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April 1, 2002

BY OVERNIGHT DELIVERY

Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

020294-TP

Re: Application for Approval of an Asset Purchase Agreement and Plan of Reorganization by and among NUI Corporation, NUI Telecom, Inc., Norcom Acquisition, LLC and Norcom and the Shareholders of Norcom, Inc.

Dear Sir or Madam:

On behalf of NUI Corporation, NUI Telecom, Inc. Norcom Acquisition, LLC and Norcom and the Shareholders of Norcom, Inc., enclosed please find an original and seven (7) copies of the referenced Application.

Please date stamp and return the enclosed extra copy of this letter in the envelope provided as evidence of the filing.

Please call me should you have any questions concerning this filing. Thank you for your assistance with this matter.

Sincerely,



EllenAnn G. Sands

Enclosures

cc: Patrick D. Crocker (Letter & Application only)
Scott Howsare (Letter & Application only)
Cheryl Gorman (Letter & Application only)
Eric Mostrom (Letter & Application only)

DOCUMENT NUMBER-DATE

03732 APR-28

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF FLORIDA

APPLICATION FOR APPROVAL
OF ASSET PURCHASE AGREEMENT
AND PLAN OF REORGANIZATION
BY AND AMONG NUI CORPORATION,
NUI TELECOM, INC., NORCOM
ACQUISITION, LLC AND NORCOM AND
THE SHAREHOLDERS OF NORCOM, INC.

CASE NO. _____

JOINT APPLICATION

NUI Telecom, Inc. ("NUI") and Norcom, Inc. ("Norcom"), pursuant to the applicable Statutes of this state and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby request Commission approval of an Asset Purchase Agreement and Plan of Reorganization¹ (the "Agreement") whereby Norcom Acquisition, LLC ("Acquisition Sub"), a wholly owned subsidiary of NUI Capital Corp., will purchase substantially all of the assets of Norcom (the "Acquisition"). Immediately following the Closing of the proposed transaction, Acquisition Sub will merge with and into NUI, also a wholly owned subsidiary of NUI Capital Corp.

The practical effect of the Acquisition will be that NUI will acquire substantially all of the assets of Norcom for equitable consideration. After completion of the transaction, NUI will continue to operate, in all material respects, as NUI currently operates. The technical, managerial and financial personnel of NUI, prior to the transaction, will remain the technical, managerial and financial personnel of NUI following consummation of this

¹ A copy of the Agreement is attached hereto as Exhibit "A.". Information relative to the amount of the purchase price has been redacted. Should the Commission desire to review this information, such information will be provided for in camera inspection

transaction. NUI will continue to provide service to the former Norcom customers under NUI's present operating authorities, certifications and tariffs.

In addition to approval of the proposed Asset Purchase and Reorganization, Norcom respectfully requests that its certification, tariff and/or operating authority in this state be withdrawn simultaneous with Commission approval of the proposed Agreement

In support of this Application, Applicants state the following:

I. THE PARTIES

1. NUI Telecom, Inc. is a New Jersey corporation with principal offices located at 550 Route 202-206, Benminster, NJ 07921-0760. NUI is a non-dominant carrier that provides local and long distance and data telecommunications services.

2. NUI is a certificated carrier in this state.²

3. NUI is a first tier wholly owned subsidiary of NUI Capital Corp. NUI Capital Corp. is a first tier, wholly owned subsidiary of NUI Corporation, a public company, the common stock of which is publicly traded on the New York Stock Exchange.

4. Norcom Acquisition, LLC is a wholly owned subsidiary of NUI Capital Corp., created for the sole purpose of effecting this Acquisition. Immediately following the closing of the transaction, Acquisition Sub will merge with and into NUI, a sister subsidiary.

5. Norcom, Inc. is a privately held Florida corporation with principal offices located at 40 SE 5th Street, Boca Raton, Florida 33432. Norcom is a non-dominant carrier that provides local, long distance and data telecommunications services.

² NUI provides interexchange telecommunications services in this state pursuant to authority granted in Docket No. 9334-U, Certificate No. 4824 as of July 9, 1997. NUI provides local telecommunications services pursuant to authority granted in Docket No. 991752-TX, Certificate No. 7328 as of February 8, 2000.

6. Norcom is a certificated telecommunications provider in this state.³

II. DESIGNATED CONTACT

7. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

with copies to:

Patrick Crocker
Early, Lennon, Crocker & Bartosiewicz, PLC
900 Comercia Bldg.
Kalamazoo, MI 49007-4752
Telephone: (616) 381-8844
Facsimile: (616) 349-8525

III. REQUEST FOR PERMISSION TO CONSUMMATE THE AGREEMENT

8. At the present time, NUI is a regulated entity providing local, long distance and data telecommunications services to its customers. Norcom is a regulated entity providing local, long distance and data telecommunications services to its customers. NUI is well-qualified to consummate the transaction which is the subject of this Application. Current financial information for NUI is included in the financial statements which are attached hereto as Exhibit "B".⁴

9. NUI proposes this transaction to transfer and consolidate the assets, including the customer accounts of Norcom, in order to create a single, larger provider of

³ Norcom provides interexchange telecommunications services in this state pursuant to authority granted in Docket No 960497 as of December 11, 1996. Norcom provides local telecommunications services in this state pursuant to authority granted in Docket No. 991482-TX as of December 30, 1999

⁴ NUI's financials are reflected in the combined financial statements for its parent company NUI Corp.

telecommunications services facilitating efficiencies for the benefit of both NUI's and Norcom's customers. By virtue of these transactions, NUI will realize significant economic, marketing and administrative efficiencies.

Norcom is requesting that following approval of the sale of its assets to NUI, the Commission also approve withdrawal of its certificate to provide telecommunications services in this state.

10. The parties submit that the Acquisition will accomplish the following:
 - (a) Norcom Acquisition, LLC will acquire the assets of Norcom, Inc. for equitable consideration;
 - (b) Norcom Acquisition, LLC will immediately merge with and into its NUI Telecom, Inc., a sister subsidiary;
 - (c) NUI shall continue to operate as a regulated entity pursuant to NUI's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law.
 - (d) Norcom's certificate to operate as a regulated entity shall be withdrawn.

11. The technical, managerial and financial personnel of NUI, prior to the transaction, will remain the technical, managerial and financial personnel of NUI following consummation of this transaction. NUI will continue to provide service to its present customers and begin providing telecommunications services to the customers of Norcom with the same high level of expertise currently in place.

12. Following consummation of the Transaction and consolidation of the assets, NUI will be able to provide communications services to the combined customers in a more efficient manner. Approval of the Agreement will not in any way be detrimental to the public interests of this state. The customers of both NUI and Norcom will continue to receive the

same high quality service presently rendered to them. Additionally, no party to the Agreement will be given undue advantage over any other party.

13. All of the assets, including customer accounts of Norcom will be transferred to NUI, and NUI will, to the extent permitted by the Commission continue to service these customers through and pursuant to the Certificate of Public Convenience and Necessity, or other operating authority, presently utilized by NUI in servicing its existing customers in this State. Upon consummation of the proposed transaction, NUI intends to notify all current end users of Norcom of the Transaction by bill insert, a sample copy of which is attached hereto as Exhibit "C". NUI anticipates that none of the customers of Norcom will experience any change in rates due to the transaction. To the extent that any of Norcom's rates are not presently included in NUI's Tariffs, NUI will amend its Tariffs accordingly to include such rates. As a result, the transaction should not cause any inconvenience or confusion to the pre-existing customers of either Norcom or NUI.

IV. PUBLIC INTEREST CONSIDERATIONS

14. Critical to the proposed transaction and consolidation of customer accounts is the need to ensure the continuation of high quality service to all customers currently served by Norcom. The proposed transaction will serve the public interest for the following reasons:

- a. It will enable NUI to provide a streamlined level of service for all involved customers by creating a single, larger provider of telecommunications services to the customers in this State. The transaction will enhance the operating efficiencies, including market efficiencies, of NUI.
- b. It will increase the appeal to present and potential customers because of NUI's larger size and greater variety of service offerings as well as enhance the ability of NUI to appeal to and serve national accounts.

- c. Finally, it will result in cost savings as the result of discounts on quantity ordering of materials and services.

15. Accordingly, the requested transaction and subsequent consolidation will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall ability of NUI to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this state at competitive rates.

16. Additionally, NUI will possess a greater customer account base as the result of the proposed Transaction, and will thus be a stronger carrier able to provide a higher level of service to all customers presently serviced by both NUI and Norcom.

V. EXPEDITED REVIEW

17. Applicants request expedited review and disposition of the instant Application in order to allow Applicants to consolidate their respective operations as soon as possible.

VI. NO TRANSFER OF CERTIFICATES

18. Applicants do not request transfer of Norcom's Certificate of Public Convenience and Necessity, or other operating authority, to NUI.

VII. WITHDRAWAL OF NORCOM

19. Applicants request that Norcom's Certificate of Public convenience and Necessity or other operating authority be withdrawn and/or cancelled upon approval by this Commission of the proposed Acquisition.

V. CONCLUSION

20. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission approve the Agreement and authorize consummation of the Acquisition as described above.

DATED this 1st day of April, 2002.

Respectfully submitted,



EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984

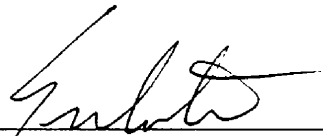
Counsel for NUI Corporation, NUI Telecom, Inc.,
and Norcom Acquisition, LLC, Norcom, Inc.

STATE OF _____

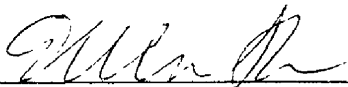
COUNTY OF _____

VERIFICATION

I, Eric Mostrom, am the President of Norcom, Inc., and am authorized to make this Verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Eric Mostrom
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 4th day of March, 2002.



Notary Public

My commission expires: at death

STATE OF LOUISIANA
COUNTY OF ORLEANS

VERIFICATION

I, Richard Boudria, am the President and Chief Executive Officer of NUI Telecom, Inc., and am authorized to make this Verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: Richard Boudria
Name: Richard Boudria
Title: President and Chief Executive Officer

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 4th day of March, 2002.

[Signature]
Notary Public

My commission expires: at death

Exhibit A

Agreement

ASSET PURCHASE AGREEMENT AND PLAN OF REORGANIZATION

By and Among

NUI CORPORATION,

NUI TELECOM, INC.,

NORCOM ACQUISITION, L.L.C.,

NORCOM, INC.

And

STOCKHOLDERS OF NORCOM, INC. NAMED HEREIN

Dated as of March 1, 2002

ASSET PURCHASE AGREEMENT AND PLAN OF REORGANIZATION

ASSET PURCHASE AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") dated as of March 1, 2002, by and among NUI Corporation, a New Jersey corporation ("NUI"), Norcom Acquisition, LLC, a New Jersey limited liability company (the "Buyer"), NUI Telecom, Inc., a New Jersey corporation ("NUI Telecom") and first tier subsidiary of NUI Capital Corp. ("NUI Capital"), Norcom, Inc., a Florida corporation (the "Seller") and the stockholders of the Seller named herein (the "Stockholders").

WHEREAS, the Seller is in the business of providing local, long distance and data telecommunications services to its Customers (the "Business");

WHEREAS, the Seller wishes to transfer its Business and substantially all of its assets to Buyer and Buyer wishes to acquire the business and substantially all the assets of Seller on the terms and conditions set out herein in exchange for shares of common stock of NUI in a transaction (the "Transaction") which the Seller intends to qualify as a "reorganization" (a "C Reorganization") within the meaning of Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), with NUI Capital as the acquiring corporation under that section, it being contemplated and agreed by Seller, NUI, NUI Telecom and Buyer that Seller will, as soon as practical, thereafter, and as an integral part of the transaction, distribute the shares of NUI to the Stockholders in complete liquidation of Seller and dissolve;

WHEREAS, immediately following the acquisition by Buyer, consistent with Code Section 368(a)(2)(C), for federal income tax purposes, NUI Capital will transfer the acquired assets of the Seller to NUI Telecom, effected by having the Buyer merge with and into NUI Telecom with NUI Telecom surviving; and

WHEREAS, NUI, NUI Telecom, Seller and Buyer desire to make certain representations, warranties and covenants in connection with the transaction. Terms used in this Agreement shall have the meanings assigned such terms in Article XIII of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

PURCHASE OF ASSETS

1.1 Purchase of Assets. Subject to the terms and conditions set forth in this Agreement, the Seller shall convey, transfer, assign and deliver to the Buyer, and the Buyer shall acquire and assume from the Seller, all of the Seller's right, title and interest in and to, and obligations under, the following of its assets used in or held for use by the Business (other than the Excluded Assets) as the same exist as of the applicable Closing Date, whether tangible or intangible and whenever and wherever located (the "Assets"):

(a) All accounts receivable and other rights to receive payments from any Customer of Seller arising from services performed by Seller on or after the date of this

Agreement (the "Accounts Receivable");

- (b) All rights, title and interest to all Customers of the Seller;
- (c) All patents, trademarks, service marks, trade names and trade styles (including without limitation the name "Norcom" and "Norwegian Communications" (and all variations thereof)), all logos, drawings, technical data, product specifications, computer software, source codes, object codes, computer files, programs, blueprints, know-how, trade secrets and other proprietary rights and all goodwill associated therewith;
- (d) All authorizations, permits, franchises and licenses related to the Business;
- (e) All causes of action, choses in action, rights of recovery and rights of set-off or offset of every kind and nature related to the Assets;
- (f) All goodwill and all other intangible property related to the Business;
- (g) Certain contracts of the Seller relating to the supply of telecommunications services of the Business by third party carriers on a wholesale basis and identified on Schedule 1.1(g) (the "Assigned Wholesale Contracts"), excluding specifically and without limitation, the Wholesale Services Agreement between CRG International, Inc. d.b.a. Network One (currently managed by One Star Long Distance, Inc., Network One together with One Star being referred to in this Agreement as "Network One/One Star") and the Seller, as amended, (the "Network One Contract") which shall not be assigned by Seller or assumed by Buyer;
- (h) All contracts, licenses, software or other systems of the Seller relating to billing or collection of revenues of the Business;
- (i) All marketing plans, marketing manuals, sales materials, promotional materials, catalogues and advertising and marketing literature and materials related to the Business;
- (j) All business records and files, including without limitation customer lists and other identifications of former, existing and potential Customers and suppliers, mailing lists, sales information, Customer and supplier records, cost and pricing information, billing records, employment and personnel records and other records (including without limitation those maintained in computer tapes, disks or other computer retrievable formats), in each case as related to the Assets or the Business, whether maintained by such Seller or by others for such Seller, and the telephone numbers of such Seller used in the Business and bank accounts and post office boxes at which such Seller receives correspondence or remittances from Customers; and
- (k) the net cash generated by the Business from services performed by Seller on or after the date of this Agreement after payment by Seller of the expenses and

liabilities of the Business solely related to services preformed by Seller on or after the date hereof listed on Schedule 1.4.

