

2nd Quarter Fiscal 2009 Update



April 29, 2009



Regarding Forward-Looking Statements

Certain statements contained in this presentation are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can also be identified by the use of forward-looking terminology such as “may,” “intend,” “expect,” or “continue” or comparable terminology and are made based upon management’s expectations and beliefs concerning future developments and their potential effect upon New Jersey Resources (NJR or the Company). There can be no assurance that future developments will be in accordance with management’s expectations or that the effect of future developments on the Company will be those anticipated by management.

The Company cautions persons reading or hearing this presentation that the assumptions that form the basis for forward-looking statements regarding customer growth, customer usage, financial condition, results of operations, cash flows, capital requirements, market risk and other matters for fiscal 2009 and thereafter include many factors that are beyond the Company’s ability to control or estimate precisely, such as estimates of future market conditions, the behavior of other market participants and changes in the debt and equity capital markets. **The factors that could cause actual results to differ materially from NJR’s expectations include, but are not limited to, such things as weather, economic conditions and demographic changes in the New Jersey Natural Gas (NJNG) service territory, rate of NJNG customer growth, volatility of natural gas commodity prices and its impact on customer usage, NJR Energy Services’ (NJRES) operations and the Company’s risk management efforts, changes in rating agency requirements and/or credit ratings and their effect on availability and cost of capital to the Company, continued volatility or seizure of the credit markets that would result in the decreased availability and access to credit at the Company and its subsidiaries, increases in borrowing costs associated with variable rate debt, commercial and wholesale credit risks, including the creditworthiness of customers and counterparties, the ability to obtain governmental approvals and/or financing for the construction, development and operation of certain non-regulated energy markets, risks associated with the management of the Company’s joint venture and partnerships, the impact of governmental regulation (including the regulation of rates), fluctuations in energy-related commodity prices, conversion activity and other marketing efforts, actual energy usage of NJNG’s customers, the pace of deregulation of retail gas markets, access to adequate supplies of natural gas, the regulatory and pricing policies of federal and state regulatory agencies, the ultimate outcome of pending regulatory proceeding, changes due to legislation at the federal and state level, the availability of an adequate number of appropriate counterparties in the wholesale energy trading market, sufficient liquidity in the wholesale energy trading market, the disallowance of recovery of environmental-related expenditures and other regulatory changes, environmental-related and other litigation and other uncertainties, the effects and impacts of inflation on NJR and its subsidiaries operations, change in accounting pronouncements issued by the appropriate standard setting bodies, terrorist attacks or threatened attacks on energy facilities or unrelated energy companies and other uncertainties.** While the Company periodically reassesses material trends and uncertainties affecting the Company’s results of operations and financial condition in connection with its preparation of management’s discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports filed with the Securities and Exchange Commission, the Company does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.

Disclaimer Regarding Non-GAAP Financial Measures

This presentation includes the non-GAAP measures net financial earnings (losses) and financial margin. As an indicator of the company's operating performance, these measures should not be considered an alternative to, or more meaningful than, GAAP measures such as cash flow, net income, operating income or earnings per share. Net financial earnings (losses) and financial margin exclude unrealized gains or losses on derivative instruments related to the company's unregulated subsidiaries and certain realized gains and losses on derivative instruments related to natural gas that has been placed into storage at NJRES. Volatility associated with the change in value of these financial and physical commodity contracts is reported in the income statement in the current period. In order to manage its business, NJR views its results without the impacts of the unrealized gains and losses, and certain realized gains and losses, caused by changes in value of these financial instruments and physical commodity contracts prior to the completion of the planned transaction because it shows changes in value currently as opposed to when the planned transaction ultimately is settled.

Management uses Financial Margin and Net Financial Earnings as supplemental measures to other GAAP results to provide a more complete understanding of the company's performance. Management believes these non-GAAP measures are more reflective of the company's business model, provide transparency to investors and enable period-to-period comparability of financial performance. A reconciliation of all non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found in our Current Report on Form 8-K, which was filed today. For a full discussion of our non-GAAP financial measures, please see Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2008.



