

SOUTH JERSEY INDUSTRIES INC

Form 424B5

May 10, 2016

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**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.**

**Filed Pursuant to Rule 424(b)(5)**

**Registration No. 333-211259**

**Subject to completion, dated May 10, 2016**

**Prospectus supplement**

**(To prospectus dated May 10, 2016)**

*6,500,000 shares*

*South Jersey Industries, Inc.*

*Common stock*

We are offering 6,500,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange and trades under the ticker symbol SJI. On May 9, 2016, the last reported sale price of our common stock on the New York Stock Exchange was \$27.60 per share.

	<b>Per share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

We have granted the underwriters an option to purchase up to an additional 975,000 shares from us at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be \$ and the total proceeds, before expenses, to us will be \$ .

**Investing in our common stock involves certain risks. Before buying any shares, you should read this prospectus supplement, the accompanying prospectus and all information incorporated by reference herein, including the discussion of material risks of investing in our common stock in the Risk factors section beginning on page S-10 of this prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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The underwriters are offering the shares of our common stock as set forth under Underwriting (conflicts of interest). Delivery of the shares of common stock will be made on or about May , 2016.

*Joint Book-Running Managers*

**J.P. Morgan**

**Morgan Stanley**

**Guggenheim  
Securities**

*Co-Managers*

**Janney  
Montgomery  
Scott**

**Sidoti & Company,  
LLC**

**U.S. Capital  
Advisors**

**The Williams Capital  
Group, L.P.**

The date of this prospectus supplement is May , 2016.

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We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell or soliciting an offer to buy the common stock in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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**About this prospectus supplement**

We provide information to you about the common stock in two separate documents: (1) this prospectus supplement, which describes the specific terms of the common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in that prospectus and (2) the accompanying prospectus, which provides general information. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents we have referred you to under the heading "Where you can find more information" in this prospectus supplement and the accompanying prospectus.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to "SJI," "we," "us" and "our" refer to South Jersey Industries, Inc. and its subsidiaries.

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**Special note regarding forward-looking statements**

This prospectus supplement, including information incorporated by reference, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position, are forward-looking. We use words such as anticipate, believe, expect, estimate, forecast, goal, intend, objective, plan, project, seek, strategy, target, will a identify forward-looking statements. These forward-looking statements are based on the beliefs and assumptions of our management at the time that these disclosures were prepared and are inherently uncertain. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic conditions on an international, national, state and local level; weather conditions in our marketing areas; changes in commodity costs; the timing of new projects coming on-line; changes in the availability of natural gas; non-routine or extraordinary disruptions in our distribution system; regulatory, legislative and court decisions; competition; the availability and cost of capital; costs and effects of legal proceedings and environmental liabilities; the failure of customers, suppliers or business partners to fulfill their contractual obligations; and changes in business strategies.

These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ materially from those expressed in the forward-looking statements, are described in greater detail under the heading Risk factors in this prospectus supplement, under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other SEC filings incorporated by reference into this prospectus supplement. No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. See Where you can find more information.

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### **Summary**

*The following summary should be read together with the information contained in other parts of this prospectus supplement and the accompanying prospectus. This summary highlights selected information from this prospectus supplement and the accompanying prospectus about our business and the offering of our common stock. You should read this prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference, carefully to understand fully our common stock as well as other considerations that are important in deciding whether to invest in our common stock. You should pay special attention to the Risk factors section beginning on page S-10 of this prospectus supplement and the Risk factors section in our Annual Report on Form 10-K for the year ended December 31, 2015 to determine whether an investment in our common stock is appropriate for you.*

### **South Jersey Industries**

South Jersey Industries, Inc. (SJI), a New Jersey corporation formed in 1969, provides a variety of energy-related products and services through its utility (South Jersey Gas Company) and non-utility lines of business.

#### *South Jersey Gas Company (SJG)*

SJG is an operating public utility company engaged in the purchase, transmission and sale of natural gas for residential, commercial and industrial use. SJG also sells natural gas and pipeline transportation capacity (off-system sales) on a wholesale basis to various customers on the interstate pipeline system and transports natural gas purchased directly from producers or suppliers to their customers. In 2015, SJG generated approximately \$66.6 million of net income, or 63.3% of SJI's total net income, and approximately \$66.6 million of Economic Earnings, or 67.3% of SJI's total Economic Earnings. For additional information regarding Economic Earnings, which is a non-GAAP financial measure, including a reconciliation of Economic Earnings to income from continuing operations, see —Summary consolidated financial information below.

SJG's service territory covers approximately 2,500 square miles in the southern part of New Jersey. It includes 117 municipalities throughout Atlantic, Cape May, Cumberland and Salem Counties and portions of Burlington, Camden and Gloucester Counties, with an estimated permanent population of 1.2 million. As of March 31, 2016, SJG served 375,585 residential, commercial and industrial customers in southern New Jersey.

#### *SJI Midstream, LLC (SJI Midstream)*

SJI midstream owns a 20% equity investment in PennEast Pipeline Company, LLC, through which SJI, along with other investors, expect to construct an approximately 100-mile natural gas pipeline that will extend from Northeastern Pennsylvania into New Jersey, estimated to be completed in the second half of 2018, subject to receipt of required regulatory approvals.

#### *South Jersey Energy Solutions, LLC (SJES)*

SJES is a direct subsidiary of SJI and serves as a holding company for all of SJI's non-utility businesses, which are grouped into Energy Group and Energy Services. Energy Group includes wholesale energy, retail gas and other, and retail electric operations. Energy Services includes on-site energy production and appliance service operations. In 2015, SJES generated approximately \$38.2 million of net income, or 36.3% of SJI's total net income.

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### **Our Strategy**

SJI's primary strategic focus is our core utility and the natural extensions of that business. This focus enables us to concentrate on business activities that match our core competencies. Going forward we expect to pursue business opportunities that fit this model, and our key strategic priorities are as follows:

#### *Pursue high-quality earnings growth*

SJI's stated goal is to grow Economic Earnings to \$150 million by 2020. The Company estimates its capital expenditures, inclusive of affiliate investments, will be approximately \$1.5 billion over the next five years, of which approximately 93% or \$1.2 billion is related to SJG and SJI Midstream. As a result of these investments, the Company expects net income from SJG and SJI Midstream to account for approximately 70–80% of SJI's total net income by 2020.

Growth in our utility business is expected to be supported by continued customer growth, primarily through customer conversions. Net customers for SJG grew by 6,246 in 2015. Customers converting their homes and businesses to natural gas from other heating fuels represented approximately 66% of the total new customer acquisitions for the year. Natural gas currently offers a significant price advantage relative to other forms of fuel for customers, in addition to efficiency and environmental advantages. SJG has begun a comprehensive partnership with the State of New Jersey's Office of Clean Energy to educate consumers on energy efficiency and to promote the rebates and incentives available to natural gas users.

Continuing expansion of South Jersey Gas's infrastructure throughout its seven-county region has also led to customer growth and created opportunities for future extension into areas not yet served by natural gas. At present, SJG serves approximately 71% of households within its territory with natural gas. SJG believes that the ongoing transition of southern New Jersey's oceanfront communities from seasonal resorts to year round economies will further contribute to SJG's customer growth. We also expect building expansions in the medical, education and retail sectors within mainland communities to drive additional growth.

Investments in our utility business, which are expected to total more than \$1 billion over the next five years, are supported by a constructive New Jersey regulatory environment. We expect our regulator, the New Jersey Board of Public Utilities (BPU), to continue to set rates and establish terms of service that allow SJG to obtain a fair and reasonable return on capital invested. Further, the BPU has put in place certain programs that incentivize prudent investments in our utility system. For example, in February 2013, the BPU approved the Accelerated Infrastructure Replacement Program (AIRP), a program to replace cast iron and unprotected bare steel mains and services over a four-year period. SJG earns a return on AIRP investments until they are included in rate base in future base rate proceedings. Further, in August 2014, the BPU approved a Storm Hardening and Reliability Program (SHARP), a program to replace low-pressure distribution mains and services with high-pressure mains and services on the barrier islands over a three-year period. SJG earns a return on SHARP investments until they are included in rate base through annual rate adjustments.

In addition to SJG, we expect SJI Midstream to further support our goal of high quality, regulated earnings growth. We expect FERC-level returns from our \$200 million investment in the PennEast Pipeline Project. The pipeline is fully subscribed with 80% of capacity under 15-year agreements with multiple utility and energy affiliates of project sponsors. In September 2015, SJI Midstream, along with other partners in the project, submitted an application to FERC for a permit to proceed with PennEast's construction. We expect a FERC decision in 2017 and PennEast to be in service in the second half of 2018, subject to the receipt of required regulatory approvals. In addition to PennEast, we continue to explore additional FERC regulated opportunities, including Liquefied Natural Gas (LNG) projects and natural gas pipelines.





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### *Disciplined approach to non-regulated business*

Consistent with our long-term strategy of growing earnings and improving the quality thereof, we have continued to make strides in repositioning our non-utility businesses as well.

We have recently expanded our attractive fuel management business, which we initially entered in 2004. This business, which has secured a role as a niche supplier of fuel supply management services, acquires valuable pipeline capacity that allows us to match end users, many of which are merchant generators, with producers who are looking to find a long-term home for their supply. With a total of three contracts online at full capacity and an additional five contracts executed, we remain well-positioned to serve at least 10 gas-fired generators by 2020. As such, our goal is for this high-volume, low-risk, fee-based business to contribute at least \$10 million to \$12 million in annual earnings by 2020.

We have also undertaken several actions to reconfigure our legacy energy production business with a focus on maximizing cash flow generation. In January 2016, we announced the completion of a transaction whereby substantially all of the energy production assets housed within Energenic US, LLC, the partnership between SJI subsidiary Marina Energy, LLC and DCO Energy, LLC, were distributed to the respective partners. Following this transaction we have retained ownership of the Marina Thermal Plant Cogeneration Facility, which serves Atlantic City's Borgata Hotel Casino & Spa through an existing long-term power purchase agreement. We have also retained ownership of select landfill gas sites in order to be able to support Borgata's green energy objectives.

We own an attractive 192MW portfolio of solar generation assets located in New Jersey, Maryland and Massachusetts. Our strategy going forward is to reduce renewable development and investment. As such, while we expect our solar assets to continue contributing earnings, we expect them to be well below current levels due to lower realized Investment Tax Credits (ITCs). We are, however, focused on taking advantage of strong Solar Renewable Energy Credit (SREC) pricing, which has improved significantly during the last year, including via an active hedging program. Furthermore, we anticipate monetizing accumulated investment tax credits related to solar investments to date, as a source of cash to finance utility and regulated investments.

Lastly, we continue to actively monitor and manage risk within our retail and wholesale commodity businesses through a matched book approach and active hedging program. We adhere to a well-defined risk management policy approved by our Board of Directors that includes volumetric and monetary limits as well as detailed activity tracking on a daily basis.

### *Maintain our commitment to a strong balance sheet*

Our goal is to maintain a strong balance sheet and liquidity position in addition to our strong investment grade credit ratings. We believe these afford us the financial flexibility necessary to take advantage of significant growth opportunities in our utility and regulated businesses. As our investment profile aligns with increased opportunity in our regulated businesses, we expect to realize continued improvement in our balance sheet, consistent with our target equity-to-total capitalization ratio of 50%.

### **General**

Our principal executive offices are located at 1 South Jersey Plaza, Folsom, NJ 08037, and our telephone number at that address is (609) 561-9000.

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**The offering**

**Issuer:**

South Jersey Industries, Inc.

**Common stock offered by us:**

6,500,000 shares of common stock.

**Option to purchase additional shares:**

To the extent that the underwriters sell more than 6,500,000 shares of common stock, the underwriters have the option to purchase up to an additional 975,000 shares from us at the price to the public less the underwriting discount.

**Common stock outstanding immediately after this offering assuming no exercise of the underwriters' option to purchase additional shares from us:**

77,925,506 shares of common stock.

**Common stock outstanding immediately after this offering assuming full exercise of the underwriters' option to purchase additional shares from us:**

78,900,506 shares of common stock.

**Use of proceeds after expenses:**

We estimate that the net proceeds of this offering to us will be \$ , or \$ if the underwriters exercise their option to purchase additional shares in full. We intend to use the net proceeds of this offering for capital expenditures primarily for regulated businesses, including infrastructure investments at our utility business. Pending this use of the net proceeds, we expect to use the net proceeds of this offering to repay indebtedness outstanding under our revolving credit facility.

**New York Stock Exchange symbol:**

SJI

**Dividends:**

Subject to legally available funds, we intend to pay an annual cash dividend on our common stock each fiscal quarter. Our ability to pay dividends has certain risks and limitations, and we cannot assure you that any dividends will be paid in the anticipated frequency, or at all. The declaration and payment of all future dividends, if any, will be at the sole discretion of our Board of Directors. See the information under the heading "Dividend policy" in this prospectus supplement.