1.2 Assets Purchased Free of Liens. All of the Assets shall be sold, assigned, transferred, conveyed and delivered to the Buyer, free and clear of all liens, encumbrances, or claims.

1.3 Excluded Assets. All other assets owned or used by Seller in the Business not specially contained in Section 1.1 (the "Excluded Assets") shall not be conveyed, sold or transferred and are not included in the Assets, including accounts receivable from Customers of Seller for services preformed on or before the date of this Agreement and all cash collected by Seller from such accounts receivable and all collected amounts related to previously unbilled call detail records as provided in Section 7.3 and all deposits presently held by TMC, United States District Court for Eastern District of Louisiana and the claim against Network One/One Star for return of proceeds from the seized Letter of Credit and the damage claim against Network One/One Star and other items listed in Schedule 1.3.

1.4 Assumed Liabilities. Subject to the terms and conditions of this Agreement, upon the transfer of the Assets, the Buyer shall assume, agree to pay, perform, discharge and indemnify the Seller against, and otherwise be responsible for, those categories of liabilities and obligations of the Seller for services on or after the date of this Agreement described on Schedule 1.4 (the "Assumed Liabilities"). The Buyer shall promptly pay and satisfy all Assumed Liabilities in accordance with their respective terms as and when they become due from and after the date of this Agreement; provided, however, that the foregoing shall not preclude the Buyer from contesting in good faith the amount, payment or other terms of such Assumed Liabilities.

1.5 Excluded Liabilities. Except with respect to the Assumed Liabilities, it is expressly agreed and understood that the Buyer is assuming no other liability or obligation of the Seller of any kind or nature, whether known or unknown, whether fixed or contingent, and however arising, and that the transfer of the Assets pursuant to this Agreement shall be free and clear of all liabilities, liens or other obligations of Seller any kind whatsoever, other than the Assumed Liabilities (collectively, the "Excluded Liabilities"). Specifically, by way of example and not of limitation, the Buyer is not assuming any liabilities or obligations of any nature whatsoever relating to or associated with the Network One Contract, Network One/One Star and any legal or other professional fees incurred in connection therewith nor any liability for Taxes included within Assumed Liabilities or severance claims, if any, made by employees of the Seller.

ARTICLE II

CONSIDERATION

2.1 Purchase Price Determination. Subject to the conditions set forth in this Article II and subject to the adjustment provided in Sections 3.1 and 3.2 below, the total purchase price (the "Purchase Price") payable at the Closing shall be comprised of: (i) Base Monthly Revenue (as defined) attributed to the Customer's of Seller, (ii)

Base Monthly Revenue attributable to goodwill and (iii) Base Monthly Revenue attributable to other intangibles for a total of the Seller's existing Base Monthly Revenues as of the bill run at April 30, 2002, which reflects April 2002 actual usage. "Base Monthly Revenues" means those Net Revenues produced from retail charges associated with a single calendar month's long distance, local or data service usage by Customers of the Seller and more fully described in Schedule 2.1. For purposes of the preceding sentence, Customers of the Seller are deemed to be those businesses and individuals for which the Seller possesses a signed Letter of Authorization ("LOA") allowing the Seller to act as their local, long distance or data telecommunications provider.

2.2 Manner of Payment.

(a) Subject to the conditions set forth in this Agreement and subject to the adjustments provided in Section 3.1 and 3.2 below, the total Purchase Price to be paid for the Assets shall be paid in shares of NUI common stock, no par value ("NUI Common Stock") equal to the quotient of:

(i) the total Purchase Price divided by

(ii) the average closing price of NUI Common Stock as reported on the New York Stock Exchange for the first 20 of the 25 consecutive trading days immediately preceding the date regulatory approval is deemed effective from the Public Service Commission in the State of Maine for authority for Seller to transfer the Assets to Buyer as evidenced by an opinion of regulatory counsel to the Seller concurred by regulatory counsel to the Buyer (the "Average Closing Price").

(b) No fractional shares of NUI Common Stock will be issued and, in lieu thereof, any stockholder entitled to receive a fractional share of NUI Common Stock shall be paid in cash an amount equal to the value of such fractional shares, which shall be calculated as the fraction of the share of NUI Common Stock that would otherwise be issued multiplied by the Average Closing Price.

2.3 Purchase Price Delivery.

(a) If the Closing occurs prior to the settlement or judicial resolution of the dispute relating to the Network One Contract and Network One/One Star in form and substance reasonably satisfactory to NUI Telecom and its counsel (the "Network One Resolution"), at the Closing, the Buyer shall deliver the Purchase Price in shares of NUI Common Stock valued based on the Average Closing Price as follows:

(i) as to the Purchase Price relating to the purchase and sale of all Assets for which all Regulatory Approvals have been obtained (the "Completed Regulatory Approvals Purchase Price"), such Completed Regulatory Approvals Purchase Price shall be delivered by the Buyer as follows:

(1) a portion of the Completed Regulatory Approvals Purchase Price equal to the amount of the Bonus Payments associated with Agents on Schedule 8.2(j) shall

be delivered to the Escrow Agent to be placed in Escrow as security for the payment of all such Bonus Payments (the "Bonus Escrow");

(2) a portion of the Completed Regulatory Approvals Purchase Price equal to 30% of the total Purchase Price shall be delivered to the Escrow Agent to be placed in Escrow as security for the dispute pending with Network One/One Star and the indemnification obligations of Seller under Section 11.1 (the "Indemnification Escrow");

(3) the balance of the Completed Regulatory Approvals Purchase Price shall be delivered to, or as directed by, the Seller, plus cash in lieu of fractional shares of NUI Common Stock, valued in accordance with Section 2.2 (b) hereof.

(ii) as to the remaining portion of the Purchase Price relating to all Assets for which Regulatory Approvals are pending, such Purchase Price shall be delivered to the Escrow Agent to be placed in Escrow to be held until receipt the Regulatory Approval (the "Regulatory Approval Escrow").

(b) If the Closing occurs after the Network One Resolution, at Closing, the Buyer shall deliver the Purchase Price in shares of NUI Common Stock valued based on the Average Closing Price as follows:

(i) as to the Completed Regulatory Approvals Purchase Price, such Completed Regulatory Approvals Purchase Price shall be delivered by the Buyer as follows:

(1) a portion of the Completed Regulatory Approvals Purchase Price equal to the amount of the Bonus Payments associated with Agents listed on Schedule 8.2(j) shall be delivered to the Escrow Agent to be placed in the Bonus Escrow;

(2) the balance of the Completed Regulatory Approvals Purchase Price paid at the Closing shall be delivered by the Buyer to, or as directed by, the Seller, plus cash in lieu of fractional shares of NUI Common Stock, valued in accordance with Section 2.2 (b) hereof; and

(ii) as to the remaining portion of the Purchase Price relating to all Assets for which Regulatory Approvals are pending, such Purchase Price shall be delivered to the Escrow Agent to be placed in the Regulatory Approval Escrow.

2.4 Accounting and Tax Treatment. The parties to this Agreement intend that the Transaction shall be treated as a purchase for accounting purposes and as a reorganization under Section 368(a)(1) (C) of the Code.

ARTICLE III

PURCHASE PRICE ADJUSTMENT AND ESCROW

3.1 Purchase Price Adjustment. Prior to Closing, the Purchase Price may be adjusted and increased or decreased dollar for dollar based on a usage adjustment as described in this Section 3.1 and Section 3.2. Customer usage shall be determined based on the Base

Monthly Revenue for each month of the three months immediately following April 30, 2002. The Base Monthly Revenue for each of April, May, June and July 2002, will be divided by the number of Equivalent Business Days (each an "EBD") set forth on Schedule 3.1 in such month to determine the revenue per EBD for each such month. The revenue per EBD for each of May, June and July 2002 will be averaged and the average so determined will be compared with the revenue per EBD in the April 2002 usage period. If the average revenue per EBD for the three month period is less than 97% or greater than 103% of the revenue per EBD for the April 2002 usage period, the percentage amount by which the average revenue per EBD is greater than 103% or is lower than 97% will be multiplied by the EBD's in the April 2002 usage period to establish the shortfall or overage revenue amount. This shortfall or overage revenue amount will be the usage difference and will be multiplied by five times (5X) (the "Positive Usage Adjustment" or the "Negative Usage Adjustment") The Seller shall not be penalized for attrition of Customers between May 1, 2002 and July 31, 2002 resulting from actions on the part of the Buyer in the management of the Business during such period which would be deemed commercially unreasonable or negligent in accordance with applicable industry standards. An example of the Usage Adjustment calculation is set forth on Schedule 3.1(a).

3.2 Purchase Price Adjustment Procedures.

(a) On August 15, 2002 (the "Reconciliation Date"), the Buyer shall cause its accountants to prepare a schedule (the "Schedule") showing the amount of the Positive Usage Adjustment or the Negative Usage Adjustment, as the case may be, determined as provided in Section 3.1 above. As soon as practicable, but in no event later than twenty-one (21) days following the Reconciliation Date, Buyer shall deliver the Schedule to Seller. Seller shall have until fifteen (15) days following receipt of the Schedule from Buyer, to present in writing to Buyer any objections Seller may have to the matters set forth therein ("Seller's Objections"), which objections shall be set forth in reasonable detail. If Buyer does not receive such Seller's Objections on or before the fifteenth (15) day following the receipt by the Seller of such Schedule, the Positive Usage Adjustment or the Negative Usage Adjustment, as the case may be, shall be deemed accepted and approved by Seller. If the Seller delivers Seller's Objections during such fifteen (15) day period, Buyer's and Seller's respective accounting firms shall attempt to resolve the matters in dispute and, if resolved, such firms shall send a joint notice to Buyer and Seller stating the manner in which the dispute was resolved. If a dispute cannot be resolved by Buyer and Seller or by their respective accounting firms prior to forty-five (45) days following the Reconciliation Date, such dispute shall be submitted to a third accounting firm mutually chosen by the Buyer's and Seller's accounting firms, which firm shall make a final and binding determination as to such matter or matters. The third accounting firm shall send its written determination to Buyer, Seller and their respective accounting firms on or before the sixtieth day following the Reconciliation Date. Buyer and Seller agree to cooperate with each other and each other's representatives in order that the Positive Usage Adjustment or the Negative Usage Adjustment, as the case may be, may be timely performed and that any disputes may be resolved. The fees of Seller's accounting firm shall be paid by Seller, the fees of Buyer's accounting firm shall be paid by Buyer and the fee of any third accounting firm shall be paid one-half by Buyer and one-half by Seller. The amount reflected as the Positive Usage Adjustment or the Negative Usage Adjustment, as the case may be, shall be referred to herein as the "Reconciliation Amount." The completion of the procedures set forth above shall be referred to as the "Reconciliation Procedures."

(b) If the Reconciliation Amount is a positive amount, the Purchase Price paid to the Seller shall increase on a dollar for dollar basis for such amount delivered in shares of NUI Common Stock calculated using the Average Closing Price and, if the Reconciliation Amount reflects a negative amount, the Purchase Price paid by the Buyer shall be reduced on a dollar for dollar basis for such amount in shares of NUI Common Stock calculated using the Average Closing Price.

3.3 Indemnity Escrow. If the Closing has occurred and shares of NUI Common Stock were placed in the Indemnification Escrow, then upon the Network One Resolution, the appropriate parties to the Escrow Agreement shall direct the Escrow Agent to distribute the shares of NUI Common Stock held in escrow pursuant to the Escrow Agreement attributable to such event as directed by the Buyer and the Seller. If any Claim for indemnifiable Losses under Section 11.1 or Section 11.2 is pending on the date of distribution pursuant to the preceding sentence and the aggregate amount of such indemnifiable Losses when settled or paid would produce an indemnification amount, then the parties shall mutually agree upon the number of shares of NUI Common Stock to be held pursuant to the Escrow Agreement. In the event the parties shall fail to agree upon the shares of NUI Common Stock to be retained the dispute resolution provisions set forth in Section 11.4 shall be applied to resolve the foregoing matter or matters. Upon final resolution of all pending Claims which are indemnifiable Losses under Sections 11.1 and 11.2, and the parties hereto shall direct the Escrow Agent to release from Escrow the shares of NUI Common Stock retained based upon a final determination of the foregoing.

3.4 Regulatory Approval Escrow. As a condition to the release of the shares from the Regulatory Approval Escrow, the Seller and the Buyer shall deliver the compliance certificates described in Section 9.2 (b) and 9.3(c), respectively, stating that all representations and warranties are true and correct as of the date of receipt of the Regulatory Approval and all other obligations have been complied with as of such date and the Seller shall deliver an opinion of counsel to the Seller dated as of the date of the related Regulatory Approval, to the effect that all Regulatory Approvals have been obtained. Following the Closing, upon receipt of Regulatory Approvals for the number of states which will result in the release from the Regulatory Approval Escrow of a minimum of 1000 shares of NUI Common Stock and upon the satisfaction of the conditions in the preceding sentence, the appropriate parties to the Escrow Agreement shall direct the Escrow Agent to distribute the shares of NUI Common Stock held pursuant to the Regulatory Approval Escrow. Each release of shares of NUI Common Stock from the Regulatory Approvals Escrow shall be made in lots of 1000 shares, except for the last release which shall be of the remaining shares.

3.5 Bonus Escrow. Concurrently with the payment of any Bonus Payment owed by Seller under the related agent contract listed on Schedule 8.2(j), Seller shall obtain a full release from each such Agent listed on Schedule 8.2(j) for the benefit of Seller (each a "Seller's Release"). Upon presentation of a Seller's Release from an Agent, Buyer and Seller shall jointly direct the Escrow Agent to release from the Bonus Escrow, Escrow Shares having a value based on the Average Closing Price equal to the amount paid to an Agent in respect of such Release.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to the Buyer that:

4.1 Corporate Organization.

(a) The Seller is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and the Seller has all requisite power and authority to carry on its business as it is now being conducted and to own, lease and operate its properties where such properties and assets are now owned, leased or operated. The Seller is duly qualified or licensed to do business as a foreign corporation in good standing in each jurisdiction where the ownership or operation of the Assets or the Business requires such qualification and each such jurisdiction set forth in Schedule 4.1. The Certificate of Incorporation and Bylaws of the Seller, copies of which have previously been delivered to the Buyer, are true and complete copies of such documents as in effect as of the date of this Agreement.

