SOUTH JERSEY INDUSTRIES INC
Form DEF 14A
March 21, 2012

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
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South Jersey Industries, Inc.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Date Filed:

1 South Jersey Plaza, Folsom, New Jersey 08037
Tel. (609) 561-9000 l Fax (609) 561-8225 l TDD ONLY 1-800-547-9085

Notice of Annual Meeting of Shareholders
April 20, 2012

NOTICE IS HEREBY GIVEN that South Jersey Industries, Inc.'s ("Company" or "SJI") Annual Meeting of Shareholders will be held at The Mansion on Main Street, 3000 Main Street, Voorhees, New Jersey, on Friday, April 20, 2012, at 10:00 a.m., Eastern Time, for the following purposes:

1. To elect eight director nominees who are named in the accompanying proxy statement (term expiring 2013).

2. To hold an advisory vote to approve executive compensation.

3. To consider and vote on the Executive Management Incentive Compensation Plan.

4. To consider and vote on the Stock Based Compensation Plan.

5. To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm for 2012.

6. To transact other business that may properly come before the meeting.

The Board of Directors has fixed the close of business on February 27, 2012 as the record date for determining the company shareholders entitled to notice of, and to vote at, the Annual Meeting. Accordingly, only shareholders of record on that date are entitled to notice of, and to vote at, the meeting.

You are cordially invited to attend the meeting. Whether or not you expect to attend the meeting, we urge you to vote your shares now. Please complete and sign the enclosed proxy card and promptly return it in the envelope provided or, if you prefer, you may vote by telephone or on the Internet. Please refer to the enclosed proxy card for instructions on how to use these options. Should you attend the meeting, you may revoke your proxy and vote in person.

By Order of the Board of Directors,
Gina Merritt-Epps
Corporate Counsel & Secretary

Folsom, NJ
March 20, 2012

YOUR VOTE IS IMPORTANT
PLEASE VOTE, SIGN, DATE, AND PROMPTLY RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE OR VOTE BY TELEPHONE OR ON THE INTERNET.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be Held on April 20, 2012

The Proxy Statement, the Proxy Card and the Annual Report to Shareholders are available at www.sjindustries.com/108/investor_relations.html

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SOUTH JERSEY INDUSTRIES, INC.
1 South Jersey Plaza, Folsom, New Jersey 08037

GENERAL INFORMATION

This statement is furnished on behalf of SJI's Board of Directors to solicit proxies for use at its 2012 Annual Meeting of Shareholders. The meeting is scheduled for Friday, April 20, 2012, at 10:00 a.m. at The Mansion on Main Street, 3000 Main Street, Voorhees, New Jersey. The approximate date proxy materials will be sent to shareholders is March 20, 2012. A copy of the proxy statement, proxy card and Annual Report to shareholders are available on our website at www.sjindustries.com under the heading "Investors".

PROXY SOLICITATION

The Company bears the cost of this solicitation, which is primarily made by mail. However, the Corporate Secretary or company employees may solicit proxies by phone, fax, e-mail or in person, but they will not be separately compensated for these services. The Company may also use a proxy-soliciting firm at a cost not expected to exceed $6,000, plus expenses, to distribute to brokerage houses and other custodians, nominees, and fiduciaries additional copies of the proxy materials and Annual Report to Shareholders for beneficial owners of our stock.

Record Date

Only shareholders of record at the close of business on February 27, 2012 may vote at the meeting. On that date, the Company had 30,249,818 shares of Common Stock outstanding. Shareholders are entitled to one vote per share on each matter to be acted upon.

Quorum and Vote Required

A quorum is necessary to conduct the meeting's business. This means holders of at least a majority of the outstanding shares of Common Stock must be present at the meeting, either by proxy or in person. Shareholders elect Directors by a plurality vote of all votes cast at the meeting. The other actions proposed herein require the affirmative vote of a majority of the votes cast at the meeting. The vote required to approve any other matter that may be properly brought before the Annual Meeting will be determined in accordance with the New Jersey Business Corporation Act. Abstentions and broker non-votes will be treated as present to determine a quorum but will not be deemed to be cast and, therefore, will not affect the outcome of any of the shareholder questions. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

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Voting of Proxies and Revocation

Properly signed proxies received by the Company will be voted at the meeting. If a proxy contains a specific instruction about any matter to be acted on, the shares represented by the proxy will be voted according to those instructions. If you sign and return your proxy but do not indicate how to vote for a particular matter, your shares will be voted as the Board of Directors recommends. A shareholder who returns a proxy may revoke it at any time before it is voted by submitting a later-dated proxy or by voting by ballot at the meeting. If you attend the meeting and wish to revoke your proxy, you must notify the meeting's secretary in writing prior to the proxy voting. If any other matters or motions properly come before the meeting, including any matters dealing with the conduct of the meeting, the persons named in the accompanying proxy card intend to vote the proxy according to their judgment. The Board of Directors is not aware of any such matters other than those described in this proxy statement.

Other Matters

Any proposal that a qualified shareholder of the Company wishes to include in the Company's proxy statement to be sent to shareholders in connection with the Company's 2013 Annual Meeting of Shareholders that is received by the Company after November 20, 2012 will not be eligible for inclusion in the Company's proxy statement and form of proxy for that meeting. To be included, proposals can be mailed to the Corporate Secretary at 1 South Jersey Plaza, Folsom, New Jersey 08037. To be a qualified shareholder, a shareholder must have owned at least $2,000 in market value of the Company's securities for at least one year before the date of the proposal's submission to the Company. In compliance with the Company's bylaws, shareholders must provide the Company with at least 60 days, but no more than 90 days, notice prior to an announced annual meeting date of (i) business the shareholder wishes to raise at the meeting and (ii) persons, if any, the shareholder wishes to nominate for election as directors at that meeting.

The Board of Directors knows of no matters other than those set forth in the Notice of Annual Meeting of Shareholders to come before the 2012 Annual Meeting.

