8.35% due February 1, 2005	—	950
ESOP indebtedness, 6% due May 31, 2002		
	284,700	231,050
	(54,600)	(950)
Current portion of long-term debt	(1,031)	—
Unamortized debt discount		
	229,069	230,100
	—	—
Preferred Stock, 5,000,000 shares authorized; none issued		
Common Shareholders' Equity		
Common stock, no par value; shares authorized:		
30,000,000; shares outstanding: 12,428,952 in 1997	201,549	171,968
and 11,085,876 in 1996		
Shares held in treasury: 98,475 shares in 1997	(1,615)	(1,564)
and 92,731 shares in 1996	19,260	10,117
Retained earnings	120	389
Valuation of marketable securities	(1,023)	(1,803)
Unearned employee compensation		
	218,291	179,107
	\$ 447,360	\$ 409,207
Total Capitalization		

* The total unexpended portions of the net proceeds from these bonds, amounting to \$23.8 million and \$42.6 million as of September 30, 1997 and September 30, 1996, 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.

See the notes to the consolidated financial statements.

Consolidated Statement of Shareholders' Equity

(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, 1994	9,157,095	\$138,082	\$ (797)	\$ 6,700	\$ —	\$(1,217)	\$142,768
Common stock issued*	74,499	1,045					
Treasury stock purchased	(30,357)		(468)				1,045
Net income				5,517			(468)
Cash dividends				(8,296)			5,517
Unrealized gain					232		(8,296)
ESOP transactions		(34)					232
Balance,						148	114
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
Common stock issued:							
Public offering	1,011,400	22,610					22,610
Other*	337,420	6,971					6,971
Treasury stock transactions	(5,744)		(51)				(51)
Net income				19,649			19,649
Cash dividends				(10,575)			(10,575)
Unrealized (loss)					(269)		(269)
Unearned compensation						(288)	(288)
ESOP transactions				69	1,068		1,137
Balance,							
September 30, 1997	12,428,952	\$201,549	\$(1,615)	\$19,260	\$ 120	\$(1,023)	\$218,291

* Represents common stock issued in connection with NUI Direct and various employee benefit plans.
See the notes to the consolidated financial statements.

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 the "Company"). The Company is a multi-state energy sales, services and distribution company. Its natural gas utility operations distribute natural gas and provide related customer services in six states through its Northern and Southern utility divisions. The Northern Division operates in New Jersey as Elizabethtown Gas Company. The Southern Division operates in five states as City Gas Company of Florida ("CGF"), North Carolina Gas, Elkton Gas (Maryland), Valley Cities Gas (Pennsylvania) and Waverly Gas (New York). The Company also provides retail gas sales and related services through its NUI Energy, Inc. subsidiary ("Energy"); wholesale energy brokerage and related services through its NUI Energy Brokers, Inc. subsidiary ("Energy Brokers"); customer information systems and services through its Utility Business Services, Inc. subsidiary; and sales and marketing outsourcing through its 49% equity interest in TIC Enterprises, LLC ("TIC") (see Note 2). 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 both fiscal 1997 and fiscal 1996 and 3.2% in fiscal 1995. 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 net 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 for the Company's regulated utilities 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.

Notes to Consolidated Financial Statements (continued)

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, 1997 and 1996 (in thousands):

	1997	1996
Regulatory Assets		
Environmental investigation and remediation costs	\$ 34,217	\$ 33,679
Unrecovered gas costs	7,091	6,730
Postretirement and other employee benefits	10,041	8,339
Deferred piping allowances	2,512	3,010
Other	746	681
	\$ 54,607	\$ 52,439
Regulatory Liabilities		
Net overcollection of income taxes	\$ 5,250	\$ 5,207
Refunds to customers	2,442	850
Other	272	88
	\$ 7,964	\$ 6,145

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.

Impairment of Long-Lived Assets. During the current year, the Company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" (SFAS 121). SFAS 121 requires the Company to review such assets for possible impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. The adoption of SFAS 121 did not have an impact on the results of operations, financial condition or cash flows of the Company.

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.

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS 128). This statement supersedes Accounting Principles Bulletin Opinion No. 15, "Earnings per Share" and simplifies the computation of earnings per share. SFAS 128 will be effective for financial statements for both interim and annual periods ending after December 15, 1997. The Company does not expect the effect of adopting SFAS No. 128 to have a material effect on its calculation of earnings per share.

New Accounting Standards. In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). SFAS 131 requires disclosures for each business segment that are similar to current requirements, with the addition of quarterly disclosures and more detailed geographic disclosures. The Company is not required to adopt SFAS 131 until fiscal 1999. SFAS 131 relates solely to disclosure provisions, and therefore will not have any effect on the results of operations, financial position and cash flows of the Company.

