

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 December 31,	
	2011	2010
Net income	\$ 57,357	\$ 24,509
Add:		
Unrealized (gain) loss on derivative instruments and related transactions, net of taxes	(17,372)	34,404
Effects of economic hedging related to natural gas, net of taxes	5,323	(29,783)
Net financial earnings	\$ 45,308	\$ 29,130
Weighted Average Shares Outstanding		
Basic	41,434	41,280
Diluted	41,651	41,510
Basic net financial earnings per share	\$ 1.09	\$ 0.71

NJR ENERGY SERVICES

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

<i>(Thousands)</i>	Three Months Ended December 31,	
	2011	2010
Operating revenues	\$ 442,000	\$ 430,774
Less: Gas purchases	406,763	429,315
Add:		
Unrealized (gain) loss on derivative instruments and related transactions	(27,661)	54,407
Effects of economic hedging related to natural gas inventory	8,418	(47,101)
Financial margin	\$ 15,994	\$ 8,765

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 December 31,	
	2011	2010
Operating income (loss)	\$ 31,530	\$ (2,022)
Add:		
Operation and maintenance expense	3,341	3,171
Depreciation and amortization	16	16
Other taxes	350	294
Subtotal – Gross margin	35,237	1,459
Add:		
Unrealized (gain) loss on derivative instruments and related transactions	(27,661)	54,407
Effects of economic hedging related to natural gas inventory	8,418	(47,101)
Financial margin	\$ 15,994	\$ 8,765

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

<i>(Thousands)</i>	Three Months Ended December 31,	
	2011	2010
Net income (loss)	\$ 19,783	\$ (1,452)
Add:		
Unrealized (gain) loss on derivative instruments and related transactions, net of taxes	(17,491)	34,402
Effects of economic hedging related to natural gas, net of taxes	5,323	(29,783)
Net financial earnings	\$ 7,615	\$ 3,167