(b) The Seller has no direct or indirect Subsidiaries. Except as set forth on Schedule 4.01, the Seller does not own, control or hold with the power to vote, directly or indirectly of record, beneficially or otherwise, any capital stock or any equity or ownership interest in any corporation, partnership, association, joint venture or other entity, except for less than five percent (5%) of any equity security registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

4.2 Authorization. No further act or proceeding on the part of the Seller is necessary to authorize this Agreement or the other Closing Documents or the consummation of the transactions contemplated hereby and thereby. This Agreement constitutes and, when executed and delivered, the other Closing Documents will constitute, valid and binding agreements of the Seller enforceable against the Seller in accordance with their respective terms.

4.3 No Violation. Except as disclosed in Schedule 4.3, neither the execution and delivery of this Agreement by the Seller, nor the consummation by the Seller of the transactions contemplated hereby or thereby, nor compliance by the Seller with any of the terms or provisions hereof or thereof, will (i) violate, conflict with or result in a breach of any provision of the Certificate of Incorporation or Bylaws of the Seller, (ii) assuming that the consents and approvals referred to in Section 4.4 hereof are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree, license or injunction applicable to the Seller, or any of its properties or assets, or (y) violate, conflict with, result in a breach of any provisions of or the loss of any benefit under, constitute a default (or any event, which, with notice or lapse of time, or both would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the properties or assets of the Seller under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or

obligation to which the Seller is a party, or by which the Seller or any of its properties or assets may be bound or affected.

4.4 Consents and Approvals. Except for such filings, authorizations, consents or approvals as may be set forth in Schedule 4.4, no consents or approvals of, or filings or registrations with, any court, administrative agency, regulatory agency or commission or other governmental authority or instrumentality (each a "Governmental Entity") or with any third party are necessary in connection with the execution and delivery by the Seller of this Agreement and the consummation by the Seller of the transaction contemplated hereby.

4.5 Ownership of the Assets. Except as disclosed on Schedule 4.5, at the Closing the Seller is the owner of the Assets free and clear of all liens, encumbrances, charges and assessments of any nature. Except as disclosed on Schedule 4.4, the Assets are not subject to any restrictions with respect to transferability. The Seller has full power and authority to assign and transfer the Assets to the Buyer in accordance with the terms of this Agreement without obtaining the consent or approval of any other Person or Governmental Entity (other than the consents set forth in Schedule 4.4, all of which on the Closing Date have been obtained and on the Closing Date will be in full force and effect), and the delivery of the Assets to the Buyer pursuant to this Agreement will transfer valid title thereto, free of all liens, encumbrances, charges and assessments of any kind.

4.6 Financial Statements.

(a) The Seller has previously delivered to the Buyer copies of the balance sheets of the Seller as of December 31, 1999, December 31, 2000 and December 31, 2001, and the related statements of income, changes in stockholders' equity and cash flows for the fiscal years 2000 through 2001 inclusive (the "Financial Statements"). The Financial Statements of the Seller have been or will be prepared in accordance with GAAP consistently applied during the periods involved comply, as of their respective dates in all material respects with applicable accounting requirements, and fairly present in all material respects the financial position of the Seller as of the dates thereof and the income and retained earnings and sources and applications of funds for the periods then ended.

(b) Except as set forth in Schedule 4.6(b) hereto for liabilities incurred since December 31, 2001 in the ordinary course of business consistent with past practice and otherwise set forth on Schedule 4.6(b) hereto, the Seller does not have any liabilities or obligations of any nature whatsoever (whether absolute, accrued, contingent or otherwise) which are not adequately reserved or reflected on the Financial Statements of the Seller for the quarter ended December 31, 2001, and there do not exist any circumstances that could reasonably be expected to result in such liabilities or obligations.

(c) Schedule 4.6(c)(i) contains the Seller's accounts receivable report as of the date hereof, which report is true and accurate in all material respects and has been prepared in accordance with the Seller's normal practice. The accounts receivable reflected in the report contained in Schedule 4.6(c)(i) and all the accounts receivable arising after such date are or will be valid and genuine from bona fide transactions in the ordinary course of the Seller's business and have been or will be recorded in accordance with the Seller's historical revenue recognition

policy. Except as set forth on Schedule 4.6(c)(ii), no account receivable has been assigned or pledged to any other person and no defense or set off to any such account receivable has been asserted by the account obligor. The allowance for bad debt for the Seller's accounts receivable set forth on the unaudited balance sheet of Seller for the month ended prior to the date of this Agreement (the "Balance Sheet of the Seller") is adequate and in accordance with the historical accounting practices of the Seller.

4.7 Absence of Certain Changes or Events. Except as set forth in Schedule 4.7, since December 31, 2001, there has not been any Material Adverse Effect on the Seller (including without limitation any loss of employees or Customers that has had a Material Adverse Effect, or that is reasonably likely to have a Material Adverse Effect, on the Seller) and, to the best knowledge of the Seller, no fact or condition exists which is reasonably likely to cause such a Material Adverse Effect on the Seller in the future.

4.8 Legal Proceedings. Except as set forth in Schedule 4.8, the Seller is not a party to any, and there are no pending or, to the best knowledge of the Seller, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against or affecting the Seller or any property or asset of the Seller, before any court, arbitrator, administrative agency or Governmental Entity, domestic or foreign, which would, if resolved against the Seller, either individually or in the aggregate, have a Material Adverse Effect on the Seller, and no facts or circumstances have come to the Seller's attention which have caused it to believe that such a claim, action, proceeding or investigation against or affecting the Seller which would, either individually or in the aggregate, have a Material Adverse Effect on the Seller could reasonably be expected to occur. Neither the Seller nor any property or asset of the Seller is subject to any order, writ, judgment, injunction, decree, determination or award which restricts its ability to conduct business in any area in which it presently does business or has or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect on the Seller. The Seller is not aware of any claim, or any facts or circumstances which may give rise to a claim against the Seller or any employee of the Seller (i) arising from personal injuries sustained by a present or former employee of the Seller in the course of employment; or (ii) otherwise compensable under a workers' compensation policy ("Workers' Compensation Claims").

4.9 Taxes. Except as set forth in Schedule 4.9, within the times and in the manner prescribed by law, Seller has filed all domestic and foreign, federal, state and local tax returns required by law and has paid all taxes, assessments and penalties due and payable. There are no present disputes as to taxes of any nature payable by Seller.

4.10 Customers and Sales. Schedule 4.10 is a correct and current list of all Customers of Seller as of the end of month preceding the date of this Agreement. Except as indicated in Schedule 4.10, Seller has no information and is not aware of any facts indicating that any of these Customers intend to cease doing business with Seller or materially alter the amount of the business that they are presently doing with Seller.

4.11 Compliance with Laws. Except as set forth in Schedule 4.11, the Seller holds all material licenses, franchises, permits and authorizations necessary for the lawful conduct of its business under and pursuant to all, and has complied with and is not in conflict

with, or in default or violation of any (a) statutes, codes, ordinances, laws, rules, regulations, orders, judgments, injunctions or decrees, published policies and guidelines of any Governmental Entity, applicable to the Seller or by which any property or asset of the Seller is bound or affected or (b) any note, bond, mortgage, indenture, deed of trust, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Seller is a party or by which the Seller or any property or asset of the Seller is bound or affected; and the Seller neither knows of, nor has received notice of, any violations of any the above. Schedule 4.11 hereto contains a list of all federal and state licenses, franchises, permits and authorizations necessary for the lawful conduct of its business.

4.12 Certain Contracts.

(a) Except as set forth in Schedule 4.12(a)(i) hereto, the Seller is not a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral): (i) with respect to the employment of any director, officer or employee, or with respect to the employment of any consultant which cannot be terminated without payment, (ii) which, upon the consummation of the transactions contemplated by this Agreement, will result in any payment (whether of severance pay or otherwise) becoming due from the Seller to any officer or employee of the Seller, (iii) which is a material contract (as defined in Item 601(b)(10) of Regulation S-B of the Securities and Exchange Commission) (“SEC”) to be performed after the date of this Agreement that has not otherwise been disclosed in writing to the Buyer, (iv) which is a consulting or other agreement (including agreements entered into in the ordinary course and data processing, software programming and licensing contracts) not terminable on ninety (90) days or less notice, (v) which restricts the conduct of any line of business by the Seller, (vi) with or to a labor union or guild (including any collective bargaining agreement), or (vii) any stock option plan, stock appreciation rights plan, restricted stock plan or stock purchase plan any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. The Seller has previously delivered to the Buyer true and complete copies of all employment, consulting and deferred compensation agreements which are in writing and to which the Seller is a party. Each contract, arrangement, commitment or understanding of the type described in this section is referred to herein as a “Seller Contract”.

(b) Except as set forth in Schedule 4.12(b) hereto, (i) each Seller Contract is legal, valid and binding upon the Seller, assuming due authorization of the other party or parties thereto, and in full force and effect, (ii) the Seller has in all material respects performed all obligations required to be performed by it to date under each such Seller Contract, and (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a material default on the part of the Seller under any such Seller Contract.

4.13 Agent Contracts.

The Seller has previously delivered a certificate containing a true and complete list of all agents and resale agreements (“Agent Contracts”) between the Seller and any agent and sub-agent (individually, an “Agent” and, collectively, the “Agents”) and a list of the amounts of standard commission (the “Standard Commission”) and bonus and incentive payments (the

“Bonus Payments”) due pursuant to such Agent Contracts. The Seller hereby confirms that the certification of Agent Contracts and other information is true and correct in all respects. The Seller hereby represents that, other than Coastal Connections Corporation, there is no Agent who has any claim of right, title or interest in or to any of the Customers. The Seller shall pay or make provision for payment of all Bonus Payments associated with Agents on Schedule Schedule 8.2(j) prior to Closing. Except as indicated therein, Seller has no information and is not aware of any facts indicating that any of these Agents intend to cease doing business with Seller or materially alter the amount of the business that they are presently doing with Seller.

4.14 Intentionally Left Blank

4.15 Properties.

(a) The Seller does not own any real property. Except as set forth in Schedule 4.15(a) hereto, the Seller has good and marketable title to all other property owned by it and included in the balance sheet of the Seller for the period ended December 31, 2001, and owns such property subject to no encumbrances, liens, security interests, pledges or title imperfections except for (i) those items that secure liabilities that are reflected in such balance sheet or the notes thereto, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith, and (iii) those items that do not, individually or in the aggregate, have a Material Adverse Effect on the Seller or which do not and will not interfere with the use of the property as currently used or contemplated to be used by the Seller, or the conduct of the business of the Seller.

(b) The Seller has not received any notice of a violation of any applicable zoning or environmental regulation, ordinance or other law, order, regulation or requirement relating to its operations or its properties and, to the knowledge of the Seller, there is no such violation that is reasonably likely to have a Material Adverse Effect.

(c) Schedule 4.15(c) contains a true, complete and correct list of all leases pursuant to which the Seller leases any real property and all material leases pursuant to which the Seller leases any personal property, either as lessee or as lessor (the “Seller Leases”). Assuming due authorization of the other party or parties thereto, each of the Seller Leases is valid and binding on the Seller and, to the best of the Seller’s knowledge, valid and binding on and enforceable against all other respective parties to such leases, in accordance with their respective terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors’ rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Except to the extent such breaches, defaults or events of default do not or will not have a Material Adverse Effect on the Seller and which do not or will not interfere with the use of any property as currently used or contemplated to be used by the Seller or the conduct of the business of the Seller, there are not under such Seller Leases any existing breaches, defaults or events of default by the Seller, nor has the Seller received notice of, or made a claim with

respect to, any breach or default by any other party to such Seller Leases. The Seller enjoys quiet and peaceful possession of all such leased properties occupied by it as lessee.

4.16 Labor Matters. The Seller is not a party to any collective bargaining or other labor union or guild contract nor has the Seller been approached by any collective bargaining or other labor union or guild seeking to enter into a contract with the Seller. There is no pending or, to the best knowledge of the Seller, threatened, labor dispute, strike or work stoppage against the Seller which may interfere with the business activities of the Seller. Neither the Seller nor any of its representatives or employees has committed any unfair labor practices in connection with the operation of the business of the Seller, and there is no pending or, to the best knowledge of the Seller, threatened charge or complaint against the Seller by the National Labor Relations Board or any comparable state agency. Except as set forth on Schedule 4.16 hereto, to its knowledge, the Seller has not hired any illegal aliens as employees. To its knowledge, the Seller has not discriminated on the basis of race, age, sex or otherwise in its employment conditions or practices with respect to its employees. There are no race, age, sex or other discrimination complaints pending, or, to the knowledge of the Seller, threatened against the Seller by any employee, former or current, before any domestic (federal, state or local) or foreign board, department, commission or agency nor, to the knowledge of the Seller, does any basis therefor exist.

4.17 Intellectual Property. The Seller owns or possesses valid and binding licenses and other rights to use without payment of any material amount all material patents, copyrights, trade secrets, trade names, service marks, trademarks, domain names, software and other intellectual property used in its business, which are set forth in Schedule 4.17 hereto; the Seller has not received any notice of conflict with respect thereto that asserts the right of others. The Seller has performed in all material respects all the obligations required to be performed by it with respect to the items of intellectual property set forth in Schedule 4.17 hereto and are not in material default under any contract, agreement, arrangement or commitment relating to any of the foregoing.

4.18 Agreements with Regulatory Agencies. The Seller is not subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding, commitment letter, suspension order, or similar undertaking (each a "Regulatory Agreement") with any regulatory agency or any other Governmental Entity that restricts the conduct of its business in any material respect, nor has the Seller been notified by any regulatory agency or any other Governmental Entity that it is considering issuing or requesting any Regulatory Agreement.

4.19 Books and Records. The books of account, minute books and other records of the Seller, all of which have been made available to the Buyer are complete and correct and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The minute books of the Seller contain accurate and complete records of all meetings held of, and corporate action taken by the stockholders, the Board of Directors of the Seller and any committee thereof, and no meeting of any such stockholders, Board of Directors or committee thereof has been held for which minutes have not been prepared and are not contained in such minute books.

4.20 Regulatory Approvals. Schedule 4.20 sets forth all telecommunications approvals and other material regulatory approvals which must be obtained by Seller and Buyer to enable Buyer to purchase the Assets and operate the Business on and after the Closing Date (the “Regulatory Approvals”).

4.21 Adequacy of Assets. The Assets constitute all of the assets held for use or used in connection with the Business as currently conducted by the Seller (other than the Excluded Assets) and the Assets are adequate to enable the Buyer to conduct the Business as currently conducted by the Seller.

