UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 9, 2019

SOUTH JERSEY INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New Jersey	1-06364	22-1901645
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1 South Jersey Plaza, Folsom, New Jersey 08037
(Addresses of principal executive offices) (Zip Code)

(609) 561-9000
Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - $1.25 par value per share	SJI	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01 Other Events.

In connection with an automatic shelf registration statement to be filed on Form S-3, South Jersey Industries, Inc. (the "Company") is filing herewith additional financial statement exhibits to be incorporated by reference into the registration statement.

Attached hereto as Exhibit 99.1 and incorporated herein by reference is the Company's unaudited pro forma condensed statement of income for the year ended December 31, 2018, giving effect to the acquisition of Elizabethtown Gas Company ("ETG") as if such acquisition had occurred on January 1, 2018. Attached hereto as Exhibit 99.2 and incorporated herein by reference is the Company's unaudited pro forma condensed statement of income for the six months ended June 30, 2019, giving effect to certain dispositions of assets as if each had occurred on January 1, 2019.

The Pro Forma Information has been presented for informational purposes only and is not necessarily indicative of what the Company's results of operations actually would have been had the acquisition and dispositions been completed as of January 1, 2018 or January 1, 2019, respectively. In addition, the Pro Forma Information does not purport to project the future financial position or operating results of the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

99.1	Unaudited pro forma condensed consolidated statement of income and explanatory notes for the Company for the year ended December 31, 2018.
99.2	Unaudited pro forma condensed consolidated statement of income and explanatory notes for the Company for the six months ended June 30, 2019.
104	Cover Page Interactive Data File – the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOUTH JERSEY INDUSTRIES, INC.

By: */s/ Cielo Hernandez*
Cielo Hernandez
Senior Vice President and Chief
Financial Officer, SJI

Date: September 9, 2019

Exhibit 99.1

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

On July 1, 2018, South Jersey Industries, Inc. ("SJI" or the "Company") completed its previously announced acquisition of the Elizabethtown Gas operating division (the ''Elizabethtown Business'' or ''ETG'') of Pivotal Utility Holdings, Inc., a New Jersey corporation, pursuant to the terms of the asset purchase agreement ("Purchase Agreement"), executed on October 15, 2017 (the "ETG Acquisition").

The unaudited pro forma condensed combined financial statement and the accompanying notes to the pro forma statement of operations (the "pro forma financial statements") present how the consolidated financial statement 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 the year ended December 31, 2018 combines the historical consolidated statement of income of the Company and the historical statement of income of ETG, after giving effect to the Transactions (as defined below) as if they had occurred on January 1, 2018, and after applying the assumptions, reclassifications and adjustments described in the accompanying notes.

The following pro forma financial statement present the combination of the historical financial information of the Company and the Elizabethtown Business adjusted to give effect to the ETG Acquisition, pursuant to the terms and conditions of the Purchase Agreement for an aggregate purchase price equal to $1.72 billion in cash, inclusive of $24.7 million of certain adjustments for the net working capital of the Elizabethtown Business as set forth in the Purchase Agreement.

The Company financed the ETG Acquisition using cash on hand, net proceeds of $434.9 million from the issuance of its common stock (the "Common Stock Issuance") and the concurrent issuance of Equity Units (the "Equity Unit Issuance") and through debt, net of cash paid for fees of $4.3 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"), $475.0 million in aggregate principal amount of new floating rate senior notes ("Floating Rate Notes"), and drawdowns of $31.1 million in aggregate principal amount from our existing syndicated revolving credit facility (the "Revolver", together with the "ETG Acquisition", "Common Stock Issuance", "Equity Unit Issuance", "Term Facility", "Senior Unsecured Notes", and "Floating Rate Notes", the "Transactions"). Prior to the aforementioned Transactions, the Company had entered into a $2.6 billion bridge loan commitment ("Bridge Loan") to finance the ETG Acquisition to the extent the Company raised less proceeds than expected. As a result of the successful completion of the Transactions, the Bridge Loan was not utilized and terminated as of June 30, 2018. Additionally, the pro forma financial statements do not reflect any potential asset dispositions.