2 Purchase of interest in TIC Enterprises, LLC

On May 18, 1997, the Company closed on its acquisition of a 49% interest in TIC Enterprises, LLC, a newly formed limited liability company (LLC), for a purchase price of \$22 million. The acquisition was effective as of January 1, 1997 and is being accounted for under the equity method. Under the terms of an LLC Interest Purchase Agreement (the "Agreement"), the limited liability company will continue the business previously conducted by TIC Enterprises, Inc. The Agreement also includes a provision for an additional incentive payment up to a maximum of \$5.2 million if TIC's calendar 1997 earnings before interest and taxes, exceed \$5 million. As of September 30, 1997, the Company has recorded a reserve of approximately \$2.2 million for the additional incentive payment. In addition, NUI has the option, during the period beginning April 1, 2001 (subject to a one-year extension by the seller), to purchase the remaining 51% interest in TIC.

TIC engages in the business of recruiting, training and managing sales professionals and serving as sales and marketing representatives for various businesses, including the Company's subsidiary, NUI Energy, Inc. The excess of the purchase price over the Company's share of the underlying equity in net assets of TIC is estimated on a preliminary basis to be approximately \$22 million, including the reserve for the additional incentive payment, and is being amortized on a straight line basis over a 15 year period.

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 Pennsylvania & Southern Gas Service (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 were 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 a November 1994 settlement of the Company's Florida rate case.

4 Capitalization

Long-Term Debt. On July 9, 1997, the Company issued \$54.6 million of tax exempt Gas Facilities Revenue Refunding Bonds at an interest rate of 5.7%. The bonds mature on June 1, 2032 and were used to refinance previously issued Gas Facilities Revenue Bonds in the aggregate principal amounts and rates of \$46.2 million at 6.75% and \$8.4 million at 6.625%. The proceeds from the refunding bonds were held in trust until the old bonds were called on October 1, 1997.

The Company prepaid approximately \$1 million of long-term debt, without penalty, associated with its Employee Stock Ownership Plan in January 1997.

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, 1997 and 1996, the total unexpended portions of all of the Company's Gas Facilities Revenue Bonds were \$23.8 million and \$42.6 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, 1997, the Company is scheduled to repay approximately \$54.6 million of long-term debt in fiscal 1998 as noted above. 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 September 25, 1997, the Company issued an additional 1,011,400 million shares of NUI common stock. The net proceeds from the offering totaled \$22.6 million and were used to reduce outstanding short-term debt incurred to finance the Company's acquisition of a 49% interest in TIC (see Note 2) and other general corporate purposes.

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, these plans began purchasing shares directly from the Company to fulfill the plans' requirements.

At September 30, 1997, shares reserved for issuance under the Company's common stock plans were: NUI Direct, 103,389; Savings and Investment Plan, 195,756; 1996 Stock Option and Stock Award Plan, 137,891; 1996 Employee Stock Purchase Plan, 91,022; and the 1996 Director Stock Purchase Plan, 58,542.

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 NUI common stock.

Each non-employee director of the Company earns an annual retainer fee that consists of a grant of shares of NUI common stock which are deferred until their retirement from the Board. During 1997, such retainer fee granted 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.

Shares granted as long-term compensation for executive officers and key employees amounted to 69,800 in fiscal 1997, 65,113 shares in fiscal 1996 and 17,620 shares in fiscal 1995. As of September 30, 1997, a total of 132,678 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, 1994	13,000	\$15.77-\$17.625
Fiscal 1995		
Options canceled	(3,200)	\$15.77
Options outstanding and exercisable at September 30, 1997	9,800	\$15.77-\$17.625

During fiscal 1997, the Company was required to adopt Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 establishes financial accounting and reporting standards for stock based compensation plans and includes all arrangements by which employees receive shares of stock or other equity instruments of the employer, or by which the employer incurs liabilities to employees in amounts based on the price of the employer's stock. Under SFAS 123, the reporting entity is given the option to either adopt the accounting standards of SFAS 123, or continue to measure compensation cost in accordance with previous guidance and provide proforma disclosure

of the effect of adopting SFAS 123. The Company has elected to continue its current accounting treatment in this area. If the Company had adopted provisions of SFAS 123, there would not have been a material effect on the results of operations or financial position.

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 is permitted to pay approximately \$37 million of cash dividends at September 30, 1997.

5 Notes Payable to Banks

At September 30, 1997, the Company's outstanding notes payable to banks were \$54.4 million with a combined weighted average interest rate of 6.3%. Unused lines of credit at September 30, 1997 were approximately \$92 million.

The weighted average daily amounts outstanding of notes payable to banks and the weighted average interest rates on those amounts were \$66.0 million at 5.5% in fiscal 1997, \$39.9 million at 5.6% in fiscal 1996 and \$58.0 million at 5.9% in fiscal 1995.