4.22 Brokers Fees. Neither the Seller nor any of its officers or directors, has employed any broker or finder or incurred any liability for any broker’s fees, commissions or finder’s fees in connection with any of the transactions contemplated by this Agreement.

4.23 Disclosure. No representation or warranty contained in this Agreement or any schedule to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in light of the circumstances in which they are made, not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF NUI, NUI TELECOM AND BUYER

NUI, NUI Telecom and Buyer hereby, jointly and severally, represent and warrant to the Seller as follows:

5.1 Corporate Organization and Qualification.

(a) NUI is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. NUI has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on NUI. The Certificate of Incorporation and Bylaws of NUI, copies of which have previously been delivered to the Seller, are true and complete copies of such documents as in effect as of the date of this Agreement.

(b) NUI Telecom is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey. NUI Telecom has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on NUI Telecom. The Certificate of Incorporation and Bylaws of NUI Telecom, copies of which have previously been

delivered to the Seller, are true and complete copies of such documents as in effect as of the date of this Agreement.

(c) Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New Jersey. Buyer has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a Material Adverse Effect on Buyer. The Certificate of Formation and Operating Agreement of Buyer, copies of which have previously been delivered to the Seller, are true and complete copies of such documents as in effect as of the date of this Agreement. Under Treasury Regulation Section 301.7701-3(b)(1)(ii). Buyer is a domestic eligible entity with a single owner that is treated as disregarded as an entity from NUI Capital for federal income tax purposes. Buyer has not and covenants not to elect under Treasury Regulation Section 301.7701-3(c) to be classified as an association taxable as a corporation.

5.2 Capitalization.

(a) The authorized capital stock of NUI consists of 30,000,000 shares of NUI Common Stock and 5,000,000 shares of Series A Junior Participating Preferred Stock ("NUI Preferred Stock"). As of December 31, 2001, 13,998,937 shares of NUI Common Stock were issued and outstanding. All of the issued and outstanding shares of NUI Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights with no personal liability attaching to the ownership thereof.

(b) The authorized capital stock of NUI Telecom consists of 2,500 shares of common stock ("NUI Telecom Common Stock"). As of December 31, 2001, 2,500 shares of NUI Telecom Common Stock were issued and outstanding. All of the issued and outstanding shares of NUI Telecom Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights with no personal liability attaching to the ownership thereof. All issued and outstanding shares of NUI Telecom are owned by NUI Capital.

(c) All of the membership units of Buyer, as of the date hereof, are owned by NUI Capital.

5.3 Authority; No Violations.

(a) Each of NUI, NUI Telecom and Buyer have full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by NUI, NUI Telecom and Buyer and the consummation by NUI, NUI Telecom and Buyer of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of each of NUI, NUI Telecom and Buyer. No corporate proceedings on the part of NUI, NUI Telecom or Buyer are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by

NUI, NUI Telecom and Buyer and (assuming the due authorization, execution and delivery by the Seller) constitutes a valid and binding obligation of NUI, NUI Telecom and Buyer, enforceable against NUI, NUI Telecom and Buyer in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) Neither the execution and delivery of this Agreement by each of NUI, NUI Telecom and Buyer, nor the consummation by NUI, NUI Telecom or Buyer, as the case may be, of the transactions contemplated hereby, nor compliance by either NUI, NUI Telecom or Buyer with any of the terms or provisions hereof, will (i) violate, conflict with or result in a breach of any provision of the Certificate of Incorporation or Bylaws of NUI or NUI Telecom or Certificate of Formation or Operating Agreement of Buyer, or (ii)(x) violate any statute, code, ordinance, rule, regulations, judgment, order, writ, decree or injunction applicable to the NUI, NUI Telecom or Buyer or any of their respective properties or assets, or (y) violate, conflict with, result in a breach of any provisions of or the loss of any benefit under, constitute a default (or any event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any lien, pledge, security interest, charge or other encumbrance upon any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which NUI, NUI Telecom or Buyer is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (y) above) for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, will not have a Material Adverse Effect on NUI or NUI Telecom.

5.4 Broker's Fees. Neither NUI, NUI Telecom nor Buyer, nor any of their respective officers or directors, has employed any broker or finder or incurred any liability for any broker's fee, commission or finder's fee in connection with any of the transactions contemplated by this Agreement.

5.5 SEC Reports. NUI has previously made available to the Seller an accurate and complete copy of each final registration statement, prospectus, report, schedule and definitive proxy statement of NUI filed since September 30, 2001 with the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") or the Securities Act of 1933, as amended (the "Securities Act") (collectively, the "NUI SEC Reports"). NUI has timely filed (either by the required filing date or pursuant to Rule 12b-25 promulgated under the Exchange Act) all NUI SEC Reports and other documents required to be filed by it under the Securities Act and the Exchange Act and, as of their respective dates and all NUI SEC Reports complied with all of the rules and regulations of the SEC with respect thereto. As of their respective dates, no such NUI SEC Reports contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading. Since September 30, 2001 there has not been any Material Adverse Effect on NUI and, to the best knowledge of NUI, no fact or condition exists which will, or is reasonably likely to, cause such a Material Adverse Effect on NUI in the future.

5.6 Disclosure. No representation or warranty contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein, in light of the circumstances in which they are made, not misleading. No information material to the transaction and which is necessary to make NUI's, NUI Telecom's and Buyer's representations and warranties hereto contained not misleading, has been withheld from, or has not been delivered in writing to the Seller.

ARTICLE VI

ADDITIONAL REPRESENTATIONS AND WARRANTIES OF STOCKHOLDERS OF SELLER

Each Stockholder and the Seller represents and warrants to NUI, NUI Telecom and Buyer as follows:

6.1 Investments in NUI Common Stock.

(a) Each Stockholder (together with such Stockholder's financial and other advisors, if any) and the Seller has such knowledge and expertise in financial and business matters that each Stockholder and the Seller is capable of evaluating the merits and risks of the acquisition of the NUI Common Stock by the Seller and by each Stockholder upon distribution thereof by Seller and of protecting the Stockholder's interests in connection therewith. Each Stockholder and the Seller has the ability to bear the economic risk of his investment in NUI Common Stock.

(b) Each Stockholder and the Seller has reviewed copies of NUI's proxy statement dated December 20, 2001, annual report on Form 10-K for the fiscal year ended September 30, 2001, and will review any additional documents filed with the SEC provided by NUI. Each Stockholder and the Seller has had an opportunity to discuss NUI's business, management and financial affairs with NUI's management.

(c) Each Stockholder and the Seller understands that the shares of NUI Common Stock to be issued to the Seller and distributed to the Stockholders in connection with the transaction will not be registered under the Securities Act and will not be registered or qualified under the securities or blue sky laws of any jurisdiction, except as contemplated by the NUI Registration Rights Declaration annexed as Exhibit A hereto. Each Stockholder and the Seller further understands that such shares are being issued to the Seller and distributed to Stockholders pursuant to exemptions contained in the Securities Act and other applicable securities and blue sky laws and that NUI's reliance on these exemptions is based in part on the representations of each Stockholder and the Seller made herein. Each Stockholder is acquiring shares of NUI Common Stock from the Seller for his own account and not with a view to, or for resale in connection with any distribution thereof in violation of any applicable law, and unless the shares have been registered in accordance with this Agreement and such registration is then in effect, each Stockholder has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of any applicable law. Each Stockholder and the Seller understands that the shares of NUI Common Stock issued in the Transaction will constitute "restricted securities" within the meaning of Rule 144 under the Securities Act and

that, as such, such shares must be held indefinitely unless they are subsequently registered under the Securities Act or unless an exemption from the registration requirements of the Securities Act is available. Each Stockholder and the Seller is also aware of the provisions of Rule 144 under the Securities Act that permit limited resales of shares purchased in a private placement subject to the satisfaction of certain conditions, including the existence of a public market for the shares, the availability of certain current public information about NUI, the resale occurring not less than one year after a party has purchased and paid for the security to be sold, the sale being effected through a "broker's transaction" or in transactions directly with a "market maker" (as provided by Rule 144(f) under the Securities Act) and the number of shares being sold during any three-month period not exceeding specified limitations.

(d) Without in any way limiting the representations set forth above, each Stockholder further agrees not to make any disposition of all or any portion of the shares of NUI Common Stock received by such Stockholder as a result of the Transaction unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) the Stockholder (A) has notified NUI of the proposed disposition and has furnished NUI with a reasonably detailed statement of circumstances surrounding the proposed disposition and (B) if requested by NUI, has furnished NUI with an opinion of counsel, reasonably satisfactory to NUI, that such disposition will not require registration under the Securities Act.

(e) It is understood that each certificate representing shares of NUI Common Stock received by the Seller and the Stockholders as a result of the Transaction will bear a legend substantially to the following effect (in addition to any legend required under applicable state securities or blue sky laws):

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO NUI. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

6.2 Execution; No Violation.

(a) This Agreement has been duly executed and delivered by each Stockholder, constitutes a valid and binding obligation of each Stockholder, and is enforceable against each Stockholder in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency (including, without limitation, all laws relating to fraudulent transfers), moratorium or similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) No filing, authorization, consent or approval of, or filing or registration with, any Governmental Entity or with any third party is necessary with respect to any Stockholder in connection with the execution, delivery and performance of this Agreement by each Stockholder.

ARTICLE VII

COVENANTS OF THE SELLER

7.1 **Conduct of the Business Pending Closings.** The Seller agrees that from the date hereof until the Closing Date or the date of transfer of the Assets, if subsequent to Closing, NUI Telecom and the Buyer shall have management control of the Business and Assets and, except as otherwise approved in writing by NUI Telecom and the Buyer:

a) Conduct of Business in Normal Course. Seller shall carry on its business and activities diligently and in substantially the same manner as they previously have been carried on, and shall not make or institute any unusual or novel methods of purchase, sale, lease, management, accounting or operation that will vary materially from the methods used by Seller as of the date of this Agreement unless otherwise approved by NUI Telecom and the Buyer. Without limiting the foregoing, the Seller shall operate the business in the same manner as Seller previously conducted the Business and shall make those changes as necessary to gain benefits of the synergies of the acquisition of the Assets making all changes determined appropriate by NUI Telecom and the Buyer.

b) Preservation of Business and Relationships. Seller shall use its best efforts, without making any commitments on behalf of NUI Telecom and the Buyer, to preserve its business organization intact, to keep available its present officers and employees unless otherwise directed by NUI Telecom and the Buyer in its discretion, and to preserve its present relationships with suppliers, Customers and others having business relationships with it.

c) No Asset acquisition or disposition. The Seller will make no material acquisition or disposition of Assets, nor incur any additional indebtedness related to the Business or the Assets.

d) Liens. The Seller shall not create and shall not permit any third party to create any liens, encumbrances and shall conduct the Business only in the normal course generally consistent with past practice

e) Contracts. The Seller shall not enter into any leases, licenses, contracts, agreements, arrangements, understandings or other commitments relating to the Business or the Assets.

f) Obligations. The Seller shall continue to meet the contractual obligations of, and to pay noncontested obligations relating to the Business as they mature in the normal course. The Seller shall be obligated to pay or otherwise satisfy in the ordinary course all of the trade payables of the Business and shall fully pay or cause to be paid or otherwise satisfied all other claims or liabilities relating to the Assets or the Business incurred through the Closing Date with respect to the Business and the Assets sold and transferred on such date and through the transfer date with respect to the Business and the Assets sold and transferred subsequent to the Closing.

g) Certain Carrier Charges. The Buyer and the Seller shall review charges associated with the movement of customer lines from the Network One Contract to alternate carriers. Specific charges related to the movement of Toll Free (NASC fees) and the PIC change charges associated with long distance lines will be quantified as they relate to the traffic migration. Any such charges associated with this movement of lines off of the Network One Contract which are incurred after the date of this Agreement shall be an obligation of Seller and shall be paid by Seller at the time such charges are incurred by Seller.

h) Suppliers. The Seller shall use commercially reasonable efforts to maintain the business relations of the Seller with its suppliers, Customers and others with whom it has business relations relating to the Business generally consistent with past practice.

i) Contracts. The Seller shall not terminate or modify any existing contract with Customers or telecommunications suppliers; provided, however, Buyer shall not have any right or authority to exercise any control over decisions made by Seller with respect to the Network One Contract.

7.2 No Negotiations/Solicitations. The Seller will not directly or indirectly (through a representative or otherwise) solicit or furnish any information to any prospective buyer, or commence or conduct presently ongoing negotiations with any other party, or enter into any agreement with any other party concerning the sale of the Business or the Assets, or any material part thereof (an "Acquisition Proposal"); and the Seller shall promptly notify the Buyer of the receipt of any Acquisition Proposal and the terms thereof, provided that the Seller shall be under no obligation to disclose to the Buyer the identity of the author of any such Acquisition Proposal. The Seller shall not dispose of any interest in a material portion of the Business or the Assets except pursuant to this Agreement, as the same may be amended and in affect from time to time

7.3 Previously Unbilled Call Detail Records. The Buyer will seek to collect any revenues associated with Seller's outstanding accounts receivable arising prior to the date of this Agreement. The Buyer will also seek to collect any revenues associated with previously unbilled Call Detail Records ("CDR's") for customer usage before the April 2002 usage period on behalf of the Seller. With respect to revenue collected by the Buyer related to either the Seller's outstanding accounts receivable arising prior to the date of this Agreement or previously unbilled CDRs, such revenue will be remitted directly to the Seller less an agreed

upon collection fee of one-half of one percent (.5%) of the revenue collected. The Buyer will apply its normal collection processes and procedures in order to collect as much of this revenue as is possible. The revenue associated with these collection efforts will not be counted in the Base Monthly Revenue amounts considered for the Purchase Price calculations set forth in Section 2.1.

7.4 Due Diligence.

(a) The Seller shall afford to the Buyer, NUI Telecom and NUI, their respective counsel, accountants and other representatives full access to the Assets and the Assumed Liabilities, including personnel, offices, properties, books and records of the Seller in order that the Buyer, NUI Telecom and NUI may have full opportunity to make such investigations as they shall desire; and the Seller will cause its officers and accountants to furnish such additional financial and operating data, including but not limited to accounting records, inventory records, financial records, information systems, tax returns, fixed asset records, property records, leases and other information as the Buyer, NUI Telecom and NUI shall from time to time request relating to the Business, the Assets or the Assumed Liabilities; provided however, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of the Business of the Seller.