The accompanying pro forma financial statement has 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 statement of operations should be read in conjunction with the accompanying notes to the pro forma financial statement. In addition, the pro forma financial statement was based on and should be read in conjunction with:

- the audited consolidated financial statements of the Company as of and for the year ended December 31, 2018 and the related notes, included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2019;
- the unaudited consolidated financial statements of the Company as of and for the six months ended June 30, 2019 and the related notes, included in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2019;
- The unaudited financial statements of the Elizabethtown Business as of and for the six months ended June 30, 2018 and the related notes, included in the Company's Form 8-K/A filed with the SEC on September 12, 2018.

The pro forma financial statement does 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 statement does not reflect the effect of the $10.9 million aggregate cash purchase of Elkton Gas operating division, which is considered to be immaterial for purposes of the pro forma financial statements.

The pro forma financial statement is presented for informational purposes only and does 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 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. The pro forma adjustments have been made solely for the purpose of providing unaudited pro forma condensed combined financial data.

Unaudited Pro Forma Condensed Consolidated Statement of Income
For the Year Ended December 31, 2018
(in thousands, except per share amounts)

	Historical SJI (Note 1,2)	Historical ETG (Note 1,2)	ETG Acquisition Adjustments (Note 3)	Financing & Other Adjustments (Note 4)	Pro Forma
Operating Revenues:					
Utility	$ 670,715	$ 184,318	$ -	$ -	$ 855,033
Nonutility	970,623	-	-	-	970,623
Total Operating Revenues	1,641,338	184,318	-	-	1,825,656
Operating Expenses:					
Cost of Sales – (Excluding depreciation)					
— Utility	258,781	87,472	-	-	346,253
— Nonutility	796,627	-	-	-	796,627
Operations	256,862	30,957	(13,206)(a)	-	274,613
Impairment Charges	105,280	-	-	-	105,280
Maintenance	32,162	4,507	-	-	36,669
Depreciation	96,723	13,826	(2,209)(b)	-	108,340
Energy and Other Taxes	9,537	1,713	-	-	11,250
Gain on Sale of Assets	(15,379)	-			(15,379)
Total Operating Expenses	1,540,593	138,475	(15,415)	-	1,663,653
Operating Income	100,745	45,843	15,415	-	162,003
Other Income and Expense	2,404	348	-	-	2,752
Interest Charges	(90,296)	(10,165)	10,178(c)	1,179(a)	(89,104)
Income Before Income Taxes	12,853	36,026	25,593	1,179	75,651
Income Taxes	(561)	(10,586)	(6,398)(d)	(295)(b)	(17,840)
Equity in Earnings of Affiliates	5,611	-	-	-	5,611
Income from Continuing Operations	$ 17,903	$ 25,440	$ 19,195	$ 884	$ 63,422
Basic Earnings Per Common Share: (Note 5)					
Continuing Operations	$ 0.21	$ -			$ 0.74
Basic Earnings Per Common Share	$ 0.21	$ -			$ 0.74
Average Shares of Common Stock Outstanding – Basic (Note 5)	83,693	-			85,500
Diluted Earnings Per Common Share: (Note 5)					
Continuing Operations	$ 0.21	$ -			$ 0.74
Diluted Earnings Per Common Share	$ 0.21	$ -			$ 0.74
Average Shares of Common Stock Outstanding – Diluted (Note 5)	84,471	-			86,278

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation

The pro forma financial statement presents the pro forma condensed combined results of operations based upon the historical financial statements of SJI and ETG, after giving effect to the Transactions and are intended to reflect the impact of such on SJI's consolidated financial statements. Certain reclassifications have been included in the pro forma financial statement in order to align the historical financial statement presentation of SJI and ETG. See Note "2. Reclassifications" herein for additional information on the reclassifications. The pro forma adjustments have been made solely for the purpose of providing the pro forma financial statement.

The ETG Acquisition is considered a business combination, and therefore is accounted for under the acquisition method of accounting in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 805 Business Combinations (''ASC 805''). Under the acquisition method of accounting for purposes of the pro forma financial statement, the total estimated purchase price of an acquisition is allocated to the net tangible and intangible assets based on their estimated fair values. See Note 17 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2019 for the purchase price allocations related to the ETG Acquisition.