6 Leases

Utility plant held under capital leases amounted to \$22.9 million at September 30, 1997 and \$23.5 million at September 30, 1996, with related accumulated amortization of \$12.5 million and \$11.5 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):

1998	\$ 2,437
1999	2,433
2000	7,267
2001	485
2002	346
2003 and thereafter	172
Total future minimum payments	13,140
Amount representing interest	(1,874)
Current portion of capital lease obligations	(1,587)
Capital lease obligations	\$ 9,679

Minimum payments under noncancelable operating leases, which relate principally to office space, are approximately \$4.1 million in fiscal 1998, \$3.8 million in fiscal 1999, \$3.7 million in fiscal 2000, \$3.8 million in fiscal 2001 and \$3.9 million in fiscal 2002.

Rents charged to operations expense were \$5.7 million in fiscal 1997 and \$5.3 million in both fiscal 1996 and fiscal 1995.

7 Financial Instruments

Derivatives. The Company engages in risk management activities to minimize the risk associated with fluctuating natural gas prices. The Company's unregulated subsidiaries utilize the following financial instruments to provide competitive energy supplies and hedge its retail sales; forward contracts, which commit the Company to purchase or sell natural gas in the future; swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed price and an index price of natural gas; natural gas options, which provide the right, but not the requirement, to buy or sell natural gas at a fixed price; and futures contracts, bought on the New York Mercantile Exchange (NYMEX), to buy or sell natural gas at a fixed price.

Energy Brokers accounts for its trading and price risk management activities by marking to market its various physical transactions and financial instruments. The values assigned to these transactions reflect quotes from the NYMEX, established pricing models and price volatility factors. The Company manages open positions with strict policies which limit its exposure to market risk and require reporting potential financial exposure to management on a daily basis.

Margin requirements for natural gas futures contracts are recorded in other current assets. Realized and unrealized gains and losses are recorded in the consolidated statement of income under purchased gas and fuel. At September 30, 1997, Energy Brokers' futures positions consisted of 565 long contracts and 619 short contracts at prices ranging from \$2.15 to \$3.40 per Mcf, none of which extend beyond August 1998, representing 11,840 MMcf of natural gas. Energy Brokers' options positions consisted of 30 long contracts and 275 short contracts with varying strike prices, none of which extend beyond July 1998. Margin deposits with brokers were approximately \$1.2 million at September 30, 1997. In addition, Energy Brokers has forward sales and purchase commitments associated with contracts totaling approximately 50,000 MMcf of natural gas, with terms extending through October 1998. Net realized and unrealized gains on derivative trading for fiscal 1997 was \$2.4 million, which has been included in income. During fiscal 1996 Energy Brokers' use of financial instruments was not significant.

Energy utilizes financial instruments to ensure adequate margins on its retail and industrial sales. Margin requirements for natural gas futures contracts are recorded as other current assets. Unrealized gains and losses on all futures and options contracts are deferred in the consolidated balance sheet as either a current asset or liability. Realized gains and losses on futures, forwards and options contracts are included in the consolidated statement of income under purchased gas and fuel when the underlying gas commodity hedged is purchased and sold to its customers. At September 30, 1997, Energy's futures positions consisted of 362 long contracts and 47 short contracts at prices ranging from \$1.98 to \$3.18 per Mcf, none of which extend beyond July 1999, representing 4,090 MMcf of natural gas. Energy's options positions consisted of 91 short contracts with varying strike prices, none of which extend beyond September 1998. During fiscal 1996, Energy's use of financial instruments was not significant.

The Company is exposed to credit risk in the event of default or non-performance by one of its trading partners. The Company maintains credit policies that management believes significantly minimize overall credit risk.

Other Financial Instruments. As of September 30, 1997 and 1996, the market value of the Company's investments in marketable securities exceeded their cost by approximately \$196,000 and \$623,000, 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 as of September 30, 1997 and 1996. 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 and State income taxes is comprised of the following (in thousands):

	1997	1996	1995
Currently payable -			
Federal			
State	\$ 7,205	\$ 647	\$ 833
Deferred -			
Federal	595	244	356
State	3,246	7,569	2,005
Amortization of investment tax credits	(59)	151	400
Total provision for income taxes	(464)	(467)	(468)
	\$ 10,523	\$ 8,144	\$ 3,126

The components of the Company's net deferred Federal tax liability (asset) as of September 30, 1997 and 1996 are as follows (in thousands):

	1997	1996
Depreciation and other utility plant differences	\$ 50,620	\$ 47,700
Plant acquisition adjustments	10,544	11,254
Alternative minimum tax credit	(3,670)	(2,984)
Unamortized investment tax credit	(2,144)	(2,306)
Deferred charges and regulatory assets	8,357	8,864
Gross receipts and franchise taxes	2,375	2,559
Other	(3,691)	(5,759)
	\$ 62,391	\$ 59,328