**Risk Factors:**

An investment in our common stock involves a significant degree of risk. We urge you to carefully consider all of the information described in under the heading "Risk factors" in this prospectus supplement.

The number of shares of common stock that will be outstanding immediately after this offering is based on 71,425,506 shares outstanding as of May 6, 2016 and the issuance by us of 6,500,000 shares of our common stock in this offering. Unless otherwise indicated, the number of shares of our common stock presented in this prospectus supplement excludes shares of our common stock issuable by us pursuant to the exercise of the underwriters' option to purchase additional shares and 2,356,977 shares of our common stock reserved for future issuance under our 2015 Omnibus Equity Compensation Plan.

TABLE OF CONTENTS**Summary consolidated financial information**

The following table sets forth selected consolidated financial information for us. The summary consolidated financial data has been derived from our audited consolidated financial statements and related notes for the three years ended December 31, 2015, 2014 and 2013 contained in our Annual Report on Form 10-K filed on February 29, 2016, and our unaudited condensed consolidated financial statements and related notes for the three months ended March 31, 2016 and 2015 contained in our Quarterly Report on Form 10-Q filed on May 6, 2016. The summary financial information should be read in conjunction with the consolidated financial statements described above and the related notes.

Our historical financial data may not be indicative of the results of operations or financial position to be expected in the future.

(In thousands except for per share data)	Three months ended March 31,		Year ended December 31,		
	2016	2015	2015	2014	2013
<b>Statements of consolidated income and statements of consolidated cash flows data:</b>					
Total operating revenues	\$ 333,035	\$ 382,952	\$ 959,568	\$ 886,996	\$ 731,421
Gross profit	180,060	141,245	400,226	350,044	262,430
Total operating expenses	218,782	306,581	802,674	759,393	661,785
Operating income	114,253	76,371	156,894	127,603	69,636
Income from continuing operations	68,187	53,853	105,610	97,628	82,389
Net income	68,069	53,577	105,107	97,046	81,593
Basic earnings per common share	0.96	0.79	1.53	1.46	1.28
Diluted earnings per common share	0.95	0.79	1.52	1.46	1.28
Capital expenditures	(67,416 )	(54,307 )	(345,621 )	(342,578 )	(316,644 )
<b>Consolidated operating data:</b>					
Economic Earnings <sup>(1)</sup>	\$ 56,997	\$ 58,910	\$ 98,974	\$ 103,979	\$ 97,094
Economic EPS per diluted share	\$ 0.80	\$ 0.86	\$ 1.44	\$ 1.57	\$ 1.51

(1) We define Economic Earnings as: Income from continuing operations, (a) less the change in unrealized gains and plus the change in unrealized losses, as applicable and in each case after tax, on all derivative transactions, and (b) less realized gains and plus realized losses, as applicable and in each case after tax, on all commodity derivative transactions attributed to expected purchases of gas in storage to match the recognition of these gains and losses with the recognition of the related cost of the gas in storage in the period of withdrawal, and (c) less the impact of transactions or contractual arrangements where the true economic impact will be realized in a future period. With respect to the third part of the definition of Economic Earnings:

- For the years ended December 31, 2015, 2014 and 2013, Economic Earnings includes additional depreciation expense on a solar generating facility. During 2012, an impairment charge was recorded within Income from Continuing Operations on a solar generating facility which reduced its depreciable basis and recurring depreciation

expense. This impairment charge was excluded from Economic Earnings and, therefore, the related reduction in depreciation expense is being added back.

For the year ended December 31, 2015, Economic Earnings includes net losses of \$1.5 million (net of tax) from affiliated companies that were excluded from Economic Earnings for the year ended December 31, 2014. These adjustments are the result of a reserve for uncollectible accounts recorded by an Energenic subsidiary that owns and operates a central energy center and energy distribution system for a hotel, casino and entertainment complex in

- Atlantic City, New Jersey (see Note 7 to the consolidated financial statements). In 2014, this charge was excluded from Economic Earnings as the total economic impact of the proceedings had not been realized. During the second quarter of 2015, the Company, through its investment in Energenic, reduced the carrying value of the investment in this project. As such, this charge is now being included in Economic Earnings for the year ended December 31, 2015.

For the year ended December 31, 2013, Economic Earnings excludes a \$0.8 million loss (net of tax) from affiliated

- companies, not part of ongoing operations. This adjustment is the result of the termination of the contract at LVE Energy Partners, LLC ("LVE") and is being excluded because all

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of the assets of LVE have been sold and LVE is no longer considered part of the ongoing operations of the Company. LVE was dissolved prior to December 31, 2013; as such, there was no gain/loss from affiliated companies not part of ongoing operations for the years ended December 31, 2015 or 2014.

Economic Earnings is a significant performance metric used by our management to indicate the amount and timing of income from continuing operations that we expect to earn after taking into account the impact of derivative instruments on the related transactions and transactions or contractual arrangements where the true economic impact will be realized in a future period. Specifically, we believe that this financial measure indicates to investors the profitability of the entire derivative-related transaction and not just the portion that is subject to mark-to-market valuation under GAAP. Considering only the change in market value on the derivative side of the transaction can produce a false sense as to the ultimate profitability of the total transaction as no change in value is reflected for the non-derivative portion of the transaction. However, Economic Earnings should not be considered as an alternative to GAAP measures, such as net income, operating income, earnings per share from continuing operations or any other GAAP measure of liquidity or financial performance.

The following table presents a reconciliation of our income from continuing operations and earnings per share from continuing operations to Economic Earnings and Economic EPS per diluted share:

(In thousands except for per share data)	Three months ended March 31,		Year ended December 31,		
	2016	2015	2015	2014	2013
Income from continuing operations	\$ 68,187	\$ 53,853	\$ 105,610	\$ 97,628	\$ 82,389
(Minus)/plus:					
Unrealized mark-to-market (gains)/losses on derivatives	(11,167 )	4,310	(5,066 )	4,500	14,058
Realized losses/(gains) on inventory injection hedges	2	30	54	427	(4 )
Net loss from affiliated companies, not part of ongoing operations <sup>(A)</sup>	—	—	—	—	751
Net loss from affiliated companies <sup>(B)</sup>	—	742	(1,524 )	1,524	—
Other <sup>(C)</sup>	(25 )	(25 )	(100 )	(100 )	(100 )
Economic Earnings	\$ 56,997	\$ 58,910	\$ 98,974	\$ 103,979	\$ 97,094
EPS from continuing operations <sup>(D)</sup>	\$ 0.95	\$ 0.79	\$ 1.53	\$ 1.47	\$ 1.29
(Minus)/plus:					
Unrealized mark-to-market (gains)/losses on derivatives	(0.15 )	0.06	(0.07 )	0.07	0.21
Net loss from affiliated companies <sup>(B)</sup>	—	0.01	(0.02 )	0.03	—
Net loss from affiliated companies, not part of ongoing operations <sup>(A)</sup>	—	—	—	—	0.01

Economic EPS per diluted share <sup>(E)</sup>	\$	0.80	\$	0.86	\$	1.44	\$	1.57	\$	1.51
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(A) Resulting from the termination of the contract at LVE Energy Partners, LLC to design, build, own and operate a district energy system and central energy center for a planned resort in Las Vegas, Nevada.

(B) Resulting from reserves for uncollectible accounts recorded by an Energenic subsidiary that owned and operated a central energy center and energy distribution system for a hotel, casino and entertainment complex in Atlantic City, New Jersey (see Note 7 to the consolidated financial statements for the year ended December 31, 2015 and Note 5 to the condensed consolidated financial statements for the three months ended March 31, 2016). In 2014, a charge of \$1,524 was excluded from Economic Earnings as the total economic impact of the proceedings had not been realized. During the second quarter of 2015, the Company, through its investment in Energenic, reduced the carrying value of the investment in this project. As such, this charge is included in Economic Earnings in 2015. A separate charge of \$742 was excluded from Economic Earnings as the total economic impact of the proceedings had not been realized as of March 31, 2015.

(C) Represents additional depreciation expense within Economic Earnings on a solar generating facility. During 2012, an impairment charge was recorded within Income from Continuing Operations on a solar generating facility which reduced its depreciable basis and recurring depreciation expense. This impairment charge was excluded from Economic Earnings and therefore the related reduction in depreciation expense is being added back.

(D) All per share amounts were adjusted for the 2-for-1 stock split, effected in the form of a stock dividend, effective on May 8, 2015.

(E) Economic EPS per diluted share for the year ended December 31, 2015 includes the impact of two non-recurring events: a write-off associated with SJI's energy facility at the former Revel property, and costs related to the restructuring of SJI's joint venture Energenic, that reduced Economic EPS by \$0.23 and \$0.02, respectively.

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There is no difference between SJG's GAAP net income and Economic Earnings.

(In thousands)	As of March 31, 2016	2015	As of December 31, 2014
<b>Consolidated balance sheets data:</b>			
Total assets <sup>(1)</sup>	\$ 3,493,984	\$ 3,471,933	\$ 3,339,630
Long-term debt <sup>(1)</sup>	1,075,572	1,026,881	999,605
Total equity	1,093,442	1,037,539	932,432

(1) In April 2015, the FASB issued ASU 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. The standard is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. The adoption of this guidance did not have an impact on the Company's results of operations; however, balance sheet presentations were modified to conform to this guidance. As a result of adopting this guidance, Total Regulatory and Other Noncurrent Assets, Total Assets and Long Term Debt were retroactively recast and reduced by \$9.0 million, \$10.0 million, \$7.8 million, \$8.2 million and \$7.0 million as of December 31, 2015, 2014, 2013, 2012 and 2011 respectively. The amounts above include the impact of this adoption.

(In thousands except for per share data)	Three months ended March 31,		Year ended December 31,		
	2016	2015	2015	2014	2013
<b>Operating income by segment</b>					
Gas utility operations	\$ 75,773	\$ 73,189	\$ 119,585	\$ 113,690	\$ 105,822
Energy group:					
Wholesale energy operations	38,244	330	35,024	9,493	(37,720 )
Retail gas and other operations	(759 )	3,087	(3,218 )	479	278
Retail electric operations	585	(182 )	1,042	(466 )	(98 )
Subtotal energy group	38,070	3,235	32,848	9,506	(37,540 )
Energy services:					
On-site energy production	(89 )	(482 )	2,027	2,560	(2,011 )
Appliance service operations	44	(52 )	468	362	2,995
Subtotal energy services	(45 )	(534 )	2,495	2,922	984
Corporate and services	455	481	1,966	1,485	370
Total operating income	\$ 114,253	\$ 76,371	\$ 156,894	\$ 127,603	\$ 69,636

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### **Risk factors**

Investing in our common stock involves risks, including the risks described below that are specific to our business and our common stock. Before purchasing any shares of our common stock, you should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, including the risk factors incorporated by reference from our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, from our Annual Report on Form 10-K for the year ended December 31, 2015 and from time to time in other filings with the SEC. We encourage you to read these risk factors in their entirety. In addition to these risks, other risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business, operations and financial condition.

### **Risks related to our business**

*Our stated long-term goals are based on various assumptions and beliefs that may not prove to be accurate, and we may not achieve our stated long-term goals by 2020 or at all.*

Our current long-term goals are to (i) grow Economic Earnings to \$150 million by 2020; (ii) improve the quality of our earnings; (iii) strengthen our balance sheet; and (iv) maintain a low-to-moderate risk profile. Management established those goals in conjunction with our board of directors based upon a number of different internal and external factors that characterize and influence our current and expected future activities. For example, these long-term goals are based on certain assumptions regarding our participation in a current project to build a 100-mile natural gas pipeline in Pennsylvania and New Jersey. However, construction on this project has not yet begun, and this project is subject to a number of regulatory approvals, including approval from the Federal Energy Regulatory Commission, which is not expected until the first quarter of fiscal 2017. The target completion date for this project has been delayed until the second half of 2018, and is subject to further delay. As a result, no assurance can be given that this project will be completed on time or at all. Further, the economy of Southern New Jersey has remained depressed relative to other regions, which could cause customer delinquencies or otherwise negatively affect achievement of our long-term earnings goals. Due to a term limit, the upcoming 2017 New Jersey gubernatorial election will result in a change in administration, which could lead to unfavorable local regulatory changes that could delay approvals, require environmental remediation or capital or other expenditures or otherwise adversely affect our results of operations, financial condition or cash flows. Other factors, assumptions and beliefs of management and our board of directors on which our long-term goals were based may also prove to differ materially from actual future results. Accordingly, we may not achieve our stated long-term goals by 2020 or at all, or our stated long-term goals may be negatively revised as a result of less than expected progress toward achieving these goals, and you are therefore cautioned not to place undue reliance on these goals.

### *Our business could be harmed by cybersecurity threats and related disruptions*

We rely extensively on information technology systems to process transactions, transmit and store information and manage our business. Disruption or failure of our information technology systems could shut down our facilities or otherwise harm our ability to safely deliver natural gas to our customers, serve our customers effectively, or manage our assets, or otherwise materially disrupt our business.