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PROPOSAL 1

DIRECTOR ELECTIONS

At the Annual Meeting, directors are to be elected to the Board to hold office for a one-year term. The Board nominated the following eight persons: Thomas A. Bracken, Keith S. Campbell, Victor A. Fortkiewicz, Edward J. Graham, Sheila Hartnett-Devlin, Walter M. Higgins III, Sunita Holzer and Joseph H. Petrowski. The Board of Directors currently consists of nine members, including the eight nominees and Shirli M. Billings, who will retire from the Board in April 2012. With the exception of Director Holzer, all nominees previously were elected by the Company’s shareholders, and all nominees are currently serving as directors. A third party search firm recommended Director Holzer to the Board. We do not anticipate that, if elected, any of the nominees will be unable to serve. If any should be unable to accept the nomination or election, the persons designated as proxies on the proxy card will vote for the election of another person as the Board of Directors may recommend.

In accordance with its charter, the Governance Committee reviewed the education, experience, judgment, diversity and other applicable and relevant skills of each nominee, and determined that each nominee possesses skills and characteristics that support the Company’s strategic vision. The Governance Committee determined that the key areas of expertise include: enterprise leadership; political/governmental; human resources; legal; utility/energy; finance/financial management; accounting and, enterprise risk management. The Governance Committee concluded that the nominees possess expertise and experience in these areas, and the Board approved the slate of nominees.

The Governance Committee determined that Director Bracken’s areas of expertise and experience include enterprise leadership, finance/financial management, enterprise risk management, and political/governmental. In addition, the Board determined that Director Bracken is financially literate as required by New York Stock Exchange rules and qualifies as an audit committee financial expert as defined by the SEC. Based on Mr. Bracken’s expertise and experience in these areas, the Governance Committee determined that Mr. Bracken should serve as a Director for the 2012 – 2013 term.

The Governance Committee determined that Director Campbell’s areas of expertise include enterprise leadership, enterprise risk management, environmental, finance/financial management, human resources and sales/marketing. Based on Mr. Campbell’s expertise and experience in these areas, the Governance Committee determined that Mr. Campbell should serve as a Director for the 2012 – 2013 term.

The Governance Committee determined that Director Fortkiewicz’s areas of expertise include enterprise leadership, finance/financial management, political/governmental, legal, environmental, enterprise risk management, and the utility/energy industry. Based on Mr. Fortkiewicz’s expertise and experience in these areas, the Governance Committee determined that Mr. Fortkiewicz should serve as a Director for the 2012 – 2013 term.

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The Governance Committee determined that Director Graham's areas of expertise include energy risk management, enterprise leadership, enterprise risk management, environmental, finance/financial management, regulatory, and the utility/energy industry. In addition, the Board determined that Director Graham is financially literate as required by New York Stock Exchange rules and qualifies as a financial expert as defined by the SEC. Having served as the Company's CEO since 2005, Mr. Graham has significant knowledge regarding the Company's business and structure. Based on Mr. Graham's expertise and experience in these areas, the Governance Committee concluded that Mr. Graham should serve as a Director for the 2012 – 2013 term.

The Governance Committee determined that Director Hartnett-Devlin's areas of expertise and experience include enterprise leadership, enterprise risk management, and finance/financial management. In addition, the Board determined that Director Hartnett-Devlin is financially literate as required by New York Stock Exchange rules and qualifies as an audit committee financial expert as defined by the SEC. Based on Ms. Hartnett-Devlin's expertise and experience in these areas, the Governance Committee determined that Ms. Hartnett-Devlin should serve as a Director for the 2012 – 2013 term.

The Governance Committee determined that Director Higgins' areas of expertise include energy production, energy risk management, enterprise leadership, enterprise risk management, environmental, finance/financial management, human resources, and the utility/energy industry. In addition, the Board determined that Director Higgins is financially literate as required by New York Stock Exchange rules and qualifies as an audit committee financial expert as defined by the SEC. Based on Mr. Higgins' expertise and experience in these areas, the Governance Committee concluded that Mr. Higgins should serve as a Director for the 2012 – 2013 term.

The Governance Committee determined that Director Holzer's areas of expertise include enterprise leadership, human resources, organizational development, succession planning and executive compensation. Based on Ms. Holzer's expertise and experience in these areas, the Governance Committee concluded that Ms. Holzer should serve as a Director for the 2012 - 2013 term.

The Governance Committee determined that Director Petrowski's areas of expertise include energy risk management, enterprise leadership, enterprise risk management, environmental, finance/financial management, sales/marketing and the utility/energy industry. In addition, the Board determined that Director Petrowski is financially literate as required by New York Stock Exchange rules and qualifies as an audit committee financial expert as defined by the SEC. Based on Mr. Petrowski's expertise and experience in these areas, the Governance Committee concluded that Mr. Petrowski should serve as a Director for the 2012 – 2013 term.

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Director Terms

In 2009, the shareholders approved a proposal to amend the Certificate of Incorporation to require the annual election of each director. The Certificate was amended and all directors will stand for election for a one-year term as follows:

Directors previously assigned to Class I and Class III and elected at the Company's 2011 Annual Meeting of Shareholders will stand for election in 2012 and will be elected for a one-year term;

Directors previously assigned to Class II and elected at the 2009 Annual Meeting of Shareholders were elected for a three-year term will stand for election in 2012 and will be elected for a one-year term; and

Commencing in 2012, all Directors will stand for election annually and will be elected for one-year terms.

NOMINEES

Thomas A. Bracken, age 64, has been a director since 2004. He is also a director of South Jersey Gas Company. Mr. Bracken is a member of SJI's Audit Committee, the Executive Committee and is chairman of the Corporate Responsibility Committee. He has served as president of the New Jersey Chamber of Commerce since February 2011; president of TriState Capital Bank-New Jersey from January 2008 to February 2011; as president and CEO of Sun Bancorp, Inc. and its wholly-owned subsidiary Sun National Bancorp, Inc., from 2001 to 2007; as executive director of the Public Sector Group, First Union Bank from 2000 to 2001; and, as executive vice president, head of Commercial and Governmental Banking for New Jersey, New York and Connecticut, First Union Bank from 1998 to 2000. Mr. Bracken is the: former chairman, Economic Development Corporation of Trenton, Trenton, NJ; former chairman, New Jersey Chamber of Commerce; and former chairman, New Jersey Bankers Association. Currently, Mr. Bracken serves on the following boards: director and chairman, Finance Committee, Cancer Institute of N.J. Foundation; director, New Jersey Alliance for Action; director, Public Media NJ; director, Einsteins Alley; director and secretary, Bedens Brook Club.

