

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,	
	2012	2011	2012	2011
Net (loss) income	\$ (8,693)	\$ (7,511)	\$ 92,879	\$ 101,299
Add:				
Unrealized loss (gain) on derivative instruments and related transactions, net of taxes	11,505	(10,515)	22,631	23,320
Effects of economic hedging related to natural gas inventory, net of taxes	(13,959)	18,701	(3,093)	(18,086)
Net financial (loss) earnings	\$ (11,147)	\$ 675	\$ 112,417	\$ 106,533
Weighted Average Shares Outstanding				
Basic	41,604	41,422	41,527	41,359
Diluted	41,709	41,633	41,632	41,568
Basic net financial (loss) earnings per share	\$ (0.27)	\$ 0.02	\$ 2.71	\$ 2.58

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,	
	2012	2011	2012	2011
Operating revenues	\$ 451,360	\$ 548,041	\$ 1,580,611	\$ 2,052,303
Less: Gas purchases	451,362	555,695	1,574,246	2,016,704
Add:				
Unrealized loss (gain) on derivative instruments and related transactions	18,250	(16,717)	35,566	36,676
Effects of economic hedging related to natural gas inventory	(22,075)	29,574	(4,891)	(28,604)
Financial margin	\$ (3,827)	\$ 5,203	\$ 37,040	\$ 43,671

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

<i>(Thousands)</i>	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2012	2011	2012	2011
Operating (loss) income	\$ (7,328)	\$ (14,076)	\$ (12,496)	\$ 17,746
Add:				
Operation and maintenance expense	7,105	6,147	17,759	16,682
Depreciation and amortization	11	15	59	61
Other taxes	210	260	1,043	1,110
Subtotal – Gross margin	(2)	(7,654)	6,365	35,599
Add:				
Unrealized loss (gain) on derivative instruments and related transactions	18,250	(16,717)	35,566	36,676
Effects of economic hedging related to natural gas inventory	(22,075)	29,574	(4,891)	(28,604)
Financial margin	\$ (3,827)	\$ 5,203	\$ 37,040	\$ 43,671

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,	
	2012	2011	2012	2011
Net (loss) income	\$ (4,851)	\$ (8,928)	\$ (8,605)	\$ 13,479
Add:				
Unrealized loss (gain) on derivative instruments and related transactions, net of taxes	11,540	(10,571)	22,489	23,190
Effects of economic hedging related to natural gas, net of taxes	(13,959)	18,701	(3,093)	(18,086)
Net financial (loss) earnings	\$ (7,270)	\$ (798)	\$ 10,791	\$ 18,583

NEW JERSEY RESOURCES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2012	2011	2012	2011
<i>(Thousands, except per share data)</i>				
OPERATING REVENUES				
Utility	\$ 103,552	\$ 109,651	\$ 627,713	\$ 971,724
Nonutility	464,918	561,250	1,621,210	2,037,485
Total operating revenues	<u>568,470</u>	670,901	<u>2,248,923</u>	3,009,209
OPERATING EXPENSES				
Gas purchases				
Utility	58,612	64,528	268,459	534,363
Nonutility	451,075	555,608	1,572,949	2,016,208
Operation and maintenance	52,058	48,988	171,045	163,111
Regulatory rider expenses	3,529	3,726	40,350	51,246
Depreciation and amortization	10,917	8,925	41,643	34,370
Energy and other taxes	6,585	6,772	45,787	66,910
Total operating expenses	<u>582,776</u>	688,547	<u>2,140,233</u>	2,866,208
OPERATING (LOSS) INCOME	<u>(14,306)</u>	(17,646)	<u>108,690</u>	143,001
Other income	701	1,321	2,128	3,747
Interest expense, net	5,578	4,538	20,844	19,623
(LOSS) INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES	<u>(19,183)</u>	(20,863)	<u>89,974</u>	127,125
Income tax (benefit) provision	(8,172)	(10,997)	7,729	37,665
Equity in earnings of affiliates	2,318	2,355	10,634	11,839
NET (LOSS) INCOME	<u>\$ (8,693)</u>	<u>\$ (7,511)</u>	<u>\$ 92,879</u>	<u>\$ 101,299</u>
(LOSS) EARNINGS PER COMMON SHARE				
BASIC	\$ (0.21)	\$ (0.18)	\$ 2.24	\$ 2.45
DILUTED	<u>\$ (0.21)</u>	<u>\$ (0.18)</u>	<u>\$ 2.23</u>	<u>\$ 2.44</u>
DIVIDENDS PER COMMON SHARE	<u>\$ 0.38</u>	<u>\$ 0.36</u>	<u>\$ 1.52</u>	<u>\$ 1.44</u>
AVERAGE SHARES OUTSTANDING				
BASIC	41,604	41,422	41,527	41,359
DILUTED	<u>41,709</u>	<u>41,633</u>	<u>41,632</u>	<u>41,568</u>