Cyber threats are constantly evolving, increasing the difficulty of detecting and successfully defending against them. SJI has experienced such attacks in the past; however, based on information currently available to SJI, none have had a material impact on its business, financial condition, results of operations or cash flows. In response, we have invested in expanded cybersecurity systems and procedures designed to ensure the continuous and uninterrupted performance of our information technology systems and protect against unauthorized access. However, all information technology systems are potentially vulnerable to security threats, including hacking, viruses, other malicious software,

and other unlawful attempts to disrupt or gain access to such systems. There is no guarantee that our cybersecurity systems and procedures will prevent or detect the unauthorized access by experienced computer programmers, hackers or others.

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An attack on or failure of our information technology systems could result in the unauthorized disclosure, theft, misuse or destruction of customer or employee data or business or confidential information, or disrupt the performance of our information technology systems. These events could expose us to potential liability, litigation, governmental inquiries, investigations or regulatory actions, harm our brand and reputation, diminish customer confidence, disrupt operations, and subject us to payment of fines or other penalties, legal claims by our clients and significant remediation costs.

### **Risks related to our common stock**

***Provisions in our governing documents and New Jersey law may delay or prevent an acquisition of us, which could decrease the value of our shares.***

Our Certificate of Incorporation, Bylaws, and New Jersey law contain provisions that may make it difficult for a third party to acquire us without the consent of our Board of Directors. These include provisions allowing our Board of Directors to increase the size of the Board of Directors and appoint new directors to fill the resulting vacancies, as well as provisions prohibiting shareholders from nominating directors or bringing other business before an annual meeting without complying with specific advance notice requirements. In addition, our Certificate of Incorporation restricts mergers, asset dispositions and securities transactions between us and any holder of 5% or more of our outstanding capital stock. New Jersey law also imposes restrictions on mergers and other business combinations between us and any holder of 10% or more of the voting power of our outstanding voting stock. Our Board of Directors has the right to issue preferred stock without shareholder approval, which our Board of Directors could use to effect a rights plan or poison pill that could dilute the stock ownership of a potential hostile acquirer. These provisions may have the effect of delaying, discouraging or preventing an unsolicited acquisition of us, even when a majority of our shareholders might consider such a transaction desirable. See Description of Capital Stock in the accompanying prospectus.

***The market price of our common stock may fluctuate significantly, and shares of our common stock may trade at prices below the price at which you purchased them.***

The market price of our common stock following this offering may fluctuate significantly as a result of many factors, including, but not limited to:

- energy prices or expected energy prices;
- environmental costs, liabilities or initiatives;
  - regulatory changes;
- weather and seasonal fluctuations in demand for natural gas and electricity;
- adverse outcomes from litigation or government, regulatory or internal investigations;
  - changes in financial estimates and recommendations by securities analysts;
- operating and stock price performance of other companies that investors may deem comparable;
  - changes in our credit rating;
  - quarterly or other periodic variations in operating results;
    - sales of stock by insiders;
    - general economic conditions;
  - natural disasters, terrorist attacks and pandemics; and
  - limitations on our ability to repurchase our common stock.

Broad market and industry factors may adversely affect the market price of our common stock, regardless of our actual operating performance. As a result, shares of our common stock may trade at prices significantly below the price at which you purchased them. In addition, security holders



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often institute class action litigation following periods of volatility in the price of a company's securities. If the market value of our common stock experiences adverse fluctuations and we become a party to this type of litigation, regardless of the outcome, we could incur substantial legal costs and our management's attention could be diverted from the operation of our business, causing our business to be adversely affected.

### ***Future sales of our shares of common stock or preference stock could adversely affect the market price of our common stock.***

Future sales of substantial amounts of our common stock in the public market following this offering, whether by us or our existing shareholders, or the perception that such sales could occur, may adversely affect the market price of our common stock, which could decline significantly. Sales by our existing shareholders might also make it more difficult for us to raise equity capital by selling new common stock at a time and price that we deem appropriate. We may also raise capital by issuing preference stock that has dividend, voting, liquidation or other rights and preferences that are senior to our common stock. The preference stock may also be convertible into shares of our common stock, which may dilute the value of our common stock. Our board has the authority to issue preference stock without seeking shareholder approval. See "Description of Capital Stock" in the accompanying prospectus.

### ***The market price of our common stock may be affected by coverage by securities analysts.***

The trading of our common stock is influenced by the reports and research that industry or securities analysts publish about us or our business. If analysts stop covering us, or if too few analysts cover us, the market price of our common stock could decrease. If one or more of the analysts who cover us downgrade our stock, the market price of our common stock also could decrease. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume of our common stock to decline.

### ***We may not be able to continue paying a regular dividend and the failure to do so could adversely affect the market price of our common stock.***

Our ability to continue paying regular dividends is based on many factors, including the success of our operations, the level of demand for natural gas and electricity, energy prices, changes in utility, environmental and other regulations and our liquidity needs, which may vary substantially from our estimates. Many of these factors are beyond our control and a change in any of these factors could affect our ability to pay or maintain payment of dividends. In addition, terms of our revolving credit facility limit our ability to pay dividends to shareholders. Any additional debt we incur may contain similar restrictions, and the resulting increase in our level of indebtedness may limit our ability to pay dividends under our existing revolving credit facility. Our failure to continue paying regular dividends could adversely affect the market price of our common stock.

### ***Non-U.S. holders may be subject to United States federal income tax on gain realized on the sale or disposition of shares of our common stock.***

Because of our overall mix of assets, it is possible that we are or will become a United States real property holding corporation (which we refer to as "USRPHC") for United States federal income tax purposes. If we are or if we become a USRPHC, so long as our common stock is regularly traded on an established securities market, such stock will be treated as a United States real property interest ("USRPI") only with respect to a non-U.S. holder that actually or constructively holds more than five percent of such class of stock at any time during the shorter of the five-year period preceding the date of disposition or the holder's holding period for such stock. No assurance can be given that our common stock will remain regularly traded in the future. If our stock is treated as a USRPI, a non-U.S. holder would be subject to regular United States federal income tax with respect to any gain on such stock in the same manner as a

taxable U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, the purchaser of the stock would be required to withhold and remit to the IRS 15% of the

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purchase price unless an exception applies. A non-U.S. holder also would be required to file a U.S. federal income tax return for any taxable year in which it realizes a gain from the disposition of our common stock that is subject to U.S. federal income tax.

Non-U.S. holders should consult their tax advisors concerning the consequences of disposing of shares of our common stock.

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**Use of proceeds**

We estimate that the net proceeds of this offering to us will be approximately \$ , or \$ if the underwriters exercise their option to purchase additional shares in full, after deducting underwriting discounts and our estimated expenses of the offering.

We intend to use the net proceeds of this offering for capital expenditures primarily for regulated businesses, including infrastructure investments at our utility business. Pending this use of the net proceeds, we expect to use the net proceeds of this offering to repay outstanding indebtedness under our Four-Year Revolving Credit Agreement, dated as of April 29, 2011, among us and the lenders from time to time party thereto, as amended by the First Amendment to Credit Agreement, dated as of February 11, 2013, among us and the several lenders from time to time party thereto (as so amended, our revolving credit facility ). Indebtedness under our revolving credit facility matures February 9, 2018 and bears interest at a weighted average rate of 1.4853% as of May 6, 2016. Certain affiliates of the underwriters are lenders under our revolving credit facility and accordingly will receive a portion of the net proceeds from this offering. See Underwriting (conflicts of interest).

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The following table shows, as of March 31, 2016, our capitalization:

- on an actual basis;
- on an as adjusted basis to reflect the sale of 6,500,000 shares of common stock by us in this offering at a public offering price of \$            per share, but not the application of the proceeds therefrom.

**March 31, 2016****(in thousands, except per share data)**

	<b>Actual</b>	<b>As Adjusted</b>
Long-term debt, including current portion	\$ 1,075,572	\$ 1,075,572
Shareholders' equity:		
Common stock, \$1.25 par value per share; 120,000,000 shares authorized; 71,238,167 shares issued and outstanding, actual; 77,738,167 shares issued and outstanding, as adjusted	89,048	
Premium on common stock	505,601	
Treasury stock (at par)	(262 )	(262 )
Accumulated other comprehensive loss	(24,399 )	(24,399 )
Retained earnings	523,454	523,454
Total equity	1,093,442	
Total capitalization	\$ 2,169,014	\$

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Our common stock is listed on the New York Stock Exchange under the symbol SJI. The following table sets forth on a per share basis the high and low sale prices for our common stock as reported on the New York Stock Exchange during the periods indicated.

On February 26, 2015, the Board of Directors approved an amendment to SJI's Certificate of Incorporation to increase the authorized number of shares of common stock from 60,000,000 shares to 120,000,000 shares. The principal purpose of the increase was to permit a two-for-one split of all the issued shares of SJI's common stock, effected pursuant to a stock dividend of one share of common stock for each outstanding share of common stock, payable May 8, 2015 to shareholders of record at the close of business on April 17, 2015. All historical common stock amounts and per share data in this prospectus supplement have been adjusted to give retroactive effect to the 2-for-1 split of our common stock.

	<b>Share price range</b>	
	<b>High</b>	<b>Low</b>
<b>Fiscal Year Ending December 31, 2016</b>		
First Quarter	\$ 29.14	\$ 22.06
Second Quarter (through May 9, 2016)	\$ 28.92	\$ 26.29
<b>Fiscal Year Ended December 31, 2015</b>		
Fourth Quarter	\$ 27.34	\$ 21.24
Third Quarter	\$ 26.09	\$ 22.91
Second Quarter	\$ 27.66	\$ 24.51
First Quarter	\$ 30.37	\$ 26.02
<b>Fiscal Year Ended December 31, 2014</b>		
Fourth Quarter	\$ 30.62	\$ 26.50
Third Quarter	\$ 30.34	\$ 26.13
Second Quarter	\$ 30.28	\$ 27.21
First Quarter	\$ 29.05	\$ 25.89

On May 9, 2016, the last reported sale price per share of our common stock on the New York Stock Exchange was \$27.60.

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Subject to legally available funds, we intend to pay an annual cash dividend on our common stock each fiscal quarter. Our ability to pay dividends has certain risks and limitations, and we cannot assure you that any dividends will be paid in the anticipated frequency, or at all. Any determination to pay dividends in the future will be dependent upon our results of operations, financial position and liquidity needs, compliance with our revolving credit facility, restrictions imposed by applicable laws and other factors deemed relevant by our Board of Directors. Under the terms of our revolving credit agreement, we may pay dividends so long as no default or event of default under the revolving credit agreement exists or would result therefrom. Our Board of Directors retains the right to change our intention to pay dividends at any time. The declaration and payment of all future dividends, if any, will be at the sole discretion of our Board of Directors.

The following table sets forth the amount of dividends per share declared on our common stock during the periods indicated. All historical amounts and per share data in this prospectus supplement have been adjusted to give retroactive effect to the 2-for-1 split of our common stock.

	<b>Dividend</b>
<b>Fiscal Year Ending December 31, 2016</b>	
First Quarter	\$ 0.26375
Second Quarter	0.26375
<b>Fiscal Year Ended December 31, 2015</b>	
Fourth Quarter	0.26375
Third Quarter	0.25125
Second Quarter	0.25125
First Quarter	0.25125
<b>Fiscal Year Ended December 31, 2014</b>	
Fourth Quarter	0.25125
Third Quarter	0.23625
Second Quarter	0.23625
First Quarter	0.23625

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### **Certain U.S. federal income tax considerations**

The following is a summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of our common stock. This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable regulations, administrative rulings and judicial decisions in effect as of the date of this prospectus supplement, any of which may subsequently be changed, possibly retroactively, or interpreted differently by the Internal Revenue Service (the IRS) so as to result in U.S. federal income tax consequences different from those discussed below. Except where noted, this summary deals only with a share of our common stock held as a capital asset by a beneficial owner. This summary does not address all aspects of U.S. federal income taxes and does not deal with all tax consequences that may be relevant to you in light of your personal circumstances or particular situations, such as:

- tax consequences if you are subject to special tax treatment, including dealers in securities or currencies, financial institutions, regulated investment companies, real estate investment trusts, tax-exempt entities, insurance companies and traders in securities that elect to use a mark-to-market method of tax accounting for their securities;
- tax consequences if you hold shares of our common stock as a part of an integrated, conversion or constructive sale transaction or a straddle;
- tax consequences to U.S. holders (as defined below) of shares of common stock whose functional currency is not the U.S. dollar;
  - tax consequences to investors in pass-through entities;
  - tax consequences to certain former citizens or residents of the United States;
    - tax consequences to foreign trusts;
    - alternative minimum tax consequences, if any;
    - any state, local or foreign tax consequences; and
    - estate or gift tax consequences.

If a partnership holds shares of our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding shares of our common stock, you should consult your tax advisors.

**If you are considering the purchase of our common stock, you should consult your tax advisors concerning the U.S. federal income tax consequences to you in light of your own specific situation, as well as consequences arising under the laws of any other jurisdiction.**

In this discussion, we use the term U.S. holder to refer to a beneficial owner of shares of our common stock that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
  - an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
  - a trust, if (i) it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

We use the term non-U.S. holder to describe a beneficial owner (other than a partnership) of shares of our common stock that is not a U.S. holder.