- Increased net financial earnings (NFE) guidance to a range of \$2.35 to \$2.45 per basic share
- Implemented 10.7 percent dividend increase
- 27 percent increase in in fiscal year-to-date earnings at NJNG
- Accelerated Infrastructure Program (AIP) approved
- Fiscal year-to-date 2009 customer additions total 3,147
- NJRES to account for 30 to 35 percent of NFE in fiscal 2009 – in line with expectations



(\$ millions)				
Company	FYTD 2009	FYTD 2008	Change	
New Jersey Natural Gas	\$64.7	\$50.8	\$13.9	
NJR Energy Services	40.7	62.6	(21.9)	
Retail/Other	(0.2)	0.9	(1.1)	
Total	\$105.2	\$114.3	\$(9.1)	
Per basic share	\$2.48	\$2.74	\$(0.26)	

- Results affected by seasonality
- Earnings at NJNG have substantially increased
- NJRES remains on target to contribute 30 – 35 percent of NFE

Based on Net Financial Earnings

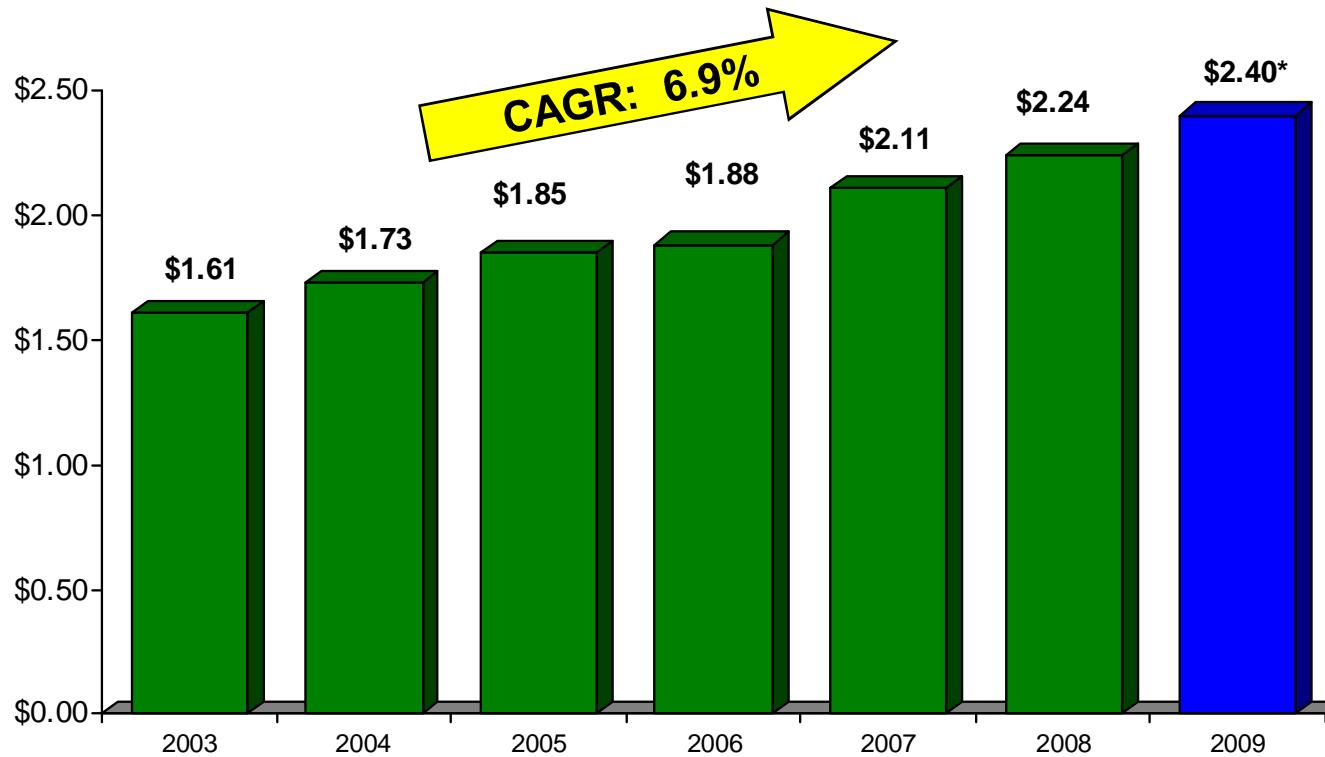


NJR increased its Net Financial Earnings guidance to \$2.35 to \$2.45 per basic share in fiscal 2009