Keith S. Campbell, age 57, has been a director since 2000. He is also a director of South Jersey Energy Company. Mr. Campbell is a member of SJI's Compensation Committee, the Executive Committee and the Corporate Responsibility Committee. He has served as chairman of the board for Mannington Mills, Inc. since 1995. Mr. Campbell serves on the following boards: trustee, Rowan University Foundation, Glassboro, NJ; director, Skytop Lodge, Inc.; director, Federal Reserve Bank of Philadelphia; director, Executive Committee Member, South Jersey Energy Solutions, LLC; Marina Energy, LLC; South Jersey Energy Service Plus, LLC and South Jersey Resources Group, LLC.

The Board of Directors recommends a vote "FOR" each of the above nominees.

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Victor A. Fortkiewicz, age 60, has been a director since 2010. He is also a director of South Jersey Gas Company. Mr. Fortkiewicz is a member of SJI's Corporate Responsibility Committee and the Governance Committee. He has been Of Counsel, Cullen and Dykman, LLP since October 2011. He served as executive director, New Jersey Board of Public Utilities from 2005 to 2010; as assistant counsel, Office of the Governor in 2005; and as president and director, NUI Utilities & Elizabethtown Gas Company from 2003 to 2004.

Edward J. Graham, age 54, has been a director since 2004 and has served as chairman of the board since April 2005. He is also a director of South Jersey Gas Company. Mr. Graham is chairman of SJI's Executive Committee. He has served as president and CEO of SJI and South Jersey Gas Company since February 2004. He previously served as president of South Jersey Gas Company from 2003 to 2004; as president of South Jersey Energy Company from 2000 to 2003; as Vice President of SJI from 2000 to 2001; as senior vice president, Energy Management, South Jersey Gas Company from 1998 to 2000. Mr. Graham serves on the following boards: member of the Economic Advisory Council of the Federal Reserve Bank of Philadelphia; director of Choose New Jersey; director, American Gas Association; director, New Jersey Manufacturers Insurance Company; director, New Jersey Business & Industry Association; director, Atlantic City Chamber of Commerce; director, Public Media NJ; member, William J. Hughes Center for Public Policy; and member, Lloyd Levenson Institute of Gaming, Hospitality & Tourism.

Sheila Hartnett-Devlin, CFA, age 53, has been a director since 1999. She is also a director of South Jersey Energy Company. Ms. Hartnett-Devlin is a member of SJI's Executive Committee, the Compensation Committee and is chairman of the Audit Committee. She has been senior vice president, American Century Investments since 2008. She held several positions with Cohen, Klingenstein & Marks, Inc. including as managing director, from September 2005 to 2008; executive vice president from 1997 to 2004; senior vice president from 1991 to 1997; vice president from 1985 to 1991; and, chairman, Global Investment Committee from 1996 to 2004. She was also a member of the Investment Policy Committee of Fiduciary Trust Company International from 1995 to 2004. Ms. Hartnett-Devlin serves on the following boards: member, New York Society of Security Analysts; director, Mercy Investment Services, Inc.; member, Investment Committee; director, Mannington Mills, Inc.; Executive Committee member, South Jersey Energy Solutions, LLC; Marina Energy, LLC; South Jersey Energy Service Plus, LLC; and South Jersey Resources Group, LLC.

The Board of Directors recommends a vote "FOR" each of the above nominees.

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Walter M. Higgins III, age 67, has been a director since 2008. He has been SJI's Lead Independent Director since November 2010. He is also a director of South Jersey Energy Company. Mr. Higgins is a member of SJI's Executive Committee, the Audit Committee and the Governance Committee. He is the retired chairman, president, and CEO of Sierra Pacific Resources (now called NVEnergy). Mr. Higgins serves on the following boards: member of the board of Ram Power, Corp.; member of the board of TAS Energy, member of the board of AEGIS, director, Imperial Holdings; trustee of the Foundation of St. Mary's Hospital of Reno, NV; trustee of Sierra Nevada College; chairman of the board of trustees of The Nature Conservancy - Nevada Chapter; Executive Committee Member, South Jersey Energy Solutions, LLC; Marina Energy, LLC; South Jersey Energy Service Plus, LLC; and South Jersey Resources Group, LLC.

Sunita Holzer, age 50, has been a director since 2011. She is also a director of South Jersey Gas Company. Ms. Holzer is a member of SJI's Compensation Committee and the Governance Committee. She has served as executive vice president, chief human resources officer, Chubb Insurance Company since 2003. Ms. Holzer serves on the following boards: chairman of the Organization and Compensation Committee, New Jersey Battered Women Services; and, advisory board member, National Council for Research on Women.

Joseph H. Petrowski, age 57, has been a director since 2008. He is also a director of South Jersey Energy Company. Mr. Petrowski serves as a member of SJI's Audit Committee and the Compensation Committee. He serves as CEO of the Gulf Oil/Cumberland Farms Groups. Mr. Petrowski serves on the following boards: board member, Financial Economics Institute of Claremont McKenna College; board member, Gulf Acquisition, LLC; board member, Cumberland Farms, Inc.; Executive Committee Member, South Jersey Energy Solutions, LLC; Marina Energy, LLC; South Jersey Energy Service Plus, LLC; and South Jersey Resources Group, LLC.

The Board of Directors recommends a vote "FOR" each of the above nominees.

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PROPOSAL 2

ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Company's executive compensation policies and procedures are designed to attract and retain highly qualified named executive officers while linking Company performance to named executive officer compensation which creates shareholder value. The Compensation Committee has a strong pay for performance philosophy; and, as a result, the compensation paid to our named executive officers is generally aligned with the Company's performance on both a short-term and a long-term basis. Our performance over the last five years provides evidence that our executive compensation policies and procedures were effective in furthering these objectives. We have outperformed the S&P 500 index in four of the last five years and compare favorably to the S&P Utility index. We have also outperformed our peer group in terms of total shareholder return in seven of the last nine years.

For 2011, the executive compensation policies and procedures for our named executive officers consisted of three parts, two of which were again directly linked to the achievement of predefined short-term and long-term performance as follows:

Annual cash awards paid to our named executive officers were tied to Company performance, based on earnings per share targets and an individual balanced scorecard approach that measured both financial and non-financial goals.