(b) In addition to any other confidentiality covenants and obligations imposed under this Agreement, the parties agree to comply with the confidentiality agreement dated as of October 4, 2001 between NUI Telecom and the Seller (the "Confidentiality Agreement"), which is incorporated herein by reference. NUI, Buyer and each Stockholder shall comply with the Confidentiality Agreement as if originally a party thereto.

7.5 Disclosures and Announcements. No press releases or filings shall be made by any party without the prior written approval of the other parties. All notices to third-parties, including but not limited to, regulatory authorities, Customers, vendors and landlords, concerning this Agreement or the transactions contemplated hereby shall be jointly planned and coordinated by the parties hereto. Except as required by applicable law, the Seller, the Buyer, NUI Telecom and NUI shall not give notice to third parties or otherwise make any disclosure, public statement or releases concerning this Agreement or the transactions contemplated hereby except with the express written consent of the other parties. The Seller acknowledges and affirms that it has no legal or regulatory obligation to disclose the existence of this Agreement or the proposed transaction, except to those Persons set forth on Schedule 4.4.

7.6 Consents. The parties hereto shall cooperate with each other and use all reasonable efforts promptly to prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Governmental Entities including without limitation, all Regulatory Approvals, which are necessary or advisable to consummate the transactions contemplated by this Agreement (including without limitation all regulatory filings and approvals necessary to transfer ownership of the customer accounts and the Letters of Agency from Seller in each state where Seller currently has end users and at the Federal Communications Commission, which the parties hereby jointly agree shall be prepared and prosecuted by the law firm of Nowalsky, Bronston & Gothard, APLLC, on their joint behalf).

The Buyer and Seller shall have the right to review in advance, and to the extent practicable each will consult with the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to the Seller, NUI Telecom, NUI or Buyer, as the case may be, which appear in any filing made with or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with the others with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions contemplated by this Agreement and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein. NUI (or NUI Telecom or Buyer, as the case may be) and the Seller shall promptly furnish each other with copies of written communications received by NUI, Buyer, NUI Telecom or Seller, as the case may be, from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated hereby.

7.7 Schedules. The Seller shall have a continuing obligation to promptly notify the Buyer in writing with respect to any matter arising or discovered after the date of execution of this Agreement, which matter, if existing or known at the date hereof, would have been required to be set forth or described in the Schedules to this Agreement.

7.8 Bulk Sales. The Seller agrees to and does hereby indemnify and hold the Buyer harmless from and against all claims, losses, demands, damages, liabilities, losses, costs and expenses resulting from or relating to noncompliance by the Buyer or the Seller with the bulk transfer provisions of the Uniform Commercial Code (or any similar law) ("Bulk Sales Laws") in connection with the sale and transfer of the Assets to the Buyer (other than the Assumed Liabilities) and the Buyer and Seller agree to comply with escrow and bulk sales filings as set forth in Section 12.2.

7.9 Securities Laws Matters; Registration Rights.

(a) During the two-year period following the Closing Date, NUI shall use its reasonable best efforts to make current public information available in accordance with Rule 144(c) under the Securities Act.

(b) NUI shall, within a reasonable period of time after the Closing Date, but no later than thirty (30) days after the Closing Date, file a registration statement under the Securities Act to register for resale the shares of NUI Common Stock to be delivered to the Seller related to the Completed Regulatory Approvals and ultimately distributed to the Stockholders of the Seller (the "Registration Statement"). The Registration Statement may be filed for an offering to be made by NUI on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, all as more fully described in the NUI Declaration of Registration Rights annexed hereto as Exhibit A. Notwithstanding anything to the contrary contained herein, NUI shall not be obligated to file a registration statement pursuant to this Declaration until the expiration of a period of 90 days following the closing of the public offering of NUI Common Stock pursuant to Registration Statement number 333-81868. NUI shall use its reasonable best efforts to cause to become effective the Registration Statement as promptly as practicable after filing, and, where necessary,

to keep such Registration Statement effective, all as more fully described in the NUI Declaration of Registration Rights.

(c) At or prior to the time that NUI registers for resale the shares of NUI Common Stock issued in connection with the transaction under the Securities Act, NUI shall cause such NUI Common Stock to be listed on the New York Stock Exchange or any other national securities exchange or quotation system, if any, upon which NUI Common Stock is trading or is being quoted at such time.

7.10 Post Closing Obligations of Seller.

(a) *Change of Name.* On or immediately after the Closing Date, Seller shall amend its Certificate of Incorporation so as to change its corporate name and will thereafter take such action as may reasonably be requested by Buyer, NUI or NUI Telecom to make its present corporate name available to them.

(b) *Dissolution.* On or immediately after the transfer to the Buyer of all of the Assets, the Seller shall commence to promptly liquidate and dissolve as a corporation, and will distribute the shares of NUI Common Stock received pursuant to Section 2.3 hereof to the Stockholders in complete cancellation and redemption of their shares of Seller's capital stock, pursuant to this Plan of Reorganization including adoption of a Plan of Liquidation by the Seller.

7.11 No Inconsistent Actions. Prior to the Closing Date, except as otherwise permitted by this Agreement, no party will enter into any transaction or make any agreement or commitment and will use reasonable efforts not to permit any event to occur, which could reasonably be anticipated to result in (x) a denial of the regulatory approvals referred to in Section 8.1(a) or (y) the imposition of any condition or requirement that would materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement.

7.12 Non-Compete Agreements. The Seller and each of the Stockholders shall enter into Non-Competition Agreements in the form annexed as Exhibit B hereto (the "Non-Competition Agreements").

ARTICLE VIII

CONDITIONS PRECEDENT

8.1 Conditions to Each Party's Obligation.

(a) The respective obligation of each party to proceed with the Closing shall be subject to the satisfaction at or prior to the Closing of the following conditions:

(1) *Regulatory Approvals.* All filings required to be made prior to the Closing Date and Regulatory Approvals and all other material consents, approvals, waivers and authorizations required to be obtained prior to the Closing Date from Governmental Entities or other persons in connection with the execution and delivery of this Agreement and purchase and sale of the assets in the States listed on the Schedule 8.1 shall have been made and all material

consents required to be obtained to consummate the transactions contemplated by this Agreement at the Closing shall have been obtained in form and substance satisfactory to the parties and shall be in full force and effect and all statutory waiting periods in respect thereof shall have expired or been terminated (all such approvals and the expiration of all such waiting periods being referred to herein as the "Requisite Regulatory Approvals").

(2) *Absence of Suit.* No action, suit or proceeding before any court or any Governmental Entity shall have been commenced or threatened, and no investigation by any Governmental Entity shall have been commenced, against the Buyer or the Seller, or any of their respective Affiliates, (i) seeking to restrain, prohibit or enjoin the consummation of the transactions contemplated hereby or to change any of the terms thereof, (ii) questioning the validity, legality or enforceability of any such transactions, or (iii) seeking damages in connection with any such transactions.

8.2 Conditions to Obligations of NUI and Buyer. The obligation of NUI, NUI Telecom and Buyer to consummate the transactions contemplated herein is subject to the satisfaction or waiver by NUI, NUI Telecom and Buyer, at or prior to the Closing Date, of the following conditions:

(a) *Representations and Warranties.* The representations and warranties of the Seller set forth in this Agreement shall be true and correct as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date.

(b) *Compliance With Agreement.* The Seller shall have performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Seller pursuant to the terms of this Agreement at or prior to the Closing Date, including delivery of the Closing Documents, which shall be in form and substance satisfactory to counsel for the Buyer.

(c) *No Prohibition.* Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause the Buyer to suffer any material adverse consequence under (i) any applicable laws, or (ii) any law that has been published, introduced, or otherwise proposed by or before any Governmental Entity.

(d) *Absence of Liens.* At or prior to the Closing, at the expense of the Seller, the Buyer shall have received a UCC search report issued by the Secretaries of States in all States listed on Schedule 8.1 as well as the State of incorporation of the Seller and the Clerks of Counties from all jurisdictions in which the Seller maintains a principal office for the conduct of business or owns real property indicating that there are no filings under the UCC on file with such office which name the Seller as debtor or otherwise indicate any lien on the Assets.

(e) *Condition of Assets.* The Assets shall not have been affected in any way as a result of any fire, accident, storm or other casualty or labor or civil disturbance or act of God or the public enemy constituting a Material Adverse Effect.

(f) *Due Diligence.* Buyer shall have completed its due diligence to its satisfaction.

(g) *Interim Operations.* Since the December 31, 2001 (the “Financial Statement Date”), the Business has been conducted only in the ordinary and usual course of business consistent with past practice. Without limiting the generality of the foregoing, the Seller has not since the Financial Statement Date:

i) suffered any material adverse change in its financial condition, Business, operations, Assets or customer base; or

ii) sold, transferred, or otherwise disposed of any material portion of the Assets except in the ordinary and usual course of business and consistent with past practice.

(h) *The Non-Competition Agreements.* The Seller and each of the Stockholders shall have entered into the Non-Competition Agreements.

(i) *Lock-up Agreements.* Each of the Seller and the Stockholders shall have entered into a Lock-Up Agreement (the “Lock-Up Agreement”) substantially in the form attached hereto as Exhibit F.

(j) *Agent Releases.* Prior to Closing, the Seller shall have obtained a release and agreement from each agent listed on the attached Schedule 8.2(i) substantially in the form attached hereto as Exhibit G (each a “Release and Agreement”). The Seller shall have obtained a new agent or sub agent agreement in the form approved by NUI Telecom, provided that the non-solicitation provisions thereof shall apply to all current Customers.. If the Seller has not obtained a new NUI Telecom approved agent agreement for each agent listed on the attached Schedule 8.2 (j), the Buyer and NUI Telecom shall have the right to (i) obtain a new NUI Telecom agent agreement directly with such agent or (ii) adjust the Purchase Price to exclude the Base Monthly Revenue associated with Customers serviced by an Agent who does not sign an NUI Telecom approved agent agreement.

(k) *Agent Contracts.* Prior to Closing, the Seller shall have obtained a new agent or sub agent agreement in the form approved by NUI Telecom as to the agents listed on the attached Schedule 8.2(k) The approved NUI Telecom agent agreements for agents listed on Schedule 8.2(k) who are not eligible for any Bonus Payment related to the sale of Assets will include non-solicitation provisions only relating to all new Customers sold by such agents. If the Seller has not obtained a new NUI Telecom approved agent agreement for each agent listed on the attached Schedule 8.2 (k), the Buyer and NUI Telecom shall have the right to (i) obtain a new NUI Telecom agent agreement directly with such agent or (ii) adjust the Purchase Price to exclude the Base Monthly Revenue associated with Customers serviced by an Agent who does not sign an NUI Telecom approved agent agreement.

8.3 Conditions to Obligations of the Seller. The obligations of the Seller to consummate the transaction contemplated herein is subject to the satisfaction, or waiver by the Seller, at or prior to the Closing of the following conditions:

(a) *Representations and Warranties.* The representations and warranties of NUI, NUI Telecom and Buyer set forth in this Agreement shall be true and correct of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date, as though made on and as of the Closing Date.

(b) *Compliance With Agreement.* The Buyer, NUI Telecom and NUI shall have performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Buyer, NUI Telecom and NUI, as the case may be, at or prior to the Closing Date pursuant to the terms of this Agreement, including delivery of the Closing Documents, which shall be in form and substance satisfactory to counsel for the Seller.

(c) *No Prohibition.* Neither the consummation nor the performance of any of the transactions contemplated by this Agreement will directly or indirectly (with or without notice or lapse of time), materially contravene, or conflict with, or result in a material violation of, or cause the Seller to suffer any material adverse consequence under (i) any applicable laws, or (ii) any law that has been published, introduced, or otherwise proposed by or before any Governmental Entity.

(d) *Registration Rights Declaration.* The NUI Registration Rights Declaration shall have been adopted by the Board of Directors of NUI and shall be in full force and effect as of the Closing Date.

ARTICLE IX

CLOSING

9.1 Closing Date. (a) The closing of the acquisition and assumption of the Assets of the Company in the States listed on Schedule 8.1 and the consummation of the transactions contemplated by the Agreement in such States (the “Closing”) shall take place at the offices of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, P.C., One Riverfront Plaza, Newark, New Jersey, 07102-5497 at 10:00 a.m. local time on the later of (i) completion of the Reconciliation Procedures set forth in Section 3.2(a) and (ii) the third (3rd) business day following the receipt of the Requisite Regulatory Approvals or at such other time and place as may be mutually agreed upon by the parties (the “Closing Date”). In addition, the Closing shall also include the acquisition of the Assets located in any other State in which the Regulatory Approvals related to such State have been obtained. All proceedings to take place on the Closing Date shall be deemed to take place simultaneously and no delivery shall be deemed to have been made until all such proceedings have been completed.

(b) *Transfer Instruments and Closing Documents.* In the event that all the Regulatory Approvals are not obtained by the Closing Date but at least the Requisite Regulatory Approvals have been obtained, the parties agree to undertake to a Closing with respect to all the States as to which the Regulatory Approvals have been obtained and the Assets may be transferred and to issue all the NUI Common Stock in payment of the Purchase Price in full upon satisfaction of the Closing conditions set forth in this Article IX, provided, in the opinion of counsel to the Buyer, Buyer will be able to file a registration statement relating to all NUI Common Stock delivered at Closing within 30 days of the Closing. At Closing, the Seller shall deliver executed but undated

Transfer Instruments and Closing Documents relating to states for which Regulatory Approvals are pending to be held in escrow and upon receipt of the Regulatory Approvals the Seller shall deliver the opinion of counsel to the effect the appropriate Regulatory Approvals have been obtained and such Closing Documents and Transfer Instruments shall be dated the date of receipt of such Regulatory Approval and released from the Regulatory Approval Escrow and the shares of NUI Common Stock related thereto shall also be delivered in accordance with Section 3.4 of this Agreement.

9.2 Documents to be Delivered by the Seller at the Closing. At the Closing, the Seller shall deliver to the Buyer, NUI Telecom and NUI the following documents:

(a) *Transfer Instruments.* Such bills of sale, assignments, licenses and other good and sufficient instruments of transfer, conveyance and assignment in form and substance reasonably acceptable to the Buyer and effectively to vest in the Buyer all of the Seller's right, title and interest in and to the Assets (the "Transfer Instruments") for which the Regulatory Approvals have been obtained in accordance with the terms of this Agreement. At the Closing, as to all Assets in States for which Regulatory Approvals are pending, the Seller shall deliver to the Escrow Agent the Transfer Instruments and other Closing Documents relating to such Assets to be held in Escrow until the Regulatory Approval relating to such Asset is received. The Transfer Instruments and other Closing Documents will be dated as of the date of receipt of such Regulatory Approval.