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):

	1997	1996	1995
Pre-tax income			
Federal income taxes computed at Federal statutory tax rate (35% in both fiscal 1997 and 1996 and 34% in fiscal 1995)	\$ 30,172	\$ 23,040	\$ 8,643
Increase (reduction) resulting from:			
Excess of book over tax depreciation	10,560	8,064	3,025
Amortization of investment tax credits	354	360	367
Federal benefit of state tax provision	(464)	(467)	(468)
Other, net	(188)	(138)	(257)
Total provision for Federal income taxes	(275)	(70)	(297)
Provision for State income taxes	9,987	7,749	2,370
Total provision for income taxes	536	395	756
(Less) provision included in other income and expense	10,523	8,144	3,126
Provision for income taxes included in operating expenses	(1,230)	(337)	(240)
	\$ 9,293	\$ 7,807	\$ 2,886

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):

	1997	1996	1995
Service cost	\$ 1,849	\$ 1,973	\$ 2,044
Interest cost	6,480	6,103	5,290
Actual return on plan assets	(36,984)	(15,076)	(20,072)
Net amortization and deferral	26,089	6,653	11,949
Special termination benefits	1,150	—	4,083
Pension (credit) expense	\$ (1,416)	\$ (347)	\$ 3,294

The status of the Company's funded plans as of September 30 was as follows (in thousands):

	1997	1996
Actuarial present value of benefit obligations:		
Vested benefits	\$ 73,154	\$ 67,142
Non-vested benefits	2,791	2,531
Accumulated benefit obligations	75,945	69,673
Projected increases in compensation levels	11,457	11,725
Projected benefit obligation	87,402	81,398
Market value of plan assets	137,290	109,952
Plan assets in excess of projected benefit obligation	49,888	28,554
Unrecognized net gain	(42,969)	(22,756)
Unrecognized prior service cost	658	775
Unrecognized net transition asset	(2,619)	(3,272)
Pension prepayment	\$ 4,958	\$ 3,301

The projected benefit obligation was calculated using a discount rate of 7.5% in fiscal 1997 and 8% in fiscal 1996 and an assumed annual increase in compensation levels of 4% in both fiscal 1997 and fiscal 1996. 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 \$4.3 million as of September 30, 1997 and \$2.6 million as of September 30, 1996, and the expense for this plan was approximately \$0.6 million in fiscal 1997 and \$0.4 million in both fiscal 1996 and fiscal 1995.

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.

Notes to Consolidated Financial Statements (continued)

The components of postretirement benefit expense other than pensions for the years ended September 30, 1997 and 1996 were as follows (in thousands):

	1997	1996
Service cost	\$ 564	\$ 600
Interest cost	2,123	2,096
Amortization of transition obligation	1,028	1,028
Other	26	115
Net postretirement expense	\$ 3,741	\$ 3,839

The status of the Company's postretirement plans other than pensions as of September 30, 1997 and 1996 was as follows (in thousands):

	1997	1996
Accumulated postretirement benefit obligation:		
Retirees		
Fully eligible active plan participants	\$ 14,790	\$ 19,905
Other active plan participants	2,019	3,095
Total accumulated postretirement benefit obligations	6,264	6,721
Unrecognized transition obligation	23,073	29,721
Unrecognized net (loss)	(11,270)	(17,475)
Unrecognized prior service cost	(1,572)	(4,113)
Accrued postretirement benefit obligation	—	(426)
	\$ 10,231	\$ 7,707

The health care trend rate assumption is 10% in 1998 gradually decreasing to 5.5% for the year 2006 and later. The discount rate used to compute the accumulated postretirement benefit obligation was 7.5% in fiscal 1997 and 8% in fiscal 1996. 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 \$4.1 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 in rates the amount of postretirement benefit expense other than pensions computed under SFAS 106. The Company has also received an order from the New Jersey Board of Public Utilities (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 (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 January 8, 1997, the NJBPU issued a generic order approving a stipulation that sets forth mechanisms under which New Jersey utilities may recover postretirement benefits expenses other than pensions in accordance with SFAS 106 and the EITF consensus, without being required to file a base rate case. In accordance with that order, the Company filed a request with the NJBPU on August 4, 1997 seeking recovery of these costs by means of a discreet adjustment of base rates. The Company expects NJBPU action on its request in early 1998. The Company will also seek ratemaking treatment consistent with the EITF consensus from the commissions 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 Business Segment Information

The Company's operations are organized under the three primary lines of business: Distribution, Energy Sales and Services and Customer Services. The Distribution segment distributes natural gas in six states through the Company's regulated utility divisions. The Energy Sales and Services segment reflects the

operations of the Company's Energy and Energy Brokers subsidiaries, as well as utility off-system sales. The Customer Services segment provides repair and maintenance of customer-owned gas facilities and appliances and collects energy usage data for billing purposes.