- Q3 and Q4 of fiscal 2009 are expected to be substantially better than last year
- Why?
 - New base rates in effect
 - Strong incentive program performance
 - Steady customer growth
 - Low interest rates
 - Improved results from NJRES versus last year



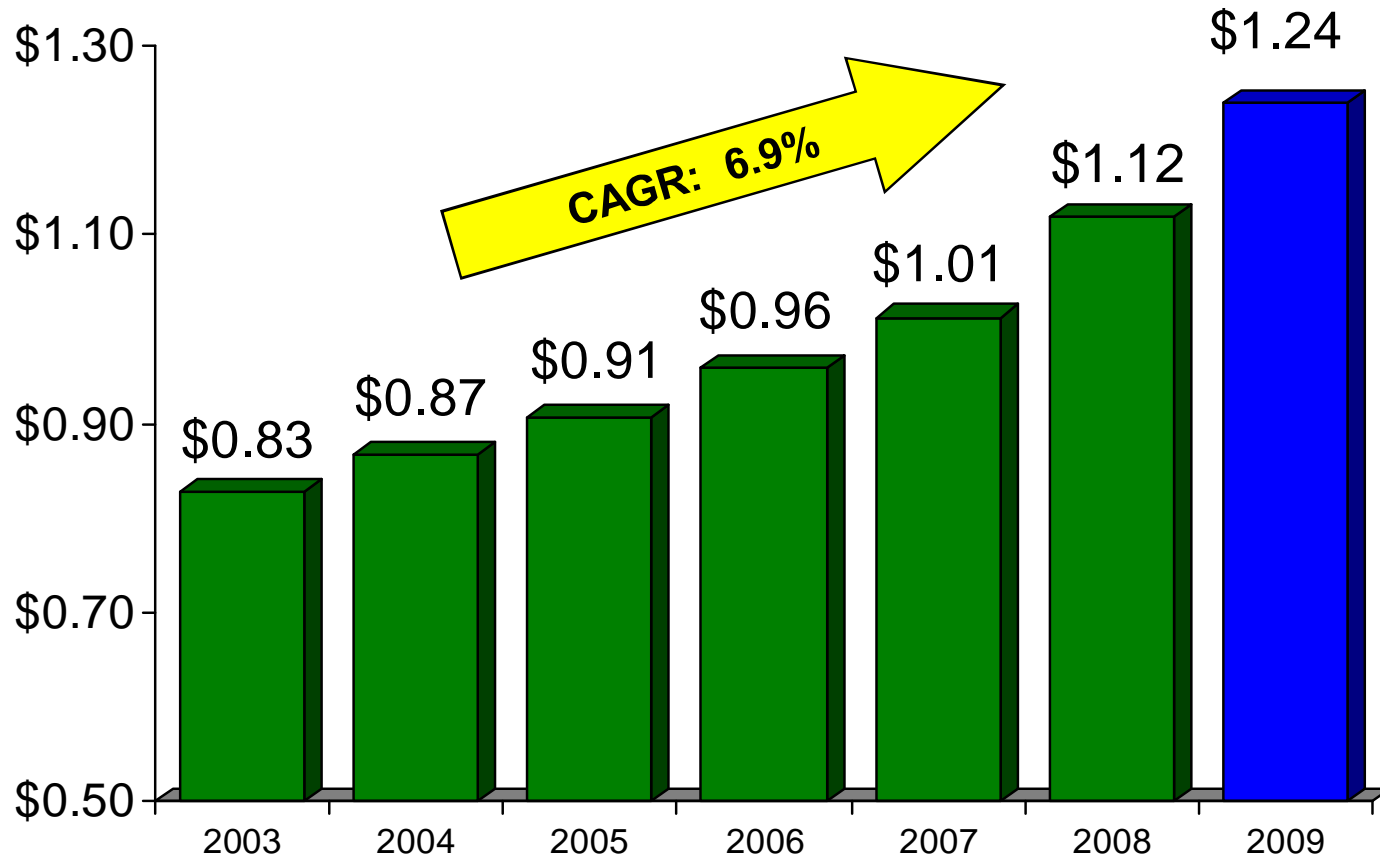
Consistent Financial Performance



NJR currently estimates Net Financial Earnings of \$2.35 to \$2.45 per basic share in fiscal 2009

