

SOUTH JERSEY INDUSTRIES INC

Form 424B5

April 17, 2018

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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 not an offer to sell these securities nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

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

**Registration No. 333-211259**

**Subject to Completion**

**Preliminary Prospectus Supplement dated April 17, 2018**

**PROSPECTUS SUPPLEMENT**

**South Jersey Industries, Inc.**

**5,000,000 Equity Units**

**(Initially Consisting of 5,000,000 Corporate Units)**

This is an offering of Equity Units ( "Equity Units" ) by South Jersey Industries, Inc. ( "SJI" ). Each Equity Unit will have a stated amount of \$50 and initially will be in the form of a Corporate Unit ( "Corporate Unit" ) consisting of a purchase contract issued by SJI to purchase shares of our common stock and a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of SJI's 2018 Series A % remarketable junior subordinated notes due 2031, which we refer to as the RSNs.

We intend to apply to list the Corporate Units on the New York Stock Exchange, or NYSE, and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units, but there is no guarantee that such listing will be approved. Prior to this offering, there has been no public market for the Corporate Units.

Shares of our common stock trade on the NYSE under the symbol SJI. On April 16, 2018, the last reported sale price of the shares as reported on the NYSE was \$30.51 per share.

Concurrently with this offering of Equity Units, we are offering, by means of a separate prospectus supplement, \$325.0 million of shares of our common stock, of which \$200.0 million of shares relate to a forward sale agreement between SJI and Bank of America, N.A. (or \$373.75 million of shares of our common stock in total if the underwriters of that offering exercise in full their option to purchase additional shares of common stock, solely to cover over-allotments). This offering of Equity Units is not contingent on the concurrent offering of common stock and the concurrent offering of common stock is not contingent upon this offering of Equity Units. See "Summary—Concurrent Offering" in this prospectus supplement.

**Investing in the Equity Units involves risks. Please read "Risk Factors" beginning on page S-32 of this prospectus supplement and on page 5 of the accompanying prospectus.**

**Neither the Securities and Exchange Commission ( "SEC" ) nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<b>Per Corporate Unit</b>	<b>Total</b>
Public Offering Price	\$ 50.00	\$
Underwriting Discounts and Commissions	\$	\$
Proceeds, Before Expenses, to SJI	\$	\$

We have granted the underwriters the option to purchase, within a 13-day period beginning on, and including, the first date of original issuance for the Corporate Units, up to an additional 750,000 Corporate Units, solely to cover over-allotments.

The underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about , 2018.

*(continued on next page)*

*Joint Book-Running Managers*

**BofA Merrill Lynch Guggenheim Securities Wells Fargo Securities**

*Co-Managers*

**TD Securities J.P. Morgan Morgan Stanley PNC Capital Markets LLC**

The date of this prospectus supplement is April , 2018

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*(continued from cover)*

The purchase contract will obligate you to purchase from SJI, on April 15, 2021 (or if such day is not a business day, on the following business day), for a price of \$50 in cash, the following number of shares of our common stock, subject to anti-dilution adjustments:

if the applicable market value, which is the average volume-weighted average price of our common stock for the trading days during the 20 consecutive scheduled trading-day period ending on the second scheduled trading day prior to April 15, 2021, subject to adjustment as described herein if a market disruption event occurs, equals or exceeds \$ , shares of our common stock;

if the applicable market value is less than \$ but greater than \$ , a number of shares of our common stock equal to \$50 *divided by* the applicable market value, rounded to the nearest ten thousandth of a share; and

if the applicable market value is less than or equal to \$ , shares of our common stock.

SJI will pay you quarterly contract adjustment payments at a rate of % per year on the stated amount of \$50 per Equity Unit, or \$ per year, in respect of each purchase contract, subject to our right to defer these payments, as described in this prospectus supplement. No deferral period will extend beyond the purchase contract settlement date.

The contract adjustment payments are payable quarterly on January 15, April 15, July 15 and October 15 of each year (except that if such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing on July 15, 2018. The contract adjustment payments will be subordinated to all of our existing and future Priority Indebtedness (as defined under Description of the Remarketable Junior Subordinated Notes—Subordination ), and will be structurally subordinated to all liabilities of our subsidiaries.

The RSNs will initially bear interest at a rate of % per year. The RSNs will be subordinated to all of SJI's existing and future Priority Indebtedness (as defined under Description of the Remarketable Junior Subordinated Notes—Subordination ). In addition, the RSNs will be structurally subordinated to all liabilities of our subsidiaries. We will have the right to defer interest payments on the RSNs one or more times for one or more consecutive interest periods without giving rise to an event of default; *provided* that no deferral period will extend beyond the purchase contract settlement date or the maturity date, as applicable. The RSNs will be remarketed in 2021 as described in this prospectus supplement. Following any successful remarketing of the RSNs, the interest rate on the RSNs will be reset, interest will be payable on a semi-annual basis and we will cease to have the ability to redeem the RSNs at our option or defer interest payments on the RSNs, all as described under Description of the Purchase Contracts—Remarketing. Your ownership interest in the RSNs (or after a successful optional remarketing, your related ownership interest in the Treasury portfolio or, in certain circumstances, cash) or the Treasury securities, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.

Other than during a blackout period (as defined under Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for an RSN ) or after a successful remarketing of the RSNs, you can create Treasury Units ( Treasury Units ) from Corporate Units by substituting Treasury securities for your pledged ownership interest in the RSNs comprising a part of the Corporate Units. You can also recreate Corporate Units from Treasury Units by substituting an undivided beneficial ownership interest in the RSNs for the Treasury securities previously pledged and comprising a part of your Treasury Units.

If there is a successful optional remarketing of the RSNs and, at such time, you hold Corporate Units, your applicable ownership interest in the Treasury portfolio purchased with the proceeds from the remarketing (or, in certain circumstances, cash) will be used to satisfy your payment obligation under the purchase contract. If there is a successful final remarketing of the RSNs and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligation under the purchase contract, unless you have elected to settle with separate cash.

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We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. 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, and the underwriters are not, making an offer to sell 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 or that is contained in any free writing prospectus issued by us is accurate only as of their respective dates. Our business, financial condition, results of operation 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 about securities we may offer from time to time, including securities other than the common stock being offered by this prospectus supplement. 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, the documents incorporated by reference herein 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 in [Where You Can Find Additional Information](#) and [Incorporation by Reference](#) in this prospectus supplement and the accompanying prospectus.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

Unless otherwise indicated or the context otherwise requires, references in this prospectus supplement to [SJI](#), the Company, we, us and our refer to South Jersey Industries, Inc. and its subsidiaries.

All references in this prospectus supplement to the Annual Report on Form 10-K for the year ended December 31, 2017 refer to the Annual Report on Form 10-K, as filed with the SEC on February 26, 2018, as amended by Form 10-K/A, as filed with the SEC on March 1, 2018.

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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 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 or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to the risks set forth under Risk Factors in this prospectus supplement and in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017, incorporated by reference herein, and our ability to realize the expected benefits, cost savings or other synergies from acquisitions, including the Acquisition of Elizabethtown Gas and Elkton Gas, on a timely basis or at all.

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 Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017 and in our other SEC filings incorporated by reference into this prospectus supplement. While we believe these forward-looking statements to be reasonable, 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 Additional Information.

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### **Summary**

*The following summary should be read together with the information contained or incorporated by reference 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. For a more complete understanding of our Company and this offering, we encourage you to read this prospectus supplement and the accompanying prospectus, including the documents we incorporate by reference into the prospectus supplement and the prospectus, 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-32 of this prospectus supplement, page 5 of the accompanying prospectus and the Risk Factors section in our Annual Report on Form 10-K for the year ended December 31, 2017, incorporated by reference herein, 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, 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. The Company's Board of Directors has approved an amendment to its Certificate of Incorporation to change the Company's name from South Jersey Industries, Inc. to SJI, Inc. The Company's shareholders are scheduled to vote on the amendment to the Certificate of Incorporation to change the Company's name at its Annual Meeting to be held on May 11, 2018. SJI currently provides a variety of energy-related products and services, primarily through the following wholly-owned subsidiaries:

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

SJG, a New Jersey corporation, 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. SJG contributed approximately \$72.6 million to SJI's net income on a consolidated basis in 2017.

SJG's service territory covers approximately 2,500 square miles in the southern part of New Jersey. It includes 115 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. SJG benefits from its proximity to Philadelphia, Pennsylvania and Wilmington, Delaware on the western side of its service territory and the popular shore communities on the eastern side. Continuing expansion of SJG's infrastructure throughout its seven-county region has fueled annual customer growth and creates opportunities for future extension into areas not yet served by natural gas.

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

South Jersey Energy Solutions, LLC ( SJES ), a direct subsidiary of SJI, is a holding company for all of SJI's non-utility businesses. Within SJES, we group our nonutility operations 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. The following businesses are wholly-owned subsidiaries of SJES:

#### *Energy Group:*



*South Jersey Energy Company ( SJE )* provides services for the acquisition and transportation of natural gas and electricity for retail end users and markets total energy management services. SJE markets natural gas and electricity to commercial and industrial customers. SJE became active in the residential market for electricity beginning in March 2016 as a result of several municipal aggregation bids won in the second half of 2015. Most customers served by SJE are located within New Jersey, northwestern Pennsylvania and New England. In 2017, SJE contributed approximately \$1.3 million to SJI's net income on a consolidated basis.

*South Jersey Resources Group, LLC ( SJRG )* markets natural gas storage, commodity and transportation assets along with fuel management services on a wholesale basis. Customers include energy marketers, electric and gas utilities, power plants and natural gas producers. SJRG's marketing activities occur mainly in the mid-Atlantic, Appalachian and southern regions of the country.

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SJRG also conducts price risk management activities by entering into a variety of physical and financial transactions including forward contracts, swap agreements, option contracts and futures contracts. In 2017, SJRG had a net loss of approximately \$23.5 million which reduced SJI's net income on a consolidated basis by such amount.

*South Jersey Exploration, LLC ( SJEX )* owns oil, gas and mineral rights in the Marcellus Shale region of Pennsylvania. SJEX is a wholly-owned subsidiary of SJES and is also considered part of SJI's wholesale energy operations. In 2017, SJEX contributed approximately \$0.2 million to SJI's net income on a consolidated basis.

### *Energy Services:*

*Marina Energy, LLC ( Marina )* develops and operates on-site energy-related projects. Marina's largest wholly-owned operating project provides cooling, heating and emergency power to the Borgata Hotel Casino & Spa in Atlantic City, New Jersey. Marina also owns numerous solar generation projects.

*SJI Midstream, LLC ( Midstream )* owns a 20% equity investment in PennEast Pipeline Company, LLC, through which SJI, along with other investors, expect to construct an approximately 118-mile natural gas pipeline that will extend from Northeastern Pennsylvania into New Jersey. Construction is expected to begin in 2018 and is estimated to be completed in the second half of 2019. In 2017, Midstream contributed approximately \$4.6 million to SJI's net income on a consolidated basis.

## **Our Strategy**

SJI's primary strategic focus is our core utility business and the natural extensions of that business. This focus enables us to concentrate on business activities that match our core competencies. Our long-term goals are to: (1) Grow Economic Earnings to \$160 million by 2020; (2) Improve the quality of earnings; (3) Maintain the strength of the balance sheet; and (4) Maintain a low-to-moderate risk profile. Going forward we expect to pursue business opportunities that fit this model and provide us with the opportunity to achieve our goals, including by increasing our regulated business mix. Our key strategic priorities are as follows:

### *Pursue high-quality earnings growth*

SJI's stated goal is to grow Economic Earnings to \$160 million by 2020. The Company estimates its capital expenditures, inclusive of affiliate investments, will be approximately \$1.2 billion over the next three years, of which approximately 98% 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, combined with our acquisition of the Elizabethtown Business (as discussed below under "Recent Developments") is expected to accelerate a shift to a greater regulated business mix.

Growth in our existing utility business comes from both customer growth and utility infrastructure investment. Customers for SJG grew 1.6% for 2017 as SJG continues its focus on customer conversions. In 2017, the 6,108 consumers converting their homes and businesses from other heating fuels, such as electric, propane or oil, to natural gas represented approximately 71% of the total new customer acquisitions for the year. In comparison, conversions over the past five years averaged 5,480 annually. Customers in SJG's service territory typically base their decisions to convert on comparisons of fuel costs, environmental considerations and efficiencies. 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

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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 \$141.2 million program to replace cast iron and unprotected bare steel mains and services over a four-year period. Additionally, the BPU issued an Order approving an extension of the AIRP for a five-year period ( AIRP II ), commencing October 1, 2016, with authorized investments of up to \$302.5 million to continue replacing cast iron and unprotected bare steel mains and associated services. SJG earns a return on AIRP II investments as they are made and through annual base rate adjustments. Further, in August 2014, the BPU approved a Storm Hardening and Reliability Program ( SHARP ), a \$103.5 million program to replace low-pressure distribution mains and services with high-pressure mains and services in coastal areas that are susceptible to flooding during major storms over a three-year period. In November 2017, SJG filed a petition with the BPU to continue its storm hardening program ( SHARP II ), proposing a three-year effort and total investment of \$110.25 million. SJG earns a return on SHARP investments as they are made and through annual base rate adjustments.

In addition to SJG, we expect SJI Midstream to further support our goal of high quality, regulated earnings growth. Design, engineering and environmental assessments continue moving forward on a natural gas pipeline in Pennsylvania and New Jersey. We expect FERC-level returns from our \$200 million investment in the PennEast Pipeline Project ( PennEast ). 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. In January 2018, the Certificate of Public Convenience and Necessity was approved by the FERC. This authorizes PennEast, of which Midstream has a 20% equity interest, to construct, install, own, operate and maintain this pipeline. In February 2018, the New Jersey Department of Environmental Protection filed a motion to the FERC for reconsideration of this approval. We expect to make additional investments in similar midstream projects.

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

Consistent with our long-term strategy of growing earnings and improving the quality thereof through a shift to a greater regulated business mix, we are seeking to reposition our non-utility business to deemphasize the on-site energy production business within the Energy Services group of SJES. That includes exploring potential dispositions of some or all of the on-site energy production assets, depending on market conditions.

On-site energy production includes a 204MW portfolio of solar generation assets located in New Jersey, Maryland, Massachusetts and Vermont and the Marina Thermal Plant Cogeneration Facility, which serves Atlantic City's Borgata Hotel Casino & Spa through an existing long-term power purchase agreement. We also own four landfill gas electric generation facilities in New Jersey.

Our wholesale gas marketing and fuel management business is expected to be an important source of future earnings and cash flow to SJI. Our wholesale gas marketing business has been a significant contributor to SJI's earnings over the last two decades through the management of leased gas transportation and storage capacity in and around the Marcellus shale region. 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.

Our fuel management business, 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 six contracts online at full capacity and an additional five contracts executed, we are positioned to serve at least 10 gas-fired generators by 2020. As such, this business is

expected to demonstrate significant earnings growth over the next several years.

*Maintain our commitment to a strong balance sheet*

Our goal is to maintain a strong balance sheet and liquidity position in addition to solid 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. SJI's average equity-to-capitalization ratio was approximately 47% and 48% as calculated for the four quarters of 2017 and 2016, respectively. SJG's average

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equity-to-capitalization ratio was approximately 54% and 52% as calculated for the four quarters of 2017 and 2016, respectively. A strong balance sheet assists us in maintaining the financial flexibility necessary to address volatile economic and commodity markets while maintaining a low-to-moderate risk platform.