Long-term incentive compensation consisted of restricted stock grants that are earned based on the Company's relative shareholder return measured against our peer group over a three-year period.

We believe these components of compensation for our named executive officers provide the proper incentives to align compensation with the Company's performance while enhancing shareholder value. Our performance over the last several years confirms that our pay for performance philosophy is successful. Specifically, if the Company's performance results meet or exceed pre-established performance targets or if our relative shareholder return over a three-year period exceeds our peer group, named executive officers have an opportunity to realize significant additional compensation through annual cash awards and long-term equity awards. In addition, the Company's stock ownership guidelines require our named executive officers to own shares of Company stock which align with shareholder interests. We believe this pay for performance philosophy is integral to the Company's performance and shareholder value over the long term.

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Please see the "Compensation Discussion and Analysis" beginning on page 27 of this Proxy statement for a more detailed discussion of executive compensation policies and procedures for our named executive officers.

Under SEC rules required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we are required to provide shareholders with a separate non-binding shareholder vote to approve the compensation of our named executive officers, including the "Compensation Discussion and Analysis", the compensation tables, and any other narrative disclosure in this Proxy statement. Such a proposal, commonly known as a "say-on-pay" proposal, gives shareholders the opportunity to endorse or not endorse our executive compensation policies and procedures as described in this proxy statement. Shareholders may also abstain from voting. Accordingly, shareholders are being asked to approve the following non-binding resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and related material disclosed in this proxy statement, is hereby APPROVED.

Because your vote is advisory, it will not be binding on the Board and may not be construed as overruling any decision by the Board. However, the Compensation Committee values the opinions expressed by shareholders and expects to take into account the outcome of the vote when considering future executive compensation decisions.

The Board of Directors recommends a vote "FOR" the non-binding resolution approving the executive compensation of our named executives.

PROPOSAL 3

APPROVAL OF THE EXECUTIVE MANAGEMENT INCENTIVE COMPENSATION PLAN

Upon recommendation of the Compensation Committee ("Committee"), the Board of Directors has adopted the SJI 2012 Annual Incentive Compensation Plan ("Plan"), and recommends that the stockholders approve the Plan effective as of January 1, 2012 for awards earned during a five-year period thereafter (through December 31, 2016).

The principal provisions of the Plan are summarized below. A copy of the Plan is attached as Appendix 2.

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Purpose: The purpose of the Plan is to permit the Company to provide annual performance incentives that link the compensation of selected key executives to certain key performance objectives and to reward them, when appropriate, for their efforts in optimizing the Company's profitability and growth consistent with sound and ethical business practices. This Plan links the compensation of the executive with his/her performance, and provides a direct correlation with the Company's performance and its value to our stockholders. The Company has structured the Plan so that any compensation paid pursuant to the Plan will be "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code.

Under Section 162(m) of the Internal Revenue Code, as amended, the amount of compensation earned by the Chief Executive Officer, and the Company's four other most highly paid executive officers in the year for which a deduction is claimed by the Company (including its subsidiaries) is limited to $1 million per person, except that compensation that is performance-based will be excluded for purposes of calculating the amount of compensation subject to the $1 million limitation.

Administration: The Committee will administer the Plan and will have final authority to construe and interpret it. The Committee will annually select those executive officers and other key executives eligible to participate in the Plan and will establish specific Performance Targets and an objective formula or standard to determine the maximum awards payable to each participating executive. The Committee has sole discretion to determine the form, amount and terms of each Award, which need not be uniform among the persons eligible to receive Awards.

Participation: If the Plan is approved by stockholders, the CEO, Named Executive Officers and other Company Executive Officers will be eligible to be designated as Participants in the Plan by the Compensation Committee.

Plan Benefits: As described above, on an annual basis, the Committee must select the executive officers eligible to participate in the Plan. For 2012 the performance target will be set at growth of 5% over prior year final actual earnings per share.

Performance Targets: Under the Plan, the Performance Targets may be based on one or more of the following predetermined business goals as defined in the Plan: (i) stock price; (ii) earnings per share ("EPS"); (iii) operating income; (iv) return on equity or assets; (v) cash flows from operating activities; (vi) EBITDA; (vii) overall sales growth; (viii) expense reduction or expense management; (ix) market position; (x) total shareholder return ("TSR"); (xi) return on investment; (xii) earnings before interest and taxes (EBIT); (xiii) consolidated net income; (xiv) return on assets or net assets; (xv) economic value added; (xvi) shareholder value added; (xvii) cash flow return on investment; (xviii) net operating profit; (xix) net operating profit after tax; (xx) return on capital or equity; (xxi) membership goals; or (xxii) any combination, including one or more ratios, of the foregoing.

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The Committee may determine at the time the Performance Targets are established that certain adjustments will be made in evaluating whether the Performance Targets were met to take into account, in whole or in part, in any manner specified by the Committee, any one or more of the following: (i) the gain, loss, income or expense resulting from changes in accounting principles that become effective during the Performance Period; (ii) the gain, loss, income or expense reported publicly by the Company with respect to the Performance Period that are extraordinary or unusual in nature or infrequent in occurrence; (iii) the gains or losses resulting from, and the direct expenses incurred in connection with, the disposition of a business or the sale of investments or non-core assets; (iv) the gain or loss from all or certain claims and/or litigation and all or certain insurance recoveries relating to claims or litigation; (v) the impact of impairment of tangible or intangible assets, including goodwill; (vi) the impact of restricting or business recharacterization activities, including but not limited to reductions in force, that are reported publicly by the Company; or (vii) the impact of investments or acquisitions made during the year or, to the extent provided by the Committee, any prior year.

Each of the adjustments may relate to the Company as a whole or any part of the Company's business operations. The adjustments are to be determined in accordance with generally accepted accounting principles and standards, unless another objective method of measurement is designated by the Committee. In addition to the foregoing, the Committee shall adjust any Performance Targets or other features of an Award that relate to the value of, any Shares of the Company, to reflect any stock dividend or split, recapitalization, combination or exchange of Shares or other similar changes in such stock. The Committee also has the discretion to decrease an award.

