

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 March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
Net income	\$ 54,535	\$ 63,927	\$ 111,892	\$ 88,436
Add:				
Unrealized loss (gain) on derivative instruments and related transactions, net of taxes	7,664	2,306	(9,708)	36,710
Effects of economic hedging related to natural gas, net of taxes	11,927	796	17,250	(28,987)
Net financial earnings	\$ 74,126	\$ 67,029	\$ 119,434	\$ 96,159
Weighted Average Shares Outstanding				
Basic	41,509	41,352	41,472	41,316
Diluted	41,711	41,553	41,673	41,516
Basic net financial earnings per share	\$ 1.79	\$ 1.62	\$ 2.88	\$ 2.33

NJR ENERGY SERVICES

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

<i>(Thousands)</i>	Three Months Ended March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
Operating revenues	\$ 381,010	\$ 573,075	\$ 823,010	\$ 1,003,849
Less: Gas purchases	382,432	548,677	789,195	977,992
Add:				
Unrealized loss (gain) on derivative instruments and related transactions	11,996	3,598	(15,665)	58,005
Effects of economic hedging related to natural gas inventory	18,862	1,258	27,280	(45,843)
Financial margin	\$ 29,436	\$ 29,254	\$ 45,430	\$ 38,019

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 March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
Operating (loss) income	\$ (5,497)	\$ 20,773	\$ 26,033	\$ 18,751
Add:				
Operation and maintenance expense	3,755	3,309	7,096	6,480
Depreciation and amortization	16	15	32	31
Other taxes	304	301	654	595
Subtotal – Gross margin	(1,422)	24,398	33,815	25,857
Add:				
Unrealized loss (gain) on derivative instruments and related transactions	11,996	3,598	(15,665)	58,005
Effects of economic hedging related to natural gas inventory	18,862	1,258	27,280	(45,843)
Financial margin	\$ 29,436	\$ 29,254	\$ 45,430	\$ 38,019

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

<i>(Thousands)</i>	Three Months Ended March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
Net (loss) income	\$ (3,642)	\$ 12,929	\$ 16,141	\$ 11,477
Add:				
Unrealized loss (gain) on derivative instruments and related transactions, net of taxes	7,586	2,276	(9,905)	36,678
Effects of economic hedging related to natural gas, net of taxes	11,927	796	17,250	(28,987)
Net financial earnings	\$ 15,871	\$ 16,001	\$ 23,486	\$ 19,168