The ETG Acquisition was financed with cash on hand, proceeds from the Common Stock Issuance, Equity Unit Issuance, Senior Unsecured Notes, Floating Rate Notes, Term Facility (together with Senior Unsecured Notes and Floating Rate Notes, the "Notes and Facilities"), and Revolver. The Senior Unsecured Notes are comprised of a 3.18%, $90.0 million tranche due 2021, a 3.82% $80.0 million tranche due 2028 and a 3.92% $80.0 million tranche due 2030. The Floating Rate Notes are comprised of a $475.0 million in aggregate principal Series 2018D notes, due 2019, which the Company paid down in the first half of 2019. The Term Facility is comprised of a $530.0 million, 364-day-term loan credit agreement, which the Company paid down in December 2018. The Revolver is comprised of a five year, unsecured $400.0 million revolving credit agreement that is syndicated among several banks. As of December 31, 2018, $366.9 million remained undrawn and our weighted average interest rate on outstanding borrowings, which changes daily, was 3.32%. The gross proceeds of the Equity Unit issuance was $287.5 million. Each Equity Unit has a stated amount of $50.0 and will initially be in the form of a corporate unit consisting of a contract to purchase SJI common stock and a 1/20 or 5% undivided beneficial ownership interest in a $1,000 principal amount of our remarketable junior subordinated notes due 2031 ("RSNs"). The stock purchase contracts obligate the holders to purchase shares of SJI's common stock at a future settlement date of approximately three years from the issuance date, subject to earlier termination or settlement. The RSNs are pledged as collateral to secure the purchase of common stock under the stock purchase contracts. The net proceeds from the sale of the Equity Units were allocated between the purchase contracts and the RSNs in proportion to their respective fair market values at the time of issuance. The RSNs are classified as long-term debt. The present value of the contract adjustment payments has been initially charged to shareholders' equity, with an offsetting credit to liabilities. This liability is accreted over the life of the purchase contract by interest charges to the income statement based on a constant rate calculation. Subsequent contract adjustment payments reduce this liability. For purposes of the pro forma financial statement, SJI has assumed (x) it will make quarterly payments on the RSN's and quarterly contract adjustment payments on the stock purchase contracts each at a rate of 3.55% and (y) the underwriters exercised the over-allotment option to purchase additional Equity Units in the Equity Units Issuance.

Historical SJI represents the consolidated results of SJI for the year ended December 31, 2018, as disclosed in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2019. Historical ETG represents the results of ETG stand alone for the six months ended June 30, 2018, as disclosed in the Company's Form 8-K/A filed with the SEC on September 12, 2018.

The pro forma financial statement does not reflect the restructuring or integration activities that have yet to be determined or other costs that may be incurred to achieve cost or growth synergies subsequent to December 31, 2018. As no assurance can be made that the costs will be incurred or the cost or growth synergies will be achieved, no adjustment has been made.

2. Reclassifications

Certain reclassifications have been made to amounts in the historical ETG financial information for the six months ended June 30, 2018 to conform the financial statement presentation, including reclassifying the following:

(In Thousands)	Before Reclassification	Reclassification	After Reclassification
Operating revenues	184,318	(184,318)(a)	—
Operating Revenues - Utility	—	184,318(a)	184,318
Cost of natural gas	87,472	(87,472)(b)	—
Cost of Sales — Utility	—	87,472(b)	87,472
Other operations and maintenance	35,464	(35,464)(c)	—
Operating Expenses - Operations	—	30,957(c)	30,957
Operating Expenses - Maintenance	—	4,507(c)	4,507
Depreciation and amortization	13,826	(13,826)(d)	—
Operating Expenses - Depreciation	—	13,826(d)	13,826
Taxes other than income taxes	1,713	(1,713)(e)	—
Operating Expenses Energy and Other Taxes	—	1,713(e)	1,713
Other income, net	348	(348)(f)	—
Other Income and Expense	—	348(f)	348
Interest expense, net of amounts capitalized	10,165	(10,165)(g)	—
Interest Charges	—	10,165(g)	10,165

(a) Represents the reclassification of Operating revenues on ETG's statement of income into Operating Revenues - Utility to conform to SJI's statement of income presentation.