Award Payments: Under the Plan, all selected officers or key employees, including the Named Executive Officers could be eligible for a bonus each year. The precise percentage earned shall be based upon a schedule of achievement of Performance Targets determined each year by the Committee.

The Committee has sole discretion to determine whether to actually pay any or the entire permissible Award or to defer payment of any Award. The Committee is also authorized to establish additional conditions and terms of payment for Awards, including the achievement of other or additional financial, strategic or individual goals, which may be objective or subjective, as it deems appropriate. Although the Committee may waive any additional conditions and terms, it may not waive the basic Performance Targets as to the business criteria chosen for any Performance Period.

Awards earned will be paid on or before March 15 of the year following the year with respect to which it was earned, or such earlier date as may be required under the Internal Revenue Code to make the payments deductible under the Internal Revenue Code for the fiscal year in which they were earned.

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Amendments: The Committee may from time to time amend, suspend or terminate the Plan in whole or in part, but no amendment will be effective without Board and/or stockholder approval if such approval is required to satisfy the requirements of Section 162(m), the Securities Exchange Act of 1934, as amended, or any New York Stock Exchange regulation.

The Board of Directors recommends a vote "FOR" the approval of the Executive Management Incentive Compensation Plan.

PROPOSAL 4

APPROVAL OF THE SOUTH JERSEY INDUSTRIES, INC. 1997 STOCK-BASED COMPENSATION PLAN

(As Amended and Restated Effective January 1, 2012)

Purpose: The purpose of the Plan is to enable the Company to recognize the contributions made to the Company by employees (including employees who are members of the Board of Directors) and non-employee directors of the Company by providing such persons with additional incentive to devote themselves to the Company's future success and to improve the Company's ability to attract, retain and motivate persons upon whom the Company's sustained growth and financial success depend, by: (i) providing incentive compensation opportunities competitive with those of other major companies; (ii) providing performance-related incentives that motivate superior performance; and (iii) providing such persons with the opportunity to acquire or increase their ownership interest in the Company and to thereby acquire a greater stake in the Company and a closer identity with it.

This Plan is intended to comply with Section 162(m) of the Code with respect to qualified performance-based Awards that may be awarded by the Committee to Eligible Participants. For this purpose, an Award constitutes qualified performance-based compensation to the extent that it is granted by the Committee on account of the attainment of one or more pre-established, objective performance goals established by the Committee, the material terms of which are disclosed to the Company's shareholders and satisfaction of such performance goals are certified by the Committee.

A copy of the Plan is attached as Appendix 1.

Administration: The Plan will be administered by the Board's Compensation Committee or such other committee, consisting of two or more directors who, unless the Board determines otherwise, are "outside directors" (within the meaning of Section 162(m) of the Code) and "non-employee directors" (within the meaning of Rule 16b-3(b)(3)(i) under the Securities Exchange Act of 1934) as may be determined by the Board.

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Participation: An Option, Stock Appreciation Right ("SAR") or Restricted Stock Grant ("grant") may be granted to those Eligible Participants who are designated by the Committee as eligible to receive an Option, SAR or grant.

Plan Benefits: As described above, the Committee must select executive officers eligible to participate in the Plan. For 2012, the performance target will be based on total shareholder return relative to a predetermined peer group and earnings per share goal.

Performance Goals: "Performance Goal" means the annual consolidated earnings per share from the Company's continuing operations, or any other goal that is established at the Committee's discretion including, among other things: (i) the price of Shares; (ii) the Company's market share (or any business unit thereof); (iii) sales by the Company (or any business unit thereof); (iv) return on equity of the Company; (v) costs of the Company (or any business unit thereof); or (vi) the Company's total shareholder return and earnings per share growth as measured against comparable returns/earnings of peer companies. The Committee shall have sole discretion to determine specific targets within each category of Performance Goals.

Award Payments: Under the Plan, all selected executive officers or key employees, including the Named Executive Officers could be eligible for a bonus each year. The precise percentage earned shall be based upon a schedule of achievement of Performance Targets determined each year by the Committee.

Awards earned will be paid on or before March 15 of the year following the year with respect to which it was earned, or such earlier date as may be required under the Internal Revenue Code to make the payments deductible under the Internal Revenue Code for the fiscal year in which they were earned.

Amendments: The Committee may from time to time amend, suspend or terminate the Plan in whole or in part, but no amendment will be effective without Board and/or stockholder approval if such approval is required to satisfy the requirements of Section 162(m), the Securities Exchange Act of 1934, as amended, or any New York Stock Exchange regulation.

The Board of Directors recommends a vote "FOR" the approval of the South Jersey Industries, Inc. 1997 Stock-based Compensation Plan.

PROPOSAL 5

RATIFICATION OF INDEPENDENT ACCOUNTANTS

The Audit Committee and the Board of Directors, subject to the approval of the shareholders, reappointed Deloitte & Touche LLP, as the Company's independent registered public accounting firm for 2012. Unless otherwise directed, proxies will be voted "FOR" approval of this appointment. If the shareholders do not ratify this appointment by the affirmative vote of a majority of the votes cast at the meeting, other auditors will be considered by the Audit Committee.

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Deloitte & Touche LLP served as the Company's independent registered public accounting firm during 2011. During 2011, the audit services performed for the Company consisted of audits of the Company's and its subsidiaries' financial statements and attestation of management's assessment of internal control, as required by the Sarbanes-Oxley Act of 2002, Section 404 and the preparation of various reports based on those audits, services related to filings with the Securities and Exchange Commission and the New York Stock Exchange, and audits of employee benefit plans as required by the Employee Retirement Income Security Act. A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting and will have the opportunity to make a statement, if such representative desires to do so, and to respond to appropriate questions from shareholders.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of the Independent Registered Public Accounting Firm.

SECURITY OWNERSHIP

DIRECTORS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock, as of February 27, 2012, of: (a) each current and nominee for director; (b) our principal executive officer, principal financial officer, the three other most highly compensated executive officers during 2011 (collectively, the "Named Executives"); and (c) all of the directors and Named Executives as a group.