The following table provides information concerning the major segments of the Company for each of the three years ended September 30, 1997. Revenues include intersegment sales to affiliated entities, which are eliminated in consolidation. Identifiable assets include only those attributable to the operations of each segment.

(Dollars in thousands)	1997	1996	1995
Revenues:			
Distribution			
Energy Sales & Services	\$ 418,426	\$ 403,100	\$ 360,361
Customer Services	180,111	60,379	8,710
Intersegment Revenues	12,290	10,722	9,025
Total Revenues	(2,231)	(4,702)	(1,212)
	\$ 608,596	\$ 469,499	\$ 376,884
Operating Margins:			
Distribution			
Energy Sales & Services	\$ 154,119	\$ 150,477	\$ 144,377
Customer Services	6,666	3,553	303
Other	12,290	10,722	9,025
Total			
	\$ 173,075	\$ 164,752	\$ 153,705
Pre-Tax Operating Income:			
Distribution			
Energy Sales & Services	\$ 42,579	\$ 39,313	\$ 27,580
Customer Services	2,592	1,313	103
Other	2,840	2,005	975
Total	(2,433)	(1,951)	(1,913)
	\$ 45,578	\$ 40,680	\$ 26,745
Income Taxes	9,293	7,807	2,886
Total Operating Income			
	\$ 36,285	\$ 32,873	\$ 23,859
Depreciation & Amortization:			
Distribution			
Energy Sales & Services	\$ 18,518	\$ 17,287	\$ 16,342
Customer Services	50	23	6
Other	2,031	2,028	2,030
Total Depreciation & Amortization	2,433	1,951	1,372
	\$ 23,052	\$ 21,289	\$ 19,750
Capital Expenditures:			
Distribution			
Energy Sales & Services	\$ 47,378	\$ 35,437	\$ 36,491
Customer Services	502	315	45
Other	1,403	1,008	1,100
Total Capital Expenditures	2,996	299	282
	\$ 52,279	\$ 37,059	\$ 37,918
Identifiable Assets:			
Distribution			
Energy Sales & Services	\$ 697,889	\$ 645,247	\$ 586,627
Customer Services	28,638	7,415	517
Other	15,458	14,958	13,122
Total Identifiable Assets	61,680	10,042	9,899
	\$ 803,665	\$ 677,662	\$ 610,107

11 Commitments and Contingencies

Commitments. Capital expenditures are expected to be approximately \$60 million in fiscal 1998.

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 (EPA), the New Jersey Department of Environmental Protection (NJDEP) and other federal and state agencies.

The Company owns, or previously owned, certain properties on which manufactured gas plants (MGP) were operated by the Company or by other parties in the past. Coal tar residues are present on the six MGP sites located in the Northern Division. The Company has reported the presence of the six MGP sites to the EPA, the NJDEP and the New Jersey Board of Public Utilities (NJBPU). In 1991, the NJDEP issued an Administrative Consent Order for an MGP site located at South Street in Elizabeth, New Jersey, wherein the Company agreed to conduct a remedial investigation and to design and implement a remediation plan. In 1992 and 1993, the Company entered into a Memorandum of Agreement with the NJDEP for each of the other five Northern Division MGP sites. Pursuant to the terms and conditions of the Administrative Consent Order and the Memoranda of Agreement, the Company is conducting remedial activities at all six sites with oversight from the NJDEP.

The Company 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 "Southern Division MGP sites"). 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 Company.

The Company, with the aid of environmental consultants, regularly assesses the potential future costs associated with conducting investigative activities at each of the Company's sites and implementing appropriate remedial actions, as well as the likelihood of whether such actions will be necessary. The Company records a reserve if it is probable that a liability will be incurred and the amount of the liability is reasonably estimable. Based on the Company's most recent assessment, the Company has recorded a total reserve for environmental investigation and remediation costs of approximately \$34 million, which the Company expects to expend during the next twenty years. The reserve is net of approximately \$4 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.

However, 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 \$24 million and be incurred during a future period of time that may range up to fifty years. Of this \$24 million in additional possible future expenditures, approximately \$12 million relates to the Northern Division MGP sites and approximately \$12 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 \$24 million will be incurred and therefore has not recorded it on its books.