(b) Represents the reclassification of Cost of natural gas on ETG's statement of income into Cost of Sales — Utility to conform to SJI's statement of income presentation.

(c) Represents the reclassification of Other operations and maintenance on ETG's statement of income into Operating Expenses - Operations and Operating Expenses - Maintenance to conform to SJI's statement of income presentation.

(d) Represents the reclassification of Depreciation and amortization on ETG's statement of income into Operating Expenses - Depreciation to conform to SJI's statement of income presentation.

(e) Represents the reclassification of Taxes other than income taxes on ETG's statement of income into Operating Expenses - Energy and Other Taxes to conform to SJI's statement of income presentation.

(f) Represents the reclassification of Other income, net on ETG's statement of income into Other Income and Expense to conform to SJI's statement of income presentation.

(g) Represents the reclassification of Interest expense, net of amounts capitalized on ETG's statement of income into Interest Charges to conform to SJI's statement of income presentation.

3. ETG Acquisition Related Pro Forma Adjustments

The pro forma financial statement reflects the following adjustments related to the ETG Acquisition:

(a) Adjustment to eliminate $13.2 million of non-recurring transaction costs incurred by SJI that are directly attributable to finalizing the ETG Acquisition for the year ended December 31, 2018.

(b) Adjustment to eliminate $2.2 million of depreciation expense that will not be assumed by SJI as part of the ETG acquisition for the year ended December 31, 2018.

(c) Adjustment to eliminate $8.2 million of intercompany interest and $2.0 million of related interest expense that will not be assumed by SJI as part of the ETG Acquisition for the year ended December 31, 2018.

(d) Adjustment to record the income tax impacts of the pro forma adjustments using a blended statutory tax rate of 25.0% for the year ended December 31, 2018. This rate does not reflect SJI's effective tax rate, which includes other items and may be significantly different than the rates assumed for purposes of preparing these statement for a variety of reasons.

4. Financing and Other Related Pro Forma Adjustments

The pro forma financial statement reflects the following adjustments related to the financing, the proceeds of which were used to fund the ETG Acquisition, as well as other pro forma adjustments related to the ETG Acquisition.

(a) Adjustment to interest expense consists of the following:

(In Thousands)	**Year ended December 31, 2018**
Interest expense related to new debt borrowings(1)	$ 4,527
Interest expense related to equity units(2)	5,614
Interest expense related to draw down from revolver(3)	477
Amortization of deferred financing fees(4)	460
Add back: amortization of deferred financing fees and ticking fees related the Bridge Facility(5)	(9,504)
Add back: actual interest/amortization expense incurred for the year ended December 31, 2018(6)	(2,753)
Pro forma adjustment to Interest Charges	$ (1,179)

(1) Comprised of interest expense related to the Notes and Facilities.
(2) Comprised of interest expense related to the RSNs and accretion of the contract adjustment liability over the life of the purchase contract for the corporate units.
(3) Comprised of interest expense related to the Revolver.
(4) Represents fees paid to the initial purchasers for their services in arranging and structuring the financing as well as other debt issuance costs. Deferred financing fees are amortized using the effective interest method.
(5) Represents fees paid to the initial purchasers for their services in arranging and structuring the financing as well as other debt issuance costs related to Bridge Facility. As there is no continuing impact of the Bridge Facility on SJI's results, the related expense is not included in the unaudited pro forma condensed combined statement of income for the year ended December 31, 2018.
(6) Represents actual interest expense and amortization of deferred financing fees incurred and included in the historical results of the Company for the year ended December 31, 2018 related to the Notes and Facilities issued in the second quarter of 2018. These amounts were added back in order to reflect the net effect of the Transactions as if they had occurred on January 1, 2018.