NEW JERSEY RESOURCES

<i>(Thousands, except per share data)</i>	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Operating Revenues				
Natural Gas Distribution	\$ 103,552	\$ 109,651	\$ 627,713	\$ 971,724
Clean Energy Ventures	980	534	2,257	862
Energy Services	451,360	548,041	1,580,611	2,052,303
Energy Holdings	—	—	—	—
Retail and Other	12,895	13,057	42,195	39,960
<i>Sub-total</i>	568,787	671,283	2,252,776	3,064,849
Eliminations	(317)	(382)	(3,853)	(55,640)
Total	\$ 568,470	\$ 670,901	\$ 2,248,923	\$ 3,009,209
Operating (Loss) Income				
Natural Gas Distribution	\$ (7,645)	\$ (4,635)	\$ 124,608	\$ 123,165
Clean Energy Ventures	(3,523)	(2,656)	(12,201)	(4,759)
Energy Services	(7,328)	(14,076)	(12,496)	17,746
Energy Holdings	(323)	(694)	(1,014)	(1,158)
Retail and Other	3,459	3,613	5,548	4,271
<i>Sub-total</i>	(15,360)	(18,448)	104,445	139,265
Eliminations	1,054	802	4,245	3,736
Total	\$ (14,306)	\$ (17,646)	\$ 108,690	\$ 143,001
Equity in Earnings of Affiliates				
Energy Holdings	\$ 3,179	\$ 3,033	\$ 14,308	\$ 14,904
Eliminations	(861)	(678)	(3,674)	(3,065)
Total	\$ 2,318	\$ 2,355	\$ 10,634	\$ 11,839
Net (Loss) Income				
Natural Gas Distribution	\$ (5,217)	\$ (3,053)	\$ 73,238	\$ 71,322
Clean Energy Ventures	(1,350)	1,277	19,452	6,761
Energy Services	(4,851)	(8,928)	(8,605)	13,479
Energy Holdings	1,311	1,075	6,749	6,780
Retail and Other	1,506	2,174	2,366	3,087
<i>Sub-total</i>	(8,601)	(7,455)	93,200	101,429
Eliminations	(92)	(56)	(321)	(130)
Total	\$ (8,693)	\$ (7,511)	\$ 92,879	\$ 101,299
Net Financial (Loss) Earnings				
Natural Gas Distribution	\$ (5,217)	\$ (3,053)	\$ 73,238	\$ 71,322
Clean Energy Ventures	(1,350)	1,277	19,452	6,761
Energy Services	(7,270)	(798)	10,791	18,583
Energy Holdings	1,311	1,075	6,749	6,780
Retail and Other	1,506	2,174	2,366	3,087
<i>Sub-total</i>	(11,020)	675	112,596	106,533
Eliminations	(127)	—	(179)	—
Total	\$ (11,147)	\$ 675	\$ 112,417	\$ 106,533
Throughput (Bcf)				
NJNG, Core Customers	9.2	8.0	60.9	71.1
NJNG, Off System/Capacity Management	28.4	27.8	99.6	107.0
NJRES Fuel Mgmt. and Wholesale Sales	159.7	132.4	558.2	480.9
Total	197.3	168.2	718.7	659.0
Common Stock Data				
Yield at September 30	3.3%	3.4%	3.3%	3.4%
Market Price				
High	\$ 47.53	\$ 47.45	\$ 50.48	\$ 47.45
Low	\$ 43.40	\$ 39.60	\$ 40.10	\$ 38.94
Close at September 30	\$ 45.72	\$ 42.57	\$ 45.72	\$ 42.57
Shares Out. at September 30	41,620	41,422	41,620	41,422
Market Cap. at September 30	\$ 1,902,850	\$ 1,763,325	\$ 1,902,850	\$ 1,763,325