### **Recent Developments**

On October 15, 2017, we entered into two separate definitive asset purchase agreements with Pivotal Utility Holdings, Inc. ( Pivotal ) to acquire (the Acquisition ) the assets of New Jersey-based Elizabethtown Gas (the Elizabethtown Business or ETG ) and Maryland-based Elkton Gas (the Elkton Business , and collectively with the Elizabethtown Business, the Acquired Business ). Pursuant to the terms of the asset purchase agreements, the Company intends to acquire the Elizabethtown Business for an aggregate purchase price equal to \$1.69 billion in cash, and the Elkton Business for an aggregate purchase price equal to \$10 million in cash, in each case, subject to certain adjustments.

The Acquired Business consists of Elizabethtown Gas and Elkton Gas, two of seven natural gas distribution companies of The Southern Company, an energy company serving approximately 4.6 million natural gas utility customers. Elizabethtown Gas is a regulated natural gas utility that provides natural gas delivery service to approximately 292,000 residential, business and industrial natural gas customers in New Jersey through approximately 3.2 million miles of intrastate natural gas pipeline. In operation since 1855, the company serves parts of Union, Middlesex, Sussex, Warren, Hunterdon, Morris and Mercer counties. During the year ended December 31, 2017, Elizabethtown Gas reported unaudited total operating revenues, income before income tax and assets of approximately \$304.7 million, \$55.7 million, and \$1.43 billion, respectively. Elkton Gas provides natural gas delivery service to approximately 6,000 residential and business natural gas customers in the greater Elkton area in northeastern Maryland through approximately 100,000 miles of intrastate natural gas pipeline.

During the year ended December 31, 2017, Elkton Gas reported unaudited total operating revenues, income before income tax and assets of approximately \$7.3 million, \$0.4 million, and \$18.2 million, respectively.

Management expects to complete the Acquisition in mid-2018 subject to customary closing conditions, including regulatory approvals from the New Jersey Board of Public Utilities ( NJBPU ) and the Maryland Public Service Commission ( MPSC ). In addition, the transaction is subject to the requirements of the

Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The NJBPU, MPSC or interveners in the approval proceedings, could seek to block or challenge the Acquisition or the NJBPU or MPSC could impose restrictions they deem necessary or desirable in the public interest as a condition to approving the Acquisition. The asset purchase agreements contain other customary closing conditions which may not be satisfied or waived or may take longer than anticipated to satisfy. The Acquisition may not be completed or may be approved subject to unfavorable regulatory conditions, which could adversely affect anticipated benefits or our business, financial condition, results of operations or stock price. See Risk Factors—Risks Related to the Acquisition.

The asset purchase agreements contain certain termination rights for both us and Pivotal, including the right to terminate if the Acquisition is not completed by October 15, 2018 (subject to extension to January 15, 2019, under certain circumstances related to fulfillment of the regulatory approval closing conditions).

In light of the Acquisition, the potential disposition of Energy Services group on-site energy production assets and our other plans to finance the purchase price as further described below, we expect that our credit rating may be lowered upon consummation of the Acquisition. However, we believe that we will continue to maintain a solid investment grade rating.

### **Concurrent Offering**

This offering is part of a larger financing transaction to provide funds for the Acquisition. Concurrently with the offering of the Equity Units, we are offering \$325.0 million aggregate stated amount of our common stock. In addition, we expect to enter into a forward sale agreement with Bank of America, N.A., as the forward purchaser, with respect to \$200.0 million of the \$325.0 million shares of our common stock offered in the concurrent offering. This offering of Equity Units is not contingent on the concurrent offering of common stock, and the concurrent offering of common stock is not contingent upon this offering of Equity Units.

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We also intend to issue \$250.0 million in aggregate principal amount of new senior unsecured notes (the Senior Unsecured Notes ), to borrow \$530.0 million in aggregate principal amount of a new term loan facility (the Term Facility ), to drawdown \$71.4 million in aggregate principal amount from our existing syndicated revolving credit facility (the Revolver ) and \$314.9 million in aggregate principal amount from our bridge loan commitment (the Bridge Loan ).

We intend to fund the Acquisition with the proceeds of this offering, the concurrent offering of shares of common stock, the issuance of the Senior Unsecured Notes, the borrowings under the Term Facility, the drawdown from the Revolver, the drawdown from the Bridge Loan and the potential disposition of Energy Services group on-site energy production assets. In connection with the asset purchase agreements, we have obtained a commitment from certain financial institutions for a bridge loan facility, which, may be used to fund a portion of the cash consideration payable in connection with the Acquisition and pay related fees and expenses in the event that this offering, the concurrent offering of the Equity Units, the issuance of the Senior Unsecured Notes, or the entry into the Term Facility are not completed or we do not pursue dispositions of Energy Services group on-site energy production assets. If we do not consummate the Acquisition, we will retain broad discretion to use all of the net proceeds from this offering for general corporate purposes.

**General**

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

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### **The Offering**

*In this offering summary, SJI, we, us, our and the Company refer only to South Jersey Industries, Inc. and any successor obligor, and not to any of its subsidiaries.*

### **What are Equity Units?**

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 5,000,000 Corporate Units (or 5,750,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$50. You can create Treasury Units from Corporate Units that you own as described below under *How can I create Treasury Units from Corporate Units?* You can also recreate Corporate Units from Treasury Units that you own as described below under *How can I recreate Corporate Units from Treasury Units?*

### **What are the components of a Corporate Unit?**

Each Corporate Unit initially consists of a contract to purchase SJI's common stock in the future and a 1/20, or 5%, undivided beneficial ownership interest in \$1,000 principal amount of SJI's 2018 Series A % remarketable junior subordinated notes due 2031 (the RSNs). The undivided beneficial ownership interest in the RSNs corresponds to \$50 principal amount of the RSNs. Initially, the RSNs will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000. You will own the undivided beneficial ownership interest in the RSNs comprising part of each of your Corporate Units, but the RSNs will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

Upon a successful optional remarketing (as defined under *What is an optional remarketing?*), the RSNs comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under *What is the Treasury portfolio?* Once replaced, the applicable ownership interest in the Treasury portfolio will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

### **What is a purchase contract?**

Each purchase contract, whether part of a Corporate Unit or Treasury Unit, that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on April 15, 2021, or if such day is not a business day, the following business day (which we refer to as the *purchase contract settlement date*), for \$50 in cash, a number of shares of our common stock equal to the *settlement rate*. You may satisfy your obligation to purchase our common stock under the purchase contracts as described under *How can I satisfy my obligation under the purchase contracts?* below.

The settlement rate will be calculated (subject to adjustment under the circumstances set forth in *Description of the Purchase Contracts—Anti-dilution Adjustments* and *Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change*) as follows:

- if the applicable market value (as defined below) of our common stock is equal to or greater than the *threshold appreciation price* of \$ , the settlement rate will be shares of our common stock (we refer to this settlement rate as the *minimum settlement rate*);
- if the applicable market value of our common stock is less than the threshold appreciation price but greater than the *reference price* of \$ , which will be the public offering price of our common stock in the concurrent common stock offering, the settlement rate will be a number of shares of our common stock equal to \$50 *divided by* the applicable market value, rounded to the nearest ten thousandth of a share; and
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if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be        shares of our common stock (we refer to this settlement rate as the    maximum settlement rate    ).

The threshold appreciation price is equal to \$50 *divided by* the minimum settlement rate (such quotient rounded to the nearest \$0.0001), which is \$        and represents appreciation of approximately        % over the reference price.

Applicable market value    means the average volume-weighted average price, or VWAP, of our common stock for the trading days during the 20 consecutive scheduled trading-day period ending on the second

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scheduled trading day immediately preceding the purchase contract settlement date (the “market value averaging period”). The “VWAP” of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page SJI <EQUITY> AQR (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). A “trading day” means, for purposes of determining a VWAP or closing price, a day (i) on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and (ii) on which there has not occurred or does not exist a market disruption event, as defined in Description of the Purchase Contracts—Purchase of Common Stock.

If 20 trading days for our common stock have not occurred during the market value averaging period, all remaining trading days will be deemed to occur on the second scheduled trading day immediately prior to the purchase contract settlement date, and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that second scheduled trading day or, if such day is not a trading day, the closing price, as defined in Description of the Purchase Contracts—Purchase of Common Stock, as of such date.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to the percentage of a whole share represented by such fractional share *multiplied* by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding an early settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

### **Can I settle the purchase contract early?**

Prior to the purchase contract settlement date, subject to certain blackout periods (as described herein), you can settle a purchase contract by paying \$50 in cash per Corporate Unit or Treasury Unit (and, under certain circumstances, accrued and unpaid contract adjustment payments payable on the next contract adjustment payment date). If you settle a purchase contract early, your pledged ownership interest in the RSNs, the applicable ownership interests in the Treasury portfolio or the Treasury securities underlying the relevant Treasury Unit will be released to you and shares of our common stock, subject to adjustments, will be issued to you pursuant to the purchase contract (subject to adjustment as described below under Description of the Purchase Contracts—Anti-dilution Adjustments), subject to the provisions described below under What happens if there is early settlement upon a fundamental change? with respect to early settlements upon a fundamental change. You may only elect early settlement in integral multiples of 20 Corporate Units or 20 Treasury Units; *provided* that, if the Treasury portfolio has replaced the RSNs as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of Corporate Units. See Description of the Purchase Contracts—Early Settlement.

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933, as amended (the “Securities Act”), in effect and an available prospectus covering any securities deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and to provide a prospectus in connection therewith, covering any securities to be delivered in respect of the purchase contracts being settled, subject to certain exceptions. In the event that you seek to exercise your early settlement right and a registration statement is required to be effective in

connection with the exercise of such right but no such registration statement is then effective, your exercise of such right will be void unless and until such a registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

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### **What is the Treasury portfolio?**

Upon a successful optional remarketing, the RSNs will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the RSNs underlying the undivided beneficial ownership interests in the RSNs included in the Corporate Units on the optional remarketing date; and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the RSNs underlying the undivided beneficial ownership interests in the RSNs included in the Corporate Units on the optional remarketing date.

If, on the optional remarketing date, U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio have a yield that is less than zero, then the cash proceeds from the remarketing (and not the U.S. Treasury securities) will be substituted for the RSNs that are components of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation to purchase our common stock under the purchase contracts. In addition, in such case, references to Treasury security and U.S. Treasury securities (or principal or interest strips thereof) in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

### **What is a Treasury Unit?**

A Treasury Unit is a unit created from a Corporate Unit by substituting the pledged undivided beneficial ownership interest in the RSNs that secures a holder's obligation under the purchase contract with a sufficient amount of Treasury securities. A Treasury Unit consists of a purchase contract and a 1/20, or 5%, undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on or prior to April 15, 2021 (for example, CUSIP No. 9128204V6), which we refer to as a Treasury security. The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

### **How can I create Treasury Units from Corporate Units?**

Each holder of Corporate Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to substitute Treasury securities which must be purchased in the open market at the expense of the Corporate Unit holder (unless otherwise owned by the holder) for the related undivided beneficial ownership interest in RSNs held by the collateral agent. The Treasury securities must have an aggregate principal amount at maturity equal to the aggregate principal amount of the RSNs underlying such holder's Corporate Units. Because Treasury securities and the RSNs are issued in minimum denominations of \$1,000, holders of Corporate Units may only make these substitutions in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the RSNs underlying the holder's Corporate Units will be released upon substitution to the holder and will be tradable separately from the Treasury Units.

### **How can I recreate Corporate Units from Treasury Units?**

Each holder of Treasury Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to recreate Corporate Units, by substituting for the related Treasury securities held by the collateral agent RSNs having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury

securities for which substitution is being made. Because Treasury securities and the RSNs are issued in minimum denominations of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be tradable separately from the Corporate Units.

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### **What payments am I entitled to as a holder of Corporate Units?**

Subject to any deferral as described under Are payments subject to deferral? below, holders of Corporate Units will be entitled to receive:

quarterly cash payments consisting of their pro rata share of interest payments on the RSNs, at the rate of % per year, and

quarterly contract adjustment payments at the rate of % per year on the stated amount of \$50 per Corporate Unit until the earliest of the occurrence of:

a termination event;

the purchase contract settlement date;

the fundamental change early settlement date (in the case of early settlement upon a fundamental change); or

the most recent contract adjustment payment date on or before any early settlement with respect to the related purchase contracts (in the case of early settlement other than upon a fundamental change).

Our obligations with respect to the contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Priority Indebtedness (as defined under Description of the Remarketable Junior Subordinated Notes—Subordination ).

### **What payments will I be entitled to if I convert my Corporate Units to Treasury Units?**

Subject to any deferral as described under Are payments subject to deferral? below, holders of Treasury Units will be entitled to receive quarterly contract adjustment payments from us at the rate of % per year on the stated amount of \$50 per Treasury Unit. There will be no interest payments in respect of the interest in Treasury securities that is a component of the Treasury Units. To the extent that such holders of Treasury Units continue to hold the RSNs that were released to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate RSNs, subject to our right to defer such payments and subject to any modifications made thereto pursuant to a successful remarketing.

### **Are payments subject to deferral?**

We have the right to defer all or part of the contract adjustment payments but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the contract adjustment payment date immediately preceding the early settlement date).

Any deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to % per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as compounded contract adjustment payments. We may pay any deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation ranks on parity with, or junior to, the contract adjustment payments, or make any guarantee payments under any guarantee by us of securities of any of

our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments, in each case, subject to the exceptions set forth under Description of the Purchase Contracts—Contract Adjustment Payments.

In addition, prior to any successful remarketing of the RSNs, we may elect at one or more times to defer payment of interest on the RSNs for one or more consecutive interest periods; *provided* that no deferral period

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may extend beyond the purchase contract settlement date or the maturity date, as applicable. We may pay any deferred interest on any scheduled interest payment date occurring on or prior to the earlier of:

- (a) the purchase contract settlement date, in the case of a deferral period beginning prior to the purchase contract settlement date; or
  - (b) the maturity date, in the case of a deferral period beginning after the purchase contract settlement date.
- Deferred interest on the RSNs will bear interest at the interest rate applicable to the RSNs, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid.

In the event there is any deferred interest outstanding, we may not elect to conduct an optional remarketing. In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the RSNs (whether or not the RSNs were remarketed in the remarketing) on the purchase contract settlement date in cash.

In the event that we exercise our option to defer the payment of interest, then until the deferred interest payments (including compounded interest thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation rank on parity with, or junior to, the RSNs, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the RSNs, in each case, subject to the exceptions set forth under Description of the Remarketable Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances.

In connection with any successful remarketing of the RSNs, the interest deferral provisions will cease to apply to the RSNs.

### **What are the payment dates for the Corporate Units and Treasury Units?**

Subject to any deferral as described under Are payments subject to deferral? above, the payments described above in respect of the Equity Units will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year (except that if any such date is not a business day, interest and contract adjustment payments will be payable on the following business day, without adjustment for such delay), commencing July 15, 2018. We will make these payments to the person in whose name the Equity Unit is registered on the close of business on the record date, subject to certain exceptions described herein. The record date means the first day of the calendar month immediately preceding the month in which the relevant payment date falls (whether or not a business day).

### **What is a remarketing?**

We refer to each of an optional remarketing and a final remarketing as a remarketing. In a remarketing, the RSNs that are a part of Corporate Units (except, with respect to a final remarketing, where the holder has elected to settle the purchase contract through payment of separate cash) and any separate RSNs which were formerly part of Corporate Units but are now held by a holder as a separate security (the separate RSNs) whose holders have elected to participate in the remarketing will be remarketed as described below under What is an optional remarketing? or, if no optional remarketing has occurred or is successful, in a final remarketing as described below under What is a final remarketing?