The adjustment to interest expense assumes the principal, stated amount, assumed rates on the Equity Units, stated rates on the Senior Unsecured Notes, and the pro forma weighted average shares outstanding do not change from those assumed as described herein. A 0.125% change in the respective variable interest rate of the Floating Rate Notes and Term Facility would result in no material increase or decrease in pro forma annual interest expense for the year ended December 31, 2018. Additionally, the increase or decrease in pro forma annual interest expense would result in no material increase or decrease in pro forma annual earnings per share (basic and diluted) for the year ended December 31, 2018.

(b) Adjustment to record the income tax impacts of the pro forma adjustments using a blended statutory tax rate of 25.0% for the year ended December 31, 2018, respectively. This rate does not reflect SJI's effective tax rate, which includes other items and may be significantly different than the rates assumed for purposes of preparing these statement for a variety of reasons.

5. Pro Forma Earnings Per Share

The unaudited pro forma combined basic and diluted earnings per share ("EPS") for the year ended December 31, 2018 are based on pro forma income from continuing operations reflecting the adjustments discussed above divided by the basic and diluted pro forma weighted-average number of common shares outstanding. The unaudited pro forma basic EPS calculation gives effect to the issuance of 5.9 million shares of common stock related to the Common Stock Issuance as if they were issued and outstanding as of January 1, 2018, such that the total average of weighted shares outstanding would be 85.5 million for the year ended December 31, 2018, on a pro forma combined basis. The unaudited pro forma diluted EPS calculation should give effect to all potentially dilutive shares following the close of the Transactions, including: (i) shares issuable pursuant to the share purchase contracts as part of the issuance of the Equity Units, based on the application of the treasury stock method, and (ii) shares issuable pursuant to the forward sale agreement as part of the issuance of common stock, based on the application of the treasury stock method. For purposes of calculating unaudited pro forma diluted EPS, the exercise of the share purchase contracts and exercise of the forward sale agreement is assumed to have occurred at the beginning of the period. The dilutive impact of the forward sale agreement did not impact the unaudited pro forma diluted EPS calculation for the year ended December 31, 2018.

The unaudited pro forma basic and diluted EPS are calculated as follows:

(In Thousands Except Share and Per Share Data)	Year ended December 31, 2018
Pro Forma Basic EPS	
Pro forma income from continuing operations	$ 63,422
Pro forma basic weighted—average common stock outstanding	85,500
Pro forma basic EPS	$ 0.74
Pro Forma Diluted EPS	
Pro forma income from continuing operations	$ 63,422
Pro forma diluted weighted—average common shares outstanding	86,278
Pro forma diluted EPS	$ 0.74

Exhibit 99.2

Unaudited Pro Forma Condensed Consolidated Financial Information

On June 27, 2018 (the "Effective Date"), South Jersey Industries, Inc. ("SJI" or the "Company"), a New Jersey corporation, through its indirectly wholly-owned subsidiary, Marina Energy LLC, a New Jersey limited liability company ("Marina"), entered into a series of agreements whereby Marina will sell its portfolio of solar energy assets (the "Transaction") to an entity managed by Goldman Sachs Asset Management (the "Buyer"). As part of the Transaction, Marina has agreed to sell the 76 distributed solar energy projects located at 143 sites across New Jersey, Maryland, Massachusetts and Vermont with total capacity of approximately 204 megawatts (the "Projects"). Total consideration for the Transaction is approximately $350.1 million in cash, which consists of approximately $287.4 million for the sale of solar assets and approximately $62.7 million for the sale of certain Solar Renewable Energy Credits ("SRECs").

To facilitate the Transaction, Marina and the Buyer entered into a Purchase Agreement, dated as of the Effective Date (the "Purchase Agreement"), pursuant to which Marina will sell the assets comprising the Projects or, in some cases, 100% of the equity interest of certain special purpose companies wholly-owned by Marina that own the assets comprising certain Projects, for an aggregate purchase price of approximately $287.4 million. The sale of individual projects has occurred on a rolling basis as conditions precedent to each closing, including certain regulatory filings and receipt of consents to assignment of project contracts and permits, are satisfied. The Purchase Agreement contained customary representations, warranties, covenants, and conditions precedent to closing of the sales. On February 27, 2019, a Fifth Amendment to the Purchase Agreement ("Amendment") was entered into with the Buyer for the sites that remained unsold as of December 31, 2018.

