



2011 New Jersey Resources
Corporate Sustainability Report



The decisions we make today have the potential to change the world. That's a tremendous responsibility, and one that we take seriously. At New Jersey Resources, we believe we all have a role to play in protecting our natural resources and enhancing our customers' quality of life and the communities we serve, today and for generations to come. That is why we have made corporate responsibility a core component of our business strategy.

Over the past year, we have continued to build upon our commitment to sustainability and strengthen the environmental profile of our operations at every level. In early 2011, we launched The Sunlight Advantage™, our residential solar lease program designed to make it easier and more affordable for homeowners to invest in, and benefit from, solar power. The response has been nothing short of amazing, with more than 800 inquiries generated and 350 leases signed within the first three months of the program. We have also made significant investments in several commercial solar projects, including rooftop and ground-mounted arrays. We expect to invest a total of \$40 to \$60 million on commercial projects this year alone, and will continue to develop a growing pipeline of solar opportunities.

Additionally, energy efficiency remains a key focus. With the support of our state regulators, we extended The SAVEGREEN Project™ for an additional year. Through this program, we continue to provide customers with information and incentives to help them make energy-efficiency improvements to their homes and businesses. Since its launch in 2009, more than 5,000 customers have saved energy and money by taking advantage of The SAVEGREEN Project - a true testament to the success of this program and our team.

Our efforts are helping to reduce greenhouse gas emissions and, more importantly, strengthen our communities. As a responsible corporate citizen, we are proud to be an integral part of the neighborhoods we serve through our environmental, volunteer and service programs. In fact, this year we provided assistance to a greater number of local, nonprofit organizations than ever before.

It goes without saying that our accomplishments are the result of the exceptional work of our entire team - from our Board of Directors, to our management team, to our employees on the phones and in the field. Every day, we give our best to make a difference where it is needed most. This sustainability report is proof of that.

As you peruse the pages that follow, I hope that you are as proud of the New Jersey Resources team as I am.

Sincerely,

Laurence M. Downes
Chairman and CEO



Environmental Stewardship

Through Conserve to Preserve, New Jersey resources (NJR) is helping customers learn how to use energy more responsibly for the protection of our environment and natural resources. Due to an innovative rate mechanism that encourages conservation, we proactively engage our customers on ways to save energy and money. With help from the tools and resources provided through Conserve to Preserve, our customers have reduced their natural gas usage by 146 million therms since the initiative began in 2006. Based on these savings, they have prevented the release of more than 1.76 billion pounds of carbon dioxide, a potent greenhouse gas (GHG), into the atmosphere. This is the equivalent of removing 153,821 cars from New Jersey's roads annually. Moreover, the company's efforts to conserve to preserve extends to its business operations, where NJR has measurable company-wide initiatives in place to lower its energy use and environmental impact. Our concerns for the environment are reflected in our efforts to advance sustainable initiatives throughout our company and the communities we serve, which are highlighted in the pages that follow.

NJR Clean Energy Ventures

NJR Clean Energy Ventures (NJRCEV) invests in, owns and operates renewable energy projects that generate clean power and provide low-carbon energy solutions. To date, the investment strategy has focused on solar system development; however, wind and biomass energy solutions will be considered in the future. These low-carbon solutions will benefit our customers while providing significant potential growth opportunity for shareholders.

NJRCEV seeks to invest in projects that create economic value for project site hosts, including reduction in electricity costs, roof or land-lease payments and building upgrades along with providing returns to shareholders. These benefits from renewable energy projects include investment tax credits, accelerated depreciation, renewable energy credits and fees from host sites for renewable power. NJRCEV leverages NJR's financial strength, reputation, scale and energy services expertise to create sustainable advantages in finding, building and maintaining its project portfolio.

In January 2011, NJRCEV launched The Sunlight Advantage™ residential solar lease program. Through The Sunlight Advantage, NJRCEV leases roof-mounted, crystalline solar systems to eligible homeowners. A typical 6-kilowatt (kW) system would cost the homeowner approximately \$59 per month over a lease period of 20 years. This monthly rate is fixed over the lease term and includes all necessary installation and maintenance costs. A homeowner with a 6 kW system can save



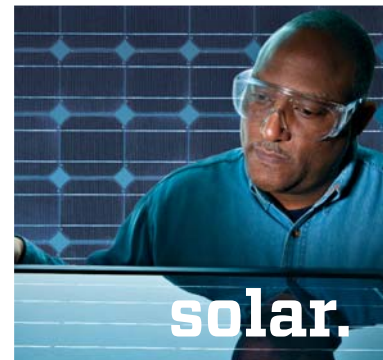


approximately \$20,000 over the life of the lease, based on current power prices and average electric consumption. Response has been overwhelming, with NJRCEV meeting its target of 350 signed leases, representing over \$10 million in project commitments, within the first three months of the program. With successful installation of these 350 systems, averaging approximately 6 kW, participating homeowners will reduce their electric costs with clean, renewable energy and collectively reduce their carbon footprint by approximately 2,155 metric tons, which is equivalent to the annual GHG emissions from more than 420 passenger vehicles.