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### **Consequences to U.S. Holders**

#### *Distributions*

A distribution in respect of shares of our common stock generally will be treated as a dividend to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Subject to certain holding period requirements, dividends that constitute qualified dividend income received by non-corporate U.S. holders generally will be subject to taxation at the lower applicable capital gains rate. If a U.S. holder is a U.S. corporation, it may be eligible to claim the deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations equal to a portion of any dividends received, subject to generally applicable limitations on that deduction.

If the distribution exceeds current and accumulated earnings and profits, the excess will be treated as a nontaxable return of capital reducing the U.S. holder's tax basis in the common stock to the extent of the U.S. holder's tax basis in that stock. Any remaining excess will be treated as capital gain from the sale or exchange of our common stock.

U.S. holders should consult their tax advisors regarding the holding period and other requirements that must be satisfied in order to qualify for the dividends-received deduction and the reduced maximum tax rate for qualified dividend income.

#### *Sale, Exchange or Other Taxable Dispositions of our Common Stock*

Upon a sale, exchange, or other taxable dispositions of our common stock, a U.S. holder generally will recognize capital gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon such taxable disposition and (ii) the U.S. holder's adjusted tax basis in the common stock. A U.S. holder's adjusted tax basis in the common stock will generally equal its cost for the stock, decreased by the amount of any distributions treated as nontaxable return of capital, as described above. Such capital gain or loss will be long-term capital gain or loss if a U.S. holder's holding period in the common stock is more than one year at the time of the taxable disposition. In the case of certain non-corporate U.S. holders (including individuals), long-term capital gain generally will be subject to tax at a reduced rate of taxation. The deductibility of capital losses is subject to limitations.

#### *Medicare Tax*

A U.S. person that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. person's net investment income for the relevant taxable year and (2) the excess of the U.S. person's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000 depending on the individual's circumstances). Net investment income generally includes dividends and net gains from the disposition of our common stock, unless such dividend or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. holder that is an individual, estate or trust should consult its tax advisor regarding the applicability of the Medicare tax to its income and gains in respect of its investment in the common stock.

#### *Information Reporting and Backup Withholding*

When required, we or our paying agent will report to the U.S. holders of our common stock and to the IRS amounts paid on or with respect to the common stock during each calendar year and the amount of tax, if any, withheld from such payments. A U.S. holder will be subject to backup withholding on any dividends paid on our common stock and

proceeds from the sale or other taxable disposition of our common stock at the applicable rate if the U.S. holder fails to provide its correct taxpayer identification number, or certification of exempt status, or if the U.S. holder is notified by the IRS that it has failed to report in full payments of interest and dividend income.

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Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability provided the required information is properly furnished to the IRS by the U.S. holder on a timely basis.

### **Consequences to Non-U.S. Holders**

#### *Distributions*

Any distributions treated as dividends (see *Consequences to U.S. Holders — Distributions* above) paid to a non-U.S. holder with respect to the shares of our common stock will generally be subject to withholding tax at a 30% rate or such lower rate as specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish to us or our paying agent a valid IRS Form W-8BEN or W-8BEN-E (or a suitable successor or substitute form), as applicable, certifying such non-U.S. holder's qualification for the reduced rate. Non-U.S. holders that do not timely provide us or our paying agent with the required certification, but that qualify for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If a non-U.S. holder holds shares of our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on the shares of our common stock are effectively connected with such non-U.S. holder's U.S. trade or business (and if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States), the non-U.S. holder will be exempt from the 30% U.S. federal withholding tax described in the paragraph above. To claim the exemption, the non-U.S. holder must generally furnish to us or our paying agent a properly executed IRS Form W-8ECI (or a suitable successor or substitute form). However, such dividends generally will be subject to U.S. federal income tax on a net income basis at applicable graduated individual or corporation rates. Any such effectively connected dividends received by a foreign corporation may, under certain circumstances, also be subject to an additional branch profits tax at a 30% rate or such lower rate as specified by an applicable income tax treaty. Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Distributions in excess of our current and accumulated earnings and profits and in excess of a non-U.S. holder's tax basis in its shares of our common stock will be treated as described under *—Sale, Exchange or Other Taxable Dispositions of our Common Stock* below.

#### *Sale, Exchange or Other Taxable Dispositions of our Common Stock*

Subject to the discussion below regarding backup withholding and the Foreign Account Tax Compliance Act, any gain realized by a non-U.S. holder upon the sale, exchange, or other taxable disposition of shares of our common stock will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with the conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation within the meaning of the Foreign Investment in Real Property Act ( FIRPTA ) during the shorter of the non-U.S. holder's holding period or the 5-year period ending on the date of disposition of the common stock, as the case may be, and our common stock constitutes a USRPI as a result of such status.

A non-U.S. holder described in the first bullet point above generally will be subject to U.S. federal income tax on the net gain derived from the sale or other taxable disposition on a net income basis at applicable graduated individual or corporation rates. If a non-U.S. holder is eligible for the benefits of a tax treaty between the United States and its country of residence, any such gain will

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be subject to U.S. federal income tax in the manner specified by the treaty. To claim the benefit of a treaty, a non-U.S. holder must properly submit an IRS Form W-8BEN or W-8BEN-E (or a suitable successor or substitute form). A non-U.S. holder that is a foreign corporation and is described in the first bullet point above may also be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for that taxable year, or at a lower rate if so specified by an applicable income tax treaty.

An individual non-U.S. holder described in the second bullet point above will be subject to a flat 30% U.S. federal income tax on the gain derived from the sale, which may be offset by certain U.S. source capital losses (even though such holder is not considered a resident of the United States) provided such non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, because of our overall mix of assets, it is possible that we are a USRPHC currently or we will become a USRPHC in the future. If we are or if we become a USRPHC, so long as our common stock is regularly traded on an established securities market, such stock will be treated as a USRPI only with respect to a non-U.S. holder that actually or constructively holds more than five percent of such class of stock at any time during the shorter of the five-year period preceding the date of disposition or the holder's holding period for such stock. No assurance can be given that our common stock will remain regularly traded in the future. If gain on the sale or other taxable disposition of shares of our common stock were subject to taxation under FIRPTA as a sale of a USRPI, the non-U.S. holder would be subject to regular United States federal income tax with respect to such gain in the same manner as a taxable U.S. holder (subject to any applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). In addition, if the sale or other taxable disposition of shares of our common stock is subject to tax under FIRPTA, the purchaser of the stock would be required to withhold and remit to the IRS 15% of the purchase price unless an exception applies. A non-U.S. holder also will be required to file a U.S. federal income tax return for any taxable year in which it realizes a gain from the disposition of our common stock that is subject to U.S. federal income tax.

Non-U.S. holders should consult their tax advisors concerning the consequences of selling or otherwise disposing of shares of our common stock.

### *Information Reporting and Backup Withholding*

Generally, we must report to the IRS and to non-U.S. holders the amount of dividends and non-dividend distributions paid to the non-U.S. holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such payments and any withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

In general, a non-U.S. holder will not be subject to backup withholding with respect to payments of dividends that we make to the holder if the non-U.S. holder certifies under penalty of perjury that it is not a U.S. person (and we do not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code) by furnishing a valid IRS Form W-8 or otherwise establishing an exemption. A non-U.S. holder will be subject to information reporting and, depending on the circumstances, backup withholding with respect to the proceeds of the sale or other disposition of shares of our common stock within the United States or conducted through certain U.S.-related payors, unless the payor of the proceeds receives a valid IRS Form W-8 (and the payor does not have actual knowledge or reason to know that the holder is a U.S. person, as defined under the Code) or the holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

**Foreign Account Tax Compliance Act**

A 30% withholding tax may be imposed on dividend payments on, or gross proceeds from the sale or disposition of, stock, in each case, paid to a foreign financial institution or to a non-financial

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foreign entity (including in some instances, where the foreign financial institution or non-financial foreign entity is acting as an intermediary for another party), unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it generally must enter into an agreement with the U.S. Treasury or comply with an intergovernmental agreement entered into between its country of residence and the United States (or any local laws issued in connection with such intergovernmental agreement), requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments made to non-compliant foreign financial institutions and certain other account holders.

The withholding provisions described above currently apply to payments of dividends, and, according to current guidance, will apply to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2019. Investors should consult their tax advisors regarding this legislation and the regulations thereunder.

*The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, holding and disposing shares of our common stock, including the applicability and effect of any state, local or foreign tax law, and of any pending or subsequent changes in applicable laws.*

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We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC, Morgan Stanley & Co LLC and Guggenheim Securities, LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement, the number of shares of common stock listed next to its name in the following table:

<b>Name</b>	<b>Number of shares</b>
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Guggenheim Securities, LLC	
Janney Montgomery Scott LLC	
Sidoti & Company, LLC	
USCA Securities LLC	
The Williams Capital Group, L.P.	
Total	6,500,000

The underwriters are committed to purchase all the common shares offered by us if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers at that price less a concession not in excess of \$      per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to \$      per share from the public offering price. After the offering of the shares to the public, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to 975,000 additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus supplement to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is \$      per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	<b>Without option to purchase additional shares exercise</b>	<b>With full option to purchase additional shares exercise</b>
Per Share	\$	\$

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Total

\$

\$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$ .

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A prospectus supplement in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that, for a period of 90 days after the date of this prospectus supplement, we will not (i) 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, directly or indirectly, or file with the Securities and Exchange Commission (the SEC) a registration statement under the Securities Act relating to, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of our common stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Guggenheim Securities, LLC, other than (A) the shares to be sold in this offering, (B) any shares of our common stock granted pursuant to our stock-based compensation plans or (C) any shares of our common stock issued upon the exercise of options granted under our stock-based compensation plans.

Our directors and executive officers have entered into lock-up agreements prior to the commencement of this offering pursuant to which each of these persons, for a period of 90 days after the date of this prospectus supplement, may not, without the prior written consent of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Guggenheim Securities, LLC, (1) 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, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including without limitation, our common stock or such other securities which may be deemed to be beneficially owned by such person in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock or such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of our common stock or such other securities, in cash or otherwise or (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock, in each case other than (A) transfers of shares of our common stock as a bona fide gift or gifts; (B) dispositions to any trust for the direct or indirect benefit of such person and/or a member of the immediate family of such person; (C) the transfer or intestate succession to the legal representative or a member of the immediate family of such person; or (D) transfers pursuant to domestic relations or court orders; provided that in the case of any transfer or distribution pursuant to clause (A), (B), (C) or (D), each transferee, donee or distributee shall execute and deliver to the Representatives a lock-up letter in the form of this paragraph; and provided, further, that in the case of any transfer or distribution pursuant to clause (C), no filing by any party (donor, donee, transferor or transferee) under the Securities Exchange Act of 1934, as amended, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above); and provided, further, that any required filing or announcement (including a filing on Form 4) by such person or us relating to a sale pursuant to clause (A), (B) or (D) shall briefly note the applicable circumstances that cause such clause to apply and explain that the filing or announcement relates solely to transfers falling within the category described in the relevant clause (including, in the case of a Form 4 filing,

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indicating the appropriate transaction code(s) required by General Instruction 8 to Form 4). For purposes of this paragraph in respect of a director or executive offering, “immediate family” shall mean such person and any relationship by blood, marriage or adoption, not remote than first cousin.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Our common stock is listed on the New York Stock Exchange under the symbol SJI .

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be covered shorts, which are short positions in an amount not greater than the underwriters' option to purchase additional shares referred to above, or may be naked shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

### **Conflicts of Interest**

The proceeds of this offering will initially be used to repay our revolving credit facility. An affiliate of J.P. Morgan Securities LLC is a lender under our revolving credit facility. Accordingly, an affiliate of J.P. Morgan Securities LLC will receive a portion of the net proceeds of this offering, and as a result, J.P. Morgan Securities LLC is deemed to have a conflict of interest under Rule 5121 ( Rule 5121 ) of the Financial Industry Regulatory Authority, Inc. ( FINRA )

rules. Accordingly, this

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offering is being made in compliance with the requirements of FINRA Rule 5121. In accordance with Rule 5121, J.P. Morgan Securities LLC will not make sales to discretionary accounts without the prior written consent of the customer. The appointment of a qualified independent underwriter is not required in connection with this offering as a bona fide public market, as defined in Rule 5121, exists for our common stock.

### **Selling Restrictions**

#### *General*

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The securities offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus supplement. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus supplement in any jurisdiction in which such an offer or a solicitation is unlawful.

#### *Canada*

The shares of common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

#### *European Economic Area*

In relation to each Member State of the European Economic Area (each, a Relevant Member State), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the

Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus supplement has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC as amended and includes any relevant implementing measure in the Relevant Member State.