On October 12, 2018, SJI and the Buyer completed the first divestiture of certain Projects for which the required consents and permits were satisfied (the "First Tranche"). The First Tranche consisted of 50 sites across New Jersey, Massachusetts, and Vermont with total capacity of 31.4 megawatts. Total consideration (excluding transaction costs) associated with the First Tranche is approximately $66.8 million in cash. Of this total, $8.9 million was received in July 2018 related to the sale of certain SRECs. The First Tranche did not constitute a significant disposition for purposes of Item 2.01 of Form 8-K.

On October 31, 2018, SJI and the Buyer completed the second divestiture of certain Projects for which the required consents and permits were satisfied (the "Second Tranche"). The Second Tranche consisted of 15 sites across New Jersey and Vermont with total capacity of 34.9 megawatts. Total consideration (excluding transaction costs) in aggregate associated with the Second Tranche is approximately $68.1 million in cash. Of this total, $8.3 million was received in July 2018 related to the sales of certain SRECs. The Second Tranche did not constitute a significant disposition for purposes of Item 2.01 of Form 8-K.

On November 30, 2018, SJI and the Buyer completed the third divestiture of certain Projects for which the required consents and permits were satisfied (the "Third Tranche"). The Third Tranche consisted of 16 sites across Maryland, New Jersey, and Vermont with total capacity of 58.1 megawatts. Total consideration (excluding transaction costs) in aggregate associated with the Third Tranche is approximately $61.8 million in cash. Of this total, $16.9 million was received in July 2018 related to the sale of certain SRECs. In the aggregate, the First Tranche, Second Tranche, and Third Tranche constituted a significant disposition for purposes of Item 2.01 of Form 8-K.

On December 31, 2018, SJI and the Buyer completed the fourth divestiture of certain Projects for which the required consents and permits were satisfied (the "Fourth Tranche" and collectively with the First Tranche, Second Tranche, and Third Tranche, "Q4 2018 Tranches"). The Fourth Tranche consisted of 27 sites across Maryland, New Jersey, and Massachusetts with total capacity of 49.2 megawatts. Total consideration (excluding transaction costs) in aggregate associated with the Fourth Tranche is approximately $87.5 million in cash. Of this total, $22.0 million was received in July 2018 related to the sale of certain SRECs. In the aggregate, the First Tranche, Second Tranche, Third Tranche, and Fourth Tranche constituted a significant disposition for purposes of Item 2.01 of Form 8-K.

On February 28, 2019, under the Amendment, SJI and the Buyer completed the fifth divestiture of certain Projects for which the required consents and permits were satisfied (the "Fifth Tranche"). The Fifth Tranche consisted of 4 sites across New Jersey and Massachusetts. Total consideration (excluding transaction costs) in aggregate associated with the Fifth Tranche is approximately $20.1 million in cash. Of this total, $3.9 million was received in July 2018 related to the sale of certain SRECs. In the aggregate, the Q4 2018 Tranches and the Fifth Tranche continued constituted a significant disposition for purposes of Item 2.01 of Form 8-K.

On April 30, 2019, under the Amendment, SJI and the Buyer completed the sixth divestiture of certain Projects for which the required consents and permits were satisfied (the "Sixth Tranche" and collectively with the First Tranche, Second Tranche, Third Tranche, Fourth Tranche, and Fifth Tranche, "the Tranches"). The Sixth Tranche consisted of 6 sites across New Jersey and Massachusetts. Total consideration (excluding transaction costs) in aggregate associated with the Tranches is $312.4 million in cash. Approximately $8.2 million relates to the Sixth Tranche. In the aggregate, the Tranches continued to constitute a significant disposition for purposes of Item 2.01 of Form 8-K.

In the second quarter of 2019, SJI and the Buyer agreed to remove the undivested Heller and Freeze Projects ("Heller and Freeze") from the Purchase Agreement due to challenges in obtaining the required regulatory consents and permits. Total consideration for Heller and Freeze included within the Transaction is approximately $21.9 million in cash, which consists of approximately $20.0 million for the sale of solar assets and approximately $1.9 million in SRECs.