The Company's prudently incurred remediation costs for the Northern Division MGP sites have been authorized by the NJBPU to be recoverable in rates. The Company also believes 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 \$34 million as of September 30, 1997, reflecting the future recovery of environmental remediation liabilities related to the Northern Division MGP sites. The Company is able to recover actual MGP expenses over a rolling seven year period through its MGP Remediation Adjustment Clause (RAC). The NJBPU approved the Company's initial RAC rate filing on April 2, 1997 at which time the Company began recovery of approximately \$3.1 million, which represents environmental costs incurred from inception through June 30, 1996. On August 5, 1997, the Company submitted a second RAC rate filing to the NJBPU to recover an additional \$0.5 million in environmental costs incurred from July 1, 1996 through June 30, 1997. Approval by the NJBPU on this second RAC filing is expected in early 1998. With respect to costs associated with the Southern Division MGP sites, the Company intends to pursue recovery from ratepayers, former owners and operators, and insurance carriers, although the Company is not able to express a belief as to whether any or all of these recovery efforts will be successful. The Company is working with the regulatory agencies to prudently manage its MGP costs so as to mitigate the impact of such costs on both ratepayers and shareholders.

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 \$71 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.

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.

Notes to Consolidated Financial Statements (concluded)

12 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):

	First	Second	Third	Fourth
Fiscal Quarters 1997:				
Operating Revenues				
Operating Income	\$ 151,868	\$ 204,077	\$ 125,175	\$ 127,477
Net Income (Loss)	10,767	19,668	5,074	120
Net Income (Loss) Per Share	6,773	15,313	1,365	(3,802)
	0.61	1.37	0.12	(0.33)
Fiscal Quarters 1996:				
Operating Revenues				
Operating Income (Loss)	\$ 124,767	\$ 170,963	\$ 95,517	\$ 78,252
Net Income (Loss)	11,409	19,170	3,340	(1,045)
Net Income (Loss) Per Share	6,446	14,456	(1,003)	(5,002)
	0.70	1.58	(0.10)	(0.45)

Quarterly net income (loss) per share in both fiscal 1997 and fiscal 1996 does not total to the annual amounts due to rounding and to changes in the average common shares outstanding.

Report of Independent Public Accountants

NUI Corporation and Subsidiaries

To NUI Corporation:

We have audited the accompanying consolidated balance sheet and statement of consolidated capitalization of NUI Corporation (a New Jersey corporation) and Subsidiaries as of September 30, 1997 and 1996, and the related consolidated statements of income, cash flows and shareholders' equity, for each of the three years in the period ended September 30, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express our 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, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Arthur Andersen LLP
New York, New York
November 6, 1997

Summary of Consolidated Operating Data

Years Ended September 30

(Dollars in thousands)	1997	1996	1995	1994	1993
Operating Revenues					
Firm Sales:					
Residential	\$201,757	\$194,332	\$173,395	\$191,297	\$172,749
Commercial	106,234	107,067	98,541	110,574	97,966
Industrial	23,263	25,321	20,083	25,809	23,066
Interruptible sales	55,844	50,539	48,282	53,077	48,254
Unregulated sales	177,881	55,678	7,498	1,426	1,757
Transportation services	28,617	23,085	17,696	13,273	12,154
Customer service, appliance leasing and other	15,000	13,477	11,389	9,784	11,510
Total	\$608,596	\$469,499	\$376,884	\$405,240	\$367,456
Gas Sold or Transported (MMcf)					
Firm Sales:					
Residential	22,956	24,810	21,276	22,558	21,019
Commercial	14,254	16,575	15,455	16,175	14,918
Industrial	4,819	5,407	5,217	5,323	4,781
Interruptible sales	15,074	16,003	18,365	16,024	13,627
Unregulated sales	62,819	17,804	3,398	689	904
Transportation services	28,294	25,051	22,154	17,290	16,439
Total	148,216	105,650	85,865	78,059	71,688
Average Utility Customers Served					
Firm:					
Residential	335,632	332,440	328,644	312,515	297,384
Commercial	24,312	24,484	24,519	22,638	20,995
Industrial	306	338	430	382	377
Interruptible	121	120	118	101	105
Transportation	1,460	668	184	137	87
Total	361,831	358,050	353,895	335,773	318,948
Degree Days in New Jersey					
(normal: 4,978)	4,772	5,343	4,333	4,944	4,703
Employees (year-end)	1,126	1,086	1,079	1,186	1,011

Five Year Financial Review

NUI Corporation and Subsidiaries

Years Ended September 30

(Dollars in thousands)