Following any successful remarketing of the RSNs:

the interest rate on the RSNs may be reset as described below and under When will the interest rate on the RSNs be reset and what is the reset rate? below;

interest will be payable on the RSNs semi-annually on April 15 and October 15 of each year;

the RSNs will cease to be redeemable at our option, and the provisions described under Description of the

Remarketable Junior Subordinated Notes—Redemption at Our Option and —Redemption Procedures will no longer apply to the RSNs; and

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we will cease to have the ability to defer interest payments on the RSNs, and the provisions described under

- Description of the Remarketable Junior Subordinated Notes—Option to Defer Interest Payments will no longer apply to the RSNs.

All such modifications will take effect only if the remarketing is successful, without the consent of holders, on the optional remarketing settlement date or the purchase contract settlement date, as the case may be, and will apply to all RSNs, whether or not included in the remarketing. All other terms of the RSNs will remain unchanged.

In order to remarket the RSNs, the remarketing agent, in consultation with us, may reset the interest rate on the RSNs (either upward or downward) in order to produce the required price in the remarketing, as discussed under What is an optional remarketing? and What is a final remarketing?

During the applicable blackout period relating to a remarketing:

- you may not settle a purchase contract early;
- you may not create Treasury Units; and
- you may not recreate Corporate Units from Treasury Units.

We have agreed to enter into a remarketing agreement with one or more remarketing agents, which we refer to as the remarketing agent, no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, no later than 20 days prior to the first day of the optional remarketing period. We will separately pay a fee to the remarketing agent for its services. The holders of the RSNs included in any remarketing will not be responsible for such fee.

### **What is an optional remarketing?**

Unless a termination event has occurred, we may elect, at our option, to remarket the RSNs over a period selected by us that begins on or after January 13, 2021 (the second business day immediately preceding the interest payment date prior to the purchase contract settlement date) and ends any time on or before March 29, 2021 (the eighth calendar day prior to the beginning of the final remarketing period). In any optional remarketing, the aggregate principal amount of the RSNs that are a part of Corporate Units and any separate RSNs whose holders have elected to participate in the optional remarketing will be remarketed. We refer to this period as the optional remarketing period, a remarketing that occurs during the optional remarketing period as an optional remarketing and the date the RSNs are priced in an optional remarketing as the optional remarketing date. If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the RSNs that results in proceeds of at least 100% of the aggregate of the price of the Treasury portfolio described above under What is the Treasury portfolio? which we refer to as the Treasury portfolio purchase price, and the separate RSNs purchase price as defined under

Description of the Remarketable Junior Subordinated Notes—Remarketing of RSNs That Are Not Included in Corporate Units. We will request that The Depository Trust Company, or DTC, which we refer to as the depository, notify its participants holding Corporate Units, Treasury Units and separate RSNs of our election to conduct an optional remarketing no later than five business days prior to the first day of the optional remarketing period.

We may not elect to conduct an optional remarketing if we are then deferring interest on the RSNs.

An optional remarketing will be considered successful if the remarketing agent is able to remarket the RSNs for a price of at least 100% of the Treasury portfolio purchase price and the separate RSNs purchase price.

Following a successful optional remarketing, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described in the following paragraph, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the RSNs underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders

of such Corporate Units on the optional remarketing settlement date. The portion of the proceeds attributable to the separate RSNs sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate RSNs.

Following a successful optional remarketing, each Corporate Unit holder's applicable ownership interest in the Treasury portfolio or cash will be substituted for the holder's undivided beneficial ownership interest in the

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RSNs as a component of the Corporate Units, and the portion of the Treasury portfolio described in the first bullet under "What is the Treasury portfolio?" or such cash will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation under the related purchase contract. On the purchase contract settlement date, for each Corporate Unit, \$50 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract and the proceeds from the portion of the Treasury portfolio described in the second bullet under "What is the Treasury portfolio?" which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the RSNs that were components of the Corporate Units at the time of the remarketing, will be paid on the purchase contract settlement date to the Corporate Unit holders.

If we elect to conduct an optional remarketing and that remarketing is successful:

- settlement with respect to the remarketed RSNs will occur on the third business day following the optional remarketing date, unless the remarketed RSNs are priced after 4:30 p.m. New York City time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date (we refer to such settlement date as the "optional remarketing settlement date");
- the interest rate on the RSNs will be reset by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date;
- the other modifications to the terms of the RSNs, as described under "What is a remarketing?" above will become effective;

- after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio or cash, as described above; and

- you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing, or no optional remarketing succeeds for any reason, the RSNs will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the RSNs during the final remarketing period, as described under "What is a final remarketing?" below.

At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any remarketing in our sole and absolute discretion.

### **What is a final remarketing?**

Unless a termination event or a successful optional remarketing has previously occurred, we will remarket the RSNs during the five business day period ending on, and including, April 12, 2021 (the third business day immediately preceding the purchase contract settlement date). We refer to such period as the "final remarketing period," the remarketing during this period as the "final remarketing" and the date the RSNs are priced in the final remarketing as the "final remarketing date." In the final remarketing, the aggregate principal amount of the RSNs that are a part of Corporate Units (except where the holder thereof has elected to settle the purchase contract through payment of separate cash) and any separate RSNs whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the RSNs that results in proceeds of at least 100% of the aggregate principal amount of all the RSNs offered in the remarketing. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate RSNs of the final remarketing no later than seven days prior to the first day of the final remarketing period. We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the RSNs for at least 100% of the aggregate principal amount of all the RSNs offered in the remarketing.

Upon a successful final remarketing, settlement with respect to the remarketed RSNs will occur on the purchase contract settlement date. On the final remarketing date, if applicable, the interest rate on the RSNs will be reset by the remarketing agent in consultation with us, and will become effective on the purchase contract settlement date.

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Following a successful final remarketing, the collateral agent will remit the portion of the proceeds equal to the total principal amount of the RSNs underlying the Corporate Units to us to satisfy in full the Corporate Unit holders obligations to purchase common stock under the related purchase contracts. Any excess proceeds attributable to RSNs underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such RSNs. Proceeds from the final remarketing attributable to the separate RSNs remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the separate RSNs that were remarketed.

### **What happens if the RSNs are not successfully remarketed?**

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the RSNs during the final remarketing period at a price at least equal to 100% of the aggregate principal amount of RSNs offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a failed remarketing, holders of all RSNs will have the right to put their RSNs to us for an amount equal to the principal amount of their RSNs. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the RSNs underlying the Corporate Units unless, prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the securities intermediary \$50 in cash per purchase contract. This settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash, and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply the proceeds of the put price against the holder's obligations to us under the related purchase contracts, thereby satisfying the holder's obligations in full, and the RSNs underlying such Corporate Units will be delivered to us and cancelled.

### **Do I have to participate in the remarketing?**

No. You may elect not to participate in any remarketing and to retain the RSNs underlying the undivided beneficial ownership interests in RSNs comprising part of your Corporate Units by (1) creating Treasury Units at any time other than during a blackout period, (2) settling the related purchase contracts early at any time other than during a blackout period or (3) in the case of a final remarketing, notifying the purchase contract agent prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of your intention to settle your obligation under the related purchase contracts on the purchase contract settlement date in cash, and delivering such cash payment required under the purchase contracts to the securities intermediary on or prior to 4:00 p.m., New York City time, on the business day immediately prior to the first day of the final remarketing period. You can only elect to satisfy your obligation in cash in increments of 20 Corporate Units. See Description of the Purchase Contracts—Notice to Settle with Cash.

### **Which provisions will govern the RSNs following the remarketing?**

The remarketed RSNs will be governed by the indenture under which they were issued as part of the Corporate Units. However, following any successful remarketing of the RSNs, the interest rate on the RSNs will be reset, interest will be payable semi-annually and we will cease to have the ability to redeem the RSNs at our option or defer interest payments on the RSNs, all as described under What is a remarketing? above.

### **If I am holding separate RSNs, can I still participate in a remarketing of the RSNs?**

Yes. If you hold separate RSNs, you may elect to have your RSNs remarketed by the remarketing agent along with the RSNs underlying the Corporate Units as described under Description of the Remarketable Junior Subordinated Notes—Remarketing of RSNs That Are Not Included in Corporate Units. You may also participate in any remarketing by recreating Corporate Units at any time prior to the remarketing, other than during a blackout period.

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### **How can I satisfy my obligation under the purchase contracts?**

You may satisfy your obligation under the purchase contracts as follows:

on an early settlement date as described under Can I settle the purchase contract early? above and under What happens if there is early settlement upon a fundamental change? below;

on the purchase contract settlement date if you own Corporate Units:

through the automatic application of the portion of the proceeds of a successful remarketing during the final remarketing period equal to the principal amount of the RSNs underlying the Corporate Units, as described under What is a final remarketing? above; or

in the case of a successful optional remarketing, through the automatic application of the portion of the proceeds from the Treasury portfolio or cash equal to the principal amount of the RSNs if the Treasury portfolio or cash has replaced the RSNs as a component of the Corporate Units as a result of a successful optional remarketing, as described under What is an optional remarketing? above; or

through cash settlement as described under Do I have to participate in the remarketing? above or through exercise of the put right or cash settlement as described under What happens if the RSNs are not successfully remarketed? above; or

on the purchase contract settlement date if you own Treasury Units through the automatic application of the proceeds of the interest in Treasury securities.

In addition, the purchase contract and pledge agreement that governs the Equity Units provides that your obligation under the purchase contract will be terminated without any further action or notice upon the occurrence of a termination event, as defined under Description of the Purchase Contracts—Termination.

If you settle a purchase contract early (other than pursuant to your fundamental change early settlement right), you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the contract adjustment payment date immediately preceding the early settlement date; *provided* that, under certain circumstances, you will be required to pay all contract adjustment payments payable on the contract adjustment payment date next succeeding the early settlement date to us in order to exercise the early settlement right. If you settle a purchase contract early pursuant to your fundamental change early settlement right, you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay accrued and unpaid contract adjustment payments to the holder of the purchase contract as of such record date.

If the purchase contracts are terminated as a result of a termination event, you will not have any right to receive accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon). See Description of the Purchase Contracts—Early Settlement and Description of the Purchase Contracts—Termination.

### **What interest payments will I receive on the RSNs or on the undivided beneficial ownership interests in the RSNs?**

Subject to any deferral as described in Are payments subject to deferral? above, the RSNs will bear interest at the rate of % per year from the original issuance date to the purchase contract settlement date or, if earlier, the optional remarketing settlement date, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing July 15, 2018 (except that if any such date is not a business day, interest will be payable on the following

business day, without adjustment for such delay). On and after the purchase contract settlement date or, if earlier, the optional remarketing settlement date, interest on each RSN will be payable at the relevant reset rate (as defined under "When will the interest rate on the RSNs be reset and what is the reset rate?" ), or if the interest rate has not been reset, at the initial interest rate of % per year. If a remarketing is successful, interest on the RSNs thereafter will be payable semi-annually. See "What is a remarketing?" above.

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### **When will the interest rate on the RSNs be reset and what is the reset rate?**

The interest rate on the RSNs may be reset in connection with a successful remarketing as described above under

What is an optional remarketing? and What is a final remarketing? The reset rate will be the interest rate determined by the remarketing agent, in consultation with us, as the rate the RSNs should bear in order for the remarketing agent to remarket the RSNs on the remarketing date for a price of at least 100% of the Treasury portfolio purchase price *plus* the separate RSNs purchase price, if any, in the case of an optional remarketing, or at least 100% of the aggregate principal amount of the RSNs being offered in the remarketing, in the case of a final remarketing. In any case, the reset rate may be higher or lower than the initial interest rate on the RSNs depending on the results of the remarketing and market conditions at that time. The interest rate on the RSNs will not be reset if there is not a successful remarketing and the RSNs will continue to bear interest at the initial interest rate. The reset rate will not exceed the maximum rate permitted by applicable law.

### **When may the RSNs be redeemed?**

We may redeem the RSNs at our option only if there has been a failed final remarketing. In that event, any RSNs that remain outstanding after the purchase contract settlement date will be redeemable on or after April 15, 2023 at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the principal amount thereof *plus* accrued and unpaid interest, if any, to but excluding the redemption date.

### **What happens if there is early settlement upon a fundamental change?**

If we are involved in a transaction that constitutes a fundamental change (as defined below) prior to the 20<sup>th</sup> business day preceding the purchase contract settlement date, you will have the right, subject to certain conditions, to accelerate and settle a purchase contract early at the settlement rate determined as described under Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change, *plus* an additional make-whole amount of shares, or the make-whole shares, so long as at such time, if required under the U.S. federal securities laws, there is in effect a registration statement covering any securities to be issued and delivered in connection with such fundamental change early settlement. We refer to this right as the fundamental change early settlement right.

A fundamental change means (1) a person or group within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) has become the direct or indirect beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock; (2) (A) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock), in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or other transaction) common stock listed on the NYSE, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors); or (B) the consummation of any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of our consolidated assets to any person other than one of our subsidiaries; (3) our common stock ceases to be listed on at least one of the NYSE, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors); or (4) our shareholders approve our liquidation, dissolution or termination. For the avoidance of doubt, if we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock) that also constitutes a transaction described in clause (1) of the fundamental change definition, the determination of whether such consolidation, merger

or other similar transaction or series of related transactions constitutes a fundamental change shall be governed solely by clause (2)(A) of the fundamental change definition.

We will provide each of the holders of Equity Units with a notice of the completion of a fundamental change within 10 business days after the effective date of such fundamental change. The notice will specify (1) a date (subject to postponement, as described below, the fundamental change early settlement date ), which will be at least 10 days after the date of the notice but no later than the earlier of 20 days after the date of the notice

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and one business day prior to the purchase contract settlement date, on which date we will deliver shares of our common stock to holders who exercise the fundamental change early settlement right, (2) the date by which holders must exercise the fundamental change early settlement right, (3) the applicable settlement rate and number of make-whole shares, (4) the amount and kind (per share of common stock) of the cash, securities and other consideration receivable upon settlement and (5) the amount of accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon), if any, that will be paid upon settlement to holders exercising the fundamental change early settlement right. To exercise the fundamental change early settlement right with respect to any purchase contracts, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the continental United States of America, during the period beginning on the date we deliver notice to holders that a fundamental change has occurred and ending at 4:00 p.m., New York City time, on the third business day before the fundamental change early settlement date (such period, subject to extension as described below, the fundamental change exercise period), payment of \$50 for each purchase contract being settled in immediately available funds.

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, a number of shares (or exchange property units, if applicable) equal to the settlement rate described above, plus the number of make-whole shares determined by reference to the table set forth under Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change. In addition, on the fundamental change early settlement date, we will pay you the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay all accrued and unpaid contract adjustment payments to the holder as of such record date. The RSNs or applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, will be released from the pledge under the purchase contract and pledge agreement and delivered to you on the fundamental change early settlement date. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect throughout the fundamental change exercise period a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement, subject to certain exceptions. In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until the registration statement is effective and no blackout period is continuing. The fundamental change exercise period will be extended by the number of days during such period on which no such registration statement is effective or a blackout period is continuing (*provided that the fundamental change exercise period will not be extended beyond the fourth business day preceding the purchase contract settlement date*) and the fundamental change early settlement date will be postponed to the third business day following the end of the fundamental change exercise period. If, but for the proviso contained in the immediately preceding sentence, the fundamental change early settlement date would occur on or after the purchase contract settlement date, we will deliver to any holder of purchase contracts on the purchase contract settlement date the applicable number of make-whole shares in addition to a number of shares equal to the settlement rate, determined as if the applicable market value were equal to the relevant stock price.

Unless the Treasury portfolio has replaced the RSNs as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the RSNs as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of      Corporate Units.

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A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

### **What is the ranking of the RSNs?**

The RSNs will be subordinated to all our existing and future Priority Indebtedness. The RSNs will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. See Description of the Remarketable Junior Subordinated Notes—Subordination.