Moving beyond the residential sector, distributed solar energy systems represent real opportunities in the solar market for NJRCEV. By maximizing underutilized space, NJRCEV is able to lease roof space for the installation of solar systems and, in turn, offer commercial tenants a power purchase agreement that is lower than their current electric utility rate. The distributed solar project enables NJRCEV to use existing structures to host the solar system, cutting down on costs involving land acquisition, permitting and other related tasks, while enabling it to benefit from government tax incentives.

In mid 2010, NJRCEV entered into an agreement with Adler Development to lease space atop four commercial facilities for 20 years. This long-term lease option helps these facilities reduce carbon emissions by more than a combined 3,200 tons annually or the equivalent of greenhouse gas emissions from approximately 630 passenger vehicles.

With a fiscal year plan to commit \$40 to \$60 million of capital for commercial renewable solar projects, NJRCEV plans to own and operate between 9 megawatts to 14 megawatts of commercial solar generation. This initiative would result in annual reduced carbon emissions between 7,461 and 11,606 tons, or the equivalent of the annual GHG emissions of 1,467 to 2,282 passenger vehicles.





The SAVEGREEN Project™



To ease the burden of implementing sustainable actions, The SAVEGREEN Project (SAVEGREEN) was created in support of the ongoing efforts of New Jersey Natural Gas (NJNG) to provide customers with the knowledge they need and the money-saving incentives they desire to make wise energy choices. And it was proposed to help the state meet its goal to reduce energy usage and lower GHG emissions 20 percent by 2020. Now in its second year, SAVEGREEN provides capital that supports job growth at the local level. To date, SAVEGREEN has created and preserved 27 jobs at NJNG during a time when unemployment remains historically high.

Through SAVEGREEN, our customers continue to benefit from a variety of rebates and incentives that help offset the costs of installing high-efficiency heating equipment. These offers complement the WARMAdvantage rebate offered through New Jersey's Clean Energy Program (NJCEP) when they install a qualified, high-efficiency furnace or boiler. Customers may benefit from as much as \$2,200 in combined savings through NJCEP and NJNG. Specifically, SAVEGREEN provides an enhanced \$900 rebate for qualified high-efficiency heating systems that can be paired with a \$300 WARMAdvantage rebate from NJCEP combined with \$1,000 worth of free seal-up work for qualifying homeowners. In addition to simply installing high-efficiency natural gas heating equipment, customers are required to complete a free home energy audit to receive the enhanced rebate from NJNG. The energy audit may help customers identify further energy-saving opportunities. To date, more than 7,490 customers have taken advantage of the limited-time offer and installed a high-efficiency furnace or boiler through a local HVAC contractor. Of these, over 23 percent of the homeowners have taken advantage of the free seal-up work conducted by a state-approved contractor.

Building on existing SAVEGREEN financial incentives, the New Jersey Board of Public Utilities recently approved affordable financing options for energy-efficient home improvements. Since the program's inception, approximately 649 customers sought a whole-house approach to energy efficiency through participation in the NJCEP Home Performance with ENERGY STAR® (HPwES) program. This program provides a comprehensive whole-house approach to reduce a homeowner's energy costs with financial incentives to homeowners who make qualified energy-efficiency improvements. The greater the energy savings achieved through implemented measures, the higher the rebate, up to \$4,000.



As a complement to HPwES, at the start of its second year, SAVEGREEN introduced a 10-year, 0% APR On-Bill Repayment Plan -- up to \$10,000 for qualifying customers -- for the approved costs of HPwES eligible energy-efficiency home improvements. The On-Bill Repayment Plan helps make it more affordable for customers to implement comprehensive energy solutions for their home, which can yield up to 30 percent savings on energy costs.

Commercial customers can also take advantage of SAVEGREEN offerings with a new program that provides enhanced financial incentives and promotes opportunities for increased efficiency with Combined Heat and Power (CHP) projects, which draw heat and electricity from a single source such as natural gas. Moreover, NJNG's Fostering Environmental and Economic Development program is also designed for new and existing commercial and industrial customers, providing them access to investment capital, incentives and/or discounted rates through nontraditional customized negotiated agreements to encourage the installation of energy-efficient equipment or CHP technologies.

NJNG has met with potential customers in higher education, healthcare and manufacturing to promote the economic benefits of these technologies. These programs, which were developed collaboratively with the state's regulators, will support business growth, the expansion and retention of New Jersey business and provide economic development and, equally important, economic benefits in the reduction of carbon dioxide emissions.

Through SAVEGREEN, NJNG is supporting the state's energy, environmental and economic goals by saving energy, reducing emissions and creating jobs. NJNG has taken a grassroots approach to promote energy-efficiency and conservation, while providing affordable opportunities to do so. Employees can frequently be found in libraries, schools or at community events sharing information and helping customers understand all the ways they can save.

OPOWER



In our continuing efforts to empower customers to make smarter decisions about their energy usage, NJNG has partnered with OPOWER to implement a pilot program that provides personalized Home Energy Reports to 25,000 of our residential customers. OPOWER is an energy-efficiency and Smart Grid software company that helps utilities meet their efficiency goals through effective customer engagement. The Home Energy Report provides customers with key information such as comparison data on energy usage as OPOWER converts hourly data into measureable peak and overall savings, delivering the value of the Smart Grid directly to our customers. Leveraging OPOWER's cutting-edge behavioral science data analytics, NJNG can connect with its customers in a highly targeted fashion, motivating reductions in



energy use, increased program participation and overall customer satisfaction – while analyzing whether customers were motivated by the reports to reduce their energy usage.