### *United Kingdom*

This document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

### *Switzerland*

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ( SIX ) or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under

art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

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Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ( CISA ). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

*Dubai International Financial Centre ( DIFC )*

This prospectus supplement relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ( DFSA ). This prospectus supplement is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

In relation to its use in the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

*Japan*

The shares have not been and will not be registered under the Financial Instruments and Exchange Act. Accordingly, the shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

*Hong Kong*

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

*Singapore*

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an

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invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (b) where no consideration is or will be given for the transfer;
  - (c) where the transfer is by operation of law;
  - (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

*Australia*

This prospectus supplement:

- does not constitute a disclosure document under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the Corporations Act);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (ASIC), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

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### **Validity of the common stock**

Certain legal matters in connection with this offering will be passed upon for us by Gibson Dunn & Crutcher LLP, New York, New York. Certain legal matters relating to New Jersey law, including the validity of the common stock, will be passed upon for us by Gina Merritt-Epps, our General Counsel. Ms. Merritt-Epps is employed by the Company, participates in various employee benefit plans of the Company under which she may receive shares of common stock of the Company and currently beneficially owns less than one percent of the outstanding shares of common stock of the Company. Davis Polk & Wardwell LLP, New York, New York, will pass upon certain matters for the underwriters.

### **Experts**

The consolidated financial statements, and related financial statement schedules, incorporated in this prospectus supplement by reference from the Company's Annual Report on Form 10-K and the effectiveness of the Company's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

### **Where you can find more information**

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding South Jersey Industries, Inc. and other issuers that file electronically with the SEC electronically. Copies of our periodic and current reports and proxy statements also may be obtained, free of charge, on the Investors' section of our website at <http://www.sjindustriesinc.com>. This reference to our Internet address is for informational purposes only and shall not, under any circumstances, be deemed to incorporate the information available at or through such Internet address into this prospectus supplement.



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**Incorporation by reference**

The SEC allows us to incorporate by reference information into this prospectus supplement, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below. Information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 10-K for the year ended December 31, 2015 (including the portions of our proxy statement for our 2016 annual meeting of shareholders incorporated by reference therein), filed with the SEC on February 29, 2016;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 6, 2016;
- our Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 16, 2016, March 11, 2016, May 3, 2016 and May 10, 2016;
- the description of our common stock contained in our Registration Statement on Form 8-B (File No. 1-3990); and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and before the termination of the offering of the securities made under this prospectus supplement; *provided, however*, that we are not incorporating by reference any documents or information, including
- parts of documents that we file with the SEC, that are deemed to be furnished and not filed with the SEC. Unless specifically stated to the contrary, none of the information we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus supplement.

We will provide, without charge, to each person to whom a copy of this prospectus has been delivered, including any beneficial owner, a copy of any and all of the documents referred to herein that are summarized in and incorporated by reference into this prospectus, if such person makes a written or oral request directed to:

South Jersey Industries, Inc.  
Attention: Corporate Secretary  
1 South Jersey Plaza  
Folsom, New Jersey 08037  
(609) 561-9000

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We may from time to time offer to sell our senior or subordinated debt securities, common stock or preference stock, either separately or represented by warrants, depositary shares or purchase contracts, as well as units that include any of these securities or securities of other entities. The senior or subordinated debt securities may consist of debentures, notes or other types of debt. Our common stock is listed on the New York Stock Exchange and trades under the ticker symbol SJI. Each prospectus supplement will indicate if the securities offered thereby will be listed on any securities exchange. The senior or subordinated debt securities, preference stock, warrants and purchase contracts may be convertible or exercisable or exchangeable for common or preference stock or other securities of ours or debt or equity securities of one or more other entities.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. These securities also may be resold by security holders. We will provide specific terms of any securities to be offered in supplements to this prospectus. Any prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our principal executive offices are located at 1 South Jersey Plaza, Folsom, New Jersey 08037. Our telephone number is (609) 561-9000.

**Investing in our securities involves certain risks. See the Risk Factors section of our filings with the Securities and Exchange Commission and the applicable prospectus supplement. Also see Risk Factors on page 5.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**The date of this prospectus is May 10, 2016**

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**We have not authorized anyone to provide you with information that is different from what is contained or incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus or a prospectus supplement is accurate as of any date other than the date on the front of the document.**

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### **ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the SEC), utilizing a shelf registration process. By using a shelf registration statement, we may sell, at any time and from time to time in one or more offerings, any combination of the securities described in this prospectus.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may include a discussion of any risk factors or other special considerations applicable to that offering. The prospectus supplement also may add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information**.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The exhibits to the registration statement contain the full text of certain contracts and other important documents summarized in this prospectus. You should review the full text of these documents because the summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer. The registration statement, including the exhibits, can be read at the SEC's website or at the SEC's offices as indicated under the heading **Where You Can Find More Information**.

Unless we otherwise specify or the context otherwise requires, references in this prospectus to SJI, the Company, the registrant, we, us, and our refer to South Jersey Industries, Inc. and its consolidated subsidiaries.

### **WHERE YOU CAN FIND MORE INFORMATION**

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding South Jersey Industries, Inc. and other issuers that file electronically with the SEC electronically. Copies of our periodic and current reports and proxy statements also may be obtained, free of charge, on the Investors' section of our website at <http://www.sjindustriesinc.com>. This reference to our Internet address is for informational purposes only and shall not, under any circumstances, be deemed to incorporate the information available at or through such Internet address into this prospectus.

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**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below. Information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

- our Annual Report on Form 10-K for the year ended December 31, 2015 (including the portions of our proxy statement for our 2016 annual meeting of shareholders incorporated by reference therein), filed with the SEC on February 29, 2016;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 6, 2016;
- our Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 16, 2016, March 11, 2016, May 3, 2016 and May 10, 2016;
- the description of our common stock contained in our Registration Statement on Form 8-B (File No. 1-3990); and  
future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before the termination of the offering of the securities made under this prospectus; *provided, however*, that we are not incorporating by reference any documents or information, including parts
- of documents that we file with the SEC, that are deemed to be furnished and not filed with the SEC. Unless specifically stated to the contrary, none of the information we disclose under Items 2.02 or 7.01 of any Current Report on Form 8-K that we may from time to time furnish to the SEC will be incorporated by reference into, or otherwise included in, this prospectus.

We will provide, without charge, to each person to whom a copy of this prospectus has been delivered, including any beneficial owner, a copy of any and all of the documents referred to herein that are summarized in and incorporated by reference into this prospectus, if such person makes a written or oral request directed to:

South Jersey Industries, Inc.  
Attention: Corporate Secretary  
1 South Jersey Plaza  
Folsom, New Jersey 08037  
(609) 561-9000

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus, including information incorporated by reference, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position, are forward-looking. We use words such as anticipate, believe, expect, estimate, forecast, goal, intend, objective, plan, project, seek, strategy, target, will a identify forward-looking statements. These forward-looking statements are based on the beliefs and assumptions of our management at the time that these statements were made and are inherently uncertain. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic conditions on an international, national, state and local level; weather conditions in our marketing areas; changes in commodity costs; the timing of new projects coming on-line; changes in the availability of natural gas; non-routine or extraordinary disruptions in our distribution system; regulatory, legislative and court decisions; competition; the availability and cost of capital; costs and effects of legal proceedings and environmental liabilities; the failure of customers, suppliers or business partners to fulfill their contractual obligations; and changes in business strategies.

These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ materially from those expressed in the forward-looking statements, are described in greater detail under the heading Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other SEC filings incorporated by reference into this prospectus. No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. See Where You Can Find More Information.

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**ABOUT THE REGISTRANT**

South Jersey Industries, Inc., a New Jersey corporation, was formed in 1969 for the purpose of owning and holding all of the outstanding common stock of South Jersey Gas Company, a public utility, and acquiring and developing non-utility lines of business.

SJI currently provides a variety of energy-related products and services, primarily through the following subsidiaries:

- South Jersey Gas Company is a regulated natural gas utility and distributes natural gas in the seven southernmost counties of New Jersey.
- South Jersey Energy Company acquires and markets natural gas and electricity to retail end users and provides total energy management services to commercial and industrial customers.
- South Jersey Resources Group, LLC markets natural gas storage, commodity and transportation assets along with fuel management services on a wholesale basis in the mid-Atlantic, Appalachian and southern states.
- South Jersey Exploration, LLC owns oil, gas and mineral rights in the Marcellus Shale region of Pennsylvania.
- Marina Energy LLC develops and operates on-site energy-related projects, a natural gas fueled combined heating, cooling and power facility, landfill gas-fired electric production facilities and solar-generation sites.
- South Jersey Energy Service Plus, LLC services residential and small commercial HVAC systems, installs small commercial HVAC systems, provides plumbing services and services appliances under warranty via a subcontractor arrangement as well as on a time and materials basis.
- SJI Midstream, LLC was formed in 2014 to invest in infrastructure and other midstream projects, including a current project to build a 100-mile natural gas pipeline in Pennsylvania and New Jersey.

Our general mailing address is 1 South Jersey Plaza, Folsom, NJ 08037, and our telephone number is (609) 561-9000.

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**RISK FACTORS**

Investing in our securities involves risk. Before you decide whether to purchase any of our securities, in addition to the other information, documents or reports included in or incorporated by reference into this prospectus and any accompanying prospectus supplement or other offering materials, you should carefully consider the risk factors in the section entitled "Risk Factors" in any prospectus supplement as well as our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are incorporated by reference into this prospectus and any prospectus supplement in their entirety, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act. For more information, see "Where You Can Find More Information." These risks could materially and adversely affect our business, results of operations and financial condition and could result in a partial or complete loss of your investment.



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**USE OF PROCEEDS**

Unless otherwise stated in the applicable prospectus supplement, we will use the proceeds of any offering for general corporate purposes, which may include investments, working capital, investments in our subsidiaries and capital expenditures. Net proceeds may be temporarily invested prior to use.

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TABLE OF CONTENTS**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated. This information should be read in conjunction with the consolidated financial statements and the accompanying notes incorporated by reference into this prospectus and any prospectus supplement. See [Where You Can Find More Information](#) and [Incorporation By Reference](#).

	<b>Three Months Ended March 31, 2016</b>	<b>Year Ended December 31,</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	
Ratio of earnings to fixed charges	10.7x	4.5x	4.0x	2.9x	5.0x	5.4x

The ratio of earnings to fixed charges is computed by dividing (i) the difference between (x) the sum of (a) pre-tax income from continuing operations before adjustment for income or loss from equity investees; (b) fixed charges; (c) amortization of capitalized interest; and (d) our share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed charges and (y) the sum of (a) interest capitalized; (b) preference security dividend requirements of consolidated subsidiaries; and (c) the noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges by (ii) fixed charges.

The term [fixed charges](#) means the sum of (a) interest expensed and capitalized; and (b) amortized premiums, discounts and capitalized expenses related to indebtedness.

We currently do not have any preference stock outstanding, but if we offer preference stock under this prospectus, then we will, if required at that time, provide a ratio of combined fixed charges and preference dividends to earnings in the applicable prospectus supplement for such offering.

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### **DESCRIPTION OF DEBT SECURITIES**

The following is a general description of the debt securities that we may offer from time to time. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions described below may apply to those securities will be described in the applicable prospectus supplement. We also may sell hybrid securities that combine certain features of debt securities and other securities described in this prospectus. As you read this section, please remember that the specific terms of a debt security as described in the applicable prospectus supplement will supplement and may modify or replace the general terms described in this section. If there are any differences between the applicable prospectus supplement and this prospectus, the applicable prospectus supplement will control. As a result, the statements we make in this section may not apply to the debt security you purchase.

South Jersey Industries, Inc. will be the issuer of any debt securities we may offer and references to we, our, or us in this description do not, unless the context otherwise indicates, include any of its subsidiaries. Capitalized terms used but not defined in this section have the respective meanings set forth in the applicable indenture.

#### **General**

The debt securities that we may offer will be either senior debt securities or subordinated debt securities. Any senior debt securities will be issued under an indenture, which we refer to as the senior indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. Any subordinated debt securities will be issued under a different indenture, which we refer to as the subordinated indenture, to be entered into between us and the trustee named in the applicable prospectus supplement. We refer to both the senior indenture and the subordinated indenture as the indentures, and to each of the trustees under the indentures as a trustee. The terms of each series of debt securities will be set forth in a resolution of the board of directors of the Company, an officers' certificate or by a supplemental indenture. You should read the indentures, including any amendments or supplements or any officers' certificate setting forth the terms of any series of notes, carefully to fully understand the terms of the debt securities. The forms of the indentures have been filed as exhibits to the registration statement of which this prospectus is a part. The indentures are subject to, and are governed by, the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

Any senior debt securities that we may issue will be our unsubordinated obligations. They will rank equally with each other and all of our other unsubordinated debt, unless otherwise indicated in the applicable prospectus supplement. Any subordinated debt securities that we may issue will be subordinated in right of payment to the prior payment in full of our senior debt. See Subordination of Subordinated Debt Securities. The subordinated debt securities will rank equally with each other, unless otherwise indicated in the applicable prospectus supplement. We will indicate in each applicable prospectus supplement, as of the most recent practicable date, the aggregate amount of our outstanding debt that would rank senior to the subordinated debt securities.