### **How will the RSNs be evidenced?**

The RSNs that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The RSNs that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

In a few special situations described in Description of the Remarketable Junior Subordinated Notes—Book Entry Issuance—The Depository Trust Company, a book-entry security representing the RSNs will terminate and interests in it will be exchanged for physical certificates representing the RSNs.

### **What are the U.S. federal income tax consequences related to the Equity Units and RSNs?**

The Internal Revenue Service (the IRS) has issued a ruling addressing the treatment of units similar to the Equity Units. In that ruling, the IRS concluded that, for U.S. federal income tax purposes, an interest in a unit comprising a note and a purchase contract would be treated as a separate interest in such note and a separate interest in such purchase contract. The IRS concluded that the notes issued as part of such unit were treated as debt for U.S. federal income tax purposes. However, the terms of the Equity Units differ in some respects from the terms of the units addressed by the IRS in the ruling, and there is no statutory, judicial or administrative authority directly addressing the treatment of instruments with substantially identical terms as the Equity Units. Accordingly, no assurance can be given that the conclusions in the ruling apply to the Equity Units. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are not entirely clear. In addition, we cannot assure you that the IRS or a court will agree with the characterization of the RSNs as indebtedness for U.S. federal income tax purposes.

Although the matter is not free from doubt, based on the IRS ruling noted above, the facts contained in this prospectus supplement and other relevant documents, the terms of the relevant documents and certain assumptions and representations, a beneficial owner of Equity Units will be treated for U.S. federal income tax purposes as separately owning the purchase contract and the undivided beneficial ownership interests in the RSNs, the Treasury portfolio or the Treasury securities constituting the Equity Unit, as applicable. By purchasing the Corporate Units, you will be deemed to have agreed to treat the Equity Units in that manner for all U.S. federal income tax purposes. In addition, you must allocate the purchase price of the Corporate Units between the RSNs and the purchase contract in proportion to their respective fair market values, which will establish your initial tax basis in the RSNs and the purchase contract. With respect to each Corporate Unit purchased in the offering, you will be deemed to have agreed to allocate \$50 to the undivided beneficial ownership interest in the RSNs and \$0 to the purchase contract.

We intend to treat the RSNs as variable rate debt instruments that are subject to applicable U.S. Treasury regulations that apply to reset bonds. Under this treatment, you will be required to take into account interest payments on the RSNs at the time they are paid or accrued in accordance with your regular method of accounting for tax purposes. However, there are no U.S. Treasury regulations, rulings or other authorities that address the U.S. federal income tax

treatment of debt instruments that are substantially similar to the RSNs, and therefore the U.S. federal income tax treatment of the RSNs is unclear. Under possible alternative characterizations of the RSNs, you may be required to accrue interest income in amounts that exceed the stated interest on the RSNs and/or treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange, redemption or other taxable disposition of an RSN. See Material United States Federal Income Tax Considerations—U.S. Holders—The RSNs—Possible Alternative Characterizations.

If the Treasury portfolio has replaced the RSNs as a component of the Corporate Units as a result of a successful optional remarketing, a beneficial owner of Corporate Units generally will be required to include in

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gross income its allocable share of any interest payments made with respect to such owner's applicable ownership interest in the Treasury portfolio, and, if appropriate, original issue discount or acquisition discount (as described under Material United States Federal Income Tax Considerations) on the applicable ownership interest in the Treasury portfolio.

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under Material United States Federal Income Tax Considerations) when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under Material United States Federal Income Tax Considerations) as payments generally subject to U.S. federal withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax.

For a more comprehensive discussion of the U.S. federal income tax consequences of an investment in the Equity Units, please see Material United States Federal Income Tax Considerations. Prospective investors in Equity Units should consult their tax advisors regarding the particular tax consequences to them of the purchase, ownership and disposition of Equity Units (including the application and effects of any state, local, or foreign and other tax laws).

### **Are there limitations on the purchase, holding or disposition of the Corporate Units with assets of, or on behalf of, an employee benefit plan?**

Yes. The Employee Retirement Income Security Act of 1974, as amended (ERISA), Section 4975 of the Internal Revenue Code of 1986, as amended (the Code), and similar federal, state, local and foreign laws that are substantively similar or are of similar effect (Similar Law) may impose restrictions on the purchase, holding and disposition of Corporate Units (and the securities underlying the Corporate Units) by employee benefit plans that are subject to those laws. Corporate Units (and the securities underlying the Corporate Units) may be purchased with assets of, or on behalf of, an employee benefit plan subject to the investing fiduciary's determination that the investment satisfies ERISA's fiduciary standards and other requirements under ERISA, the Code and/or Similar Law. An investing fiduciary that proposes to cause an employee benefit plan, or to act on behalf of an employee benefit plan, to purchase Corporate Units (and the securities underlying the Corporate Units) should consult its own counsel regarding the potential applicability of ERISA, the Code and/or Similar Law to such investment, the potential consequences in its specific circumstances, and whether any prohibited transaction exemption or exemptions would be applicable and should determine on its own whether all conditions of such exemption or exemptions have been satisfied. See ERISA Considerations.

### **What are the uses of proceeds from the offering?**

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately \$ million (approximately \$ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discounts and commissions and estimated offering expenses.

In addition, we estimate that we will receive net proceeds, after deducting underwriting discounts and commissions and estimated offering expenses, of approximately \$ million from our sale of common stock in the concurrent common stock offering (approximately \$ million if the underwriters of such offering exercise in full their option to purchase additional shares of common stock). We will not initially receive any proceeds from the sale of the shares of our common stock offered by the forward seller (which shares relate to the forward sale agreement between SJI and Bank of America, N.A.) in the concurrent common stock offering, unless an event occurs that requires us to sell our common stock to the underwriters in the concurrent common stock offering in lieu of the forward seller selling our common stock to such underwriters or such underwriters' option to purchase additional shares of our common stock is exercised and we elect to sell the additional shares of our common stock covered by such option to such underwriters rather than requiring the forward seller in the concurrent common stock offering to borrow and sell such additional

shares of our common stock to such underwriters. The concurrent common stock offering is not contingent on the completion of this offering and this offering is not contingent on the completion of the concurrent common stock offering.

We intend to use the net proceeds from this offering, together with cash on hand and proceeds from the concurrent offering of common stock (including in connection with settlement of any related forward sale agreement), to fund a portion of the cash consideration payable in connection with the Acquisition and for capital expenditures primarily for regulated businesses, including infrastructure investments at our utility business.

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However, the consummation of this offering is not conditioned on the closing of the Acquisition or the concurrent common stock offering. If we do not consummate the Acquisition, we will retain broad discretion to use all of the net proceeds from this offering for general corporate purposes. See **Use of Proceeds** in this prospectus supplement.

**What are the risks relating to the Equity Units?**

See **Risk Factors** on page S-32 of this prospectus supplement and on page 5 of the accompanying prospectus and the risk factors set forth in the documents and reports filed with the SEC that are incorporated by reference in this prospectus supplement and in the accompanying base prospectus, including the risk factors set forth under **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2017, before you make an investment decision pursuant to this prospectus supplement and the accompanying base prospectus.

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### **The Offering—Explanatory Diagrams**

The following diagrams illustrate some of the key features of the purchase contracts and the undivided beneficial ownership interests in RSNs, Corporate Units and Treasury Units.

### **Corporate Units**

A Corporate Unit consists of two components as described below:

- (1) Contract adjustment payments may be deferred as described under Description of the Purchase Contracts—Contract Adjustment Payments below.
- (2) Each owner of an undivided beneficial ownership interest in RSNs will be entitled to 1/20, or 5%, of each interest payment paid in respect of a \$1,000 principal amount RSN.  
Interest payments may be deferred as described under Description of the Remarketable Junior Subordinated Notes—Option to Defer Interest Payments below. In connection with any successful remarketing of the RSNs, the interest deferral provisions will cease to apply to the RSNs.  
RSNs will be issued in minimum denominations of \$1,000, except in limited circumstances following a
- (4) termination event. Each undivided beneficial ownership interest in RSNs represents a 1/20, or 5%, undivided beneficial ownership interest in an RSN having a principal amount of \$1,000.  
The holder of a Corporate Unit owns the 1/20, or 5%, undivided beneficial ownership interest in an RSN having a principal amount of \$1,000 that forms a part of the Corporate Unit, but will pledge it to us through the collateral agent to secure its obligations under the related purchase contract.

If the Treasury portfolio has replaced the RSNs as a result of a successful optional remarketing, the applicable ownership interests in the Treasury portfolio or cash, as applicable, will replace the RSNs as a component of the Corporate Unit.

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**Treasury Units**

A Treasury Unit consists of two components as described below:<sup>(1)</sup>

- Treasury Units may only be created in integral multiples of 20 Corporate Units. As a result, the creation of 20
- (1) Treasury Units will release \$1,000 principal amount of the RSNs held by the collateral agent. During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.
- (2) Contract adjustment payments may be deferred as described under Description of the Purchase Contracts—Contract Adjustment Payments below.

The holder of a Treasury Unit owns the 1/20, or 5%, undivided beneficial ownership interest in the Treasury security that forms a part of the Treasury Unit, but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

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### **Purchase Contract**

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, the purchase contracts require us to make contract adjustment payments as shown in the diagrams on the preceding pages.

- (1) The reference price is \$ , which will be the public offering price of our common stock in the concurrent common stock offering.
- (2) The threshold appreciation price is equal to \$50 *divided by* the minimum settlement rate (such quotient rounded to the nearest \$0.0001), which is \$ and represents appreciation of approximately % over the reference price.
- (3) If the applicable market value of our common stock is less than or equal to the reference price of \$ , shares of our common stock (subject to adjustment).  
If the applicable market value of our common stock is greater than the reference price and less than the threshold appreciation price of \$ , the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$50 by the applicable market value, rounded to the nearest ten thousandth of a share (subject to adjustment).
- (4) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be shares (subject to adjustment).
- (5) The applicable market value means the average VWAP of our common stock for the trading days during the 20 consecutive scheduled trading-day period ending on the second scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs).
- (6)

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**The RSNs**

The RSNs have the terms described below:

(1) Interest payments may be deferred as described under Description of the Remarketable Junior Subordinated Notes—Option to Defer Interest Payments and interest payment dates will be adjusted in a successful remarketing as described under Description of the Remarketable Junior Subordinated Notes—Remarketing. In connection with any successful remarketing of the RSNs, the interest deferral provisions will cease to apply to the RSNs.

(2) Following any successful remarketing of the RSNs, the interest rate on the RSNs will be reset, interest will be payable on a semi-annual basis, and we will cease to have the ability to redeem the RSNs at our option or defer interest payments on the RSNs, all as described under Description of the Purchase Contracts—Remarketing.

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- (1) Each holder will own a 1/20, or 5%, undivided beneficial ownership interest in, and will be entitled to a corresponding portion of each interest payment payable in respect of, an RSN having a principal amount of \$1,000. RSNs will be issued in minimum denominations of \$1,000 and integral multiples thereof, except in limited circumstances following a termination event. Following any successful remarketing of the RSNs, the interest rate
- (2) on the RSNs will be reset, interest will be payable on a semi-annual basis, and we will cease to have the ability to redeem the RSNs at our option or defer interest payments on the RSNs, all as described under Description of the Purchase Contracts—Remarketing.
- Interest payments may be deferred as described in this prospectus supplement and interest payment dates will be adjusted in a successful remarketing as described under Description of the Remarketable Junior Subordinated
- (3) Notes—Option to Defer Interest Payments. In connection with any successful remarketing of the RSNs, the interest deferral provisions will cease to apply to the RSNs.
- (4) Contract adjustment payments may be deferred as described under Description of the Purchase Contracts—Remarketing.

The diagram above describes each of a Corporate Unit, a Treasury Unit and a separate RSN.

Because the RSNs and the Treasury securities are issued in minimum denominations of \$1,000, holders of Corporate Units may only create Treasury Units in integral multiples of 20 Corporate Units.

To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components—20 purchase contracts and an RSN having a principal amount of \$1,000—and then combines the purchase contracts with a Treasury security having a principal amount at maturity of \$1,000 that matures on or prior to April 15, 2021.

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• The RSN, which is no longer a component of Corporate Units, is released from the pledge under the purchase contract and pledge agreement and delivered to the holder and is tradable as a separate security.

- A holder owns the Treasury security that forms a part of the 20 Treasury Units but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

¶ The Treasury security together with the 20 purchase contracts constitute 20 Treasury Units.

• During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.

Unless a blackout period is occurring or there has been a successful remarketing, the holder can also transform 20 Treasury Units and an RSN having a principal amount of \$1,000 into 20 Corporate Units. Following that

transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and will be tradable as a separate security.

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The following timeline is for illustrative purposes only. The dates in this timeline are based on the time periods set forth in the purchase contract and pledge agreement and the form of remarketing agreement that will be an exhibit to the purchase contract and pledge agreement. This timeline assumes that we will elect to conduct an optional remarketing during the maximum permissible optional remarketing period.

<b>Date</b>	<b>Event</b>
January 6, 2021 (five business days prior to the first day of the optional remarketing period)	We will, or we will request that the depository, notify holders of Corporate Units, Treasury Units and separate RSNs of our election to conduct an optional remarketing. Such notice will specify the first day of the optional remarketing period and the procedures to be followed in the optional remarketing.
January 11, 2021 (two business days prior to the beginning of the optional remarketing period)	<p>Last day prior to the optional remarketing to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units (holders may once again be able to create and recreate units if the optional remarketing is not successful);</p> <p>Last day prior to the optional remarketing for holders of Corporate Units to settle the related purchase contracts early (holders may once again be able to settle early if the optional remarketing is not successful or after the blackout period has concluded for such optional remarketing); and</p> <p>Last day for holders of separate RSNs to give notice of their election or to revoke their election to participate in the optional remarketing.</p>
January 13, 2021 to March 29, 2021	<p>Optional remarketing period:</p> <p>if the optional remarketing is successful, we will issue a press release on the business day after the optional remarketing date, the remarketing agent will purchase the Treasury portfolio and the settlement date for the optional remarketing will occur on the third business day following the optional remarketing date (unless the remarketed RSNs are priced after 4:30 p.m. New York City time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date); and</p> <p>if the optional remarketing is not successful, we will issue a press release at the end of the optional remarketing period.</p>
No later than March 30, 2021 (seven calendar days prior to the first day of the final remarketing period)	If there has not been a successful optional remarketing, we will request that the depository notify its participants holding Corporate Units, Treasury Units and separate RSNs of the final remarketing. Such notice will specify the final remarketing period and the procedures to be followed in the final remarketing.
March 30, 2021 (seven calendar days prior to the first day of the final	First day for holders of Corporate Units to give notice of election to settle purchase contracts with separate cash.

remarketing period)

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<b>Date</b>	<b>Event</b>
April 2, 2021 (two business days prior to the first day of the final remarketing period)	<p>Last day to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units if no successful optional remarketing has occurred;</p> <p>Last day for holders of Corporate Units to give notice of election to settle the related purchase contracts with separate cash on the purchase contract settlement date (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful);</p> <p>Last day for holders of separate RSNs to give notice of their election or to revoke their election to participate in the final remarketing; and</p> <p>Last day for holders of Corporate Units or Treasury Units to settle the related purchase contracts early.</p>
April 5, 2021 (one business day prior to the first day of the final remarketing period)	Last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract date to pay the purchase price (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful).
April 6, 2021 to April 12, 2021 (final remarketing period)	If there has not been a successful optional remarketing, we will attempt a remarketing during the final remarketing period. We may elect to postpone the final remarketing on any day other than one of the last three business days of the final remarketing period.
April 13, 2021 (two business days prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units to elect to settle the related purchase contracts with separate cash on the purchase contract settlement date.
April 14, 2021 (one business day prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract settlement date to pay the purchase price.
April 15, 2021 (or if such day is not a business day, the following business day)	Purchase contract settlement date and settlement date for any successful final remarketing of the RSNs.