(b) *Compliance Certificate.* A certificate signed by the Seller to the effect that the representations and warranties of the Seller set forth in Article IV of this Agreement are true and correct in all material respects on and as of the Closing Date, with the same effect as though made or given on and as of the Closing Date (except for changes contemplated or permitted by the terms of this Agreement, consented to in writing by the Buyer, or made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date), and that the Seller has performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Seller on or prior to the Closing Date.

(c) *Good Standing Certificates.* A good standing certificate of the Seller from the Secretary of State of the state of its formation and any other jurisdiction where the Seller is required to be qualified to do business and which is listed on Schedule 4.1, obtained at the expense of Seller, dated within fifteen (15) days of the Closing.

(d) *Secretary's Certificate.* A Certificate, dated the Closing Date and delivered on the Closing Date, executed by the Secretary of the Seller, which shall (i) attach a certified copy of the resolutions of the board of directors of the Seller authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement; and (ii) identify by name and title and bear the signature of its officer authorized to execute any Closing Document to be executed and delivered on behalf of the Seller pursuant to the terms of this Agreement.

(e) *Opinion of Counsel.* A written opinion of counsel to the Seller, dated as of the Closing Date and delivered on the Closing Date addressed to Buyer in form reasonably acceptable to Buyer.

(f) *Release of Encumbrances.* UCC-3 termination statements or other evidence of the release of all Liens on the Assets.

(g) *Escrow Agreements.* Prior to the Closing Date, the Buyer and the Seller shall have executed and delivered the Indemnification Escrow Agreement, the Regulatory Approval Escrow Agreement and the Bonus Escrow Agreement substantially in the form attached hereto as Exhibits C, D and E, respectively.

(h) *Non-Competition Agreements.* Prior to the Closing, the Non-Competition Agreements shall have executed and delivered to the Buyer by each Stockholder and the Seller.

(i) *Lock-Up Agreements.* The Lock-Up Agreements shall have been executed and delivered to the Buyer by each of the Seller and each Stockholder.

(j) *Agent Release.* The Seller shall deliver the Release and Agreements for each Agent required by Section 8.2(j) of this Agreement.

(k) *Agent Contracts.* The Seller shall deliver the signed NUI Telecom approved agency agreements required by Section 8.2(k).

(l) *Other Documents.* All other documents, instruments or writings required to be delivered to the Buyer pursuant to the terms of this Agreement, including documents evidencing the Requisite Regulatory Approvals and all other Regulatory Approvals received by the Closing Date.

9.3 Documents to be Delivered by the Buyer, NUI Telecom and NUI. At the Closing, the Buyer, NUI Telecom and NUI shall deliver to the Seller the following documents:

(a) *Secretary's Certificate.* Certificate dated the Closing Date and delivered on the Closing Date executed by the Secretary of each of the Buyer, NUI Telecom and NUI, which shall (i) attach a certified copy of the resolutions of the board of directors of NUI, NUI Telecom and of the members of Buyer authorizing and approving this Agreement and the consummation of the transactions contemplated by this Agreement; and (ii) identify by name and title and bear the signature of its officer authorized to execute any Closing Document to be executed and delivered on behalf of the Buyer, NUI Telecom and NUI, as the case may be, pursuant to the terms of this Agreement.

(b) *Payment and Assumption.* The Buyer shall have delivered the shares of NUI Common Stock in accordance with Section 2.3. Appropriate instruments evidencing Buyer's Assumed Liabilities shall have been delivered to Seller.

(c) *Compliance Certificate.* Certificates signed by each of the Buyer, NUI Telecom and NUI to the effect that the representations and warranties of the Buyer, NUI

Telecom and NUI set forth in Article V of this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as though made or given on and as of the Closing Date (except for changes contemplated or permitted by the terms of this Agreement, consented to in writing by the Seller, or made as of a particular date, in which case such representations and warranties shall have been true and correct in all material respects as of such date), and that the Buyer, NUI Telecom and NUI have performed and complied in all material respects with each obligation and covenant required to be performed or complied with by the Buyer, NUI Telecom and NUI on or prior to the Closing Date.

(d) *Escrow Agreements.* Prior to the Closing, the Buyer and the Seller shall have executed and delivered the Indemnification Escrow Agreement, the Regulatory Approval Escrow Agreement and the Bonus Escrow Agreement substantially in the form attached hereto as Exhibits C, D and E, respectively.

(e) *Other Documents.* All other documents, instruments or writings required to be delivered to the Seller at or prior to the Closing pursuant to the terms of this Agreement.

9.4 Assignment of Contracts, Rights and Obligations. This Agreement reflects the Seller's intent to assign all of the Assets to the Buyer on or prior to the Closing Date. However, at the Buyer's sole option, if an assignment thereof, without the consent of a third party thereto or the expiration of a notice period to a third party thereto, would constitute a breach or default thereof, cause or permit the acceleration or termination thereof or in any way materially and adversely affect the rights of the Buyer or the Seller thereunder or the right of the Buyer to conduct all or any part of the Business in the manner and on the terms presently enjoyed by the Seller, the parties shall arrange an equitable assignment by the Seller to the Buyer of all of the Seller's right, title and interest in and to, and obligations under, such Assets. If a third party consent is not obtained or notice period expired with respect to any such Assets as of the date hereof (i) the Seller shall cooperate with the Buyer in any reasonable arrangement designed to provide the Buyer the benefits under any such Assets, including, without limitation, compliance by the Seller on the Buyer's behalf with any such Assets and enforcement for the benefit of the Buyer of any and all rights of the Seller against a third party thereto arising out of the breach or cancellation by such third party or otherwise, and (ii) the Buyer shall cooperate with the Seller in any reasonable arrangement designed to protect the Seller against the obligations owed by it under such Assets. The Seller and the Buyer covenant to proceed promptly to complete and satisfy any such third party actions as soon as possible after the date hereof. Upon a third party consent being obtained or sufficient notice having expired with respect to any such Assets, the Seller shall assign to the Buyer and the Buyer shall assume from the Seller, in each case effective as of the date hereof, by supplemental instrument of conveyance if requested by the Seller or the Buyer, all of the Seller's right, title and interest in and to, and obligations under, such Assets, without further payment of consideration, and the arrangements entered into between the Seller and the Buyer pursuant to the foregoing sentence with respect to such Assets shall terminate as to such Asset.

9.5 Recording of Documents. The Buyer shall be responsible for the filing or recording of such assignments, instruments or documents delivered by the Seller hereunder as may be necessary to perfect the Buyer's right, title or interest in or to any of the Assets.

9.6 Notices of Sale. As requested by the Buyer at any time and from time to time even following the Closing, the Seller shall prepare and mail notices to the other party under each of the contracts transferred, assigned, delivered and conveyed to the Buyer pursuant to this Agreement advising such other party that such contracts have been conveyed to the Buyer and directing such other party to send to the Buyer all future payments, notices and correspondence relating to the foregoing.

9.7 Passage of Title at Closing. Upon delivery of the Transfer Instruments at Closing or from the date of the release from the Regulatory Approval Escrow, title to the Assets shall pass to the Buyer. The Seller will put the Buyer in possession of all of the Assets for which Regulatory Approvals are received at Closing and, as to the Assets and Business for which Regulatory Approvals are pending, the Seller shall put the Buyer in possession of all such Assets as of the date of receipt of Regulatory Approval relating to the transfer of such Asset. From and after the Closing or, if applicable, upon receipt of the Regulatory Approval pending as of the Closing Date relating to the Assets and the Business, the ownership and operation of the Assets conveyed to the Buyer pursuant to this Agreement shall be for the account and risk of the Buyer.

ARTICLE X

TERMINATION AND AMENDMENT

10.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by consent of NUI, NUI Telecom, the Buyer and the Seller in a written instrument, if the appropriate officer of each so determines:

(b) by NUI, NUI Telecom, the Buyer or the Seller upon written notice to the other party (i) at least thirty (30) days after the date on which any request or application for a Requisite Regulatory Approval required to consummate the transaction shall have been denied or withdrawn at the request or recommendation of the Governmental Entity which must grant such Requisite Regulatory Approval, unless within the thirty (30) day period following such denial or withdrawal a petition for rehearing or an amended application has been filed with the applicable Governmental Entity; provided, however, that no party shall have the right to terminate this Agreement pursuant to this Section 10.01(b)(i) if such denial or request or recommendation for withdrawal shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the covenants and agreements of such party), set forth herein, or (ii) if any Governmental Entity of competent jurisdiction shall have issued a final nonappealable order enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by this Agreement;

(c) by NUI, NUI Telecom, the Buyer or the Seller (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a material breach of any of the representations or warranties set forth in this Agreement on the part of another party, (i) which

breach (if susceptible to cure) is not cured within twenty (20) business days following written notice to the party committing such breach, or (ii) which breach, by its nature, cannot be cured;

(d) by NUI, the Buyer or the Seller if the Closing shall not have occurred by September 15, 2002 unless the Closing is delayed solely because the Requisite Regulatory Approvals have not been obtained and the party responsible for obtaining such Requisite Regulatory Approvals is diligently undertaking such efforts required to obtain the same.

10.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1, this Agreement shall forthwith become void and have no effect except Section 7.4(b) shall survive any termination of this Agreement, and there shall be no further obligation on the part of NUI, NUI Telecom, Buyer, the Seller, or their respective officers or directors except for the obligations under such provisions. Notwithstanding anything to the contrary contained in this Agreement, no party shall be relieved or released from any liabilities or damages arising out of its intentional breach of any provision of this Agreement.

10.3. Termination of Regulatory Approval Escrow. If the Closing has occurred and all of the Regulatory Approvals pending as of the Closing Date are not obtained for all of the remaining States by August 1, 2003, then the Buyer at its option may elect to terminate the Buyer's obligation to purchase the Assets and Business related to the States for which Regulatory Approval has not been obtained (the "Abandoned Assets"). In the event the Buyer exercises its rights to terminate under this Section 10.3, shares of NUI Common Stock held in the Regulatory Approval Escrow shall be returned to Buyer and the Transfer Instruments and other Closing Documents held in the Regulatory Approval Escrow shall be returned to the party delivering such and the Regulatory Approval Escrow shall terminate and Buyer and Seller shall have no further obligation to complete the purchase and sale as to the Abandoned Assets.

ARTICLE XI

INDEMNIFICATION

11.1 Indemnification by the Seller and Stockholders. The Seller and the Stockholders, on a joint and several basis, covenant and agree that they will indemnify and hold the Buyer and its Affiliates, members, officers, directors, employees, stockholders and agents (collectively, the "Buyer's Indemnified Persons") at all times harmless from and against any Loss (including reasonable attorneys' fees and other reasonable costs of defense) imposed on or incurred by the Buyer's Indemnified Persons caused by or arising out of or in connection with:

(a) any misrepresentation, breach of warranty, or breach or nonfulfillment of any covenant or agreement to be performed on the part of the Seller on or prior to the Closing Date or as of the date made as provided in this Agreement or any certificate or other document delivered or to be delivered pursuant hereto;

(b) any Tax liability of the Seller;

(c) all Excluded Liabilities;

(d) all other debts, claims, liabilities and obligations of the Seller arising from the conduct, ownership or operation of the Business and Assets prior to the Closing Date (other than Assumed Liabilities), including, without limitation, all debts, claims, liabilities and obligations of Seller to the Agents, including, without limitation, all Bonus Payments arising by reason of this transaction; and

(e) any and all Losses arising from any cause of action, litigation or arbitration proceeding asserted by Network One/One Star against the Buyer's Indemnified Persons; provided, however, Loss for purposes of this Section 11.1(e) shall include any punitive, consequential or incidental damages resulting from any Claim described in this Section.

11.2 Indemnification by the Buyer. The Buyer covenants and agrees that it will indemnify and hold the Seller and its successors and assigns and its respective Affiliates, officers, directors, employees, stockholders and agents (collectively, the "Seller's Indemnified Persons") at all times harmless from and against any Loss (including reasonable attorneys' fees and other costs of defense) imposed on or incurred by the Seller's Indemnified Persons caused by or arising out of or in connection with:

(a) any misrepresentation, breach of warranty, or breach or nonfulfillment of any covenant or agreement to be performed on the part of the Buyer, NUI Telecom or NUI prior to the Closing Date as provided in this Agreement or any certificate or other document delivered or to be delivered pursuant hereto, or

(b) any attempt or threat (regardless of whether successful and regardless of whether litigation is commenced) by any Person to cause or require Seller to pay or discharge any Assumed Liability; and

(c) all Assumed Liabilities and all other debts, claims, liabilities and obligations of the Seller arising from the conduct, ownership or operation of the Business and Assets after the Closing Date (other than Excluded Liabilities).

11.3 Undisputed Claims. A party (the "Indemnified Party") may assert a Claim that it is entitled to, or may become entitled to, indemnification under this Agreement by giving written notice of its Claim to the party or parties that are, or may become, required to indemnify the Indemnified Party (the "Indemnifying Party"), providing reasonable details of the facts giving rise to the Claim and a statement of the Indemnified Party's Loss in connection with the Claim. to the extent such Loss is then known to the Indemnified Party and, otherwise, an estimate of the amount of the Loss that it reasonably anticipates that it will incur or suffer.

11.4 Disputed Claims.

(a) If the Indemnifying Party gives notice to the Indemnified Party that the Indemnifying Party objects to the Claim, then (a) the parties shall attempt in good faith to resolve their differences during the sixty (60) day period following the date of delivery of the Indemnifying Party's notice of its objection (the "Resolution Period"), and (b) if the parties fail to resolve their disagreement during the Resolution Period, either party may unilaterally submit the disputed Claim for binding arbitration in the State of New Jersey, in accordance with the provision of Section 11.4(b).