The indentures do not limit the amount of debt securities that can be issued thereunder and provide that debt securities of any series may be issued thereunder up to the aggregate principal amount that we may authorize from time to time. Unless otherwise provided in the applicable prospectus supplement, the indentures do not limit the amount of other indebtedness or securities that we may issue. We may issue debt securities of the same series at more than one time and, unless prohibited by the terms of the series, we may reopen a series for issuances of additional debt securities without the consent of the holders of the outstanding debt securities of that series. All debt securities issued as a series, including those issued pursuant to any reopening of a series, will vote together as a single class.

Reference is made to the prospectus supplement for the following and other possible terms of each series of the debt securities with respect to which this prospectus is being delivered:

- the title of the debt securities;
- any limit upon the aggregate principal amount of the debt securities of the series that may be authenticated and delivered under the applicable indenture, except for debt securities authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, other debt securities of that series;
- the date or dates on which the principal and premium, if any, of the debt securities of the series is payable;

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- the rate or rates, which may be fixed or variable, at which the debt securities of the series shall bear interest or the manner of calculation of such rate or rates, if any, including any procedures to vary or reset such rate or rates, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the place or places where the principal of, and premium, if any, and interest on, the debt securities of the series shall be payable, where the debt securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon us with respect to the debt securities of such series and the applicable indenture may be served, and the method of such payment, if by wire transfer, mail or other means if other than as set forth in the applicable indenture;
- the date or dates from which such interest shall accrue, the dates on which such interest will be payable or the manner of determination of such dates, and the record date for the determination of holders to whom interest is payable on any such dates;
- any trustees, authenticating agents or paying agents with respect to such series, if different from those set forth in the applicable indenture;
- the right, if any, to extend the interest payment periods or defer the payment of interest and the duration of such extension or deferral;
- the period or periods within which, the price or prices at which and the terms and conditions upon which, debt securities of the series may be redeemed, in whole or in part, at our option;
- our obligation, if any, to redeem, purchase or repay debt securities of the series pursuant to any sinking fund or analogous provisions, including payments made in cash in anticipation of future sinking fund obligations, or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, debt securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;
- the form of the debt securities of the series including the form of the trustee's certificate of authentication for such series;
- if other than denominations of \$2,000 or integral multiples of \$1,000 in excess thereof, the denominations in which the debt securities of the series shall be issuable;
- the currency or currencies in which payment of the principal of, premium, if any, and interest on, debt securities of the series shall be payable;
- if the principal amount payable at the stated maturity of debt securities of the series will not be determinable as of any one or more dates prior to such stated maturity, the amount which will be deemed to be such principal amount as of any such date for any purpose, including the portion of the principal amount thereof that will be due and payable upon declaration of acceleration of the maturity thereof or upon any maturity other than the stated maturity or that will be deemed to be outstanding as of any such date, or, in any such case, the manner in which such deemed principal amount is to be determined;
- the terms of any repurchase or remarketing rights;
- if the debt securities of the series shall be issued in whole or in part in the form of a global security or securities, the type of global security to be issued; the terms and conditions, if different from those contained in the applicable indenture, upon which such global security or securities may be exchanged in whole or in part for other individual securities in definitive registered form; the depository for such global security or securities; and the form of any legend or legends to be borne by any such global security or securities in addition to or in lieu of the legends referred to in the indenture;
- whether the debt securities of the series will be convertible into or exchangeable for other securities, and, if so, the terms and conditions upon which such debt securities will be so convertible or exchangeable, including the initial conversion or exchange price or rate or the method of calculation, how and when the conversion price or exchange ratio may be adjusted, whether conversion or exchange is mandatory, at the option of the holder or at our option, the conversion or exchange period, and any other provision in addition to or in lieu of those described herein;



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- any additional restrictive covenants or events of default that will apply to the debt securities of the series, or any changes to the restrictive covenants set forth in the applicable indenture that will apply to the debt securities of the series, which may consist of establishing different terms or provisions from those set forth in the applicable indenture or eliminating any such restrictive covenant or event of default with respect to the debt securities of the series;
- any provisions granting special rights to holders when a specified event occurs;
  - if the amount of principal or any premium or interest on debt securities of a series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts will be determined;
  - any special tax implications of the debt securities, including provisions for original issue discount securities, if offered;
  - whether and upon what terms debt securities of a series may be defeased if different from the provisions set forth in the applicable indenture;
  - with regard to the debt securities of any series that do not bear interest, the dates for certain required reports to the trustee;
  - whether the debt securities of the series will be issued as unrestricted securities or restricted securities, and, if issued as restricted securities, the rule or regulation promulgated under the Securities Act of 1933, as amended (the Securities Act ) in reliance on which they will be sold;
  - any guarantees on the debt securities;
  - the provisions, if any, relating to any security provided for the debt securities of the series;
  - any depositaries, interest rate calculation agents, exchange rate calculation agents or other agents with respect to debt securities of such series if other than those appointed in the applicable indenture;
  - if the debt securities are subordinated debt securities, the subordination terms of the debt securities; and any and all additional, eliminated or changed terms that shall apply to the debt securities of the series, including any terms that may be required by or advisable under United States laws or regulations, including the Securities Act and the rules and regulations promulgated thereunder, or advisable in connection with the marketing of debt securities of that series.

We will comply with Section 14(e) under the Exchange Act, to the extent applicable, and any other tender offer rules under the Exchange Act that may then be applicable, in connection with any obligation to purchase debt securities at the option of the holders thereof. Any such obligation applicable to a series of debt securities will be described in the prospectus supplement relating thereto.

The statements made hereunder relating to the indentures and any debt securities that we may issue are summaries of certain provisions thereof and are qualified in their entirety by reference to all provisions of the indentures and the debt securities and the descriptions thereof, if different, in the applicable prospectus supplement.

### **Subordination of Subordinated Debt Securities**

We will set forth in the applicable prospectus supplement the terms and conditions, if any, upon which any series of subordinated debt securities is subordinated to debt securities of another series or to our other indebtedness. The terms will include a description of:

- the indebtedness ranking senior to the debt securities being offered;
- the restrictions, if any, on payments to the holders of the debt securities being offered while a default with respect to the senior indebtedness is continuing; and
- the provisions requiring holders of the debt securities being offered to remit some payments to the holders of senior indebtedness.

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### **Redemption**

If specified in the applicable prospectus supplement, we may redeem the debt securities of any series, as a whole or in part, at our option on and after the dates and in accordance with the terms established for such series, if any, in the applicable prospectus supplement. If we redeem the debt securities of any series, we also must pay accrued and unpaid interest, if any, to the date of redemption on such debt securities.

### **Selection and Notice**

If less than all of the debt securities of a series are to be redeemed at any time, the trustee will select the debt securities of such series for redemption by lot, based on the applicable procedures of The Depository Trust Company ( DTC ).

No debt securities in principal amount of \$2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail (in case of notes held in book entry form, by electronic transmission) at least 30 but not more than 60 days before the redemption date to each holder of debt securities of such series to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the debt securities of such series or a satisfaction and discharge of the indenture.

If any debt security is to be redeemed in part only, the notice of redemption that relates to that debt security will state the portion of the principal amount of that debt security that is to be redeemed. For debt securities issued in certificated form, a new certificate in principal amount equal to the unredeemed portion of the original debt security will be issued in the name of the holder of the original debt security upon cancellation of the original debt security. Debt securities called for redemption become due on the date fixed for redemption. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the debt securities or portions of the debt securities called for redemption.

The trustee will not be liable for selections made by it as contemplated in this section. For any debt securities which are represented by global securities held on behalf of DTC, the Euroclear System ( Euroclear ) or Clearstream Banking S.A. ( Clearstream ), notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing.

Whether or not required by the rules and regulations of the SEC, so long as any debt securities are outstanding, we shall file with the trustee, within the time periods specified by the SEC's rules and regulations, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) that we would be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act. We shall be deemed to have complied with the previous sentence to the extent that such information, documents and reports are filed with the SEC via EDGAR, or any successor electronic delivery procedure. Delivery of such reports, information and documents to the trustee is for informational purposes only, and the trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including our compliance with any covenants under the indenture (as to which the trustee is entitled to rely exclusively on officers' certificates).

### **Events of Default**

The following will be Events of Default with respect to debt securities of a particular series, except to the extent provided in the supplemental indenture, officers' certificate or resolution of our board of directors pursuant to which a series of debt securities is issued:



- failure to pay any interest on any of the debt securities of such series within 30 days after such interest becomes due and payable;
- failure to pay principal of (or premium, if any, on) any of the debt securities of such series at maturity, or if applicable, the redemption price, when the same becomes due and payable by the terms of the debt securities of such series;
- failure to pay any sinking fund installment as and when the same shall become due and payable by the terms of the debt securities of such series, and continuance of such default for a period of 30 days;

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- failure to comply with any of the covenants or agreements in any of the debt securities of such series or the indenture (other than an agreement or covenant that we included in the indenture solely for the benefit of another series of debt securities) for 90 days after there has been given, by registered or certified mail, to us by the trustee or to us by the holders of at least 25% in principal amount of all outstanding debt securities of a series affected by that failure, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a notice of default under the indenture;
- certain events involving our bankruptcy, insolvency or reorganization; and
- any other Event of Default provided in the supplemental indenture, officers' certificate or resolution of our board of directors under which such series of debt securities is issued or in the form of security for such series.

A default under one series of debt securities issued under the indenture will not necessarily be a default under another series of debt securities under the indenture. The trustee may withhold notice to the holders of a series of debt securities issued under such indenture of any default or event of default (except in any payment on the debt securities of such series) if the trustee considers it in the interest of the holders of the debt securities of that series to do so.

If an event of default for a series of debt securities occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the debt securities of that series may require us to pay immediately the principal amount plus accrued and unpaid interest on all the debt securities of that series. If an event of default relating to certain events of bankruptcy, insolvency or reorganization occurs with respect to us, the principal amount plus accrued and unpaid interest on the debt securities of that series will become immediately due and payable without any action on the part of the trustee or any holder. The holders of a majority in principal amount of the debt securities of such series then outstanding may in some cases rescind this accelerated payment requirement.

A holder of debt securities of any series may pursue any remedy under the indenture applicable to the debt securities of that series only if:

- the holder gives the trustee written notice of a continuing event of default;
- the holders of at least 25% in principal amount of the debt securities of such series then outstanding make a written request to the trustee to pursue the remedy;
- the holder furnishes to the trustee indemnity reasonably satisfactory to the trustee against loss, liability or expense;
- the trustee fails to act for a period of 60 days after receipt of notice and furnishing of indemnity; and
- during that 60-day period, the holders of a majority in principal amount of the debt securities of that series do not give the trustee a direction inconsistent with the request.

This provision does not, however, affect the right of any holder to sue for enforcement of any overdue payment with respect to the debt securities of such series. In most cases, holders of a majority in principal amount of the debt securities of any series then outstanding may direct the time, method and place of:

- conducting any proceeding for any remedy available to the trustee with respect to the debt securities of such series; and
- exercising any trust or power conferred on the trustee not relating to or arising under an event of default with respect to the debt securities of such series.

The indenture will require us to file with the trustee each year a written statement as to our compliance with the covenants contained in the indenture, and we are required upon becoming aware of any default or Event of Default, to deliver to the trustee a written statement specifying such default or Event of Default.

## **Covenants**

Unless we indicate otherwise in the applicable prospectus supplement, the debt securities will not contain any covenants or other provisions designed to protect holders of the debt securities in the event of a highly leveraged transaction.

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### ***Consolidation, Merger or Sale***

We will covenant not to consolidate with or merge into any other person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of our and our subsidiaries, taken as a whole, assets to any person unless either we are the surviving corporation or the resulting, surviving or transferee entity is a corporation organized under the laws of the United States or, if such person is not a corporation, a co-obligor of the notes is a corporation organized under any such laws, and any successor or purchaser expressly assumes our obligations under the debt securities by an indenture supplemental to the indenture, and immediately after which, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, shall have occurred and be continuing. An officers' certificate and an opinion of counsel will be delivered to the trustee, which will serve as conclusive evidence of compliance with these provisions.

### **Modification and Waiver**

Except as provided in the next two succeeding paragraphs, the indenture or the debt securities of any series may be amended or supplemented, and waivers may be obtained, with the consent of the holders of at least a majority in aggregate principal amount of the debt securities of the applicable series at the time outstanding (including, without limitation, additional debt securities of such series, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, debt securities of such series), and any existing default or Event of Default (other than a default or Event of Default in the payment of the principal of, premium on, if any, or interest on, debt securities of such series, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of such indenture or the applicable debt securities may be waived with the consent of the holders of at least a majority in aggregate principal amount of the debt securities of the applicable series at the time outstanding (including, without limitation, additional debt securities of such series, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series). Without the consent of each holder of outstanding debt securities affected thereby, an amendment, supplement or waiver may not (with respect to any debt securities held by a non-consenting holder):

- reduce the percentage in principal amount of debt securities, the consent of whose holders is required for any amendment, supplement or waiver;
- reduce the rate of or change the time for payment of interest on the debt securities;
- reduce the principal or change the stated maturity of any debt securities of any series;
- reduce any premium payable on the redemption of any debt security, change the time at which any debt security may or must be redeemed or alter or waive any of the provisions with respect to the redemption of such debt securities;
- make payments on any debt security payable in currency other than as originally stated in such debt security;
- impair the holder's right to institute suit for the enforcement of any payment on any debt security; or
- waive a continuing default or event of default regarding any payment on the debt securities.