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The following table sets forth selected consolidated financial information for us and unaudited pro forma condensed combined financial statements for us and the Elizabethtown Business. The summary consolidated financial data has been derived from our audited consolidated financial statements and related notes for the three years ended December 31, 2017, 2016 and 2015 contained in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated in this prospectus supplement by reference. The summary financial information should be read in conjunction with the consolidated financial statements described above and the related notes. The unaudited pro forma condensed combined financial statements are based upon the historical consolidated financial data of the Company and the Elizabethtown Business, after giving effect to the acquisition of the Elizabethtown Business by the Company as of December 31, 2017. The unaudited pro forma condensed combined financial statements should be read in conjunction with the financial statements presented in Unaudited Pro Forma Condensed Combined Financial Data of the Company and the Elizabethtown Business in this prospectus supplement and the related notes thereto.

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

	<b>Historical South Jersey Industries, Inc.</b>			<b>Pro Forma Combined Year ended December 31,</b>
	<b>Year ended December 31,</b>			<b>31,</b>
<b>(In thousands except for per share data)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2017</b>
<b>Statements of consolidated income and statements of consolidated cash flows data:</b>				
Total operating revenues	\$ 1,243,068	\$ 1,036,500	\$ 959,568	\$ 1,547,815
Total operating expenses	1,238,658	847,224	802,674	1,454,028
Operating income	4,410	189,276	156,894	93,787
Income from continuing operations	(3,404 )	119,061	105,610	18,258
Net income	(3,490 )	118,810	105,107	18,172
Basic earnings per common share	(0.04 )	1.56	1.53	0.20
Diluted earnings per common share	(0.04 )	1.56	1.52	0.20
Capital expenditures	(272,965 )	(279,423 )	(343,883 )	(428,113 )
<b>Consolidated operating data:</b>				
Economic Earnings <sup>(1)</sup>	\$ 98,065	\$ 102,842	\$ 98,974	\$ 115,628
Economic EPS per diluted share	\$ 1.23	\$ 1.34	\$ 1.44	\$ 1.27

- (1) We define Economic Earnings as: Income from continuing operations, (a) less the change in unrealized gains and plus the change in unrealized losses on all derivative transactions; (b) less realized gains and plus realized losses 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; (c) less the impact of transactions or contractual arrangements where the true economic impact will be realized in a future period; (d) as adjusted by the impact of a May 2017 jury verdict stemming from a pricing dispute with a gas supplier over costs, including interest charges and legal fees incurred; (e) as adjusted by the impact of a settlement of an outstanding legal claim stemming from a dispute related to a three-year capacity management contract with a counterparty,

including legal fees incurred; (f) as adjusted by the impact of a favorable FERC decision over a tariff rate dispute with a counterparty, including interest earned; and (g) as adjusted for various costs related to the agreement to acquire the assets of Elizabethtown Gas and Elkton Gas. With respect to part (c) of the definition of Economic Earnings:

For the year ended December 31, 2017, Economic Earnings excludes an approximately \$2.4 million pre-tax loss related to a new interest rate derivative and amendments made to an existing interest rate derivative linked to unrealized losses previously recorded in Accumulated Other Comprehensive Loss ( AOCL ). SJI reclassified this amount from AOCL to Interest Charges on the consolidated statements

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of income as a result of the prior hedged transactions being deemed probable of not occurring. Since the economic impact will not be realized until future periods, this amount is excluded from Economic Earnings. See Note 16 to the consolidated financial statements.

- For the year ended December 31, 2017, Economic Earnings excludes approximately \$91.3 million of pre-tax charges related to several impairment charges recorded during the year, including impairments on solar generating facilities, landfill gas-to-energy ( LFGTE ) long-lived assets, LFGTE assets customer relationships, and goodwill (see Note 1 to the consolidated financial statements). The economic impact of these charges will not be realized until a future period. An impairment charge was also recorded in 2012 within Income from Continuing Operations on a separate solar generating facility which reduced its depreciable basis and recurring depreciation expense, and this was also excluded from Economic Earnings.

For the year ended December 31, 2017, Economic Earnings excludes approximately \$11.4 million for the impact of one-time tax adjustments, most notably related to the *Tax Cuts and Jobs Act* ( Tax Reform ), which was signed into law in December 2017.

For the year ended December 31, 2015, Economic Earnings includes a pre-tax loss of \$2.5 million from affiliated companies that was 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 Energen 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). 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 Energen, reduced the carrying value of the investment in this project. As such, this charge is included in Economic Earnings for the year ended December 31, 2015.

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 primarily in a future period or was realized in a previous period. Specifically regarding derivatives, 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. We believe that 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.

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The following table presents a reconciliation of our income from continuing operations and earnings per share from continuing operations to Economic Earnings and Economic Earnings per share (in thousands, except per share data):

	<b>Historical South Jersey Industries, Inc.</b>			<b>Pro Forma Combined Year ended December 31,</b>
	<b>Year ended December 31,</b>			<b>2017</b>
	<b>2017</b>	<b>2016</b>	<b>2015</b>	
(Loss) Income from Continuing Operations	\$ (3,404 )	\$ 119,061	\$ 105,610	\$ 18,258
Minus/Plus:				
Unrealized Mark-to-Market Losses/(Gains) on Derivatives*	14,226	(27,550 )	(8,444 )	14,226
Realized Losses on Inventory Injection Hedges*	332	683	89	332
Net Loss from Affiliated Companies <sup>(A)*</sup>	—	—	(2,540 )	—
Unrealized Loss on Property, Plant and Equipment <sup>(B)</sup>	91,299	—	—	91,299
Net Losses from Legal Proceedings <sup>(C)</sup>	56,075	—	—	56,075
Acquisition Costs <sup>(D)</sup>	19,564	—	—	12,898
Other <sup>(E)*</sup>	2,227	(165 )	(165 )	2,227
Income Taxes <sup>(F)</sup>	(70,834 )	10,813	4,424	(68,267 )
Additional Tax Adjustments <sup>(G)</sup>	(11,420 )	—	—	(11,420 )
Economic Earnings	\$ 98,065	\$ 102,842	\$ 98,974	\$ 115,628
(Loss) Earnings per Share from Continuing Operations	\$ (0.04 )	\$ 1.56	\$ 1.53	\$ 0.20
Minus/Plus:				
Unrealized Mark-to-Market Losses/(Gains) on Derivatives*	0.18	(0.36 )	(0.12 )	0.16
Realized Losses on Inventory Injection Hedges*	—	0.01	—	—
Net Loss from Affiliated Companies <sup>(A)*</sup>	—	—	(0.04 )	—
Unrealized Loss on Property, Plant and Equipment <sup>(B)</sup>	1.14	—	—	1.00
Net Losses from Legal Proceedings <sup>(C)</sup>	0.70	—	—	0.62
Acquisition Costs <sup>(D)</sup>	0.25	—	—	0.14
Other <sup>(E)*</sup>	0.03	—	—	0.02
Income Taxes <sup>(F)</sup>	(0.89 )	0.13	0.07	(0.75 )
Additional Tax Adjustments <sup>(G)</sup>	(0.14 )	—	—	(0.12 )
Economic Earnings per Share	\$ 1.23	\$ 1.34	\$ 1.44	\$ 1.27

\* Certain reclassifications have been made to the prior period numbers in these tables to conform to the current period presentation. The 2015 numbers in these line items have been adjusted to be presented before income taxes.

(A) Resulting from a reserve for uncollectible accounts recorded by an Energen 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). 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 2015, the Company, through its investment in Energen, reduced the carrying value of the investment in this project. As such, this charge is included in Economic Earnings in 2015.



Represents several impairment charges recorded during the year, including impairments on solar generating facilities, landfill gas-to-energy long-lived assets, LFGTE assets customer relationships, and goodwill (see Note 1 to the consolidated financial statements). The economic impact of these charges will not be realized until a future period.

Represents net losses from three separate legal proceedings: (a) \$55.6 million of pre-tax charges, including interest and legal fees, resulting from a ruling in a legal proceeding related to a pricing dispute between SJI and a gas supplier that began in October 2014; (b) a \$9.8 million pre-tax charge, including legal fees, resulting from a settlement with a counterparty over a dispute related to a three-year capacity management contract; and (c) a \$9.3 million pre-tax gain resulting from a favorable FERC decision, including interest, over a tariff rate dispute with a counterparty, whereby SJI contended that the counterparty was overcharging for storage demand charges over a ten-year period. See Note 15 to the consolidated financial statements. Since these net losses relate to transactions that primarily occurred in prior periods, these net losses are excluded from Economic Earnings.

For SJI Historical, this represents costs incurred on the agreement to acquire the assets of Elizabethtown Gas and Elkton Gas (see Note 1 to the consolidated financial statements). Since the economic impact will not be realized until future periods, this amount is excluded from Economic Earnings. For Pro Forma Combined purposes, this represents specific costs incurred related to the financing of the acquisition not already excluded in the Pro Forma (Loss) Income from Continuing Operations amounts.

Included in this amount are amendments made to an existing interest rate derivative linked to unrealized losses previously recorded in AOCL, which SJI reclassified from AOCL to Interest Charges on the consolidated statements of income as a result of

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the prior hedged transactions being deemed probable of not occurring. Since the economic impact will not be realized until future periods, this amount is excluded from Economic Earnings. Also included is additional depreciation expense within Economic Earnings on two solar generating facilities where an impairment charge was recorded in the past, which reduced the depreciable basis and recurring depreciation expense, and the related reduction in depreciation expense is being added back.

(F) Determined using a combined average statutory tax rate of approximately 39% for 2017 and 40% for 2016 and 2015.

(G) Represents one-time tax adjustments, most notably for Tax Reform, which was signed into law in December 2017. There is no difference between SJG's GAAP net income and Economic Earnings.

	<b>Historical South Jersey Industries, Inc.</b>		<b>Pro Forma Combined</b>
	<b>As of December 31,</b>		<b>As of December 31,</b>
<b>(In thousands)</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
<b>Consolidated balance sheets data:</b>			
Total assets	\$ 3,865,086	\$ 3,730,567	\$ 5,876,918
Long-term debt	1,122,999	808,005	2,222,313
Total equity	1,192,409	1,289,240	1,452,988
<b>Historical South Jersey Industries, Inc.</b>			
	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Operating Revenues:			
Gas Utility Operations	\$ 517,254	\$ 461,055	\$ 534,290
Energy Group:			
Wholesale Energy Operations	352,613	220,707	129,098
Retail Gas and Other Operations	111,048	92,371	87,198
Retail Electric Operations	179,534	182,540	150,049
Subtotal Energy Group	643,195	495,618	366,345
Energy Services:			
On-Site Energy Production	99,517	94,375	63,665
Appliance Service Operations	6,488	7,898	11,186
Subtotal Energy Services	106,005	102,273	74,851
Corporate & Services	45,024	35,147	31,156
Subtotal	1,311,478	1,094,093	1,006,642
Intersegment Sales	(68,410 )	(57,593 )	(47,074 )
Total Operating Revenues	\$ 1,243,068	\$ 1,036,500	\$ 959,568

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### **Risk Factors**

*In considering whether to invest in our Equity Units, you should carefully consider all of the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should consider the risk factors described in our periodic reports filed with the SEC, including those set forth under the caption "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this prospectus supplement, as well as the additional risks described below. Additional risks and uncertainties not currently known to us or those currently viewed by us to be immaterial may also materially and adversely affect us.*

*The Corporate Units consist of a purchase contract to acquire our common stock and an interest in RSNs issued by us. When considering an investment in our Corporate Units, you are making an investment decision with respect to our common stock and the RSNs as well as the Corporate Units. You can create Treasury Units from Corporate Units by substituting Treasury securities for the RSNs; you would be making an investment decision with respect to our common stock and the RSNs as well as the Treasury Units in such case. You should carefully review the information in this prospectus supplement and the accompanying base prospectus about these securities.*

### **Risks Related to Investing in the Equity Units**

*You assume the risk that the market value of our common stock may decline.*

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average VWAP of our common stock for the trading days during the 20 consecutive scheduled trading-day period ending on the second scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), which we refer to as the applicable market value. We cannot assure you that the market value of common stock you receive on the purchase contract settlement date will be equal to or greater than the effective price per share you paid for our common stock. If the applicable market value of the common stock is less than the reference price of \$ , the market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will be less than the effective price per share you paid for the common stock. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

In addition, because the number of shares delivered to you on the purchase contract settlement date will be based upon the applicable market value, which is in turn calculated on the basis of the average of the VWAP per share of our common stock for the trading days during the 20 consecutive scheduled trading-day period ending on the second scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), the shares of common stock you receive on the purchase contract settlement date may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the purchase contract settlement date or the average VWAP of our common stock over a different period of days.

*The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.*

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less, because the market value of the common stock to be received by you pursuant to the purchase contract on the purchase contract settlement date

(assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will only exceed the effective price per share you paid for our common stock if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of approximately      % over the reference price). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period during which you own the purchase contract. Furthermore, if the applicable market value of our common stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately      % of the value of the shares of common stock you could have purchased with \$50.00 at the public offering price of our common stock in the concurrent common stock offering.

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***The trading prices for the Corporate Units and Treasury Units are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality.***

The trading prices of Corporate Units, which we intend to apply to list on the NYSE, and Treasury Units in the secondary market are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein and in our Annual Report on Form 10-K for the year ended December 31, 2017, as well as under Special Note Regarding Forward-Looking Statements in this prospectus supplement, many of which events and factors are beyond our control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, RSNs and our common stock.

***If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.***

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, such as voting rights and rights to receive dividends or other distributions on our common stock. However, you will be subject to all changes affecting our common stock. You will only be entitled to rights with respect to our common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on the purchase contract settlement date, or on the settlement date for any early settlement, as the case may be, and the applicable record date, if any, for the exercise of those rights or the receipt of those dividends or distributions occurs after that date.

***The delivery of make-whole shares upon a fundamental change early settlement may not adequately compensate you.***

If a fundamental change (as defined below under Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change ) occurs prior to the 20 business day preceding the purchase contract settlement date and you exercise your fundamental change early settlement right, you will be entitled to receive additional value in respect of make-whole shares unless the stock price (as defined under Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change below), is in excess of \$ per share (subject to adjustment). A description of how the number of make-whole shares will be determined is set forth under Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change—Calculation of Make-Whole Shares. Although the make-whole shares are designed to compensate you for the lost value of your Equity Units as a result of the fundamental change, this feature may not adequately compensate you for such loss.

In addition, in the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until the registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

***The Equity Units provide limited fixed settlement rate adjustments, and an event could occur that adversely affects the value of the Equity Units or our common stock but that does not result in an adjustment to the fixed settlement***

*rates.*

The number of shares of common stock that you are entitled to receive on the purchase contract settlement date, or as a result of early settlement of a stock purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other events. We will not adjust the number of shares of common stock that you are to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, for other events, including without limitation

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issuances and purchases of our common stock in connection with dividend reinvestment plans, employee stock option grants, ordinary dividends, offerings of common stock by us for cash or in connection with an acquisition, third-party tender and exchange offers and share issuances pursuant to options and other convertible securities outstanding on the date we issue the Equity Units. See Description of the Purchase Contracts—Anti-dilution Adjustments. We cannot assure you that an event that adversely affects the value of the Equity Units or our common stock, but does not result in an adjustment to the settlement rate, will not occur. Further, we are offering shares of common stock in the concurrent common stock offering and, other than as described under Underwriting, we are not restricted from issuing additional common stock during the term of the stock purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares holders are to receive on the purchase contract settlement date to the price of our common stock, those issuances may adversely affect the trading prices of the Equity Units.