Through the OPOWER initiative, we are helping ordinary people find simple ways to save on their energy bills, while making an unprecedented impact on the health of the environment.

Conserve to Preserve Dashboard



The Conserve to Preserve Dashboard, a free online tool, is a personalized home energy center that enables customers to better understand their energy usage through analysis and comparative data. By simply answering a few questions about their home, appliances and living habits, customers are able to view and analyze their natural gas bills. The integrated home energy analysis function enables customers to run reports and create graphs that show where their home energy dollars are spent. Moreover, it provides customized recommendations to make a home more energy-efficient and comfortable, while reducing greenhouse gas emissions. The Dashboard is a living tool. Each time customers log in, they can re-evaluate their energy use and track the results of their conservation efforts. The Dashboard is easily accessible through NJNG's online customer center, My Account at www.njng.com.

Conserve to Preserve Community Rewards



Schools and nonprofit organizations within NJNG's service territory have the chance to earn as much as \$5,000 in just three months through a unique fundraising opportunity, Conserve to Preserve Community Rewards. Participating entities raise money by encouraging members, friends, family and neighbors to sign up for the Conserve to Preserve Dashboard. NJNG rewards their efforts with \$5 for each person who uses the Dashboard within a three-month period. Participating organizations can earn up to \$5,000 and the money raised can be applied toward a cause of their choice. The program is a great way to unite local community members around a cause while helping them to better understand their energy usage and protect the environment.



Conserve to Preserve Business Online



Business Online is a free, comprehensive resource of energy-related information and emerging technologies of interest to diverse industries in one central, well-organized location. Commercial customers and municipalities can find new ways to reduce energy usage that not only save money, but also help preserve the environment. This includes relevant links to information about financial incentives and technical assistance for their business available through New Jersey's Clean Energy Program. Hundreds of our commercial customers benefit from features such as the "Ask an Expert" hotline, an industry-specific resource library and a monthly newsletter containing timely, relevant information about business-related conservation technologies and trends.

Sustainable Jersey



Committed to supporting our communities' sustainability efforts, NJNG is a member and sponsor of several task forces for Sustainable Jersey. This certification and incentive program helps municipalities identify concrete actions that they can implement to become "certified" and be considered leaders on the path to sustainable communities.

Our employees work with participating towns in NJNG's service territory to help them leverage available tools and resources designed to achieve energy efficiency within their respective facilities and vehicle fleets. In January 2011, NJNG was instrumental in helping eligible municipalities benefit from round one of the Energy Efficiency and Conservation Block Grants (EECBG). As a result of our team's proactive outreach efforts, 97 percent of eligible municipalities in NJNG's service territory applied for the EECBG funding. Additionally, our team works closely with local leaders, supporting community outreach and education efforts that are focused on energy conservation.

NJNG continues to educate municipalities about the benefits of Sustainable Jersey and encourages them to join the program. By participating in Sustainable Jersey, these communities will achieve an improved quality of life and realized cost savings through efficiencies. Furthermore, certification provides participating municipalities access to grants and identifies existing and new funding opportunities to help advance their sustainable initiatives. Within our service territory, there are currently 13 communities that are Sustainable Jersey certified and an additional 59 are progressing toward this goal.



As a means to bridge resource gaps for municipalities, NJNG will sponsor two top-tier business school fellows to support the energy-efficiency and conservation objectives of Sustainable Jersey certified or registered municipalities within our service territory. This opportunity will help Middletown and Ocean Township, selected from amongst a pool of applicants, identify and implement initiatives that can result in energy savings and quantifiable contributions to their bottom line. The fellows are members of Climate Corps, a summer fellowship program of the Environmental Defense Fund, which places MBA students into public and private organizations to assist them in reducing their energy costs and greenhouse gas emissions.

Our partnership with Sustainable Jersey equally promotes sustainability among members of our communities and is evident in their sponsorship of, and participation in, NJNG's Ocean Fun Days. Here New Jersey residents can explore the wonders of the Jersey Shore with hands-on exhibits, classes, nature tours and children's activities designed to preserve our coastal resources.

Our relationship with Sustainable Jersey continues as we seek a common goal of preserving our environment for generations to come. More information can be found at www.sustainablejersey.com.

Greenhouse Gas Emissions Profile

In March 2007, NJR announced its support for the state's goal to reduce GHG emissions 20 percent by 2020. Since that time, we have compiled and tracked our emissions profile and continually identify ways to reduce our environmental impact.

In line with these efforts, NJR welcomed a fellow from the Environmental Defense Fund's Climate Corps program to help identify energy-efficiency opportunities at all of our facilities. During summer 2010, this fellow worked with management teams around the company, conducting a detailed assessment of previous completed actions and potential opportunities for GHG emission reduction and cost savings. At the conclusion of the fellowship, NJR received a strong set of recommendations that provided detailed and implementation-ready energy solutions.

As a result, we began implementation of smaller, yet effective, changes throughout our facilities, which we anticipate will be completed by September 2011. Such modifications as changing timers on various lighting systems, the installation of more efficient light bulbs in several workspaces and the partial de-lamping of office hallways will result in a reduction of nearly 50 tons of GHG emissions annually.