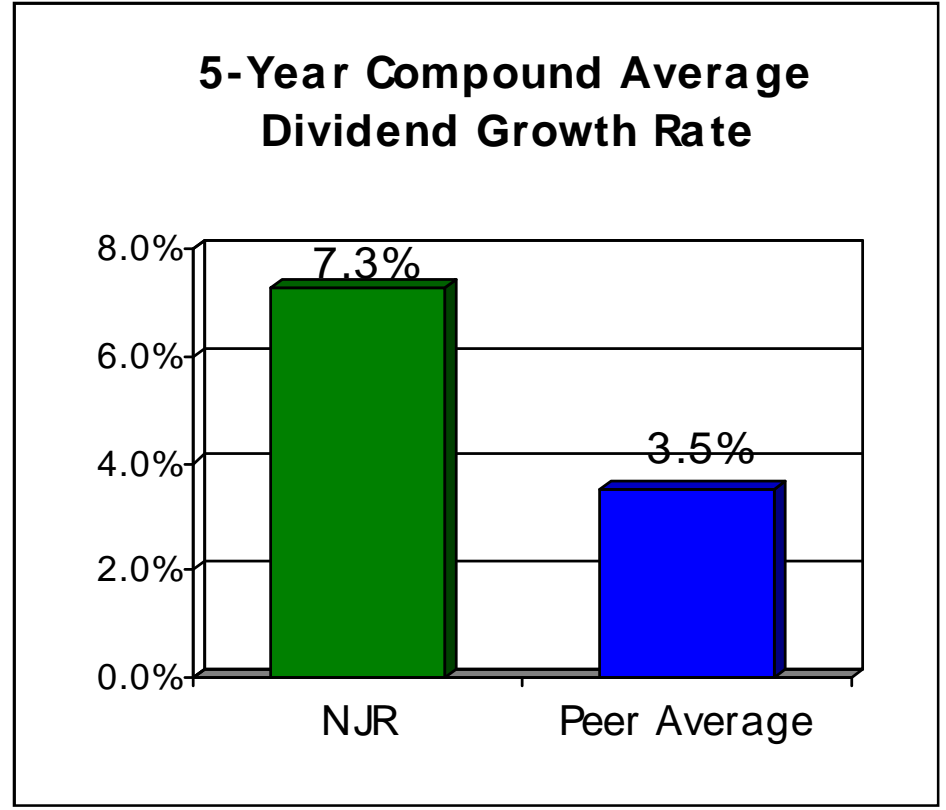
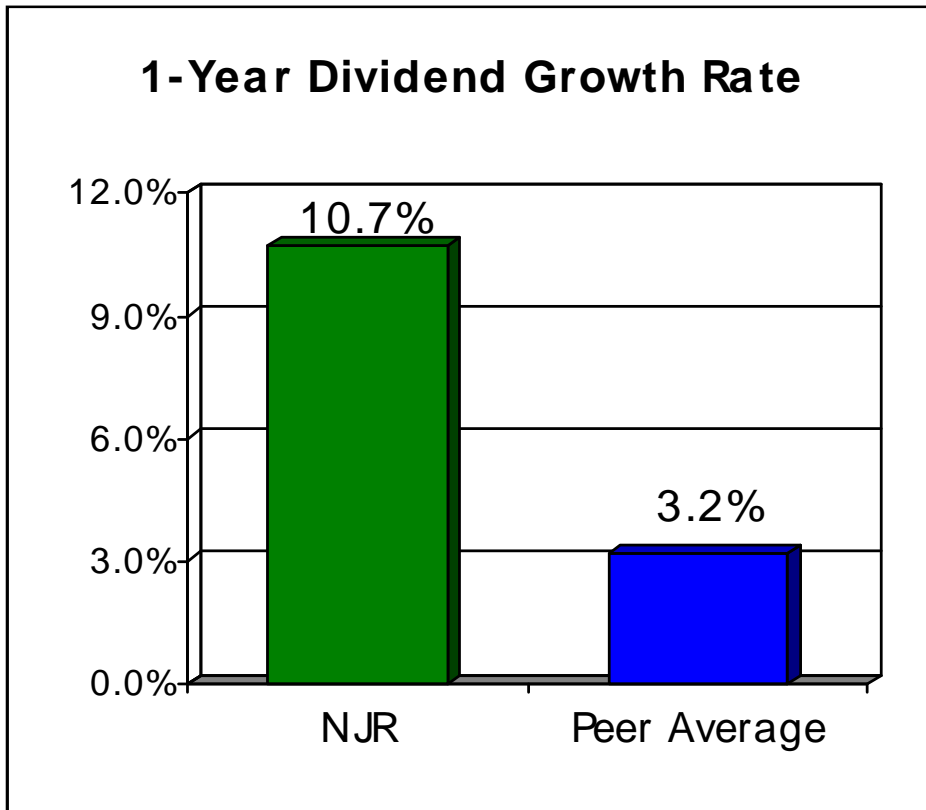
* Based on midpoint of earnings guidance