	1997	1996	1995	1994	1993
Income Statement Data					
Operating revenues					
Operating margins	\$608,596	\$469,499	\$376,884	\$405,240	\$367,456
Operations and maintenance expenses	173,075	164,752	153,705	144,646	135,861
Operating income	95,276	94,350	90,962	90,904	80,865
Interest expenses	36,285	32,873	23,859	25,840	26,724
Net income	18,920	18,537	18,781	15,566	13,768
Net income, excluding non-recurring items	\$ 19,649	\$ 14,896	\$ 5,517	\$ 10,780	\$ 13,810
	19,649	14,896	11,074	9,586	13,810
Per Share Common Stock					
Net income					
Net income, excluding non-recurring items	\$ 1.75	\$ 1.52	\$.60	\$ 1.25	\$ 1.70
Dividends paid per share	1.75	1.52	1.21	1.11	1.70
	.94	.90	.90	1.60	1.59
Assets (as of fiscal year-end)					
Utility plant, at original cost					
Net utility plant	\$680,391	\$631,194	\$597,360	\$566,982	\$483,853
Additions to utility plant	493,823	464,310	448,071	426,692	347,212
Total assets	52,279	37,059	37,918	55,785	39,595
	803,665	677,662	610,165	601,648	483,911
Capitalization Data (as of fiscal year-end)					
Current portion of long-term debt and capital lease obligations					
Notes payable to banks	\$ 56,187	\$ 2,546	\$ 1,759	\$ 2,766	\$ 3,882
Capital lease obligations	54,428	54,895	37,935	110,125	69,325
Long-term debt	9,679	10,503	11,114	11,932	12,290
Common shareholders' equity	229,069	230,100	222,060	160,928	142,090
	218,291	179,107	140,912	142,768	122,384
Capitalization (% of total)					
Current portion of long-term debt and capital lease obligations					
Notes payable to banks	10%	1%	1%	1%	1%
Capital lease obligations	10	11	9	26	20
Long-term debt	2	2	2	3	4
Common shareholders' equity	40	48	54	37	40
	38	38	34	33	35
Common Stock Data (as of fiscal year-end)					
Aggregate market value	\$292,082	\$210,634	\$152,967	\$167,115	\$237,829
Market value per share	23.50	19.00	16.625	18.25	29.00
Book value per share	17.56	16.16	15.31	15.59	14.93
Common shares outstanding (thousands)	12,429	11,086	9,201	9,157	8,201

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.

NUI Corporation / Board of Directors



Standing, from left to right

James J. Forese, 61
*Executive
 Vice President & President,
 International Operations,
 IKON Office Solutions
 Director since 1978
 (1, 2, 3)*

John Winthrop, 61
*President,
 John Winthrop & Co., Inc.
 Director since 1978
 (1, 3)*

R. Van Winstanley, 83
*Principal,
 I&A Asset Management
 Director since 1981
 (2, 3)*

John Keane, Jr., 60
*President and Chief
 Executive Officer,
 NUI Corporation
 Director since April 1993
 (1, 2)*

Seated, from left to right
 Calvin R. Carver, 72
*Retired NUI
 Corporation Executive
 Director since 1969
 (1, 3, 4)*

Vera King Lattis, 57
*President,
 The Richard Stockton
 College of New Jersey
 Director since 1974
 (1, 2)*

John Keane, 68
*Chairman of the Board,
 NUI Corporation
 Director since 1969
 (1, 2)*

Not pictured
 Bernard S. Lee, 63
*President and
 Chief Executive Officer,
 Institute of Gas
 Technology
 Director since 1993
 (1, 2)*

Board Committees

- 1. Audit
- 2. Compensation
- 3. Executive
- 4. Investment

NUI CORPORATE DIRECTORY

NUI Corporation and Subsidiaries

Executive Officers

John Kean
Chairman of the Board

John Kean, Jr.
President and Chief Executive Officer

A. Mark Abramovic
Senior Vice President and Chief Financial Officer

Frank T. Bahniuk
Senior Vice President - Energy Management

Michael J. Behan
Vice President - New Ventures

James W. Crowley, Jr.
Vice President - Customer Service

Victor A. Fortkiewicz
President - Northern Division

Richard L. Gruber
Vice President - Marketing

Robert F. Lurie
Vice President - Corporate Development and Treasurer

Lyle C. Motley, Jr.
President - Southern Division

Richard J. O'Neill
Vice President - Human Resources

James R. Van Horn
Vice President, General Counsel and Secretary

David P. Vincent
Vice President - Information Technology

Company and Divisional Officers

Stanley J. Brownell
Robert J. Clancy, Jr.
Robert J. Crocker
Daniel J. Edwards
Lorraine A. Gayga
Glyn Hazelden
M. Patricia Keefe
Michael W. Manning
Michael A. Palecki
Lawrence A. Poll
Carol A. Sliker
Carl D. Smith
Rand W. Smith
Thomas E. Smith
James K. Turpin
Richard F. Wall
Kenneth G. Ward
Richard W. Wilson
Robert L. Williams

Shareholder Information

NUI Direct
NUI has a Common Stock Investment Plan available to its customers, registered shareholders, employees and residents of the six states it serves. Through this Plan, participants can invest in NUI Corporation Common Stock (NYSE:NUI) and pay no brokerage commissions or service charges for shares purchased through the Plan. Further information on NUI Direct can be obtained from:

First Chicago Trust Company of New York

Investment Plans
P.O. Box 2598

Jersey City, NJ 07303-2598

Tel: (800) 374-5775 (Dedicated NUI Line)

TDD: (201) 222-4955

www.fctc.com

Investor Information

Members of the financial community interested in information on NUI Corporation are invited to contact Linda S. Lennox, Director of Corporate Communications and Investor Relations at (908) 719-4222 or via e-mail at llennox@nui.com.