### ***The secondary market for the Corporate Units, Treasury Units or RSNs may be illiquid.***

It is not possible to predict how Corporate Units, Treasury Units or RSNs will trade or whether a market for them will be liquid or illiquid. There is currently no market for our Corporate Units, Treasury Units or RSNs. We intend to apply to list the Corporate Units on the NYSE and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units, although there is no guarantee that the Corporate Units will be approved for listing. We will not list the Treasury Units or the RSNs on any exchange or quotation system. We cannot assure you as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the RSNs, your ability to sell these securities or whether a trading market, if one develops, will continue. In addition, in the event a sufficient number of holders of Equity Units were to convert their Treasury Units to Corporate Units or their Corporate Units to Treasury Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. We cannot assure you that the Corporate Units, if approved for listing, will not be de-listed from the NYSE or that trading in the Corporate Units will not be suspended as a result of holders' elections to create Treasury Units, which could cause the number of Corporate Units to fall below the requirement for listing securities on the NYSE.

### ***Your rights to the pledged securities will be subject to our security interest and may be affected by a bankruptcy proceeding.***

Although you will be the beneficial owner of the undivided beneficial ownership interests in RSNs, Treasury securities or applicable ownership interests in the portion of the Treasury portfolio described in the first bullet under Prospectus Supplement Summary—The Offering—What is the Treasury portfolio? as applicable, those securities will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. Your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the purchase contracts in the event that we become the subject of a case under the U.S. Bankruptcy Code, the effectiveness of such termination and the delivery of the pledged securities to you may be contested or delayed as a result of, among other things, the imposition of the automatic stay under Section 362 of the U.S. Bankruptcy Code or by exercise of the bankruptcy court's power under Section 105(a) of the U.S. Bankruptcy Code, and claims arising out of the RSNs, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court.

### ***Upon a successful remarketing of the RSNs, the terms of your RSNs will be modified even if you elect not to participate in the remarketing.***

When we attempt to remarket the RSNs, the remarketing agent will agree to use its commercially reasonable efforts to sell the RSNs included in the remarketing. Following any successful remarketing of the RSNs, the interest rate on the RSNs will be reset, interest will be payable on a semi-annual basis and we will cease to have the ability to redeem the

RSNs at our option or defer interest payments on the RSNs, all as described under Description of the Purchase Contracts—Remarketing. If the remarketing is successful, the modified terms will apply to all the RSNs, even if they were not included in the remarketing. However, holders of the RSNs must elect to participate in the remarketing before knowing what the modified terms of the RSNs will be. Whenever we remarket the RSNs, we will notify holders of Corporate Units, Treasury Units and separate RSNs of such remarketing. You may determine that the revised terms of the RSNs you receive are not as favorable to you as you would deem appropriate, and the modified terms may be less favorable to you than the initial terms of the RSNs. For example, the interest rate on the RSNs may be reduced in connection with the remarketing.

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***The purchase contract and pledge agreement will not be qualified under the Trust Indenture Act and the obligations of the purchase contract agent are limited.***

The purchase contract and pledge agreement among us, the purchase contract agent and the collateral agent will not be qualified as an indenture under the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act, and the purchase contract agent and collateral agent will not be required to qualify as a trustee under the Trust Indenture Act. You will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement, the purchase contracts or the purchase contract agent. The RSNs constituting a part of the Corporate Units will be issued pursuant to an indenture that has been qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the ownership interests in RSNs included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for conflicting interests, as defined under the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

***The trading price of the Corporate Units or any separate RSNs may not fully reflect the value of their accrued but unpaid interest.***

The Corporate Units and any separate RSNs may trade at a price that does not fully reflect the value of accrued but unpaid interest on the RSNs.

***You may not be able to exercise your rights to settle a purchase contract prior to the purchase contract settlement date unless a registration statement under the Securities Act is in effect and a prospectus is available covering the shares of common stock deliverable upon early settlement of a purchase contract.***

The early settlement rights under the purchase contracts are subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act in effect on the applicable early settlement date. If such registration statement is so required, we have agreed to use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and have an available prospectus in connection therewith covering the shares of common stock deliverable upon settlement of the purchase contract, subject to certain exceptions. In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective.

***The indenture under which the RSNs will be issued does not limit our indebtedness, prevent dividends or generally prevent highly leveraged transactions; there are no financial covenants in the indenture.***

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional Priority Indebtedness, under the indenture pursuant to which the RSNs will be issued. As of December 31, 2017, we had approximately \$1.12 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the RSNs. In addition, we were obligated as of that date under other obligations included in the definition of Priority Indebtedness to which the RSNs will be subordinated pursuant to the terms of the indenture. We do not have any debt securities outstanding that would rank on parity with, or junior to, the RSNs. If we incur additional debt or liabilities, our ability to pay our obligations on the RSNs could be adversely affected. We expect

that we will from time to time incur additional debt and other liabilities. In addition, except as described under

Description of the Remarketable Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances, we are not restricted under the indenture from paying dividends or issuing or repurchasing our securities.

There are no financial covenants in the indenture, and there are no covenants or any other provisions in the indenture which may afford you protection in the event of a highly leveraged transaction.

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***The RSNs and the contract adjustment payments are subordinated to our existing and future Priority Indebtedness and are structurally subordinated to any existing or future preferred stock, indebtedness, guarantees and other liabilities of our subsidiaries.***

The RSNs and the contract adjustment payments will be obligations exclusively of SJI and will not be guaranteed by any of our subsidiaries. The RSNs and contract adjustment payments are subordinated to our existing and future Priority Indebtedness (as defined under Description of the Remarketable Junior Subordinated Notes—Subordination ) and will be structurally subordinated to existing or future preferred stock, indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. The indenture under which the RSNs will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future.

As of December 31, 2017, we had approximately \$1,140 million principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the RSNs. In addition, we were obligated as of that date under other obligations included in the definition of Priority Indebtedness to which the RSNs will be subordinated pursuant to the terms of the indenture. We do not have any debt securities outstanding that would rank on parity with, or junior to, the RSNs.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the RSNs or the purchase contracts or to provide us with funds to meet our respective payment obligations on the RSNs or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to regulatory, statutory or contractual restrictions and will be contingent upon the subsidiaries earnings and business considerations. See Price Range of Our Common Stock and Dividend Policy. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the RSNs or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

***Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Equity Units.***

We expect that many investors in, and potential purchasers of, the Equity Units will employ, or seek to employ, an arbitrage strategy with respect to the Equity Units. Investors would typically implement such a strategy by selling short the common stock underlying the Equity Units and dynamically adjusting their short position while continuing to hold the Equity Units. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a Limit Up-Limit Down program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Equity Units to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Equity Units.

***We may defer contract adjustment payments under the purchase contracts, and this may have an adverse effect on the trading price of the Equity Units.***

We may at our option defer the payment of all or part of the contract adjustment payments under the purchase contracts. If we exercise our right to defer contract adjustment payments, the market price of the Equity Units is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Equity Units may be more volatile than would otherwise be the case. In addition, there is a risk that we may not

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be able to pay such deferred contract adjustment payments (including compounded contract adjustment payments thereon) in the future. If we make such a deferral you may be required to continue to recognize income for U.S. federal income tax purposes in respect of the purchase contracts in advance of your receipt of any corresponding cash payments.

***If we exercise our right to defer interest payments on the RSNs, the market price of the Corporate Units and any separate RSNs is likely to be adversely affected.***

Prior to any successful remarketing of the RSNs, we may at our option defer interest payments on the RSNs for one or more consecutive interest periods. During any deferral period (as defined under Description of the Remarketable Junior Subordinated Notes—Option to Defer Interest Payments below), holders of the RSNs will receive no current payments and, so long as we are otherwise in compliance with our obligations, holders will have no remedies against us for non-payment unless we fail to pay all previously deferred interest (including compounded interest thereon) in cash within 30 days of the date due after the end of the deferral period. If we exercise our right to defer interest, the market price of the Corporate Units and any separate RSNs is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Corporate Units and any separate RSNs may be more volatile than would otherwise be the case. In addition, there is the risk that we may not be able to pay such deferred interest (including compounded interest thereon) in the future.

***You may have to include interest in your taxable income before you receive cash.***

If we exercise our right to defer interest payments on the RSNs, you will be required to accrue income, in the form of original issue discount, for U.S. federal income tax purposes in respect of your RSNs, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. See Material United States Federal Income Tax Considerations—U.S. Holders—The RSNs.

***Other tax treatments of the RSNs are possible.***

We intend to treat the RSNs as variable rate debt instruments that are subject to applicable U.S. Treasury regulations that apply to reset bonds. Under this treatment, except as described above, you will be required to take into account interest payments on the RSNs at the time the interest is paid or accrued in accordance with your regular method of tax accounting. However, because there are no U.S. Treasury regulations, rulings or other authorities that address the U.S. federal income tax treatment of debt instruments that are substantially similar to the RSNs, alternative characterizations of the RSNs are possible. For example, the RSNs could be treated as contingent payment debt instruments for U.S. federal income tax purposes. In that event, you would generally be required to (1) accrue interest income based on a projected payment schedule and comparable yield, which may be higher than the stated interest rate on the RSNs, regardless of your regular method of tax accounting, and (2) treat any gain recognized on a sale, exchange, redemption or other taxable disposition of an RSN as ordinary income. See Material United States Federal Income Tax Considerations—U.S. Holders—The RSNs—Possible Alternative Characterizations.

***The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are not entirely clear.***

The IRS has issued a ruling addressing the treatment of units similar to the Equity Units. In that ruling, the IRS concluded that, for U.S. federal income tax purposes, an interest in a unit comprising a note and a purchase contract would be treated as a separate interest in such note and a separate interest in such purchase contract. The IRS concluded that the notes issued as part of such unit were treated as debt for U.S. federal income tax purposes. However, the terms of the Equity Units differ in some respects from the terms of the units addressed by the IRS in the ruling, and there is no statutory, judicial or administrative authority directly addressing the treatment of instruments

with substantially identical terms as the Equity Units. Accordingly, no assurance can be given that the conclusions in the ruling apply to the Equity Units. As a result, the U.S. federal income tax consequences of the ownership and disposition of the Equity Units are not entirely clear. In addition, we cannot assure you that the IRS or a court will agree with the characterization of the RSNs as indebtedness for U.S. federal income tax purposes. You should consult with your tax advisors regarding the tax consequences of an investment in the Equity Units. See Material United States Federal Income Tax Considerations.

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***Under certain circumstances, you may be treated as receiving a taxable distribution on our common stock even though you do not receive any actual distribution.***

For U.S. federal income tax purposes, you may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. For example, if the fixed settlement rates are adjusted as a result of a distribution that is taxable to the holders of our common stock, such as a cash dividend, you will be deemed to have received a constructive distribution of our stock. Thus, under certain circumstances, an adjustment to the fixed settlement rates might give rise to a taxable deemed distribution to you even though you do not actually receive any cash or other property in connection with such adjustment. If you are a non-U.S. holder (as defined under Material United States Federal Income Tax Considerations ), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax. See Material United States Federal Income Tax Considerations—U.S. Holders—Purchase Contracts and Material United States Federal Income Tax Considerations—Non-U.S. Holders—Dividends.

***We will report contract adjustment payments as ordinary income and we will withhold tax on contract adjustment payments made to non-U.S. holders.***

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under Material United States Federal Income Tax Considerations ) when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under Material United States Federal Income Tax Considerations ) as payments generally subject to withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax and the holder satisfies the relevant certification requirements. See Material United States Federal Income Tax Considerations—U.S. Holders—Purchase Contracts and Material United States Federal Income Tax Considerations—Non-U.S. Holders—Contract Adjustment Payments. Persons considering the purchase of Equity Units should consult their tax advisors concerning the possible alternative characterization and tax treatment of Equity Units and the contract adjustment payments.

***Non-U.S. holders may be subject to U.S. federal income tax in connection with a sale, exchange or other disposition of the purchase contracts or our common stock.***

We believe that we may have been, may currently be, or may become, a U.S. real property holding company. As a result, non-U.S. holders of the purchase contracts or our common stock may be subject to United States federal income and withholding tax in respect of payments in connection with a sale, exchange or other disposition of the purchase contracts or our common stock and would be required to file a U.S. tax return in that event with respect to any such gain. Certain exceptions to this tax may apply to certain holders if our common stock or the purchase contracts are regularly traded on an established securities market, as discussed in Material United States Federal Income Tax Considerations—Non-U.S. Holders—Sale, Exchange, Remarketing or Other Taxable Disposition of the Equity Units, the RSNs, the Treasury Securities, the Treasury Portfolio, the Purchase Contract or Common Stock. We expect that our common stock will be regularly traded on an established securities market, but this cannot be assured. We do not know if the purchase contracts will be regularly traded on an established securities market. Prospective investors should consult their own tax advisors regarding the application of the exception for certain interests in publicly traded corporations.

## **Risks related to our business**

***SJI is a holding company and its assets consist primarily of investments in subsidiaries.***

Should SJI's subsidiaries be unable to pay dividends or make other payments to SJI for financial, regulatory, legal or other reasons, SJI's ability to pay dividends on its common stock could be limited. SJI's stock price could be adversely affected as a result.

***SJI's business activities, including those of SJG, are concentrated in southern New Jersey.***

Changes in the economies of southern New Jersey and surrounding regions could negatively impact the growth opportunities available to SJI and the financial condition of the customers and prospects of SJI and SJG.

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***Changes in the regulatory environment or unfavorable rate regulation at its utility may have an unfavorable impact on SJI's and SJG's financial performance or condition.***

SJG is regulated by the New Jersey Board of Public Utilities ( BPU ) which has authority over many of the activities of the utility business including, but not limited to, the rates it charges to its customers, the amount and type of securities it can issue, the nature of investments it can make, the nature and quality of services it provides, safety standards and other matters. The extent to which the actions of regulatory commissions restrict or delay SJG's ability to earn a reasonable rate of return on invested capital and/or fully recover operating costs may adversely affect SJI and SJG's results of operations, financial condition and cash flows.

***SJI and SJG may not be able to respond effectively to competition, which may negatively impact their financial performance or condition.***

Regulatory initiatives may provide or enhance opportunities for competitors that could reduce utility income obtained from existing or prospective customers. Also, competitors in all of SJI's business lines may be able to provide superior or less costly products or services based upon currently available or newly developed technologies.

***Warm weather, high commodity costs, or customer conservation initiatives could result in reduced demand for some of SJI's and SJG's energy products and services.***

SJG currently has a conservation incentive program clause that protects its revenues and gross margin against usage that is lower than a set level. Should this clause be terminated without replacement, lower customer energy utilization levels would likely reduce SJI's and SJG's net income. Further, during periods of warmer temperatures, demand and volatility in the natural gas market could decrease, which would negatively impact their financial results.

***High natural gas prices could cause more of SJI's and SJG's receivables to be uncollectible.***

Higher levels of uncollectibles from either residential or commercial customers would negatively impact SJI's and SJG's income and could result in higher working capital requirements.

***SJI's and SJG's net income could decrease if it is required to incur additional costs to comply with new governmental safety, health or environmental legislation.***

SJI and SJG are subject to extensive and changing federal and state laws and regulations that impact many aspects of its business; including the storage, transportation and distribution of natural gas, as well as the remediation of environmental contamination at former manufactured gas plant facilities.