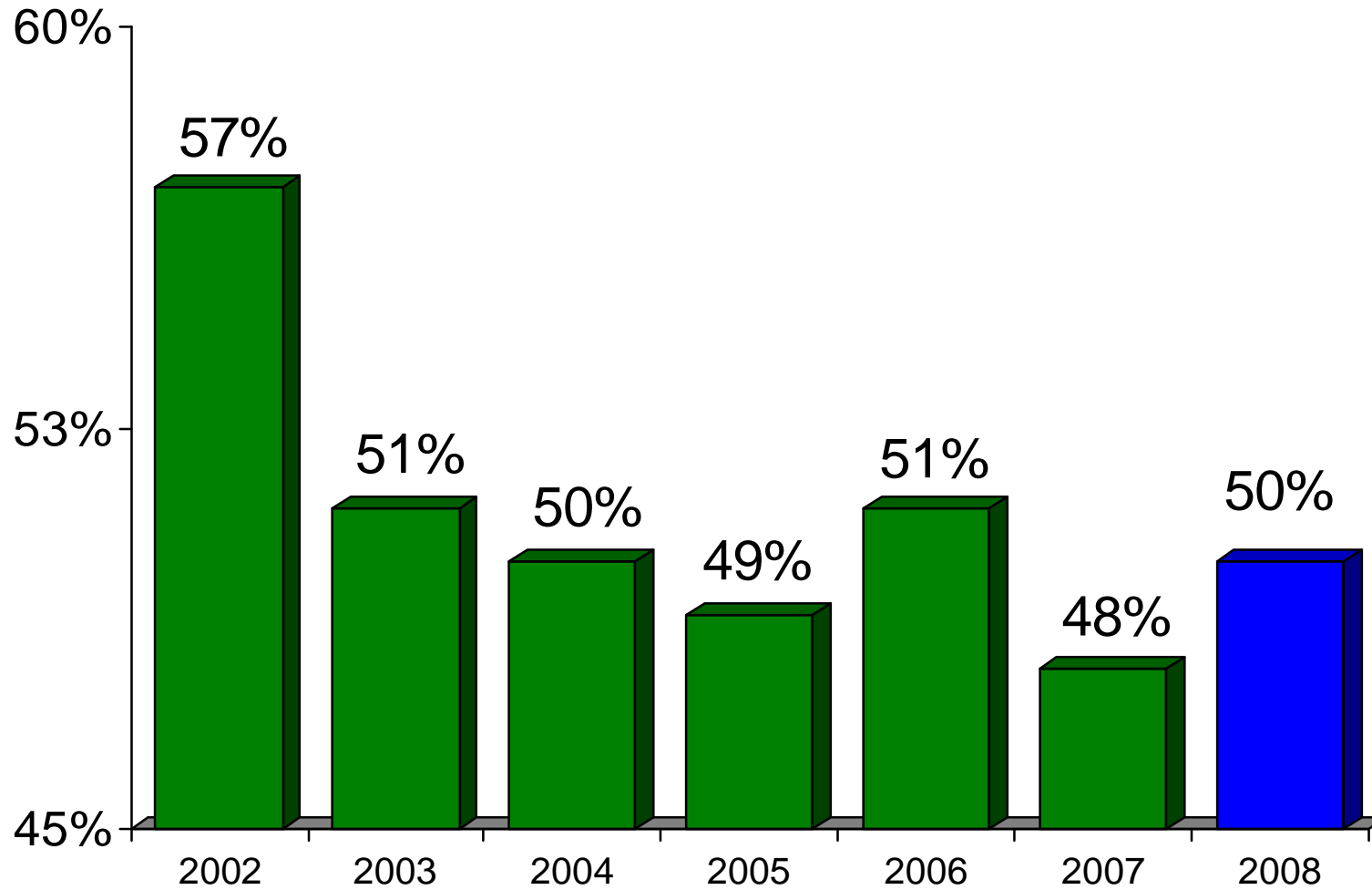
10.7 percent increase effective January 2, 2009