Divestiture of the Assets Sold

Because the Tranches are considered a significant disposition for purposes of Item 2.01 of Form 8-K, the Company prepared the accompanying unaudited pro forma condensed consolidated statement of operations in accordance with Article 11 of Regulation S-X. The Company determined that the Transaction does not qualify for discontinued operations accounting under financial statement presentation authoritative guidance.

The unaudited pro forma condensed consolidated statement of operations for the six months ended June 30, 2019 is based on the historical financial statement of the Company for such periods after giving effect to the Tranches as if they had occurred on January 1, 2019. The pro forma adjustments are based on available information and certain assumptions that the Company believes are reasonable as of the date of this Current Report on Form 8-K. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed consolidated financial statement.

The preparation of the unaudited pro forma condensed consolidated financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States, or "GAAP" standards, which are subject to change and interpretation. These principles require the use of estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ materially from those estimates.

The pro forma financial statement is presented for informational purposes only and does not purport to represent what the results of operations or financial condition would have been had the Tranches actually occurred on the dates indicated, nor do they purport to project the results of operations or financial condition of the company for any future period or as of any future date. 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 and for the year ended December 31, 2018 and the related notes, included in the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2019; and
- the unaudited condensed consolidated financial statements of the Company as of and for the six months ended June 30, 2019 and the related notes, included in the Company's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2019.

Unaudited Pro Forma Condensed Consolidated Statement of Income
For the Six Months Ended June 30, 2019
(in thousands, except per share amounts)

	Historical SJI	Pro Forma Adjustments	Pro Forma
Operating Revenues:			
Utility	$ 521,178	$ -	$ 521,178
Nonutility	383,054	(794) (a)	382,260
Total Operating Revenues	904,232	(794)	903,438
Operating Expenses:			
Cost of Sales – (Excluding depreciation)			
— Utility	205,170	-	205,170
— Nonutility	362,558	-	362,558
Operations	119,434	(422) (b)	119,012
Impairment Charges	-	-	-
Maintenance	18,903	(180) (c)	18,723
Depreciation	47,814	-	47,814
Energy and Other Taxes	6,934	-	6,934
Net Gain on Sale of Assets	-		-
Total Operating Expenses	760,813	(602)	760,211
Operating Income	143,419	(192)	143,227
Other Income and Expense	2,604	-	2,604
Interest Charges	(57,087)	4,042 (d)	(53,045)
Income Before Income Taxes	88,936	3,850	92,786
Income Taxes	(20,303)	(1,021) (e)	(21,324)
Equity in Earnings of Affiliates	3,762	-	3,762
Income from Continuing Operations	$ 72,395	$ 2,829	$ 75,224
Basic Earnings Per Common Share:			
Continuing Operations	$ 0.79		$ 0.82
Average Shares of Common Stock Outstanding – Basic	91,863		91,863
Diluted Earnings Per Common Share:			
Continuing Operations	$ 0.79		$ 0.82
Average Shares of Common Stock Outstanding – Diluted	91,979		91,979

NOTES TO THE UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma condensed consolidated statement of operations reflects the following adjustments:

Unaudited Pro Forma Condensed Consolidated Statements of Operations

"Historical SJI" – represents the historical condensed consolidated statement of operations of SJI for the six months ended June 30, 2019.

(a) To eliminate the historical revenues of the assets sold within the Tranches.
(b) To eliminate the historical direct operations cost of the assets sold within the Tranches. No pro forma adjustment was made for historical indirect overhead costs that were allocated down to Marina.
(c) To eliminate the historical direct maintenance expense of the assets sold within the Tranches. No pro forma adjustment was made for historical indirect maintenance expense that was allocated down to Marina.
(d) To reflect the reduction of interest expense as a result of the pay down of the Floating Rate Notes using the net proceeds from the Tranches.
(e) To eliminate the historical income tax expense of the assets sold within the Tranches, as well as adjustments to record the income tax impacts of the pro forma adjustments using the blended statutory tax rates of 26.53% for the six months ended June 30, 2019. These rates do not reflect SJI's effective tax rates, which include other items and may be significantly different than the rates assumed for purposes of preparing these statements for a variety of reasons.