***Climate change legislation could impact SJI's and SJG's financial performance and condition.***

Climate change is receiving ever increasing attention from both scientists and legislators. The debate is ongoing as to the extent to which our climate is changing, the potential causes of this change and its future impacts. Some attribute global warming to increased levels of greenhouse gases, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. The outcome of federal and state actions to address global climate change could result in a variety of regulatory programs, including additional charges to fund energy efficiency activities or other regulatory actions. These actions could affect the demand for natural gas and electricity, result in increased costs to our business and impact the prices we charge our customers. Because natural gas is a fossil fuel with low carbon content, it is possible that future carbon constraints could create additional demands for natural gas, both for production of electricity and direct use in homes and businesses. Any adoption by federal or state governments mandating a substantial reduction in greenhouse gas emissions could have far-reaching and significant impacts on the

energy industry. We cannot predict the potential impact of such laws or regulations on our future consolidated financial condition, results of operations or cash flows.

***SJI's wholesale commodity marketing and retail electric businesses are exposed to the risk that counterparties that owe money or energy to SJI will not be able to meet their obligations for operational or financial reasons.***

SJI could be forced to buy or sell commodity at a loss as a result of such failure. Such a failure, if large enough, could also impact SJI's liquidity.

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### ***Increasing interest rates would negatively impact the net income of SJI and SJG.***

Several of SJI's subsidiaries, including SJG, are capital intensive, resulting in the incurrence of significant amounts of debt financing. Some of the long-term debt of SJI and its subsidiaries is issued at fixed rates or has utilized interest rate swaps to mitigate changes in variable rates. However, long-term debt of SJI and SJG at variable rates, along with all variable rate short-term borrowings, are exposed to the impact of rising interest rates.

### ***The inability to obtain capital, particularly short-term capital from commercial banks, could negatively impact the daily operations and financial performance of SJI and SJG.***

SJI and SJG use short-term borrowings under committed credit facilities provided by commercial banks to supplement cash provided by operations, to support working capital needs, and to finance capital expenditures, as incurred. SJG also relies upon short-term borrowings issued under a commercial paper program supported by a committed bank credit facility to support working capital needs, and to finance capital expenditures, as incurred. If the customary sources of short-term capital were no longer available due to market conditions, SJI and its subsidiaries may not be able to meet their working capital and capital expenditure requirements and borrowing costs could increase.

### ***A downgrade in either SJI's or SJG's credit ratings could negatively affect our ability to access adequate and cost-effective capital.***

Our ability to obtain adequate and cost-effective capital depends to a significant degree on our credit ratings, which are greatly influenced by our financial condition and results of operations. If the rating agencies downgrade either SJI's or SJG's credit ratings, particularly below investment grade, our borrowing costs would increase. In addition, we would likely be required to pay higher interest rates in future financings and potential funding sources would likely decrease. To the extent that a decline in SJG's credit rating has a negative effect on SJI, SJI could be required to provide additional support to certain counterparties.

### ***Hedging activities of the Company designed to protect against commodity price or interest rate risk may cause fluctuations in reported financial results and SJI's stock price could be adversely affected as a result.***

Although SJI enters into various contracts to hedge the value of energy assets, liabilities, firm commitments or forecasted transactions, the timing of the recognition of gains or losses on these economic hedges in accordance with accounting principles generally accepted in the United States of America does not always match up with the gains or losses on the items being hedged. The difference in accounting can result in volatility in reported results, even though the expected profit margin is essentially unchanged from the dates the transactions were consummated.

### ***The inability to obtain natural gas or electricity from suppliers would negatively impact the financial performance of SJI and SJG.***

Several of SJI's subsidiaries, including SJG, have businesses based upon the ability to deliver natural gas or electricity to customers. Disruption in the production or transportation to SJI or SJG from its suppliers could prevent SJI or SJG from completing sales to its customers.

### ***Transporting and storing natural gas involves numerous risks that may result in accidents and other operating risks and costs.***

SJI's and SJG's gas distribution activities involve a variety of inherent hazards and operating risks, such as leaks, accidents, mechanical problems, natural disasters or terrorist activities which could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution and

impairment of operations, which in turn could lead to substantial losses. In accordance with customary industry practice, SJI and SJG maintain insurance against some, but not all, of these risks and losses. The occurrence of any of these events, even if fully covered by insurance, could adversely affect SJI's or SJG's financial position, results of operations and cash flows.

***Adverse results in legal proceedings could be detrimental to the financial condition of SJI or SJG.***

The outcomes of legal proceedings can be unpredictable and can result in adverse judgments.

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### ***Renewable energy projects at Marina receive significant benefit from regulatory incentives.***

A significant portion of the expected return on investment of these renewable energy projects is dependent upon the future market for renewable energy credits ( RECs ). The benefits from RECs are produced during the entire life of the project. As a result, earnings from existing projects would be adversely affected without a liquid REC market. Therefore, these projects are exposed to the risk that favorable regulatory incentives expire or are adversely modified. A decrease in the future value of electricity and Solar RECs impacted by market conditions and/or legislative changes may negatively impact Marina's return on its investments as well as lead to impairment of the respective assets.

### ***Constraints in available pipeline capacity, particularly in the Marcellus Shale producing region, may negatively impact SJI's financial performance.***

Natural gas production and/or pipeline transportation disruptions in the Marcellus region, where SJI has natural gas receipt requirements, may cause temporary take-away constraints resulting in higher transportation costs and the sale of shale gas at a loss.

### ***SJI's and SJG's business could be adversely impacted by strikes or work stoppages by its unionized employees.***

The gas utility operations of SJG are dependent upon employees represented by unions and covered under collective bargaining agreements. A work stoppage could negatively impact operations, which could impact financial results as well as customer relationships.

### ***The risk of terrorism may adversely affect the economy as well as SJI's and SJG's business.***

An act of terror could result in disruptions of natural gas supplies and cause instability in the financial and capital markets. This could adversely impact SJI's or SJG's ability to deliver products or raise capital and could adversely impact its results of operations.

### ***Failure to obtain proper approvals and property rights in the PennEast pipeline could hinder SJI's equity investment in the project.***

Construction, development and operation of energy investments, specifically the PennEast pipeline, are subject to federal and state regulatory oversight and require certain property rights from public and private property owners, as well as regulatory approvals, including environmental and other permits and licenses. SJI, as well as our joint venture partners in the PennEast pipeline, may be unable to obtain all such needed property rights, permits and licenses to successfully construct and develop the pipeline, and failing to do so could cause SJI's equity investment in the project to become impaired. Such impairment could have a materially adverse effect on SJI's financial condition and results of operations.

### ***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, 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 and SJG have experienced such attacks in the past; however, based on information currently available to SJI and SJG, none have had a material impact on our business, financial condition, results of operations or cash flows. In response, we have invested in expanded cybersecurity systems and procedures designed to safeguard 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. 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.

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***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 \$160 million by 2020; (ii) improve the quality of our earnings; (iii) maintain the strength of our balance sheet; and (iv) maintain a low-to-moderate risk profile. The goal of \$160 million does not include the expected financial impact of the acquisition of Elizabethtown Gas and Elkton Gas discussed below. 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 an approximately 118-mile natural gas pipeline in Pennsylvania and New Jersey. However, construction on this project is not expected to begin until 2018 and is estimated to be completed in the second half of 2019, but may be subject to delay. As a result, no assurance can be given that this project will be completed on time or at all. Also, as noted below, the acquisition of Elizabethtown Gas and Gas is subject to many approvals, and no assurance can be given that the acquisition will be consummated, or, if consummated, that these two entities will perform as expected. Further, the economy of Southern New Jersey has remained depressed relative to other regions, which could cause increased customer delinquencies or otherwise negatively affect achievement of our long-term earnings goals. The 2017 New Jersey gubernatorial election resulted in a change in administration which could lead to unfavorable state and 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.

### **Risks Related to the Acquisition**

***Our acquisition of Elizabethtown Gas and Elkton Gas may not be consummated, and if consummated, may not perform as expected.***

We have entered into agreements to acquire the assets of New Jersey-based Elizabethtown Gas and Maryland-based Elkton Gas. Completion of the transaction is subject to a number of risks and uncertainties and we can provide no assurance that the various closing conditions to the acquisition agreement will be satisfied, including that the required governmental and other necessary approvals will be obtained. Although we have obtained a bridge commitment, subject to certain conditions, to fund the acquisition, our ability to raise the necessary funds to provide permanent financing through the issuance of equity or debt securities is subject to market conditions and other risks and uncertainties, and there can be no assurance that we will be able to raise the necessary funds on terms we consider favorable, or at all. The inability to complete the transaction, or to obtain permanent financing on terms that are favorable, or at all, could have a material adverse effect on our results of operations, financial condition and prospects. Historically, acquisitions have not been a part of our growth strategy. Although the acquired businesses have significant operating histories, we will have no history of owning and operating these businesses and limited or no experience operating in the territories served by these businesses. We can provide no assurance that the acquired businesses will perform as expected, that integration or other one-time costs will not be greater than expected, that we will not incur unforeseen obligations or liabilities or that the rate of return from such businesses will justify our decision to invest capital to acquire them.

***We may experience difficulties in integrating the operations of Elizabethtown Gas and Elkton Gas into our business and in realizing the expected benefits of the proposed acquisition.***

The success of the proposed acquisition of Elizabethtown Gas and Elkton Gas, if completed, will depend in part on our ability to realize the anticipated business opportunities from combining the operations of Elizabethtown Gas and Elkton Gas with our business in an efficient and effective manner. The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of each company's ongoing businesses, tax costs or inefficiencies, or inconsistencies in standards, controls, information technology systems, procedures and policies, any of which could adversely affect our ability to maintain relationships with customers, employees or other third parties, or our ability to achieve the anticipated benefits of

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the transaction, and could harm our financial performance. If we are unable to successfully or timely integrate the operations of Elizabethtown Gas and Elkton Gas with our business, we may incur unanticipated liabilities and be unable to realize the revenue growth, synergies and other anticipated benefits resulting from the proposed transaction, and our business, results of operations and financial condition could be materially and adversely affected.

***Our acquisition of Elizabethtown Gas and Elkton Gas involves risks associated with acquisitions and integrated acquired assets, including the potential exposure to significant liabilities, and the intended benefits of the acquisition of Elizabethtown Gas and Elkton Gas may not be realized.***

The acquisition of Elizabethtown Gas and Elkton Gas involves risks associated with acquisitions and integrating acquired assets into existing operations, including that:

- our senior management's attention may be diverted from the management of daily operations to the integration of the assets acquired in the acquisition of Elizabethtown Gas and Elkton Gas;
- we could incur significant unknown and contingent liabilities for which we have limited or no contractual remedies or insurance coverage;
- the assets to be acquired may not perform as well as we anticipate; and
- unexpected costs, delays and challenges may arise in integrating the assets acquired in Acquisition into our existing operations.

Even if we successfully integrate the assets acquired in the Acquisition into our operations, it may not be possible to realize the full benefits we anticipate or we may not realize these benefits within the expected time frame. If we fail to realize the benefits we anticipate from the Acquisition, our business, results of operations and financial condition may be adversely affected.

***We expect to issue securities pursuant to this offering and the concurrent common stock offering (including in connection with settlement of any related forward sale agreement), as well as the senior unsecured notes to provide permanent financing for the Acquisition in lieu of or to refund borrowings under a bridge loan facility, and, as a result, we are subject to market risks including market demand for our debt and equity securities. We are also seeking to consummate certain asset sales.***

In connection with the asset purchase agreements, we have obtained a commitment from the underwriters for a bridge loan facility, which may be used to fund a portion of the cash consideration payable in connection with the Acquisition and pay related fees and expenses in the event that permanent financing is not completed at the time of the closing of the Acquisition. The permanent financing is anticipated to also include the Equity Units and common stock, which will be sold in this offering and the concurrent offering, respectively, the Senior Unsecured Notes, the Term Facility and, depending on market conditions, may include other instruments.

Although we and our advisers believe we have taken prudent steps to position SJI and its subsidiaries for successful capital raises, we cannot assure you as to the ultimate cost or availability of funds to complete the permanent financing.

Among other risks, the planned increase in our indebtedness may:

- make it more difficult for us to repay or refinance our debts as they become due during adverse economic and industry conditions;
- limit our flexibility to pursue other strategic opportunities or react to changes in our business and the industry in which we operate and, consequently, place us at a competitive disadvantage to competitors with less debt;
- require an increased portion of our cash flows from operations to be used for debt service payments, thereby reducing the availability of cash flows to fund working capital, capital expenditures, dividend payments and other general

corporate purposes;

- result in a downgrade in the credit rating of our indebtedness, which could limit our ability to borrow additional funds or increase the interest rates applicable to our indebtedness;

- result in higher interest expense in the event of increases in market interest rates for both long-term debt as well as short-term commercial paper, bank loans or borrowings under our line of credit at variable rates;

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• reduce the amount of credit available to support hedging activities; and

• require that additional terms, conditions or covenants be placed on us.

Among other risks, the issuance of additional equity by SJI pursuant to the offering hereby may:

• be dilutive to our existing shareholders and earnings per share;

• impact our capital structure and cost of the capital;

• be adversely impacted by movements in the overall equity markets or the utility or natural gas utility industry sectors

• of that market, which could impact the offering price of our new equity or necessitate the use of other equity or equity-like instruments such as preferred stock, convertible preferred shares, or convertible debt; and

• impact our ability to make our current and future dividend payments.

In addition to securities offerings, we are also seeking to sell certain non-core assets of the Company. We are not party to definitive documentation with respect to any asset sales and cannot assure you that we will be able to consummate such sales or achieve the prices we are anticipating. If we raise less proceeds from the asset sales, we would need to incur additional debt under our bridge facility to finance the acquisition, which would increase our indebtedness and interest expense.

***The summary unaudited pro forma financial information contained elsewhere in this prospectus supplement may not be representative of the combined results of SJI, Elizabethtown Gas and Elkton Gas after the consummation of the Acquisition, and accordingly, you have limited financial information on which to evaluate the integrated companies.***

The summary unaudited pro forma financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have actually occurred had the acquisition of the Elizabethtown Business been completed at or as of the dates indicated, nor is it indicative of our future operating results or financial position. The summary unaudited pro forma financial information does not reflect future events that may occur after the closing of the Acquisition, including the potential realization of operating cost savings or costs related to the planned integration of Elizabethtown Gas and Elkton Gas, and does not consider potential impacts of current market conditions on revenues or expenses. The summary unaudited pro forma financial information presented in this prospectus supplement is based in part on certain assumptions regarding the acquisition of the Elizabethtown Business that we believe are reasonable under the circumstances. We cannot assure you that our assumptions will prove to be accurate over time. In addition, the pro forma financial statements do not reflect the results of Elkton Gas as we do not have audited financial statements for that business.

***We will be subject to business uncertainties while the Acquisition is pending.***

The preparation required to complete the Acquisition may place a significant burden on management and internal resources. The additional demands on management and any difficulties encountered in completing the Acquisition, including the transition and integration process, could adversely affect our financial results.

***Failure to complete the Acquisition could negatively affect our stock price as well as our future business and financial results.***

If the Acquisition is not completed, we will be subject to a number of risks, including:

• we must pay costs related to the Acquisition, including legal, accounting, financial advisory, filing and printing costs, whether the Acquisition is completed or not;

• we could be subject to litigation related to the failure to complete the Acquisition or other factors, which litigation may adversely affect our business, financial results and stock price; and

•

if we complete the offering of our common stock contemplated by this prospectus supplement, we would be subject to significant earnings per share dilution if we do not find other attractive investment opportunities or undertake other means reduce our overall shares outstanding.