	Number of Shares of Common Stock (1)		Percent of Class	
Shirli M. Billings	12,633	(2)	*	
Thomas A. Bracken	16,792	(2)	*	
Keith S. Campbell	12,834	(2)	*	
Jeffrey E. DuBois	19,386		*	
Victor A. Fortkiewicz	4,460	(2)	*	
Edward J. Graham	68,478		*	
Sheila Hartnett-Devlin	7,406	(2)	*	
Walter M. Higgins III	5,749	(2)	*	
Sunita Holzer	1,238	(2)	*	
David A. Kindlick	55,882		*	
Kevin D. Patrick	4,921			
Joseph H. Petrowski	5,999	(2)	*	
Michael J. Renna	25,320		*	
All directors, nominees for director and executivofficers as a group (13 persons)	241,098		1	%

* Less than 1%.

Notes:

(1) Based on information furnished by the Company's directors and executive officers. Unlessotherwise indicated, each person has sole voting and dispositive power with respect to the Common Stock shown as owned by him or her.

(2) Includes shares awarded to each director under a Restricted Stock Program for Directors.

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Stock Ownership Requirements

The Board of Directors believes significant ownership of Company Common Stock better aligns the interests of management with that of the Company's shareholders. Therefore, in 2001 the Board of Directors enacted the following stock ownership requirements for officers and directors:

The Chief Executive Officer is required to own shares of Company Common Stock with a market value equal to a minimum of three times his or her annual base salary;

Other executive officers are required to own shares of Company Common Stock with a market value equal to a minimum of one and one-half times their annual base salary;

Other officers are required to own shares of Company Common Stock with a market value equal to a minimum of their annual base salary;

Shares owned outright will be combined with vested restricted shares awarded under the Stock-Based Compensation Plan and vested shares beneficially owned through any employee benefit plan for purposes of determining compliance with the stock ownership requirement for officers. Current officers will have a period of six years from the original date of adoption and newly elected or promoted officers will have a period of six years following their election or promotion to a new position to meet these minimum stock ownership requirements; and

Members of the Board of Directors are required, within six years of becoming a director of the Company or any of its principal subsidiaries, to own shares of Company Common Stock with a market value equal to a minimum of five times the current value of a Director's annual cash retainer for board service. Shares owned outright will be combined with restricted shares awardedas part of the annual stock retainer for the purpose of meeting these requirements.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, requires the Company's directors and executive officers to file reports with the Securities and Exchange Commission relating to their ownership of, and transactions in, the Company's Common Stock. Based on our records and other information, the Company believes that all Section 16(a) filing requirements were met for 2011.

Security Ownership of Certain Beneficial Owners

The following table sets forth certain information, as of February 27, 2012, as to each person known to the Company, based on filings with the Securities and Exchange Commission, who beneficially owns 5% or more of the Company's Common Stock. Based on filings made with the SEC, each shareholder named below has sole voting and investment power with respect to such shares.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class	
Black Rock Inc. 40 East 52nd Street New York, NY 10022	2,337,435	7.76	%
The Vanguard Group Inc. 100 Vanguard Blvd. Malvern, PA 19355	1,808,382	5.99	%
Neuberger Berman Group LLC 605 Third Avenue New York, NY 10158	1,843,510	6.116	%
EARNEST Partners, LLC 1180 Peachtree Street NE, Suite 2300 Atlanta, GA 30309	1,640,100	5.5	%

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

Leadership Structure

The Chairman of the Board, Edward J. Graham, also serves as the Company's CEO. The Board of Directors determined that this leadership structure is appropriate based on Mr. Graham's tenure with the Company, his knowledge of the Company and the energy and utility industries, and his excellent relationship with the Board.

Mr. Graham joined the Company as an Internal Auditor in 1981 and since that time has held various significant positions, including positions in accounting and gas management. He has also served as Vice President and President of the Company and its subsidiaries. As a result of his tenure and broad base of expertise, Mr. Graham successfully directs the Board as it advises management and monitors performance.

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To ensure sustained leadership when it is inappropriate for Mr. Graham to act as Chairman, the Board elected Director Higgins to serve as Lead Independent Director in April 2011.

The Lead Independent Director is an independent member of the Board elected annually by a majority of the independent directors. The Lead Independent Director presides over all meetings of the Board's independent directors and non-management directors. The Board convenes an executive session of the independent directors at each meeting. The Lead Independent Director consults with the Chairman on agenda matters for the Board, and aids and assists the Chair and the remainder of the Board in assuring effective corporate governance in managing the affairs of the Board and the Company. The Lead Independent Director functions in an advisory capacity to, and works closely with, the Chair on issues related to the Board.

Independence of Directors

The Board adopted Corporate Governance Guidelines that require the Board to be composed of a majority of directors who are "independent directors" as defined by the rules of the New York Stock Exchange. No director will be considered "independent" unless the Board of Directors affirmatively determines that the director has no material relationship with the Company. When making "independence" determinations, the Board considers all relevant facts and circumstances, as well as any other facts and considerations specified by the New York Stock Exchange, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to the Company. As a part of its Corporate Governance Guidelines, the Board established a policy that Board members may not serve on more than four other boards of publicly traded companies. SJI's Corporate Governance Guidelines are available on our website at www.sjindustries.com under the heading "Investors".

The Board determined that directors Bracken, Campbell, Fortkiewicz, Hartnett-Devlin, Higgins, Holzer and Petrowski, constituting all of the non-employee directors, meet the New York Stock Exchange standards and our own standards noted above for independence and are, therefore, considered to be independent directors. Accordingly, during 2011, all but one of the company's directors was considered to be "independent." Mr. Graham is not considered independent by virtue of his employment with the Company.

Codes of Conduct

The Company adopted codes of conduct for all employees, officers and directors, which include the code of ethics for our principal executive, our principal financial officer and principal accounting officer within the meaning of the SEC regulations adopted pursuant to the Sarbanes-Oxley Act of 2002. Additionally, the Company established a hotline and website for employees to anonymously report suspected violations.

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Copies of the codes of ethics are available on the Company's website at www.sjindustries.com/108/corporate_governance.html. Copies of our codes of conduct are also available at no cost to any shareholder who requests them in writing at South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037, Attention: Corporate Secretary.