Additionally, our Information Technology department completed a server virtualization project, consolidating nearly 100 company servers to less than 12 servers without impact to system performance, but with significant effect on electricity use. The resulting energy savings from the server virtualization will reduce NJR's GHG emissions by an additional estimated 160 tons annually.

With guidance from Business for Social Responsibility, a global partner for businesses that seek to create sustainable strategies and solutions, we are focused on developing new goals and identifying industry best practices to continue our efforts to reduce our GHG emissions.

Through all these initiatives, NJR remains on track to meet our goal of a 20-percent reduction in GHG emissions by 2020 and continue to lead by example as an environmentally responsible business and fully commit our resources to reduce our impact on the environment.

Emissions Related to Electricity

Since the announcement of our GHG reduction initiatives, NJR remains committed to fulfill its environmental goals, purchasing our electricity from renewable energy sources such as wind, geothermal and various forms of biomass. While our efforts to reduce GHG emissions from electricity usage at our facilities and from operations moves forward, we will continue to offset these emissions with renewable energy purchases. By purchasing green power, we are supporting increased development of renewable energy sources and helping to lower our carbon footprint.

One such initiative is the installation of a rooftop solar photovoltaic system at our natural gas distribution center in Wall. Since 2004, approximately nine percent of the electricity used at this building has been generated from the sun.





Emissions Related to Transportation



With a natural gas distribution company as our primary business, NJR has a large number of vehicles on the road every day; therefore, transportation is a major source of our GHG emissions. Over the past four years, we have evaluated and implemented opportunities to improve the environmental profile of our fleet and meet GHG reduction goals.

Advancements in technology and vehicle categories dictate our ability to select the best application for specific vehicle replacement. Over the years, we have enhanced our fleet with hybrid vehicles, adopted the use of bio fuel and introduced a lighter weight [aluminum] composite for our distribution crew trucks, improving overall fuel economy. Today, the NJR fleet contains 93 hybrid vehicles. And our commitment to evaluate alternative transportation fuels is evident through our purchase of two Chevrolet Volt electric vehicles.

Within the past twelve months, there has been significant industry activity with compressed natural gas (CNG) vehicles that has prompted further internal review among our customers.

NJNG will begin construction of two new CNG refueling stations at our Wall Township and Lakewood facilities, which will incorporate state-of-the-art technology and position NJNG to replace petroleum fleet vehicles with CNG vehicles. The Lakewood location is particularly well-suited to service both our own fleet as well as outside fleet customers. Installation of both stations is expected to be completed within the next 12 months.

The availability of these stations supports more types of CNG vehicles within our fleet, including five dedicated CNG operations crew trucks and soon-to-be first responder and additional operations vehicles. Moreover, we are committed to replacing our company fleet with compatible CNG vehicles and are speaking with the New Jersey Clean Cities Coalition (NJCCC) about grant opportunities to help accelerate our fleet's transition to CNG vehicles.

Maintaining our commitment to progressing alternative transportation fuels, NJNG has renewed its stakeholder membership in NJCCC, in which NJNG was an original supporting partner. The NJCCC's mission is to advance the energy, economic and environmental security of the U.S. by supporting local decisions to adopt practices that contribute to the reduction of petroleum consumption in the transportation sector. To that end, NJNG has partnered with the NJCCC to identify among companies in our service territory potential opportunities to convert their fleets to CNG vehicles. One such opportunity is with Blue Diamond Disposal, a Mt. Arlington residential, commercial and industrial refuse removal company. Blue Diamond received a grant from NJCCC for the incremental costs associated with purchasing CNG trucks



as compared to replacing the fleet with diesel-powered vehicles. The NJCCC grant provided the opportunity to add 10 CNG vehicles to its fleet, which then motivated Blue Diamond to fund the purchase of an additional four CNG trucks. And Blue Diamond is committed to purchasing CNG vehicles as they replace their fleet going forward.

Furthering its pledge to reduce greenhouse gas emissions, NJNG is working with the NJCCC to construct Morris County's first CNG fueling station for Blue Diamond. With easy access to Interstate 80, this station could eventually be open to the public and be part of a growing network of CNG fueling stations in New Jersey, including Newark and Atlantic City.

This commitment and experience within this market also provides a platform from which NJNG can educate our commercial and municipal customers about the features and benefits of CNG as an alternative transportation fuel option for their fleet of vehicles.

Natural Gas STAR



The U.S. Environmental Protection Agency (EPA) Natural Gas STAR program is a voluntary partnership of domestic and international oil and natural gas companies dedicated to implementing cost-effective technologies and practices that improve efficiency and reduce methane emissions (a potent GHG) and increasing operational efficiency. The company's pledge to lower GHG emissions is evident in our accomplishments to date. Since joining Natural Gas STAR in 2004, NJR has helped reduce methane emissions by approximately 67,000 cubic feet through facility upgrades and operational improvements. That is enough natural gas to heat more than 882 homes for an entire year, and is equivalent to planting over 8,086 acres of trees or eliminating 5,973 cars from New Jersey's roadways.

In 2010, the EPA recognized NJNG as its Natural Gas STAR Distribution Partner of the Year and honored it with the Continuing Excellence Award for outstanding efforts and accomplishments in reducing GHG emissions.