NATURAL GAS DISTRIBUTION

<i>(Unaudited)</i> <i>(Thousands, except customer & weather data)</i>	Three Months Ended		Twelve Months Ended	
	September 30, 2012	2011	September 30, 2012	2011
Utility Gross Margin				
Operating revenues	\$ 103,552	\$ 109,651	\$ 627,713	\$ 971,724
Less:				
Gas purchases	59,436	65,538	274,370	592,909
Energy and other taxes	4,750	4,916	37,241	58,520
Regulatory rider expense	3,529	3,726	40,350	51,246
Total Utility Gross Margin	\$ 35,837	\$ 35,471	\$ 275,752	\$ 269,049
Utility Gross Margin, Operating Income and Net Income				
Residential	\$ 19,973	\$ 19,998	\$ 173,451	\$ 172,280
Commercial, Industrial & Other	6,799	6,858	45,673	45,319
Firm Transportation	7,432	6,846	46,773	41,715
Total Firm Margin	34,204	33,702	265,897	259,314
Interruptible	146	124	470	411
Total System Margin	34,350	33,826	266,367	259,725
Off System/Capacity Management/FRM/Storage Incentive	1,487	1,645	9,385	9,324
Total Utility Gross Margin	35,837	35,471	275,752	269,049
Operation and maintenance expense	33,613	30,728	111,998	108,800
Depreciation and amortization	9,006	8,490	35,247	33,140
Other taxes not reflected in gross margin	863	888	3,899	3,944
Operating (Loss) Income	\$ (7,645)	\$ (4,635)	\$ 124,608	\$ 123,165
Net (Loss) Income	\$ (5,217)	\$ (3,053)	\$ 73,238	\$ 71,322
Throughput (Bcf)				
Residential	2.6	2.7	32.9	42.3
Commercial, Industrial & Other	0.6	0.6	6.5	8.3
Firm Transportation	1.2	1.2	11.2	12.2
Total Firm Throughput	4.4	4.5	50.6	62.8
Interruptible	4.8	3.5	10.3	8.3
Total System Throughput	9.2	8.0	60.9	71.1
Off System/Capacity Management	28.4	27.8	99.6	107.0
Total Throughput	37.6	35.8	160.5	178.1
Customers				
Residential	423,871	428,694	423,871	428,694
Commercial, Industrial & Other	24,985	25,666	24,985	25,666
Firm Transportation	51,214	40,523	51,214	40,523
Total Firm Customers	500,070	494,883	500,070	494,883
Interruptible	41	41	41	41
Total System Customers	500,111	494,924	500,111	494,924
Off System/Capacity Management*	32	40	32	40
Total Customers	500,143	494,964	500,143	494,964
*The number of customers represents those active during the last month of the period.				
Degree Days				
Actual	32	24	3,698	4,686
Normal	36	40	4,747	4,721
Percent of Normal	88.9%	60.0%	77.9%	99.3%

CLEAN ENERGY VENTURES

<i>(Unaudited)</i> <i>(Thousands, except customer and megawatt)</i>	Three Months Ended		Twelve Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Operating Revenues	\$ 980	\$ 534	\$ 2,257	\$ 862
Depreciation and Amortization	\$ 1,727	\$ 278	\$ 5,680	\$ 421
Operating (Loss)	\$ (3,523)	\$ (2,656)	\$ (12,201)	\$ (4,759)
Income Tax Benefit	\$ 2,497	\$ 3,996	\$ 32,507	\$ 11,604
Net (Loss) Income	\$ (1,350)	\$ 1,277	\$ 19,452	\$ 6,761
Solar Renewable Energy Certificates Generated	14,961	1,197	35,126	2,077
Solar Renewable Energy Certificates Sold	3,930	1,080	7,363	1,788
Megawatts Installed	1.9	7.1	26.1	9.8
Megawatts Under Construction	9.4	20.5	9.4	20.5

ENERGY SERVICES

Operating Income				
Operating Revenues	\$ 451,360	\$ 548,041	\$ 1,580,611	\$ 2,052,303
Gas Purchases	451,362	555,695	1,574,246	2,016,704
<i>Gross Margin</i>	(2)	(7,654)	6,365	35,599
Operation and maintenance expense	7,105	6,147	17,759	16,682
Depreciation and amortization	11	15	59	61
Energy and other taxes	210	260	1,043	1,110
<i>Operating (Loss) Income</i>	\$ (7,328)	\$ (14,076)	\$ (12,496)	\$ 17,746
Net (Loss) Income	\$ (4,851)	\$ (8,928)	\$ (8,605)	\$ 13,479
Financial Margin	\$ (3,827)	\$ 5,203	\$ 37,040	\$ 43,671
Net Financial (Loss) Earnings	\$ (7,270)	\$ (798)	\$ 10,791	\$ 18,583
Gas Sold and Managed (Bcf)	159.7	132.4	558.2	480.9

ENERGY HOLDINGS

Equity in Earnings of Affiliates	\$ 3,179	\$ 3,033	\$ 14,308	\$ 14,904
Operation and Maintenance	\$ 335	\$ 692	\$ 1,008	\$ 1,094
Interest Expense	\$ 615	\$ 737	\$ 2,665	\$ 3,165
Net Income	\$ 1,311	\$ 1,075	\$ 6,749	\$ 6,780

RETAIL AND OTHER

Operating Revenues	\$ 12,895	\$ 13,057	\$ 42,195	\$ 39,960
Operating Income	\$ 3,459	\$ 3,613	\$ 5,548	\$ 4,271
Net Income	\$ 1,506	\$ 2,174	\$ 2,366	\$ 3,087
Total Customers at September 30	134,938	138,211	134,938	138,211

CLEAN ENERGY VENTURES

(Unaudited)

**Three Months Ended
September 30,**

**Twelve Months Ended
September 30,**