Notwithstanding the preceding, without the consent of any holder of debt securities, we and the trustee may amend or supplement the indenture or the applicable debt securities in certain circumstances, including:

- to cure any ambiguity, omission, defect or inconsistency;
- to provide for the assumption of our obligations under the indenture by a successor or transferee upon any merger, consolidation or asset transfer;
- to provide for uncertificated debt securities in addition to or in place of certificated debt securities;
- to provide any security for or guarantees of the debt securities or for the addition of an additional obligor on the debt securities;
-

to comply with any requirement to effect or maintain the qualification of the indenture under the Trust Indenture Act, if applicable;

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- to add covenants that would benefit the holders of any outstanding series of debt securities or to surrender any of our rights under the indenture;
- to add additional Events of Default with respect to any series of debt securities;
- to change or eliminate any of the provisions of the indenture; provided that any such change or elimination shall not become effective with respect to any outstanding debt security of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision;
- to provide for the issuance of and establish forms and terms and conditions of a new series of debt securities; to facilitate the defeasance and discharge of any series of debt securities otherwise in accordance with the
- defeasance provisions of the indenture; provided that any such action does not adversely affect the rights of any holder of outstanding debt securities of such series in any material respect;
- to issue additional debt securities of any series; provided that such additional debt securities have the same
- terms as, and be deemed part of the same series as, the applicable series of debt securities to the extent required under the indenture;
- to make any change that does not adversely affect the rights of any holder of outstanding debt securities in any material respect; or
- to evidence and provide for the acceptance of appointment by a successor trustee with respect to the debt securities of one or more series and to add to or change any of the provisions of the indenture as shall be necessary to provide for or facilitate the administration of the trust by more than one trustee.

The holders of not less than a majority in principal amount of the debt securities of each series then outstanding may on behalf of the holders of all of the debt securities of such series waive any past default with respect to those debt securities, except a default in the payment of the principal of or interest on any debt security of such series (provided, that the holders of a majority in principal amount of the debt securities of each series then outstanding may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration).

A supplemental indenture that changes or eliminates any covenant, Event of Default or other provision of the indenture that has been expressly included solely for the benefit of one or more particular series of securities, if any, or which modifies the rights of the holders of securities of such series with respect to such covenant, Event of Default or other provision, shall be deemed not to affect the rights under the indenture of the holders of securities of any other series that does not have the benefit of such covenant, Event of Default or other provision. It will not be necessary for the consent of the holders to approve the particular form of any proposed supplement, amendment or waiver, but it shall be sufficient if such consent approves the substance of it.

### **Information Concerning the Trustee**

If an Event of Default occurs and is continuing, the trustee will be required to use the degree of care and skill of a prudent person in the conduct of his or her own affairs. The trustee will become obligated to exercise any of its powers under the indenture at the request of any of the holders of any debt securities issued under the indenture only after those holders have furnished the trustee indemnity reasonably satisfactory to it.

If the trustee becomes a creditor of ours, it will be subject to limitations in the indenture on its rights to obtain payment of claims or to realize on certain property received for any such claim, as security or otherwise. The trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate such conflict, resign or obtain an order from the SEC permitting it to remain as trustee.

### **Paying Agent, Registrar and Transfer Agent**

We will maintain one or more paying agents (each, a *Paying Agent* ) for any debt securities we issue. We, upon written notice to the trustee accompanied by an officers' certificate, may appoint one or more *Paying Agents*, other than the trustee, for all or any series of such debt securities. If we fail to appoint or maintain another entity as *Paying Agent*,

the trustee shall act as such. We or any of our subsidiaries, upon notice to the trustee, may act as Paying Agent.

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We will also maintain one or more registrars (each, a Registrar ). We, upon written notice to the trustee accompanied by an officers certificate, may appoint one or more registrars, other than the trustee, for all or any series of debt securities. If we fail to appoint or maintain another entity as registrar, the trustee shall act as such. We or any of our subsidiaries, upon notice to the trustee, may act as registrar.

We will also maintain one or more transfer agents. Each transfer agent shall perform the functions of a transfer agent. We, upon written notice to the trustee accompanied by an officers certificate, may appoint one or more transfer agents, other than the trustee, for all or any series of debt securities. If we fail to appoint or maintain another entity as transfer agent, the trustee shall act as such. We or any of our subsidiaries, upon notice to the trustee, may act as transfer agent.

The Registrar will maintain a register reflecting ownership of debt securities outstanding from time to time, and the Paying Agents will make payments on and facilitate transfer of debt securities on our behalf. We may change any Paying Agents, Registrars or transfer agents without prior notice to the holders of debt securities.

### **Governing Law**

The indenture and any debt securities issued thereunder shall be deemed to be a contract made under the internal laws of the State of New York, and for all purposes shall be construed in accordance with the laws of the State of New York without regard to conflicts of laws principles that would require the application of any other law. The indenture is subject to the provisions of the Trust Indenture Act that are required to be part of the indenture and shall, to the extent applicable, be governed by such provisions.

### **Satisfaction and Discharge of Indenture**

The indenture shall cease to be of further effect with respect to a series of debt securities when either:

- we have delivered to the trustee for cancellation all outstanding securities of such series, other than any securities that have been destroyed, lost or stolen and that have been replaced or paid as provided in the indenture;
- all outstanding securities of such series that have not been delivered to the trustee for cancellation have become due and payable or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption, and we shall have irrevocably deposited with the trustee as trust funds the entire amount, in cash in U.S. dollars or noncallable U.S. governmental obligations, or a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay at maturity or upon redemption all securities of such series, including principal of and any premium and interest due or to become due to such date of maturity or date fixed for redemption, as the case may be; or
- we have properly fulfilled any other means of satisfaction and discharge that may be set forth in the terms of the securities of such series.

In each case, we will also pay all other sums payable by us under the indenture with respect to the securities of such series and deliver to the trustee an opinion of counsel and an officers certificate, each stating that all conditions precedent to satisfaction and discharge with respect to the securities of such series have been complied with.

### **Defeasance**

The term defeasance means the discharge of some or all of our obligations under the indenture. If we deposit with the trustee funds or U.S. government securities, or a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent accountants, to make payments on any series of debt securities on the dates those payments are due and payable, then, at our option, either of the following will occur:



- we will be discharged from our obligations with respect to the debt securities of such series ( legal defeasance ); or
- we will no longer have any obligation to comply with the restrictive covenants under the indenture, and the related events of default will no longer apply to us ( covenant defeasance ).

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If we defease any series of debt securities, the holders of the defeased debt securities of such series will not be entitled to the benefits of the indenture under which such series was issued, except for our obligation to register the transfer or exchange of the debt securities of such series, replace stolen, lost or mutilated debt securities or maintain paying agencies and hold moneys for payment in trust. In the case of covenant defeasance, our obligation to pay principal, premium and interest on the debt securities of such series will also survive. We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the debt securities of such series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect.

### **Book-Entry, Delivery and Form**

The debt securities of a series may be issued in whole or in part in the form of one or more global securities that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement. Global securities may be issued in registered form and in either temporary or permanent form. Unless otherwise provided in such prospectus supplement, debt securities that are represented by a global security will be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof and will be issued in registered form only, without coupons.

We anticipate that any global securities will be deposited with, or on behalf of, DTC, and that such global securities will be registered in the name of Cede & Co., DTC's nominee. We further anticipate that the following provisions will apply to the depository arrangements with respect to any such global securities. Any additional or differing terms of the depository arrangements will be described in the prospectus supplement relating to a particular series of debt securities issued in the form of global securities.

Beneficial interests in the global securities will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in DTC.

Investors may elect to hold their interests in the global securities either (in the United States) through DTC or (in Europe) through Clearstream or through Euroclear. Investors may hold their interests in the global securities directly, if they are participants of such systems, or indirectly through organizations that are participants in these systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective U.S. depositories, which in turn will hold these interests in customers' securities accounts in the depositories' names on the books of DTC. Beneficial interests in the global securities will be held in denominations of \$2,000 and multiples of \$1,000 in excess thereof. Except as set forth below, the global securities may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee.

Debt securities represented by a global security can be exchanged for definitive securities in registered form only if:

- DTC notifies us that it is unwilling or unable to continue as depository for that global security, and we do not appoint a successor depository within 90 days after receiving that notice;
- at any time DTC ceases to be a clearing agency registered or in good standing under the Exchange Act, as amended, or other applicable statute or regulation, and we do not appoint a successor depository within 90 days after becoming aware that DTC has ceased to be registered as a clearing agency; or
- we determine that that global security will be exchangeable for definitive securities in registered form and we notify the trustee of our decision.

A global security that can be exchanged as described in the preceding sentence will be exchanged for definitive securities issued in authorized denominations in registered form for the same aggregate amount. The definitive

securities will be registered in the names of the owners of the beneficial interests in the global security as directed by DTC.

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We will make principal and interest payments on all debt securities represented by a global security to the Paying Agent which in turn will make payment to DTC or its nominee, as the case may be, as the sole registered owner and the sole holder of the debt securities represented by a global security for all purposes under the indenture.

Accordingly, we, the trustee and any Paying Agent will have no responsibility or liability for:

- any aspect of DTC's records relating to, or payments made on account of, beneficial ownership interests in a debt security represented by a global security; or
- any other aspect of the relationship between DTC and its participants or the relationship between those participants and the owners of beneficial interests in a global security held through those participants; or the maintenance, supervision or review of any of DTC's records relating to those beneficial ownership interests.

DTC has advised us that its current practice is to credit participants' accounts on each payment date with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global security as shown on DTC's records, upon DTC's receipt of funds and corresponding detail information. The underwriters or agents for the debt securities represented by a global security will initially designate the accounts to be credited. Payments by participants to owners of beneficial interests in a global security will be governed by standing instructions and customary practices, as is the case with securities held for customer accounts registered in street name, and will be the sole responsibility of those participants. Book-entry notes may be more difficult to pledge because of the lack of a physical note. So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the debt securities represented by that global security for all purposes of the debt securities. Owners of beneficial interests in the debt securities will not be entitled to have debt securities registered in their names, will not receive or be entitled to receive physical delivery of the debt securities in definitive form and will not be considered owners or holders of debt securities under the indenture. Accordingly, each person owning a beneficial interest in a global security must rely on the procedures of DTC and, if that person is not a DTC participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder of debt securities. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in a global security. Beneficial owners may experience delays in receiving distributions on their debt securities since distributions will initially be made to DTC and must then be transferred through the chain of intermediaries to the beneficial owner's account.

We understand that, under existing industry practices, if we request holders to take any action, or if an owner of a beneficial interest in a global security desires to take any action which a holder is entitled to take under the indenture, then DTC would authorize the participants holding the relevant beneficial interests to take that action and those participants would authorize the beneficial owners owning through such participants to take that action or would otherwise act upon the instructions of beneficial owners owning through them.

Beneficial interests in a global security will be shown on, and transfers of those ownership interests will be effected only through, records maintained by DTC and its participants for that global security. The conveyance of notices and other communications by DTC to its participants and by its participants to owners of beneficial interests in the debt securities will be governed by arrangements among them, subject to any statutory or regulatory requirements in effect.

DTC has advised us that it 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 Section 17A of the Exchange Act.

DTC holds the securities of its participants and facilitates the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants. The electronic book-entry system eliminates the need for physical certificates. DTC's participants include both U.S. and

non-U.S. securities brokers and dealers, including underwriters, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ( DTCC ). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is

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owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

### *Clearstream*

Clearstream has advised us that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ( Clearstream Participants ), and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in several countries. As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the U.S., Clearstream Participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly. Clearstream is an indirect participant in DTC.

Distributions with respect to debt securities held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depository for Clearstream.

### *Euroclear*

Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear ( Euroclear Participants ), and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear performs various other services, including securities lending and borrowing, and interacts with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through Euroclear Bank S.A/N.V. (the Euroclear Operator ), a bank incorporated under the laws of the Kingdom of Belgium, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative ). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator advises us that it is regulated and examined by the Belgian banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable

Belgian law, herein the Terms and Conditions. The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

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Distributions with respect to debt securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depository for Euroclear.

Euroclear has further advised us that investors that acquire, hold and transfer interests in the debt securities by book-entry through accounts with the Euroclear Operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

### **Global Clearance and Settlement Procedures**

Initial settlement for the debt securities will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream Participants and/or Euroclear Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected through DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. Depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. Depository to take action to effect final settlement on its behalf by delivering or receiving debt securities through DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to their respective U.S. Depositaries.