Preserving the environment is a team effort and we are pleased to join together with the EPA, Natural Gas STAR partners and the communities we serve to make a difference in preserving the environment for future generations.



Other Environmental Programs

WasteWise™



NJR has participated in the EPA's WasteWise program since 2002. WasteWise, with more than 2,000 member companies, promotes natural resource conservation, solid waste reduction, pollution prevention and cost savings. We achieve these goals through a variety of methods to reduce, reuse and recycle, including the use of remanufactured, recycled content and other types of environmentally friendly products. Our efforts have been recognized with two honorable mention awards from the EPA for waste reduction programs.

Planting for Our Future™



To help our customers show their concern for the environment, NJR launched the Planting for Our Future program through a partnership with The Conservation Fund, America's premier conservation nonprofit organization. For every \$5 donation received, a tree is planted. Over its lifetime, each tree will absorb approximately one ton of carbon dioxide, offsetting our customers' GHG emissions from natural gas usage and helping to fight climate change.

One hundred percent of all donations go directly toward planting trees in native forests across the county, including the Edwin B. Forsythe Wildlife Refuge in Ocean County. Additionally, we have committed to match customer donations up to \$50,000 per year over the first five years of the program. Since its inception in April 2007, NJR along with our customers have donated nearly \$175,000 through Planting for Our Future, which equates to planting approximately 35,000 trees and avoiding the release of more than 46,000 tons of carbon dioxide into the atmosphere.

Manufactured Gas Plants

NJNG has been actively conducting improvements at three former manufactured gas plant (MGP) properties located in Atlantic Highlands, Long Branch and Toms River, New Jersey. These efforts, under the direction of the New Jersey Department of Environmental Protection (NJDEP), are restoring the former plant properties to productive future use. NJNG's improvements address, among other things, coal tar residues, a byproduct of manufacturing natural gas from coal and coke.



There are approximately 3,000 former MGPs nationwide, of which 80 are in New Jersey. Potential impacts from these sites were not subject to environmental regulation until the early 1980s when the state directed utilities to assess the properties. According to testing conducted on NJNG's behalf, potential risks from contact with coal tar residues at our MGP properties are within acceptable state and federal health-based risk levels.

NJNG works closely with the NJDEP to ensure compliance with all environmental regulations. During the improvement phase, the safety of residents and neighboring communities are NJNG's primary consideration.

The latest information on NJNG's efforts at all three MGP properties is available in the Community section of www.njliving.com.

Safety

At NJR, there is nothing more important than the safety of our employees, customers and communities. We are not only dedicated to complying with all state and federal regulations but to promoting our own safety philosophy.

In 2009, leaders from both NJR and the International Brotherhood of Electrical Workers, Local 1820, which represents the majority of our employees, committed to establishing a culture of safety at NJR as a means to improve performance. This ongoing commitment has yielded positive results to date and allowed us to take a more proactive approach to injury prevention. Our local safety councils meet monthly to discuss safety issues and identify solutions. And safety-related communication has increased awareness of potential hazards. A monthly peer-to-peer safety observation program was established in fall 2010. Here, bargaining unit members observe peers performing their job function and ensure all safety procedures are being followed. When an employee is injured, a formal root cause analysis takes place so to prevent similar injuries in the future. In addition, health and wellness initiatives have expanded.

New safety measures remain in effect, providing greater details regarding the safety performance at NJR. The Days Away, Restrictions and Transfers (DART) Incident and DART Severity Rates measure how often situations occur and how many days employees are away from the job, or on restricted or transferred duty as a result of work-related injuries. These measures reflect the actual impact of injuries on our business as time lost rather than simply the number of injuries.



The integrity of our natural gas distribution system enhances safety for our customers and the communities we serve. Over the past five years, NJR has invested more than \$221 million in system improvements. Most recently, NJNG invested nearly \$71 million as part of 14 accelerated infrastructure improvement projects, in addition to standard capital improvement expenditures. Looking ahead, NJNG anticipates spending an additional \$60.15 million over the next two years to accelerate previously planned capital expenditures on nine projects, which will also enhance and expand NJNG's distribution system to ensure safety and better service for customers.



Further proof of our commitment to safety is our performance in the industry-standard measure of emergency response time. NJNG has long been recognized as an industry leader in this area. In 2010, NJNG responded to 99.5 percent of all emergency calls within 60 minutes and recorded an average response time of 22 minutes per call. We continually strive to enhance our emergency response process – as is evident in a year-over-year comparison – to ensure the safety of our employees, customers and the communities we serve.

Supporting Our Communities

At NJR, we are committed to responsible corporate citizenship in the communities where we work and live. Our efforts focus on the issues we know to be most important to our customers – education, wellness and the environment. We give back to our communities every year through financial and in-kind support, various employee contributions and thousands of employee and retiree volunteer hours. The continued difficult economic environment has impacted many of the nonprofit organizations in our communities and the individuals they selflessly serve; therefore, we expanded our support efforts, knowing they have never been more important.

Charitable Contributions

Over the past 12 months, NJR has provided financial and in-kind support to nearly 800 community organizations. Whether we're contributing to youth clubs, senior service groups, health and nutrition providers or educational institutions, we are proud to support those who help so many of our neighbors. Below is a sampling of the organizations we proudly partner with.