(b) The parties hereto shall submit the disputed claim to mandatory and binding arbitration with the Center for Public Resources ("CPR"). The issue(s) in dispute shall be settled by arbitration in accordance with the CPR Rules for Non-Administered Arbitration of Business Disputes, by a panel of three arbitrators (the "Panel"). The only issue(s) to be determined by the Panel will be those issues specifically submitted to the Panel. The Panel will not extend, modify or suspend any of the terms of this Agreement. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1-16, and judgment upon the award rendered by the Panel may be entered by any court having jurisdiction thereof. A determination of the Panel shall be by majority vote. Promptly following receipt of the request for arbitration, CPR shall convene the parties in person or by telephone to attempt to select the arbitrators by agreement of the parties. The Buyer shall select one arbitrator and the Seller shall select one other arbitrator. These two arbitrators shall select a third arbitrator. If these two arbitrators are unable to select the third arbitrator by mutual agreement, CPR shall submit to the parties a list of not less than eleven (11) candidates. Such list shall include a brief statement of each candidate's qualifications. Each party shall number the candidates in order of preference, shall note any objection they may have to any candidate, and shall deliver the list so marked back to CPR. Any party failing without good cause to return the candidate list so marked within ten (10) days after receipt shall be deemed to have assented to all candidates listed thereon. CPR shall designate the arbitrator willing to serve for whom the parties collectively have indicated the highest preference and who does not appear to have a conflict of interest. If a tie should result between two candidates, CPR may designate either candidate. This agreement to arbitrate is specifically enforceable. Judgment upon any award rendered by the Panel may be entered in any court having jurisdiction. The decision of the Panel within the scope of the submission will be final and binding on all parties, and any right to judicial action on any matter subject to arbitration hereunder hereby is waived (unless otherwise provided by applicable law), except suit to enforce this arbitration award or in the event arbitration is not available for any reason. If the rules of the CPR differ from those of this Section 11.4(b), the provisions of this Section 11.4(b) will control. Costs of arbitration shall be shared equally by the Seller and the Buyer.

11.5 Third-Party Suits. In the case of any Third-Party Suit, the Indemnifying Party shall control the defense of the Third-Party Suit, and shall be fully responsible for the costs of counsel related thereto the Indemnifying Party shall consult with the Indemnified Party with respect to the Third-Party Suit upon the Indemnified Party's reasonable request for consultation, and the Indemnified Party may, at its expense, participate in (but not control) the defense and employ counsel separate from the counsel employed by the Indemnifying Party. All parties shall cooperate in the defense of the Third-Party Suit.

11.6 Settlement or Compromise. If the Indemnified Party is conducting the defense of a Third-Party Suit, the Indemnified Party shall give the Indemnifying Party at least fifteen (15) days prior written notice of any proposed settlement or compromise, during which time the Indemnifying Party may assume the defense of the Third-Party Suit and, if it does so (or if the Indemnifying Party has already assumed control of such Third-Party Suit), the proposed settlement or compromise may not be made without the Indemnified Party's consent, which shall not be unreasonably withheld. If consent is withheld, the Indemnified Party shall pay or reimburse the Indemnifying Party for the amount of any award or settlement over the rejected settlement or compromise. If the Indemnifying Party does not so assume the defense of the Third-Party Suit, the Indemnified Party may enter into the proposed settlement. Any settlement

or compromise of any Third-Party Suit by either the Indemnifying Party or the Indemnified Party entered into in compliance with this Section 11.6 shall also be binding on the other party in the same manner as if a final judgment or decree had been entered by a court of competent jurisdiction in the amount of the settlement or compromise.

11.7 Failure to Act by Indemnified Party. Any failure by the Indemnified Party to defend a Third-Party Suit shall not relieve the Indemnifying Party of its indemnification obligations if the Indemnified Party gives the Indemnifying Party at least thirty (30) days prior written notice of the Indemnified Party's intention not to defend and affords the Indemnifying Party the opportunity to assume the defense.

11.8 Insured Claims. In case any event shall occur which would otherwise entitle either party to assert a Claim for indemnification hereunder, no Loss shall be deemed to have been sustained by the Indemnified Party to the extent of any proceeds received by the Indemnified Party from any insurance policies with respect thereto.

11.9 Survival of Representations and Warranties; Time to Assert Claim. All representations, warranties, covenants and obligations in this Agreement and any other certificate or document delivered pursuant to this Agreement will survive the Closing Date for two (2) years from the date hereof; provided, however, that the representations and warranties of Section 4.9 shall survive until 120 days after the expiration of the applicable statute of limitations to which the representation or warranty applies. Neither party may make any Claim for indemnification under this Article XI unless the claiming party shall notify the other party of a Claim and the factual basis of that Claim in reasonable detail within two (2) years from the Closing Date.

ARTICLE XII

MISCELLANEOUS AND GENERAL

12.1 Employee Matters. The Seller shall not pay any compensation to Eric Mostrom on or after August 1, 2002 and Buyer may, at its sole option, interview and offer employment to other employees of the Seller. Notwithstanding the foregoing, Buyer shall have no liability or obligation with respect to any employee of the Seller, including without limitation any severance, contractual or other liabilities arising out of any employee's employment with the Seller. The Seller will provide the Buyer with access to information, prior to or as of the date of this Agreement, regarding its employees, including, without limitation, compensation, bonuses, performance evaluations, personnel files, medical records and other information maintained by the Seller in the ordinary course of business.

12.2 Sales, Use and Excise Taxes.

(a) The Buyer and the Seller acknowledge and agree that they intend the transactions contemplated hereby to be treated to the broadest extent possible as either (i) an exempt casual or isolated sale (or similar exempt transaction), or, (ii) an exempt sale for resale, pursuant to applicable sales and use tax, excise tax, gross receipts tax or similar Tax provisions. Notwithstanding the foregoing, however, the Buyer shall pay all sales, use, excise, gross receipts and transfer taxes, if any, arising by reason of the sale and the transfer of the Assets pursuant to this Agreement. The Buyer shall not be responsible for any business, occupation, withholding or similar Tax, or for any Taxes of any kind related to any period before the Closing Date other than Assumed Liabilities.

(b) The Seller acknowledges and agrees that prior to the Closing Date, the Buyer may provide notice of this transaction to all applicable state taxing authorities in compliance with any applicable bulk sale notification requirements for sales and use, excise, gross receipts or similar transfer or other Tax purposes. The Seller shall cooperate in providing information and documents, completing and executing forms and, to the extent necessary, communicating and negotiating with the state taxing authorities to allow the bulk sale notification process to be completed in an expeditious and satisfactory manner. Similarly, the Seller shall comply with all applicable escrow requirements requested by any Governmental Entity in order to effectuate the transactions contemplated by this Agreement on the Closing Date.

12.3 Access to Books and Records. Each of the Buyer and the Seller shall preserve until the third (3rd) anniversary of the Closing Date all records possessed or to be possessed by such party relating to any of the Assets, Assumed Liabilities or the Business prior to the Closing Date. After the Closing Date, where there is a legitimate purpose, such party shall provide the other parties with access, upon prior reasonable written request specifying the need therefor, during regular business hours, to (i) the officers and employees of such party and (ii) the books of account and records of such party, but, in each case, only to the extent relating to the Assets, Assumed Liabilities or the Business prior to the Closing Date, and the other parties and their representatives shall have the right to make copies of such books and records; provided, however, that the foregoing right of access shall not be exercisable in such a manner as to interfere unreasonably with the normal operations and business of such party; and further, provided, that, as to so much of such information as constitutes trade secrets or confidential business information of such party, the requesting party and its officers, directors and representatives will use due care to not disclose such information except as set forth in the Confidentiality Agreement referred to in Section 7.4(b). Such records may nevertheless be destroyed by a party if such party sends to the other parties written notice of its intent to destroy records specifying with particularity the contents of the records to be destroyed. Such records may then be destroyed after the 30th day after such notice is given unless another party objects to the destruction in which case the party seeking to destroy the records shall deliver such records to the objecting party.

12.4 Specific Performance. The parties recognize that irreparable injury will result from a breach of any provision of this Agreement and that money damages will be inadequate to remedy fully the injury. Accordingly, in the event of a breach or threatened breach

of one or more of the provisions of this Agreement, any party who may be injured (in addition to any other remedies which may be available to that party) shall be entitled to one or more preliminary or permanent orders (i) restraining and enjoining any act which would constitute a breach or (ii) compelling the performance of any obligation which, if not performed, would constitute a breach.

12.5 No Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement and their respective successors and assigns, and for the benefit of no other Person. The assumption by the Buyer of the Assumed Liabilities shall not enlarge any rights of any Person with respect to the collection of such Assumed Liabilities and nothing contained herein shall prevent the Buyer from contesting any of the Assumed Liabilities with any third party obligee.

12.6 Schedules. The Schedules referenced in this Agreement constitute an integral part hereof. Information set forth in the Schedules specifically references the article or section of this Agreement to which such information relates and shall not be deemed to have been disclosed with respect to any other article or section of this Agreement or for any other purpose.

12.7 Further Assurances. The Seller and the Buyer hereby agree to execute and deliver such other documents and instruments, and take such other actions, as may be necessary or desirable in order to consummate and implement the transactions contemplated by this Agreement.

12.8 Parties-in-Interest; Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective successors and assigns. Neither party may assign its rights and obligations hereunder without the prior written consent of the other party.

12.9 Governing Law. The validity, interpretation, enforceability and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without regard to the conflict of laws or principles thereof.

12.10 Amendment and Modification. The parties may amend, modify and supplement this Agreement only by a writing signed by all parties.

12.11 Waiver of Conditions. The conditions to the respective obligations of the Buyer and the Seller to consummate the transactions contemplated hereby are for the sole benefit of such party and may be waived by such party in whole or in part.

12.12 Notices. All notices, requests, demands and other communications hereunder shall be in writing and delivered personally or sent by express overnight or certified mail, postage prepaid:

(a) if to NUI, NUI Telecom or the Buyer, to:

NUI Corporation
550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921
Attn: General Counsel

with a copy to:

NUI Telecom
550 Route 202-206
P.O. Box 760
Bedminster, NJ 07921
Attn: Richard M. Boudria

And

Frank B. Reilly, Jr., Esq.
Gibbons, Del Deo, Dolan, Griffinger & Vecchione
One Riverfront Plaza
Newark, NJ 07102

(b) if to the Seller, to:

Norcom, Inc.
40 Southeast Fifth Avenue
Suite 500
Boca Raton, Florida 33421
Attn: President

With a copy to:

Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 N. Causeway Blvd., Suite 1442
Metairie, Louisiana 70002
Attn: Leon L. Nowalsky, Esq.

Jon Mostrom
14902 Hickory Court
Eden Prairie, Minnesota 55346

or to such other persons or addresses as may be designated in writing by the party to receive such notice.

12.13 Expenses. Whether or not the transactions contemplated hereby are consummated, each of the parties shall bear its own expenses (including, without limitation, the expenses of its brokers, accountants, counsel and other agents) in connection with the transactions contemplated hereby, except as is otherwise provided for in this Agreement or as may otherwise be agreed to in writing by the parties.

12.14 Entire Agreement. This Agreement (including the Schedules thereto) and the Closing Documents constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and there have been and are no agreements, representations or warranties between the parties other than those set forth or provided for herein or therein.

12.15 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is deemed to be so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

12.16 Publicity. Except as otherwise required by law or the rules of the New York Stock Exchange, so long as this Agreement is in effect, none of NUI, NUI Telecom, Buyer or the Seller shall, or shall permit any of their Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the consent of the other party, which consent shall not be unreasonably withheld.

12.17 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.18 Captions. The article, section and paragraph captions herein are for convenience of reference only, do not constitute a part of this Agreement, and shall not be deemed to limit or otherwise affect any of the provisions hereof.

ARTICLE XIII

DEFINITIONS

As used in this Agreement, the terms defined in the Preamble and the Recitals hereto shall have the respective meanings ascribed thereto, and the following terms shall have the meanings set forth below (such definitions to be applicable equally to the singular and plural forms thereof):

13.1 “Abandoned Assets” shall have the meaning assigned in Section 10.3.

13.2 “Acquisition Proposal” shall have the meaning assigned in Section 7.2.

13.3 “Affiliate” with respect to any Person means any Person who directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person. A person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other person or entity, whether through the ownership of voting securities or otherwise.

13.4 “Agents” shall have the meaning assigned in Section 4.13.

13.5 “Assets” shall have the meaning assigned in Section 1.1.

13.6 “Assumed Liabilities” shall have the meaning assigned in Section 1.4.

13.7 “Average Closing Price” shall have the meaning assigned in Section 2.2.

13.8 “Balance Sheet of the Seller” shall have the meaning assigned in Section 4.6.

13.9 “Base Monthly Revenues” shall have the meaning assigned in Section 2.1.

13.10 “Bonus Payments” shall have the meaning assigned in Section 4.13.

13.11 “Bulk Sales Laws” shall have the meaning assigned in Section 7.8.

13.12 “Buyer’s Indemnified Person” shall have the meaning assigned in Section 11.1.

13.12 “CDR” shall have the meaning assigned in Section 7.3.

13.14 “Claim” means a claim pursuant to Article XI that a party is entitled, or may become entitled, to indemnification under this Agreement.

13.15 “Closing Documents” means the Escrow Agreement, the Non-Competition Agreements, the NUI Declaration of Registration Rights and all other documents or instruments delivered by any party at the Closing.

13.16 “Code” shall have the meaning assigned in the second Whereas clause.

13.17 “Confidentiality Agreement” shall have the meaning assigned in Section 7.4(b).

13.18 “CPR” shall have the meaning assigned in Section 11.4(b).

13.19 “Customers” those businesses and individuals for which the Seller possesses a signed Letter of Authorization allowing the Seller to act as their local, long distance or data telecommunications provider.

13.20 “EBD” shall have the meaning assigned in Section 3.1.

13.21 “Indemnified Party” shall have the meaning assigned in Section 11.3.

13.22 “Indemnifying Party” shall have the meaning assigned in Section 11.3.

13.23 **“Excluded Assets”** shall have the meaning assigned in Section 1.3.

13.24 **“Excluded Liabilities”** shall have the meaning assigned in Section 1.5.

13.25 **“Governmental Entity”** shall have the meaning assigned in Section 4.4.

13.26 **“LOA”** shall have the meaning assigned in Section 2.1.

13.27 **“Loss”** means any loss, damage or expense (including, without limitation, reasonable attorneys’ fees and costs) entitled to indemnification pursuant to Article XI. In no event shall Loss be defined to include any consequential or incidental damages resulting from any Claim or alleged to result therefrom.

13.28 **“Material Adverse Effect”** means, with respect to the Buyer, the Seller, NUI Telecom or NUI, as the case may be, any change or effect that is or is reasonably expected to be materially adverse to the business, properties, assets, liabilities, financial condition or results of operations of such party and its subsidiaries, taken as a whole.

13.29 **“Negative Usage Adjustment”** shall have the meaning assigned in Section 3.1.

13.30 **“Network One/One Star”** shall have the meaning assigned in Section 1.1(g).

13.31 **“Network One Resolution”** shall have the meaning assigned on Section 2.3.

13.32 **“Net Revenue”** shall mean the gross revenues less discounts extended to Customers.

13.33 **“NUI Common Stock”** shall have the meaning assigned in Section 2.2.

13.34 **“Panel”** shall have the meaning assigned in Section 11.4(b).