Because of time-zone differences, credits of debt securities received through Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such debt securities settled during such processing will be reported to the relevant Euroclear Participants or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of debt securities by or through a Clearstream Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

If the debt securities are cleared only through Euroclear and Clearstream (and not DTC), you will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices, and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers, and other institutions are open for business in the United States. In addition, because of time-zone differences, U.S. investors who hold their interests in the securities through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, U.S. investors who wish to exercise rights that expire on a particular day may need to act before the expiration date.



Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of debt securities among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither we nor any paying agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective direct or indirect participants of their obligations under the rules and procedures governing their operations.

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### **DESCRIPTION OF CAPITAL STOCK**

SJI is authorized to issue 120,000,000 shares of common stock, \$1.25 par value per share, and 2,500,000 shares of preference stock, without par value. As of May 6, 2016, there were 71,425,506 shares of common stock outstanding and no shares of preference stock outstanding.

Our common stock is listed on the New York Stock Exchange and trades under the ticker symbol SJI. All outstanding shares of our common stock are validly issued, fully paid and nonassessable.

The following description of the terms of our common stock is not complete and is qualified in its entirety by reference to our Certificate of Incorporation, as amended through February 27, 2015 (as so amended, our Certificate of Incorporation ), our Bylaws, as amended and restated through April 29, 2016 (our Bylaws ), and the laws of the state of New Jersey.

#### **Common Stock**

##### ***Voting Rights***

The holders of our common stock are entitled to one vote per share on each matter submitted to a vote at a meeting of shareholders.

There is no provision for cumulative voting with regard to the election of directors. This could prevent directors from being elected by a relatively small group of shareholders.

##### ***Dividend Rights***

Holders of our common stock are entitled to receive any dividends our board of directors may declare on our common stock, subject to the prior rights of any preference stock. Our board of directors may declare dividends from funds legally available for this purpose.

##### ***Liquidation Rights***

If we liquidate, dissolve or are wound up, then after payment of or provision for claims of creditors and after payment of any liquidation preferences to holders of any preference stock, the holders of our common stock will be entitled to participate equally and ratably, in proportion to the number of shares held, in our net assets available for distribution to holders of common stock.

##### ***Other Rights***

The holders of our common stock have no preemptive rights to maintain their percentage of ownership in future offerings or sales of stock of SJI and no rights to convert their common stock into any other securities. Our common stock is not subject to any redemption or sinking fund provisions.

#### **Preference Stock**

Our board of directors has the authority, without other action by shareholders, to issue preference stock in one or more series.

Our board of directors has the authority to determine the terms of each series of preference stock, within the limits of our amended and restated articles of incorporation, our amended and restated by-laws and the laws of the state of New Jersey. These terms include the number of shares in a series and applicable dividend rights, liquidation preferences, terms of redemption, conversion rights and voting rights, if any.

**Anti-Takeover Provisions of our Certificate of Incorporation, Bylaws and New Jersey law**

Certain provisions of our Certificate of Incorporation, our Bylaws and New Jersey law could discourage, delay or prevent some transactions involving unsolicited acquisitions or changes of control of the Company. We believe that these provisions will enable us to develop our business in a manner that will foster our long-term growth without disruption caused by the threat of a takeover not deemed by our board of directors to be in the best interests of the Company, our shareholders and certain other constituents. However, such provisions could have the effect of discouraging third parties from making proposals involving an unsolicited acquisition or

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change of control of the Company, even when a majority of our shareholders might consider such proposals, if made, desirable. Such provisions also may have the effect of making it more difficult for third parties to cause the replacement of our current management without the assent of our board of directors. These provisions include:

- limitations on certain transactions (including mergers, consolidations, asset dispositions and securities issuances) with certain entities that beneficially own 5% or more of our capital stock;
- a requirement for the affirmative vote of the holders of at least 80% of the aggregate voting power of our outstanding common stock to amend the limitations on such transactions;
- authorization of our board of directors to issue common stock and preference stock from time to time in its discretion;
- authorization of our board of directors to establish one or more series or classes of undesignated preference stock, the terms of which can be determined by our board of directors at the time of issuance;
- noncumulative voting;
- authorization of our directors to fill any vacancies on our board of directors, including vacancies resulting from a board resolution to increase the number of directors; and
- advance notice procedures with respect to nominations of directors or proposals other than those adopted or recommended by our board of directors.

### ***Transactions with Related Persons***

Our Certificate of Incorporation prohibits us from engaging in certain transactions with certain Related Persons, as further described further below, including (i) any merger or consolidation, (ii) any sale, lease, exchange or other disposition of any substantial part of our assets or (iii) any issuance or transfer of any securities having voting power in exchange for securities, cash or other property unless (x) approved by the affirmative vote of the holders of at least 80% of the outstanding shares of all classes of our capital stock entitled to vote in the election of directors or (y) approved by our board of directors prior to the time that the Related Person became a Related Person. The restriction applies to any such transaction with a person who was a Related Person within the 12 months preceding the record date for determination of the shareholders entitled to notice of the transaction and to vote thereon.

A Related Person is defined for this purpose as any person (other than a corporation or any subsidiary of SJI) who is the beneficial owner, directly or indirectly, of 5% or more of the outstanding shares of our capital stock entitled to vote generally in the election of directors.

The provisions of our Certificate of Incorporation relating to transactions with Related Persons may be amended only by the affirmative vote of the holders of at least 80% of the aggregate voting power of our outstanding capital stock.

### ***Anti-Takeover Effects of the New Jersey Shareholders Protection Act***

We are subject to Section 14A:10A of the New Jersey Shareholders Protection Act. Subject to certain qualifications and exceptions, the statute prohibits an interested stockholder of a corporation from effecting a business combination with the corporation for a period of five years unless (i) the corporation's board of directors approved the combination prior to the shareholder becoming an interested stockholder or (ii) the corporation's board of directors approved the transaction or series of transactions which caused the person to become an interested stockholder before the person became an interested stockholder and any subsequent business combination with that interested stockholder is approved by independent members of the board of directors and the holders of a majority of the voting stock not beneficially owned by the interested stockholder. In addition, but not in limitation of the five-year restriction, if applicable, corporations covered by the New Jersey statute may not engage at any time in a business combination with any interested stockholder of that corporation unless the combination is approved by the board of directors prior to the interested stockholder's stock acquisition date, the combination receives the approval of two-thirds of the voting stock of the corporation not beneficially owned by the interested stockholder or the combination meets minimum financial

terms specified by the statute.

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An interested stockholder is defined for this purpose to include any beneficial owner of 10% or more of the voting power of the outstanding voting stock of the corporation and any affiliate or associate of the corporation who within the prior five year period has at any time owned 10% or more of the voting power of the then outstanding stock of the corporation.

The term business combination is defined to include, among other things:

- the merger or consolidation of the corporation with the interested stockholder or any corporation that is or after the merger or consolidation would be an affiliate or associate of the interested stockholder;
- the sale, lease, exchange, mortgage, pledge, transfer or other disposition to an interested stockholder or any affiliate or associate of the interested stockholder of 10% or more of the corporation's assets; or
- the issuance or transfer to an interested stockholder or any affiliate or associate of the interested stockholder of 5% or more of the aggregate market value of the stock of the corporation.

### ***Authorized but Unissued Common Stock and Preference Stock***

The authorized but unissued shares of our common stock and preference stock are available for future issuance without shareholder approval. Further, our board of directors can set the voting rights, redemption rights, conversion rights and other rights relating to any such preference stock and could issue such stock in either public or private transactions.

New Jersey law does not require shareholder approval for any issuance of authorized shares. However, the listing requirements of the New York Stock Exchange, which would apply to us so long as our common stock remains listed on the New York Stock Exchange, require shareholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of our common stock.

We may issue additional shares for a variety of corporate purposes. We may engage in public or private offerings to raise additional capital or to facilitate corporate acquisitions. We may issue shares of common or preference stock to persons friendly to current management. Such an issuance may discourage, delay or prevent an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management. This could deprive our shareholders of opportunities to sell their shares of our stock at prices higher than prevailing market prices. Our board of directors could also use these shares to dilute the ownership of persons seeking to obtain control of the Company.

### ***Number of Directors; Filling of Vacancies***

Our Bylaws provide that our board of directors will have eleven directors. The size of the board of directors may be changed by a majority vote of the board of directors. Our Bylaws permit the board of directors to fill any new directorships it creates and any other vacancies. Accordingly, our board of directors may be able to prevent any shareholder from obtaining majority representation on our board of directors by increasing the size of the board of directors and filling the newly created directorships with its own nominees.

The provisions of our Bylaws relating to the number of directors and filling of vacancies may be amended only by the majority vote of the directors or the affirmative vote of the holders of at least 80% of the aggregate voting power of our outstanding capital stock.

### ***Advance Notice Provisions***

Our Bylaws provide that in order for a shareholder to nominate a director or bring other business before an annual meeting, the shareholder must give written notice, in proper form, to our Secretary (i) in the case of an annual meeting

that is called for a date that is within 30 days before or after the anniversary date of the previous year's annual meeting of shareholders, not less than 60 days nor more than 90 days prior to the anniversary date, (ii) in the case of an annual meeting that is called for a date that is not within 30 days before or after the anniversary date of the previous year's annual meeting, not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever comes first, and (iii) in the case of any special meeting of the shareholders, not less than 60 days nor more than 90 days prior to the date of such meeting.

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Only persons who are nominated by, or at the direction of, our board of directors, or who are nominated by a shareholder who has given timely written notice, in proper form, to our Secretary prior to a meeting at which directors are to be elected, will be eligible for election as directors. The notice of any nomination for election as a director must set forth:

- the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated;
- the class and number of shares of the Company beneficially owned by the shareholder and any persons acting in concert with the shareholder;
- a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons, naming such person or persons, pursuant to which the nomination or nominations are to be made by the shareholder;
- such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had each nominee been nominated, or intended to be nominated, by our board of directors; and
- the consent of each nominee to serve as a director if so elected.

The notice to bring any other matter a shareholder proposes to bring before a meeting of the shareholders must also set forth:

- a description of the proposal containing all material information relating thereto; and
- a representation that the shareholder is a holder of record of the stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring the business specified in the notice before the meeting.

The advance notice provisions may discourage, delay or prevent a person from bringing matters before a shareholder meeting. The provisions may provide enough time for us to begin litigation or take other steps to respond to these matters, or to prevent them from being acted upon.

**Transfer Agent**

Broadridge Corporate Issuer Solutions, Inc., serves as our transfer agent and registrar.



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**DESCRIPTION OF OTHER SECURITIES**

We will set forth in the applicable prospectus supplement a description of any preference stock, warrants, depositary shares, purchase contracts or units that may be offered pursuant to this prospectus.

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**PLAN OF DISTRIBUTION**

We may sell the offered securities through agents, through underwriters or dealers, directly to one or more purchasers, through a combination of any of these methods of sale or through any other methods described in a prospectus supplement. The distribution of securities may be effected, from time to time, in one or more transactions, including block transactions and transactions on the New York Stock Exchange or any other organized market where the securities may be traded. The securities may be sold at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices relating to the prevailing market prices or at negotiated prices. The consideration may be cash or another form negotiated by the parties. Agents, underwriters or dealers may be paid compensation for offering and selling the securities. That compensation may be in the form of discounts, concessions or commissions to be received from us or from the purchasers of the securities. We will identify the specific plan of distribution, including any underwriters, dealers, agents or direct purchasers and their compensation in a prospectus supplement.

The applicable prospectus supplement will set forth whether or not an underwriter may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids.

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**VALIDITY OF THE SECURITIES**

Unless otherwise indicated in the applicable prospectus supplement, Gibson, Dunn & Crutcher LLP, New York, New York will pass upon the validity of any securities issued under this prospectus as to matters governed by the laws of the State of New York. Unless otherwise indicated in the applicable prospectus supplement, Gina M. Merritt-Epps, General Counsel of the Company will pass upon the validity of any securities issued under this prospectus as to all matters governed by the laws of the State of New Jersey. Ms. Merritt-Epps is employed by the Company, participates in various employee benefit plans of the Company under which she may receive shares of common stock of the Company and currently beneficially owns less than one percent of the outstanding shares of common stock of the Company. Any underwriters will be represented by their own legal counsel, which will be named in the applicable prospectus supplement.

**EXPERTS**

The consolidated financial statements, and related financial statement schedules, incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K and the effectiveness of the Company's internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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*6,500,000 shares*

*Common stock*

*Prospectus supplement*

*Joint Book-Running Managers*

**J.P. Morgan**

**Morgan Stanley**

**Guggenheim  
Securities**

*Co-Managers*

**Janney  
Montgomery  
Scott**

**Sidoti & Company, LLC**

**U.S. Capital Advisors**

**The Williams Capital Group,  
L.P.**

May , 2016