- 180 Turning Lives Around
- 21 Plus Foundation
- Academy Charter High School
- Academy of Saint Elizabeth
- Achieve 3000
- Algonquin Arts
- Alzheimer's Association, Greater New Jersey Chapter
- American Conference on Diversity
- American Heart Association
- American Red Cross, Jersey Coast Chapter
- ARC of Monmouth
- Asbury Park Chamber of Commerce
- Bayshore Community Hospital Foundation
- Big Brothers Big Sisters of Monmouth County
- Brookdale Community College Foundation
- CentraState Healthcare Foundation
- Clean Ocean Action
- Coastal American Foundation
- Coastal Habitat for Humanity
- Collier Services Foundation
- Community Medical Center Foundation
- Contact of Ocean County
- County College of Morris Foundation
- CPC Behavioral Healthcare
- Deborah Hospital Foundation
- Diocese of Metuchen
- Diocese of Trenton
- Dottie's House
- Earth Share of New Jersey
- Eastern Monmouth Area Chamber of Commerce
- Epiphany House
- Family and Children's Services
- Festival of the Atlantic
- George Sheehan Classic
- Georgian Court University
- Girl Scouts of Northern New Jersey, Ocean County and the Jersey Shore
- Greater Long Branch Chamber of Commerce
- Greater Long Branch NAACP
- Housing Authority of the City of Long Branch
- Independent College Fund of NJ
- InfoAge Science History Learning Center
- Interfaith Neighbors
- Jersey Shore Council, Boys Scouts of America
- Jersey Shore University Medical Center Foundation
- Kimball Medical Center Foundation
- LADACIN Network
- Long Branch Public Library
- Mercy Center
- Meridian Health Foundation
- Monmouth-Ocean Development Council
- Monmouth Council of Girl Scouts
- Monmouth Council, Boys Scouts of America
- Monmouth County Arts Council
- Monmouth County Office on Aging
- Monmouth County Society for the Prevention of Cruelty to Animals
- Monmouth Health Care Foundation
- Monmouth Medical Center Foundation
- Monmouth Park Charity Fund
- Monmouth University
- Morris Area Girl Scout Council
- Morris County Economic Development Corporation
- Morris Habitat for Humanity
- Morristown Memorial Health Foundation
- National Fuel Funds Network
- New Jersey Association of Conservation Districts
- New Jersey Citizen Action Education Fund
- New Jersey Council on the Arts



- New Jersey Future
- New Jersey Sea Grant Consortium
- New Jersey Repertory Company
- New Jersey State Police Memorial Association
- NJ SHARES
- NJN Foundation
- Ocean County College Foundation
- Ocean County Foundation for Vocational Technical Education
- Ocean County YMCA
- O.C.E.A.N., Inc.
- Ocean Medical Center Foundation
- Ocean of Love
- Partnership for a Drug-Free New Jersey
- Prevention First
- Providence Free Medical Clinic
- Riverview Medical Center Foundation
- Ronald McDonald House
- Saint Clare's Foundation
- Salvation Army - Red Bank Corps
- SCAN Learning Center
- Southern Monmouth Chamber of Commerce
- Southern Ocean County Hospital Foundation
- Special Olympics New Jersey
- The ARC Ocean County Chapter
- The Community YMCA
- The FoodBank of Monmouth and Ocean Counties
- The SIDS Center of NJ
- Tri-County Scholarship Fund
- United Negro College Fund
- United Way of Monmouth County
- United Way of Morris County
- United Way of Ocean County
- Visiting Nurse Association of Central Jersey
- Western Monmouth Chamber of Commerce
- Women's Fund of New Jersey
- YMCA of Western Monmouth County

Conserve to Preserve Foundation

Conserve to Preserve *Foundation*

The Conserve to Preserve Foundation was established in 2008 in support of NJR's belief that environmental protection, intelligent energy use and the preservation of natural resources is a shared responsibility of our company, state and its residents. Its mission is to support environmentally friendly programs, advance energy-efficiency opportunities, promote green job growth and encourage effective environmental stewardship.

The first grant from the Conserve to Preserve Foundation was awarded to the New Jersey Department of Labor and Workforce Development's Green Job Training Partnership Program, which recruits, prepares and trains qualified candidates to fill the growing market for green jobs in the state. Since then, additional grants have funded the purchase of free energy conservation kits for income-eligible customers, research on behavioral aspects that may impact the success of climate change initiatives, such as the Rutgers University Center for Climate and Social Policy and sponsorships for many environmentally focused events and organizations in the state. Furthermore, through our existing partnerships with industry and educational institutions, participants are afforded apprenticeship opportunities in the energy industry.



The Conserve to Preserve Foundation will continue to assist such causes, which enhance the quality of life in our state by promoting energy efficiency and environmental stewardship.

Donor Choice Charity Drive

NJR's employees recognize the importance of giving back to the community. Through the company's annual charity drive, our employees donated to their favorite nonprofit organization. In 2010, employees raised more than \$86,000 and 100 percent was matched by NJR. The annual charity drive is administered with the help of the United Way of Monmouth County.