13.35 **“Person”** means an individual, a partnership, a corporation, a limited liability company an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

13.36 **“Positive Usage Adjustment”** shall have the meaning assigned in Section 3.1.

13.37 **“Purchase Price”** shall have the meaning assigned in Section 2.1.

13.38 **“Reconciliation Date”** shall have the meaning assigned in Section 3.2(a)(1).

13.39 **“Regulatory Agreement”** shall have the meaning assigned in Section 4.18.

13.40 **“Regulatory Approvals”** shall have the meaning assigned in Section 4.20.

13.41 **“Release and Agreement”** shall have the meaning assigned in Section 8.2(j);

8.1. 13.42 **“Requisite Regulatory Approvals”** shall have the meaning assigned in Section

13.43 **“Resolution Period”** shall have the meaning assigned in Section 11.4.

13.44 **“Schedule”** shall have the meaning assigned in Section 3.2(a)(1).

13.45 **“Seller”** shall mean Norcom, Inc., a Florida corporation.

13.46 **“Seller’s Indemnified Persons”** shall have the meaning assigned in Section 11.2.

13.47 **“Seller’s Objection”** shall have the meaning assigned in Section 3.2(a)(1)

13.48 **“Seller’s Release”** shall have the meaning assigned in Section 3.5.

13.49 **“Stockholders”** shall mean the Stockholders of the Seller named in this Agreement.

13.50 **“Taxes”** means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax, charge, assessment or fee of any kind whatsoever imposed by any governmental authority, including any interest, penalty, or addition thereto, whether disputed or not.

13.51 **“Three Month Average”** shall have the meaning assigned in Section 3.1.

4.8. 13.52 **“Workers’ Compensation Claim”** shall have the meaning assigned in Section

c

IN WITNESS WHEREOF, NUI, NUI Telecom, the Buyer, the Seller and the Stockholders have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

NUI CORPORATION

By _____
Title: President

NUI TELECOM, INC.

By _____
Title:

NORCOM ACQUISITION, LLC

By _____
Title:

NORCOM, INC.

By _____
Title:

STOCKHOLDERS

Name: Jon Mostrom

Name: Eric Mostrom

Name: Scott Fitzgerald

Exhibit B

NUI Corporation
Consolidated Financials

NUI Corporation and Subsidiaries
Consolidated Balance Sheet
(Dollars in thousands)

| | <u>September 30,</u> | |
|---------------------------------------------------------------------------------------------------|----------------------|------------------|
| | <u>2001</u> | <u>2000</u> |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$3,274 | \$3,515 |
| Accounts receivable (less allowance for doubtful accounts of \$3,914 in 2001 and \$1,544 in 2000) | 98,578 | 108,425 |
| Notes receivable | --- | 7,000 |
| Fuel inventories, at average cost | 56,227 | 37,177 |
| Unrecovered purchased gas costs | 55,041 | 3,500 |
| Derivative assets | 62,422 | 12,085 |
| Federal income tax receivable | 17,077 | --- |
| Prepayments and other | <u>54,525</u> | <u>51,275</u> |
| | <u>347,144</u> | <u>222,977</u> |
| Property, Plant and Equipment | | |
| Property, plant, and equipment, at original cost | 943,048 | 828,359 |
| Accumulated depreciation and amortization | (300,574) | (281,976) |
| Unamortized plant acquisition adjustments, net | <u>27,987</u> | <u>29,460</u> |
| | <u>670,461</u> | <u>575,843</u> |
| Funds for Construction Held by Trustee | | |
| | 12,570 | 28,706 |
| Investment in TIC Enterprises, LLC | --- | 26,225 |
| Other Investments | 5,095 | 1,191 |
| Assets Held for Sale | 3,470 | --- |
| Other Assets | | |
| Regulatory assets | 61,325 | 50,615 |
| Goodwill, net of accumulated amortization | 48,794 | 4,239 |
| Deferred assets | <u>21,941</u> | <u>11,061</u> |
| | <u>132,060</u> | <u>65,915</u> |
| | <u>\$1,170,800</u> | <u>\$920,857</u> |
| CAPITALIZATION AND LIABILITIES | | |
| Current Liabilities | | |
| Notes payable to banks | \$184,610 | \$96,700 |
| Notes payable | 3,000 | --- |
| Current portion of long-term debt and capital lease obligations | 22,203 | 1,965 |
| Accounts payable, customer deposits and accrued liabilities | 152,089 | 132,207 |
| Derivative liabilities | 19,994 | --- |
| Federal income and other taxes | <u>8,189</u> | <u>11,884</u> |
| | <u>390,085</u> | <u>242,756</u> |
| Other Liabilities | | |
| Capital lease obligations | 3,323 | 4,396 |
| Deferred Federal income taxes | 105,628 | 75,248 |
| Unamortized investment tax credits | 4,387 | 4,825 |
| Environmental remediation reserve | 32,559 | 33,361 |
| Regulatory and other liabilities | <u>36,684</u> | <u>34,355</u> |
| | <u>182,581</u> | <u>152,185</u> |
| Capitalization (See accompanying statements) | | |
| Common shareholders' equity | 289,145 | 256,969 |
| Preferred stock | --- | --- |
| Long-term debt | <u>308,989</u> | <u>268,947</u> |
| | <u>598,134</u> | <u>525,916</u> |
| | <u>\$1,170,800</u> | <u>\$920,857</u> |

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Income
(Dollars in thousands, except per share amounts)

| | <u>Years Ended September 30,</u> | | |
|--------------------------------------------------------------------------|----------------------------------|-------------------|-------------------|
| | <u>2001</u> | <u>2000</u> | <u>1999</u> |
| Operating Margins | | | |
| Operating revenues | \$1,134,303 | \$934,776 | \$826,194 |
| Less- Purchased gas and fuel | 873,609 | 713,380 | 621,363 |
| Cost of sales and services | 24,459 | 14,864 | 10,385 |
| Energy taxes | <u>14,111</u> | <u>11,571</u> | <u>12,702</u> |
| | <u>222,124</u> | <u>194,961</u> | <u>181,744</u> |
| Other Operating Expenses | | | |
| Operations and maintenance | 118,132 | 96,138 | 89,763 |
| Depreciation and amortization | 29,075 | 29,508 | 26,939 |
| Restructuring and other non-recurring items | --- | --- | (3,954) |
| Taxes, other than income taxes | <u>7,803</u> | <u>9,039</u> | <u>8,909</u> |
| | <u>155,010</u> | <u>134,685</u> | <u>121,657</u> |
| Operating Income | <u>67,114</u> | <u>60,276</u> | <u>60,087</u> |
| Other Income and Expense, Net | | | |
| Equity in earnings (losses) of TIC Enterprises, LLC, net | (5,954) | 1,309 | 1,223 |
| Gain on sales of assets | 303 | 2,834 | 245 |
| Other | <u>1,255</u> | <u>177</u> | <u>115</u> |
| | <u>(4,396)</u> | <u>4,320</u> | <u>1,583</u> |
| Income before Interest and Taxes | 62,718 | 64,596 | 61,670 |
| Interest expense | <u>24,005</u> | <u>19,703</u> | <u>19,952</u> |
| Income before Income Taxes | 38,713 | 44,893 | 41,718 |
| Income taxes | <u>16,039</u> | <u>18,146</u> | <u>17,158</u> |
| Net Income | <u>\$22,674</u> | <u>\$26,747</u> | <u>\$24,560</u> |
| Net Income Per Share of Common Stock | <u>\$ 1.70</u> | <u>\$ 2.07</u> | <u>\$ 1.93</u> |
| Dividends Per Share of Common Stock | <u>\$ 0.98</u> | <u>\$ 0.98</u> | <u>\$ 0.98</u> |
| Weighted Average Number of Shares of Common Stock Outstanding | <u>13,355,573</u> | <u>12,928,528</u> | <u>12,715,300</u> |

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Cash Flows
(Dollars in thousands)

| | <u>Years Ended September 30,</u> | | |
|-----------------------------------------------------------------------------------|----------------------------------|-----------------|-----------------|
| | <u>2001</u> | <u>2000</u> | <u>1999</u> |
| Operating Activities | | | |
| Net Income | \$22,674 | \$26,747 | \$24,560 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 31,380 | 31,155 | 28,914 |
| Deferred Federal income taxes | 29,181 | 5,297 | 7,454 |
| Non-cash portion of restructuring and other non-recurring items | --- | --- | (4,726) |
| Amortization of deferred investment tax credits | (438) | (426) | (459) |
| Derivative assets and liabilities | (42,830) | (490) | (5,305) |
| Other | 15,788 | 4,508 | 3,237 |
| Effects of changes in: | | | |
| Accounts receivable, net | 17,909 | (22,011) | (22,383) |
| Fuel inventories | (19,050) | (8,604) | 6,364 |
| Accounts payable, deposits and accruals | 9,705 | 22,008 | 20,865 |
| Over (under) recovered purchased gas costs | (51,541) | (2,599) | 7,160 |
| Other | <u>(33,565)</u> | <u>(9,353)</u> | <u>(6,725)</u> |
| Net cash (used in) provided by operating activities | <u>(20,787)</u> | <u>46,232</u> | <u>58,956</u> |
| Financing Activities | | | |
| Proceeds from sales of common stock, net of treasury stock purchased | 526 | 703 | 340 |
| Dividends to shareholders | (13,128) | (12,671) | (12,443) |
| Notes receivable from Virginia Gas | (13,000) | (7,000) | --- |
| Proceeds from issuance of long-term debt | 60,000 | --- | 39,813 |
| Funds for construction held by trustee, net | 17,198 | 10,666 | (24,871) |
| Principal payments under capital lease obligations | (2,126) | (8,144) | (1,810) |
| Net short-term (repayments) borrowings | <u>42,488</u> | <u>22,850</u> | <u>(14,015)</u> |
| Net cash provided by (used for) financing activities | <u>91,958</u> | <u>6,404</u> | <u>(12,986)</u> |
| Investing Activities | | | |
| Cash expenditures for property, plant and equipment | (59,160) | (48,577) | (47,213) |
| Acquisitions and other | <u>(12,252)</u> | <u>(2,105)</u> | <u>1,875</u> |
| Net cash used in investing activities | <u>(71,412)</u> | <u>(50,682)</u> | <u>(45,338)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>\$ (241)</u> | <u>\$ 1,954</u> | <u>\$ 632</u> |
| Cash and Cash Equivalents | | | |
| At beginning of period | \$ 3,515 | \$ 1,561 | \$ 929 |
| At end of period | \$ 3,274 | \$ 3,515 | \$ 1,561 |
| Supplemental Disclosures of Cash Flows | | | |
| Income taxes paid, net | \$ 2,333 | \$ 3,889 | \$ 7,695 |
| Interest paid | \$ 25,764 | \$ 21,481 | \$ 20,732 |

See the notes to the consolidated financial statements.

NUI Corporation and Subsidiaries
Consolidated Statement of Shareholders' Equity
(Dollars in thousands)

| | <u>Common Stock</u> | | | | <u>Uncarned Employee Compensation</u> | <u>Total</u> |
|-----------------------------|-------------------------------|---------------------------|-----------------------------|------------------------------|-----------------------------------------------|------------------|
| | <u>Shares Outstanding</u> | <u>Paid-in Amount</u> | <u>Held in Treasury</u> | <u>Retained Earnings</u> | | |
| Balance, | | | | | | |
| September 30, 1998 | 12,680,398 | \$207,356 | \$ (1,932) | \$ 19,263 | \$ (1,695) | \$222,992 |
| Common stock issued* | 85,352 | 2,628 | | | | 2,628 |
| Treasury stock transactions | (15,480) | | (379) | | | (379) |
| Net income | | | | 24,560 | | 24,560 |
| Cash dividends | | | | (12,443) | | (12,443) |
| Unearned compensation | | | | | (40) | (40) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance, | | | | | | |
| September 30, 1999 | 12,750,270 | \$209,984 | \$ (2,311) | \$ 31,380 | \$ (1,735) | \$237,318 |
| Common stock issued | | | | | | |
| -Purchase of NUI Telecom | 113,200 | 2,800 | | | | 2,800 |
| -Employee benefit plans* | 99,995 | 2,700 | | | | 2,700 |
| Treasury stock transactions | 19,061 | | 65 | | | 65 |
| Net income | | | | 26,747 | | 26,747 |
| Cash dividends | | | | (12,671) | | (12,671) |
| Unearned compensation | | | | | 10 | 10 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance, | | | | | | |
| September 30, 2000 | 12,982,526 | \$215,484 | \$ (2,246) | \$ 45,456 | \$ (1,725) | \$256,969 |
| Common stock issued | | | | | | |
| -Purchase of Virginia Gas | 792,600 | 22,020 | | | | 22,020 |
| -Employee benefit plans* | 51,055 | 3,176 | | | | 3,176 |
| Treasury stock transactions | (71,143) | | | | | - |
| Net income | | | | 22,674 | | 22,674 |
| Cash dividends | | | | (13,128) | | (13,128) |
| Unearned compensation | | | | | (2,566) | (2,566) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance, | | | | | | |
| September 30, 2001 | <u>13,755,038</u> | <u>\$240,680</u> | <u>\$ (2,246)</u> | <u>\$ 55,002</u> | <u>\$ (4,291)</u> | <u>\$289,145</u> |

* Represents common stock issued in connection with NUI Direct and various employee benefit plans.

See the notes to the consolidated financial statements.

Exhibit C

Customer Notice

NUI Telecom, Inc.

Norcom, Inc.

(Customer Name)
(Address)

Dear Customer:

NUI Telecom, Inc. ("NUI") and Norcom, Inc. ("Norcom") have entered into an agreement whereby, subject to the regulatory approval, the telecommunications assets of Norcom will be acquired by NUI, and NUI will become your telecommunication service provider. NUI anticipates becoming your telecommunications provider on [date], or shortly thereafter.

This change in ownership will not affect or in any way disrupt your current service. The rates and terms and conditions of the services offered by NUI will be the same as those offered by Norcom. No charges or fees will be imposed and no rate increase will occur as a result of this transaction.

You have a choice of carriers. If you do not wish to remain a customer, you may change carriers and such change will be at NUI's expense.

The toll free Customer Service number will remain the same and if you have any questions, please call one of our Customer Service Representatives at 1-800-[]

All customers receiving this notice, including those who have arranged preferred carrier freezes through their local service providers, will be transferred to NUI if a different preferred carrier is not selected before [date].

NUI will make every effort to resolve outstanding Norcom customer complaints.

We at NUI Telecom, Inc. are pleased to welcome you to our team and would like to express our appreciation for allowing us the opportunity of being your telecommunication service provider. We are confident that you will be pleased with the high quality of our service.