Communication with Directors

The independent directors met four times during 2011. Topics of these independent sessions included CEO performance and compensation and discussions of corporate governance. Director Higgins, the Lead Independent Director chaired the meetings of the independent directors. You may communicate with the Lead Independent Director and chairmen of the Audit, Compensation, Corporate Responsibility and Governance Committees by sending an e-mail to leadindependentdirector@sjindustries.com, auditchair@sjindustries.com, compchair@sjindustries.com, govchair@sjindustries.com, or corpresp@sjindustries.com, respectively, or you may communicate with our outside independent directors as a group by sending an e-mail to sjidirectors@sjindustries.com. The charters and scope of responsibility for each of the Company's committees are located on the Company's website at www.sjindustries.com. You may also address any correspondence to the chairmen of the committees or to the independent directors at South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037.

Corporate Governance Materials

Shareholders can see the Company's Corporate Governance Guidelines, Charters of the Audit, Compensation, Corporate Responsibility, Executive and Governance Committees, and the Code of Ethics on the Company's website at www.sjindustries.com/108/corporate_governance.html. Copies of these documents, as well as additional copies of this Proxy Statement, are available to shareholders without charge upon request to the Corporate Secretary at South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037.

MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors met eight times in 2011. Each director attended 75% or more of the total number of Board meetings and the Board committee meetings on which he or she served. All current Board members and all nominees for election to the Company's Board of Directors are required to attend the Company's annual meetings of stockholders. Attendance is not required if personal circumstances affecting the Board member or director nominee make his or her attendance impracticable or inappropriate. All of the directors attended the 2011 Annual Meeting of Shareholders. During 2011, each of the Company's directors also served on the Boards or Executive Committees of one or more of South Jersey Gas Company, South Jersey Energy Company, South Jersey Energy Solutions, LLC, Marina Energy, LLC, South Jersey Resources Group, LLC, South Jersey Energy Service Plus, LLC, Energy & Minerals, Inc. and R&T Group, Inc., all of which are Company subsidiaries.

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There are five standing committees of the Board: the Audit Committee; the Compensation Committee; the Corporate Responsibility Committee; the Executive Committee; and the Governance Committee.

Audit Committee

The Board's Audit Committee, which met eight times during 2011, comprised six "independent" directors through April 2011, five "independent" directors from May through December 2, 2011, and four "independent" directors for the remainder of 2011: Sheila Hartnett-Devlin, Chairman; Helen R. Bosley (January – April 2011); Thomas A. Bracken; Walter M. Higgins III; Shahid Malik (January – December 2, 2011) and Joseph H. Petrowski. The Board determined that no member of the Audit Committee has a material relationship that would jeopardize such member's ability to exercise independent judgment. The Board of Directors designated each member of the Audit Committee as an "audit committee financial expert" as defined by applicable Securities and Exchange Commission's rules and regulations. The Audit Committee: (1) annually engages an independent registered public accounting firm for appointment, subject to Board and shareholder approval, as auditors of the Company and has the authority to unilaterally retain, compensate and terminate the Company's independent registered public accounting firm; (2) reviews with the independent registered public accounting firm the scope and results of each annual audit; (3) reviews with the independent registered public accounting firm, the Company's internal auditors and management, the quality and adequacy of the Company's internal controls and the internal audit function's organization, responsibilities, budget, and staffing; and (4) considers the possible effect on the objectivity and independence of the independent registered public accounting firm of any non-audit services to be rendered to the Company.

The Audit Committee is also responsible for overseeing the Company's Risk Management process. At each meeting, the Committee analyzes the guidelines and policies that management uses to assess and manage exposure to risk, and analyzes major financial risk exposures and the steps management has taken to monitor and control such exposure. The Committee presents its findings to the full Board, which is charged with approving the Company's risk appetite.

At each Audit Committee meeting, management presents an update of the Company's risk management activities. The Company has two internal Risk Committees that report to the Audit Committee at least quarterly. The SJI Risk Management Committee (RMC), established by the SJI Audit Committee in 1998, is responsible for overseeing the energy transactions and the related risks for all of SJI's companies. Annually, the Board approves the RMC members. Committee members include management from key Company areas such as finance, risk management, legal and business operations. The RMC establishes a general framework for measuring and monitoring business risks related to both financial and physical energy transactions, approves all methodologies used in risk measurement, ensures that objective and independent controls are in place, and presents reports to the Audit Committee reflecting risk management activity, including an annual evaluation of risk on an enterprise-wide basis.

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A South Jersey Gas Company RMC is responsible for gas supply risk management. Annually, the Board approves the RMC members. Committee members include management from key Company areas such as finance, risk management, legal and gas supply. This RMC meets at least quarterly.

The Audit Committee established policies and procedures for engaging the independent registered public accounting firm to provide audit and permitted non-audit services. The Audit Committee evaluates itself on an annual basis. The Board of Directors has adopted a written charter for the Audit Committee, which is available on our website at www.sjindustries.com, under the heading “Investors.” You may obtain a copy by writing to the Corporate Secretary, South Jersey Industries Board of Directors, South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037.

Compensation Committee

The Board’s Compensation Committee, which met five times during 2011, comprised five “independent” directors through April 2011, four “independent” directors from May until November 17, 2011, and five “independent” directors for the remainder of 2011: Keith S. Campbell, Chairman; Dr. Shirli M. Billings; Sheila Harnett-Devlin (May - December 2011); Walter M. Higgins III (January - April 2011); Sunita Holzer (November - December 2011); Shahid Malik (January - April 2011) and Joseph H. Petrowski. The Compensation Committee: (1) is responsible for making grants under and otherwise administering the Company’s Stock-Based Compensation Plan; (2) reviews and makes recommendations to the Board of Directors on the operation, performance and administration of the retirement plans, other employee benefit plans and employment policies; and (3) reviews and makes recommendations to the Board of Directors on forms of compensation, including the performance and levels of compensation of the Company’s officers.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has ever been a Company officer or employee, of any subsidiary or affiliate. During the last fiscal year, none of the Company’s executive officers served on a compensation committee or as a director for any other company.