Recent NJNG Awards

American Cancer Society Award for "Outstanding Contributions to the Fight Against Cancer"

Morris County Chamber of Commerce Leader in Business Award

National Multiple Sclerosis Society 2010 Mission Possible Award

United State's Environmental Protection Agency Distribution Partner of the Year
Natural Gas STAR Award

Downtown Freehold "Thanks for Making a Difference Award"

Volunteers Inspiring Service In Our Neighborhoods



Every year, our employees and retirees, with the help of their families and friends, generously give of their own time to support community projects through our Volunteers Inspiring Service in Our Neighborhoods (VISION) program. In fiscal 2010, these generous individuals spent more than 4,300 hours making a difference in our communities.





NJR Employees Restore Historic Fort Hancock

Our employees dedicated 1,000 hours of volunteer service over the course of two days to restore and refurbish the facilities of several nonprofit organizations, including the New Jersey Sea Grant Consortium, the American Littoral society, the Sandy Hook Foundation, the Sandy Hook Child Care Center and the National Park Service at Sandy Hook, all located within Historic Fort Hancock.

Home Ownership Program

Our long-standing relationship with the Asbury Park nonprofit Interfaith Neighbors helps provide affordable housing opportunities for Monmouth County families through its Home Ownership Program. The program offers the chance for working-poor families to purchase a home when they otherwise would be unable to afford one. Most recently, a deserving family became a proud first-time homeowner. The home, located on Borden Avenue in Asbury Park, is equipped with high-efficiency appliances and energy-efficient lighting to help the family save energy and manage utility costs.



The Interfaith Neighbors Home Ownership Program was launched in 1996 with an initial donation of \$25,000 from NJNG for the renovation of a boarded-up home in Asbury Park. The program has grown and since that time 25 homes have been completed and 23 deserving families have benefitted from the purchase of renovated or newly built homes. NJNG is also working with Interfaith Neighbors and other community organizations to construct the Springwood Center, which will house the Asbury Park Senior Center, eight affordable housing rentals, retail space and the Asbury Park police department. Moreover, NJNG is a corporate sponsor of Interfaith Neighbor's Asbury Park West Side Neighborhood Revitalization Plan to improve housing conditions, strengthen the economy and enhance the quality of life through the redevelopment of Asbury Park's West Side. More information about NJNG's partnership with Interfaith Neighbors can be seen in a short video in the Community section of www.njliving.com.



Homes for All



In 2009, NJNG committed \$85,000 to support a dual-phase project to bring public water, sewer and natural gas services to the Manitou Park section of Berkeley Township. The project also includes the construction of 82 affordable homes. Since then, Homes for All, an experienced nonprofit developer of affordable housing, continues to work in partnership with NJNG and Berkeley Township, along with various other local agencies, to plan and finance the public improvements and home construction of the Manitou Park section of Berkeley Township.

Homes for All first learned of the area's living conditions when the nonprofit's Hands for All program donated and installed a new heating system for a income-eligible family. When the homeowner offered the employees a glass of water, they noticed immediately that the water was cloudy. Follow-up research revealed that the wells in Manitou Park were failing and water tests indicated marginal levels and impending well failures. Subsequently, two of the wells failed. Committed to resolving the issues for the benefit of residents of Manitou Park, Homes for All raised the money to repair and drill new wells to fix the problem. Additionally, the nonprofit is building an infrastructure system that will bring public water and sanitary utilities to the entire community.

The Manitou Park section of Berkeley Township is located just one mile from downtown Toms River and is currently comprised of 84 residences, 82 Homes for All building sites and a few privately owned lots. Amenities in the community include a Green Acres Preservation Area, a baseball field and recreation area, five churches, a police and fire department and a day care center.

Morris Habitat for Humanity and Morris County Affordable Housing Corporation



Partnering with Morris Habitat for Humanity provided NJNG the opportunity to support its first affordable housing project in Morris County, which was completed in fall 2010. Morris Habitat for Humanity advocates for and builds decent affordable housing to enhance lives of deserving families and strengthen the community as a first step to breaking the vicious cycle of poverty. NJNG made an initial contribution of \$25,000 toward the construction of a modest three-bedroom, one-bathroom home on Ann Street in Dover Township, which is now home to a deserving family.



Since that time, NJNG has partnered with Morris Habitat for Humanity and Morris County Affordable Housing Corporation, donating \$50,000 toward the construction of a six-unit townhouse located on Peer Place in Denville. The homeowner families have already been selected. A groundbreaking ceremony was held in September 2010 and anticipated completion of the units scheduled for late 2011, early 2012.

Supporting Our Food Banks

NJNG has been a longtime supporter of local food banks, believing that providing food to the less fortunate is one of the most important ways to help those in need. Over the past several years we have partnered with many nonprofit food pantries in an effort to do just that. In addition to holiday food drives, our employees and retirees, along with their families and friends, volunteer hundreds of hours each year at food banks and pantries in our service territory.

Recently, NJNG made a \$50,000 contribution for a refrigerated mobile food pantry, which allows the FoodBank of Monmouth and Ocean Counties to distribute food in areas not adequately served by food pantries. Visit www.njliving.com/community to watch a brief video about the new mobile pantry and our relationship with the FoodBank.



Energy for Education



Few NJR initiatives have more potential impact or profound reach than our education programs that encourage academic excellence and performance. In partnership with those who share our hopes of building a promising future for today's youth through lifelong education, our goals are to stimulate learning, increase motivation and open a world of opportunities beyond the schooling years. Programs include SAT preparation, college tours, literacy programs, corporate tours, Achieve 3000 and the Energy Hog.

