

RECONCILIATION OF NON-GAAP PERFORMANCE MEASURES

NEW JERSEY RESOURCES

A reconciliation of Net income at NJR to net financial earnings, is as follows:

<i>(Thousands)</i>	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2011	2010	2011	2010
Net (loss) income	\$ (7,511)	\$ 1,515	\$ 101,299	\$ 117,457
Add:				
Unrealized (gain) loss on derivative instruments and related transactions, net of taxes	(10,515)	(20,761)	23,320	(16,825)
Effects of economic hedging related to natural gas, net of taxes	18,701	17,999	(18,086)	1,132
Net financial earnings (loss)	\$ 675	\$ (1,247)	\$ 106,533	\$ 101,764
Weighted Average Shares Outstanding				
Basic	41,422	41,183	41,359	41,364
Diluted	41,633	41,452	41,568	41,630
Basic net financial earnings (loss) per share	\$ 0.02	\$ (0.03)	\$ 2.58	\$ 2.46

NJR ENERGY SERVICES

The following table is a computation of financial margin at Energy Services:

<i>(Thousands)</i>	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2011	2010	2011	2010
Operating revenues	\$ 548,041	\$ 477,878	\$ 2,052,303	\$ 1,685,044
Less: Gas purchases	555,695	476,541	2,016,704	1,601,701
Add:				
Unrealized (gain) loss on derivative instruments and related transactions	(16,717)	(33,946)	36,676	(31,113)
Effects of economic hedging related to natural gas inventory	29,574	30,110	(28,604)	3,469
Financial margin	\$ 5,203	\$ (2,499)	\$ 43,671	\$ 55,699

A reconciliation of Operating income at Energy Services, the closest GAAP financial measurement, to the financial margin is as follows:

<i>(Thousands)</i>	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2011	2010	2011	2010
Operating (loss) income	\$ (14,076)	\$ (3,289)	\$ 17,746	\$ 67,385
Add:				
Operation and maintenance expense	6,147	4,701	16,682	14,947
Depreciation and amortization	15	17	61	153
Other taxes	260	(92)	1,110	858
Subtotal – Gross (loss) margin	(7,654)	1,337	35,599	83,343
Add:				
Unrealized (gain) loss on derivative instruments and related transactions	(16,717)	(33,946)	36,676	(31,113)
Effects of economic hedging related to natural gas inventory	29,574	30,110	(28,604)	3,469
Financial margin	\$ 5,203	\$ (2,499)	\$ 43,671	\$ 55,699

A reconciliation of Energy Services Net income to net financial earnings, is as follows:

<i>(Thousands)</i>	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2011	2010	2011	2010
Net (loss) income	\$ (8,928)	\$ (1,551)	\$ 13,479	\$ 42,711
Add:				
Unrealized (gain) loss on derivative instruments and related transactions, net of taxes	(10,571)	(20,981)	23,190	(19,029)
Effects of economic hedging related to natural gas, net of taxes	18,701	17,999	(18,086)	1,132
Net financial (loss) earnings	\$ (798)	\$ (4,533)	\$ 18,583	\$ 24,814

RETAIL AND OTHER

A reconciliation of Retail and Other Net income to net financial earnings, is as follows:

<i>(Thousands)</i>	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 2,174	\$ 2,362	\$ 3,087	\$ (1,119)
Add:				
Unrealized loss on derivative instruments, net of taxes	-	136	-	1,976
Net financial earnings	<u>\$ 2,174</u>	<u>\$ 2,498</u>	<u>\$ 3,087</u>	<u>\$ 857</u>