Corporate Responsibility Committee

The Board’s Corporate Responsibility Committee , which met three times during 2011, comprised five “independent” directors through April 2011 and four “independent” directors for the remainder of 2011: William J. Hughes, Chairman (January - April 2011); Helen R. Bosley (January - April 2011); Thomas A. Bracken; Keith S. Campbell; Shirli M. Billings (April – December 2011); and Victor A. Fortkiewicz. Thomas A. Bracken was elected Chairman in April 2011. The Committee provides oversight, monitoring and guidance of matters related to corporate and social citizenship, public and legal policy, environmental stewardship and compliance, political activities, sustainability, quality of work life, and economic and social vitality in the communities and markets in which the Company operates. The Committee’s charter is available on our website at www.sjindustries.com under the heading “Investors” or you may obtain a copy by writing to the Corporate Secretary, South Jersey Industries Board of Directors, South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037.

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The Committee also oversees the production of the Company's annual Corporate Sustainability Report, which conveys how the Company links the business with sustainable practices. The 2011 report is available on our website at www.sjindustries.com or you may obtain a copy by writing to the Corporate Secretary, South Jersey Industries Board of Directors, South Jersey Industries, Inc., 1 South Jersey Plaza, Folsom, New Jersey 08037.

Governance Committee

The Board's Governance Committee, which met six times during 2011, comprised five "independent" directors through April 2011, four "independent" directors from May through November 17, 2011, five "independent" directors from November 18, 2011 through December 2, 2011, and four "independent" directors for the remainder of the year: Dr. Shirli M. Billings, Chairman; Sheila Hartnett-Devlin (January – April 2011); Victor A. Fortkiewicz; Walter M. Higgins III (May – December 2011); William J. Hughes (January – April 2011); Sunita Holzer (November – December 2011); and Shahid Malik (January – December 2, 2011). Each Committee member satisfies the New York Stock Exchange's independence requirements. Among its functions, the Governance Committee: (1) maintains a list of prospective candidates for director, including those recommended by shareholders; (2) reviews the qualifications of candidates for director (to review minimum qualifications for director candidates please see the Company's Corporate Guidelines available on our website at www.sjindustries.com under the heading "Investors." These guidelines include consideration of education, experience, judgment, diversity and other applicable and relevant skills as determined by an assessment of the Board's needs when an opening exists); (3) makes recommendations to the Board of Directors to fill vacancies and for nominees for election to be voted on by the shareholders; and (4) is responsible for monitoring the implementation of the Company's Corporate Governance Policy.

The Governance Committee reviews with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the current Board make-up and the Company's strategic forecast. This assessment includes issues of industry experience, education, general business and leadership experience, judgment, diversity, age, and other applicable and relevant skills as determined by an assessment of the Board's needs. The diversity assessment includes a review of Board composition with regard to race, gender, age and geography.

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The Governance Committee will consider nominees for the Board of Directors recommended by shareholders and submitted in compliance with the Company's bylaws, in writing, to the Corporate Secretary of the Company. Any shareholder wishing to propose a nominee should submit a recommendation in writing to the Company's Corporate Secretary at 1 South Jersey Plaza, Folsom, New Jersey 08037, indicating the nominee's qualifications and other relevant biographical information and providing confirmation of the nominee's consent to serve as a director.

Executive Committee

The Board's Executive Committee, which met three times during 2011, comprises the Chairman of the Board, Committee Chairs and the Lead Independent Director, and is chaired by the Chairman of the Board. The Committee currently comprises six directors: Edward J. Graham, Chairman; Dr. Shirli M. Billings; Thomas A. Bracken; Keith S. Campbell; Sheila Hartnett-Devlin; and Walter M. Higgins III. The Executive Committee may act on behalf of the Board of Directors during intervals between Board meetings in managing the Company's business and affairs.

AUDIT COMMITTEE REPORT

The Board's Audit Committee comprises four directors, each of whom is independent as defined under the listing standards of the New York Stock Exchange and satisfies the additional independence criteria applicable to Audit Committee members. The Board determined that each member of the Committee is an "audit committee financial expert" as defined by the rules of the Securities and Exchange Commission. The Audit Committee's activities and scope of its responsibilities are set forth in a written charter adopted by the Board, and is posted on the Company's website at www.sjindustries.com under the heading "Investors".

In accordance with its charter adopted by the Board of Directors, the Audit Committee, among other things, assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the Company's accounting, auditing and financial reporting practices. Management is responsible for preparing the Company's financial statements and for assessing the effectiveness of the Company's internal control over financial reporting. The independent registered public accounting firm is responsible for examining those financial statements and management's assessment of the effectiveness of the Company's internal control over financial reporting. The Audit Committee reviewed the Company's audited financial statements for the fiscal year ended December 31, 2011, and management's assessment of the effectiveness of the Company's internal control over financial reporting with management and with Deloitte & Touche LLP, the Company's independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, "Communication with Audit Committees," as amended by SAS 89 and SAS 90, and Rule 2-07, "Communication with Audit Committees, of Regulation S-X", and by standards of the Public Company Accounting Oversight Board - United States (PCAOB), relating to the audit's conduct. The Audit Committee also received written disclosures from Deloitte & Touche LLP regarding its independence from the Company that satisfy applicable PCAOB requirements for independent accountant communications with audit committees concerning auditor independence, and discussed with Deloitte & Touche LLP the independence of that firm.

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Based on the above-mentioned review and discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board that the Company's audited financial statements and management assessment of the effectiveness of the Company's internal controls over financial reporting be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for filing with the Securities and Exchange Commission.

Audit Committee
Sheila Hartnett-Devlin, Chairman
Thomas A. Bracken
Walter M. Higgins III
Joseph H. Petrowski

Fees Paid to the Independent Registered Public Accounting Firm

As part of its duties, the Audit Committee also considered whether the provision of services other than the audit services by the independent registered public accountants to the Company is compatible with maintaining the accountants' independence. In accordance with its charter, the Audit Committee must pre-approve all services provided by Deloitte & Touche LLP. The Audit Committee discussed these services with the independent registered public accounting firm and Company management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the U.S. Securities and Exchange Commission to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

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The fees for all services provided by the independent registered public accounting firm to the Company during 2011 and 2010 are as follows:

FY 2011				FY 2010			
Audit Fees (a)		$	1,368,800	Audit Fees (a)		$	1,120,776
Fees per Engagement Letter	1,268,400			Fees per Engagement Letter	1,053,000		
FY 2010 Audit true up billed	100,400						