***The Acquisition may not achieve its intended results, including anticipated investment opportunities and earnings growth.***

Although we expect that the Acquisition will result in various benefits, including expanding our gas utility rate and customer bases, providing investment opportunities through infrastructure development and enhancing

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our regulatory relationships within the local communities served, we cannot assure you regarding when or the extent to which we will be able to realize these or other benefits. Achieving the anticipated benefits, is subject to a number of uncertainties, including whether the businesses acquired can be operated in the manner we intend and whether our costs to finance the Acquisition will be consistent with our expectations. Events outside of our control, including but not limited to regulatory changes or developments, could also adversely affect our ability to realize the anticipated benefits from the Acquisition. Thus the integration of the Elizabethtown Gas and Elkton Gas businesses, respectively may be unpredictable, subject to delays or changed circumstances, and we cannot assure you that the acquired businesses will perform in accordance with our expectations or that our expectations with respect to improving our business risk profile, leveraging existing regulatory relationships or achieving earnings growth as a result of the Acquisition will be achieved. In addition, our anticipated costs to achieve the integration of the acquired businesses may differ significantly from our current estimates. The integration may place an additional burden on our management and internal resources, and the diversion of management's attention during the integration process could have an adverse effect on our business, financial condition and expected operating results.

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### **Use of Proceeds**

We estimate that we will receive net proceeds of approximately \$   million from the sale of our Equity Units in this offering after deducting the underwriting discounts and commissions and estimated offering expenses. We estimate that we will receive net proceeds of approximately \$   million if the underwriters exercise in full their over-allotment option to purchase up to 750,000 additional Equity Units.

In addition, we estimate that we will receive net proceeds, after deducting underwriting discounts and commissions and estimated offering expenses, of approximately \$   million, from our concurrent common stock offering (approximately \$   million if the underwriters of such offering exercise in full their option to purchase additional shares of common stock). We will not initially receive any proceeds from the sale of the shares of our common stock offered by the forward seller (which shares relate to the forward sale agreement between SJI and Bank of America, N.A.) in the concurrent common stock offering, unless an event occurs that requires us to sell our common stock to the underwriters in the concurrent common stock offering in lieu of the forward seller selling our common stock to such underwriters or such underwriters' option to purchase additional shares of our common stock is exercised and we elect to sell the additional shares of our common stock covered by such option to such underwriters rather than requiring the forward seller in the concurrent common stock offering to borrow and sell such additional shares of our common stock to such underwriters. The concurrent common stock offering is not contingent on the completion of this offering and this offering is not contingent on the completion of the concurrent common stock offering.

We intend to use the net proceeds from this offering, together with cash on hand and proceeds from the concurrent offering of common stock (including in connection with settlement of any related forward sale agreement), to fund a portion of the cash consideration payable in connection with the Acquisition and for capital expenditures primarily for regulated businesses, including infrastructure investments at our utility business. However, the consummation of this offering is not conditioned on the closing of the Acquisition or the concurrent common stock offering. If we do not consummate the Acquisition, we will retain broad discretion to use all of the net proceeds from this offering for general corporate purposes.

TABLE OF CONTENTS**Capitalization**

The following table presents our capitalization on:

• on an actual basis as of December 31, 2017;

• on an adjusted basis as of December 31, 2017 to give effect to this offering, including the RSNs included therein, and concurrent common stock offering (assuming no exercise of the underwriters' over-allotment option); and

• on a further adjusted basis as of December 31, 2017 to give effect to the Acquisition.

There have been no other significant adjustments to our capitalization since December 31, 2017. You should read the information below in conjunction with the section of this prospectus supplement entitled "Use of Proceeds," the consolidated financial statements and related notes included herein and the other financial information incorporated by reference into this prospectus supplement or the accompanying prospectus.

**December 31, 2017**

(in thousands, except per share data)

	<b>Actual</b>	<b>As Adjusted</b>	<b>As Further Adjusted</b>
Long-term debt	\$ 1,122,999	\$ 1,365,499	\$ 2,222,313
2018 Series A % Remarketable Junior Subordinated Notes due 2031			
Shareholders' equity <sup>(1)</sup> :			
Common stock, \$1.25 par value per share; 120,000,000 shares authorized; 79,549,080 shares issued and outstanding, actual; 91,148,143 shares issued and outstanding, as adjusted	99,436	113,945	113,945
Premium on common stock	709,658	983,945	983,123
Treasury stock (at par)	(271 )	(271 )	(271 )
Accumulated other comprehensive loss	(36,765 )	(36,765 )	(36,765 )
Retained earnings	420,351	420,351	392,956
Total equity	1,192,409	1,480,383	1,452,988
Total capitalization	\$ 2,315,408	\$ 2,845,882	\$ 3,675,301

Unless otherwise indicated, the number of shares of our common stock presented in this prospectus supplement (i) assumes the underwriters will not exercise their option to purchase additional shares of common stock from us; (ii) excludes 216,642 shares of treasury stock; (iii) excludes 2,209,540 shares of common stock issuable upon the exercise of outstanding restricted stock awards or reserved for issuance pursuant to future grants of awards under our 2015 Omnibus Equity Compensation Plan; and (iv) excludes any shares of common stock that will be issuable upon settlement of the purchase contracts comprising a part of the Equity Units.

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### **Unaudited Pro Forma Condensed Combined Financial Data of the Company and the Elizabethtown Business**

The unaudited pro forma condensed combined financial statements and the accompanying notes to the pro forma financial statements (the "pro forma financial statements") present how the consolidated financial statements of the Company may have appeared had the Transactions (as defined below) occurred at earlier dates. The unaudited pro forma condensed combined statement of income for year ended December 31, 2017 combines the historical consolidated statement of income of the Company and the historical statement of income of the Elizabethtown Gas operating division (the "Elizabethtown Business" or "ETG") of Pivotal Utility Holdings, Inc., after giving effect to the Transactions (as defined below) as if they had occurred on January 1, 2017, and after applying the assumptions, reclassifications and adjustments described in the accompanying notes. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheet of the Company and the historical balance sheet of the Elizabethtown Business as of December 31, 2017, after giving effect to the Transactions, as if they had occurred on December 31, 2017.

The following pro forma financial statements present the combination of the historical financial information of the Company and the Elizabethtown Business adjusted to give effect to the proposed acquisition of the Elizabethtown Business, by the Company pursuant to the terms and conditions of the Asset Purchase Agreement, dated as of October 15, 2017 (the "Purchase Agreement"), for an aggregate purchase price equal to \$1.69 billion in cash, subject to certain adjustments for the net working capital of the Elizabethtown Business as set forth in the Purchase Agreement (the "ETG Acquisition"). For purposes of the preparation of this pro forma financial information we have made certain assumptions regarding the financing of the ETG Acquisition. It is not yet certain the precise financing that will be used, and we cannot assure you that our assumptions will be correct. We have assumed that we will finance the ETG Acquisition using cash on hand, net proceeds of \$556.1 million from this offering of Equity Units (the "Equity Unit Offering") and the concurrent offering of common stock (the "Common Stock Offering") and through assumed borrowings, net of cash paid for fees of \$2.4 million, of \$530.0 million in aggregate principal amount of a new term loan facility (the "Term Facility"), \$250.0 million in aggregate principal amount of new senior unsecured notes (the "Senior Unsecured Notes"), drawdowns of \$71.4 million in aggregate principal amount from our existing syndicated revolving credit facility (the "Revolver") and \$314.9 million in aggregate principal amount from our bridge loan commitment ("Bridge Loan"), and together with the Common Stock Offering, Equity Unit Offering, Term Facility, Senior Unsecured Notes, and Revolver, the Transactions). To the extent we raise less proceeds than expected, we would utilize the Bridge Loan, which was entered into in conjunction with the ETG Acquisition. The pro forma financial statements do not reflect any potential asset dispositions.

The accompanying pro forma financial statements have been prepared in accordance with Article 11 of SEC Regulation S-X, and certain financial statement line items included in the Company's and the Elizabethtown Business's historical presentation have been condensed. The historical combined financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the Transactions, (2) factually supportable, and (3) with respect to the statement of income, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes to the pro forma financial statements. In addition, the pro forma financial statements were based on and should be read in conjunction with:

the audited consolidated financial statements of the Company as of December 31, 2017 and December 31, 2016 and for each of the three years in the period ended December 31, 2017 and the related notes, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, which are incorporated by reference in this prospectus supplement;

the audited financial statements of the Elizabethtown Business as of December 31, 2017 and December 31, 2016 and for each of the three years in the period ended December 31, 2017 and the related notes, which are included elsewhere in this prospectus supplement and included in the Company's Amended Current Report on Form 8-K filed with the



SEC on April 17, 2018.

The pro forma financial statements do not reflect the costs of any integration activities, possible or pending asset dispositions, the benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies that may result from the Transactions. Further, the pro forma financial statements do not reflect the effect of any regulatory actions that may impact the Company's or the Elizabethtown Business's financial results when the Transactions are completed or the \$10.0 million aggregate cash purchase of Elkton Gas operating division, which is considered to be immaterial for purposes of the pro forma financial statements.

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The pro forma financial statements are presented for informational purposes only and do not purport to represent what the results of operations or financial condition would have been had the Transactions actually occurred on the dates indicated, nor do they purport to project the results of operations or financial condition of the combined company for any future period or as of any future date. The pro forma financial statements have been prepared in advance of the close of the ETG Acquisition and related Transactions; the final amounts recorded upon the closing of the Transactions may differ materially from the information presented.

The unaudited pro forma condensed combined financial data has been prepared using the acquisition method of accounting under existing U.S. generally accepted accounting principles, or GAAP standards, which are subject to change and interpretation. The acquisition accounting is dependent upon certain valuations and other studies that have yet to progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial data. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial data and the combined company's future results of operations and financial position.

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**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**As of December 31, 2017**  
**(in thousands)**

	<b>Historical SJI (Note 3)</b>	<b>Historical ETG (Note 3)</b>	<b>ETG Acquisition Adjustments (Note 4)</b>	<b>Financing Adjustments (Note 5)</b>	<b>Pro Forma</b>
<b><u>Assets</u></b>					
<b>Property, Plant and Equipment:</b>					
Utility Plant, at original cost	\$ 2,652,244	\$ 1,322,354	\$ (44,949 ) <sup>(i)</sup>	\$ —	\$ 3,929,649
Accumulated Depreciation	(498,161 )	(267,019 )	19,637 <sup>(i)</sup>	—	(745,543 )
Nonutility Property and Equipment, net	546,114	—	—	—	546,114
Property, Plant and Equipment — Net	2,700,197	1,055,335	(25,312 )	—	3,730,220
<b>Investments:</b>					
Total Investments	94,204	—	—	—	94,204
<b>Current Assets:</b>					
Cash and Cash Equivalents	7,819	—	(1,720,000 ) <sup>(a)</sup>	1,720,000 <sup>(a)</sup>	7,819
Accounts Receivable, net	266,681	66,042	—	—	332,723
Natural Gas in Storage, average cost	48,513	20,913	—	—	69,426
Materials and Supplies, average cost	4,239	307	—	—	4,546
Other Prepayments and Current Assets	111,741	29,607	(21,544 ) <sup>(h)</sup>	—	119,804
Total Current Assets	438,993	116,869	(1,741,544 )	1,720,000	534,318
<b>Regulatory and Other Noncurrent Assets:</b>					
Regulatory Assets	469,224	131,590	—	—	600,814
Goodwill and Identifiable Intangible Assets	16,058	126,020	628,834 <sup>(b)</sup>	—	770,912
Other	146,410	40	—	—	146,450
Total Regulatory and Other Noncurrent Assets	631,692	257,650	628,834	—	1,518,176
Total Assets	\$ 3,865,086	\$ 1,429,854	\$ (1,138,022 )	\$ 1,720,000	\$ 5,876,918

**Capitalization and Liabilities**

**Equity:**

Common Stock	\$ 99,436	\$ —	\$ —	\$ 14,509	(c)	\$ 113,945
Premium on Common Stock	709,658	166,377	(166,377 )	273,465	(c),(d)	983,123
Treasury Stock (at par)	(271 )	—	—	—		(271 )
Accumulated Other Comprehensive Loss	(36,765 )	—	—	—		(36,765 )
Retained Earnings	420,351	281,028	(311,028 )	2,605	(c),(e)	392,956
Total Equity	1,192,409	447,405	(477,405 )	290,579		1,452,988
<b>Long—Term Debt</b>	1,122,999	447,825	(447,825 )	1,099,314	(b)	2,222,313
Total Capitalization	2,315,408	895,230	(925,230 )	1,389,893		3,675,301

**Current Liabilities:**

Notes Payable	346,400	—	—	304,456	(e)	650,856
Current Portion of Long—Term Debt	63,809	—	—	—		63,809
Accounts Payable	284,899	94,654	(81,903 )	—		297,650
Other Current Liabilities	187,974	33,981	—	8,244	(d)	230,199
Total Current Liabilities	883,082	128,635	(81,903 )	312,700		1,242,514

**Deferred Credits and Other Noncurrent Liabilities:**

Deferred Income Taxes – Net	86,884	130,889	(130,889 )	—	(h)	86,884
Regulatory Liabilities	287,105	121,497	—	—		408,602
Other	292,607	153,603	—	17,407	(d)	463,617
Total Deferred Credits and Other Noncurrent Liabilities	666,596	405,989	(130,889 )	17,407		959,103
Total Capitalization and Liabilities	\$ 3,865,086	\$ 1,429,854	\$ (1,138,022 )	\$ 1,720,000		\$ 5,876,918

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**Unaudited Pro Forma Condensed Consolidated Statement of Income**  
**For the Year Ended December 31, 2017**  
(in thousands, except per share amounts)

	Historical SJI (Note 3)	Historical ETG (Note 3)	ETG Acquisition Adjustments (Note 4)	Financing Adjustments (Note 5)	Pro Forma
<b>Operating Revenues:</b>					
Utility	\$ 512,482	\$ 304,747	\$ —	\$ —	\$ 817,229
Nonutility	730,586	—	—	—	730,586
Total Operating Revenues	1,243,068	304,747	—	—	1,547,815
<b>Operating Expenses:</b>					
Cost of Sales – (Excluding depreciation)					
— Utility	199,660	135,850	—	—	335,510
— Nonutility	646,567	—	—	—	646,567
Operations	174,200	58,326	(14,481 ) <sup>(g)</sup>	—	218,045
Impairment Charges	91,299	—	—	—	91,299
Maintenance	19,727	8,248	—	—	27,975
Depreciation	100,718	27,163	(4,653 ) <sup>(i)</sup>	—	123,228
Energy and Other Taxes	6,487	4,917	—	—	11,404
Total Operating Expenses	1,238,658	234,504	(19,134 )	—	1,454,028
<b>Operating Income</b>	4,410	70,243	19,134	—	93,787
<b>Other Income and Expense</b>	15,474	1,460	—	—	16,934
<b>Interest Charges</b>	(54,019 )	(15,960 )	16,097 <sup>(c),(d)</sup>	(54,995 ) <sup>(f)</sup>	(108,877 )
<b>(Loss) income Before Income Taxes</b>	(34,135 )	55,743	35,231	(54,995 )	1,844
<b>Income Taxes</b>	24,937	(21,926 )	(13,564 ) <sup>(f)</sup>	21,173 <sup>(g)</sup>	10,620
<b>Equity in Earnings of Affiliates</b>	5,794	—	—	—	5,794
<b>(Loss) Income from Continuing Operations</b>	\$ (3,404 )	\$ 33,817	\$ 21,667	\$ (33,822 )	\$ 18,258
<b>Basic Earnings Per Common Share:</b> <b>(Note 6)</b>					
Continuing Operations	\$ (0.04 )	\$ —			\$ 0.20
Basic Earnings Per Common Share	\$ (0.04 )	\$ —			\$ 0.20
<b>Average Shares of Common Stock</b> <b>Outstanding – Basic (Note 6)</b>	79,541	—			91,148

**Diluted Earnings Per Common Share:**

**(Note 6)**

Continuing Operations	\$	(0.04 )	\$	0.20
Diluted Earnings Per Common Share				