As part of this effort, NJNG provides students in Asbury Park and Lakewood middle schools the chance to experience the business world firsthand through the Project Venture mentoring program. NJNG employee mentors work closely with assigned mentees, sharing with them valuable insight into the working world and helping to prepare them for challenging careers.



The program began over 20 years ago with just five students and, since that time, more than 225 students have participated.

NJNG is helping former Project Venture students realize their full potential by providing scholarships for graduating seniors who move on to an accredited two or four-year college, university or vocational school. Each year, two students who previously participated in Project Venture – one from Lakewood and one from Asbury Park – are selected and presented with a \$2,000 scholarship. This year’s recipients were Andres Estionza, who went on to study at Ocean County College, and Jeron Valentine, who continued his education at The College of New Jersey.

Community outreach is an integral component of our Speakers’ Bureau program, which provides us with a platform to interact with community members, educating them on such topics as natural gas safety and energy efficiency and conservation. Moreover, our presentations are designed to appeal to all our neighbors, from young students to senior citizens. Over the past year, our employees delivered approximately 172 Speaker’s Bureau presentations to more than 10,000 customers and other community members.

We believe that educating our young children about energy conservation will help them make wise energy choices throughout their lives. As such, we promote the importance of conservation-focused education as a first step to help children understand early on the positive impact they can have on our environment by implementing small changes at home. One such education resource is the NJNG-sponsored Energy Hog, a nationwide energy-efficiency campaign launched by the Alliance to Save Energy and the Ad Council. The program’s fun, interactive games are designed to help children understand the importance of saving energy. The Kids and Conservation section of our Web site also provides a variety of resources to engage children on the topic of energy efficiency.





Gift of Warmth

Gift of Warmth

At NJNG, we believe that no one should have to choose between heating their home and meeting another basic necessity. The Gift of Warmth was established by NJNG to help income-eligible households, as well as customers experiencing temporary or unanticipated financial hardship, pay their heating bills.

Each year, customers, shareowners and employees are invited to help families in our service territory by contributing to the fund. NJNG matches these contributions dollar-for-dollar, up to a total of \$80,000 each year. Since the program began nearly 20 years ago, the generosity of donors has enabled us to raise more than \$4.8 million and provide assistance for 19,407 families.

Support Our Troops

Employees, retirees and their families, along with school children throughout our service territory, write heartfelt cards all year long to our troops serving overseas. Whether it's our Hearts for Heroes cards in February, Flags for Freedom cards in June, Thanks for Giving in November or holiday cards in December, we have provided tens of thousands of uplifting notes of thanks to our troops. In addition, our employees donate and send candy, toiletry items and other products throughout the year.

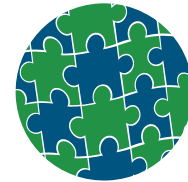


Once again, NJNG partnered with the Asbury Park Press to expand its card-writing efforts, offering even more local students the opportunity to send notes of thanks and appreciation to our troops. After stories and advertisements ran in the paper encouraging local schools to participate, NJNG's community relations department was flooded with requests for cards. The response exceeded expectations with over 40,000 cards sent to troops at both Thanksgiving and Valentine's Day.



Diversity

At NJR, we believe diversity extends far beyond the characteristics of race, age, gender, ethnicity, religion or physical condition. As such, we are committed to strengthening our company through education, understanding and recognition that diversity is a core value and a competitive advantage. By creating an open and inclusive environment where all people are respected for their diverse perspectives and backgrounds, we encourage the creativity that sparks new ideas and improves the way we do business every day.



*Our World
of Difference*

NJR's Diversity Council is comprised of employee volunteers who work throughout the year to educate their colleagues by hosting special events and sharing information that helps us to recognize and appreciate the diverse perspectives within our organization. Over the past year, diversity events have provided training and skills to employees, providing them with the tools they need to help them successfully live and work within a diverse community.

Ethics

At NJR, we strive to instill a sense of personal responsibility in each of our employees through annual Code of Conduct training. All employees are required as a means to familiarize themselves with, and reinforce, the policies and procedures that must govern their day-to-day business practices. One hundred percent of Code of Conduct violations are thoroughly investigated and acted upon. Employees and members of the public have access to a toll-free hotline through Ethicspoint, Inc. where potential violations can be reported anonymously 24 hours a day, 365 days a year. Any communications received through Ethicspoint are forwarded immediately to NJR's designated contact and appropriate action is taken within 24 hours.

Through strong corporate governance and leadership practices, we ensure business is carried out in an ethical manner at all levels of the organization.



Summary

Corporate responsibility is a critical component of NJR's strategy, combining company values and beliefs to ensure a sustainable future.

From investing in clean energy as a means to provide customers with access to renewable, low-carbon energy solutions to helping them ease the burden of implementing energy-efficiency measures, NJR is committed to a vision of sustainability and holds itself accountable with clear and measurable goals.

Moreover, creating a positive community impact is central to NJR's support of local nonprofits organizations and the neighborhoods it serves.

In the words of Larry Downes, chairman and chief executive officer, we all have a role to play in protecting our natural resources and enhancing the quality of life for our communities, today and for generations to come.