Home Page Internet Address
Information on NUI Corporation can be accessed via the world wide web at www.nui.com.

Form 10-K

The NUI Annual Report on Form 10-K filed with the Securities and Exchange Commission is available free of charge upon request to the Office of the Secretary at NUI Corporation's office listed on the back cover or on NUI's website.

Annual Meeting

The annual meeting of shareholders is scheduled to be held on Tuesday, January 27, 1998, at 10:30 a.m. EST at the offices of Elizabethtown Gas, One Elizabethtown Plaza, Union, New Jersey.

Registrar, Transfer and Dividend Disbursing Agent

First Chicago Trust Company of New York

P.O. Box 2500

Jersey City, NJ 07303-2500

Tel: (800) 374-5775

TDD: (201) 222-4955

www.fctc.com

Independent Public Accountants

Arthur Andersen LLP
1345 Avenue of the Americas
New York, NY 10105

Common Stock and Dividend Information

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 price range per share of NUI Common Stock for the fiscal years 1996 and 1997 were as follows:

	Quarterly Cash Dividends	Price Range		
		High	Low	Close
Fiscal 1996				
First Quarter	\$0.225	\$17.750	\$15.750	\$17.500
Second Quarter	0.225	19.250	17.125	18.625
Third Quarter	0.225	20.000	16.750	17.875
Fourth Quarter	0.225	20.000	16.500	19.000
Fiscal 1997				
First Quarter	\$0.235	\$23.500	\$18.875	\$22.625
Second Quarter	0.235	23.625	19.250	20.750
Third Quarter	0.235	22.500	19.000	22.438
Fourth Quarter	0.235	24.813	19.750	23.500



NJI CORPORATION
 Corporate Headquarters
 550 Route 707, 206, P.O. Box 707
 Red Bank, New Jersey 08073-0707
 Tel: (908) 484-6100
 Fax: (908) 484-6108
 www.nji.com

Subsidiaries and Affiliates

Northern Division

NJI Elizabethtown Gas

ELIZABETHTOWN GAS COMPANY
One Elizabethtown Place
 P.O. Box 100
 Elizabethtown, NJ 08824
 Tel: (908) 886-5800
 Fax: (908) 886-6900

Southern Division

NJI City Gas Company of Florida

CITY GAS COMPANY OF FLORIDA
 933 East 5th Street
 Hialeah, FL 33010-2708
 Tel: (305) 491-8200
 Fax: (305) 491-8200

NJI Tikton Gas

TIKTON GAS
 71 South Bender Street
 Tikton, MD 21288
 Tel: (410) 978-4600
 Fax: (410) 968-4600

NJI North Carolina Gas

NORTH CAROLINA GAS
 100 North York Street
 Kinston, NC 28501
 Tel: (919) 637-5344
 Fax: (919) 637-5344

NJI Valley Cities Gas

NJI Waverly Gas
 Waverly Gas
 200 South Kessler Avenue
 State, TN 38411
 Tel: (615) 588-1000
 Fax: (615) 588-1000

Non-Regulated Operations

NJI energy

NJ ENERGY
 a retail marketer of natural
 gas and related services
 550 Route 707, 206
 P.O. Box 707
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Tel: (908) 484-6108
 Fax: (908) 484-6108

NJI Energy Brokers

NJI ENERGY BROKERS, INC.
 a wholesale natural gas company
 550 Route 707, 206
 P.O. Box 707
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Fax: (908) 484-6108

NJI Energy Solutions

NJI ENERGY SOLUTIONS
 energy program development and
 consulting solutions
 550 Route 707, 206
 P.O. Box 707
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Fax: (908) 484-6108

NJI Energy Marketing

NJI ENERGY MARKETING
 a provider of natural gas and
 related services
One Elizabethtown Place
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Fax: (908) 484-6108

NJI Environmental

NJI ENVIRONMENTAL
 an environmental project
 development subsidiary
One Elizabethtown Place
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Fax: (908) 484-6108

NJI

NJI
 a sales and marketing
 subsidiary
One Elizabethtown Place
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Tel: (908) 484-6108
 Fax: (908) 484-6108
 NJ Tel: (908) 484-6108

NJI Capital Corp.

NJI CAPITAL CORP.
 a financial holding company
 550 Route 707, 206
 P.O. Box 707
 Elizabethtown, NJ 08824
 Tel: (908) 484-6100
 Fax: (908) 484-6108