Growth rate based on indicated rates

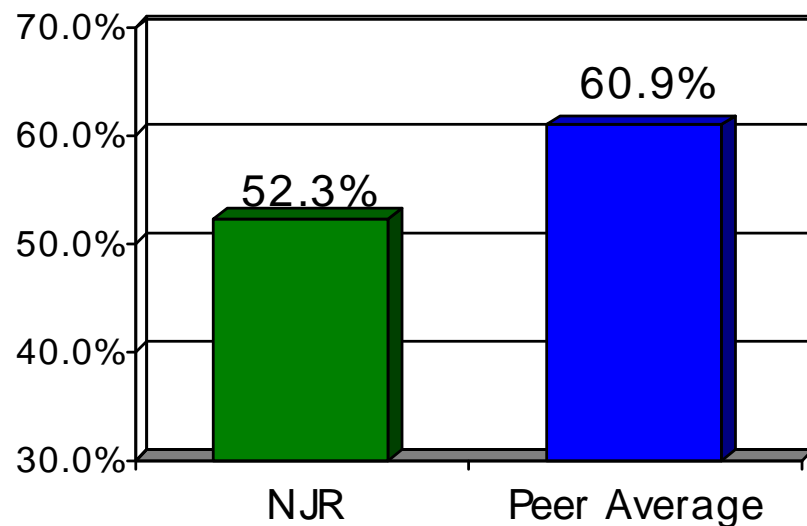




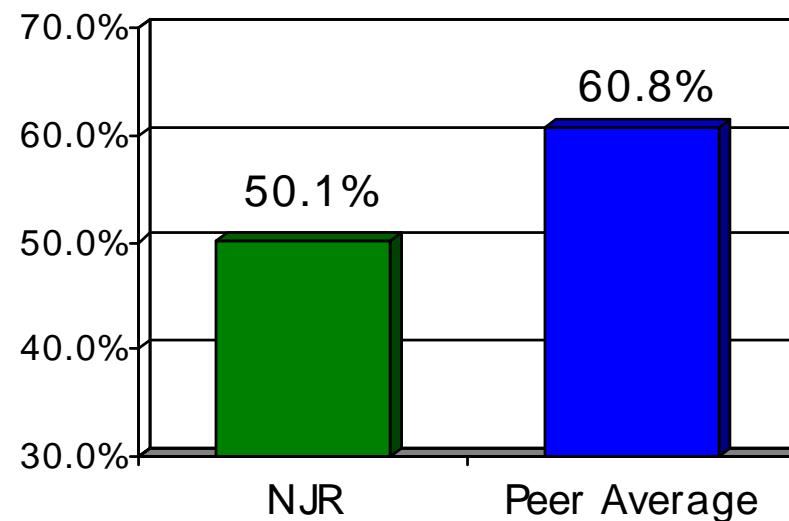
Based on Net Financial Earnings



Current Indicated Dividend Payout Ratio



5-Year Average Payout Ratio



Peer average payout ratios based on indicated dividend rates and consensus earnings estimates for 2009 and actual dividend paid and reported earnings for 2008 and 2004.



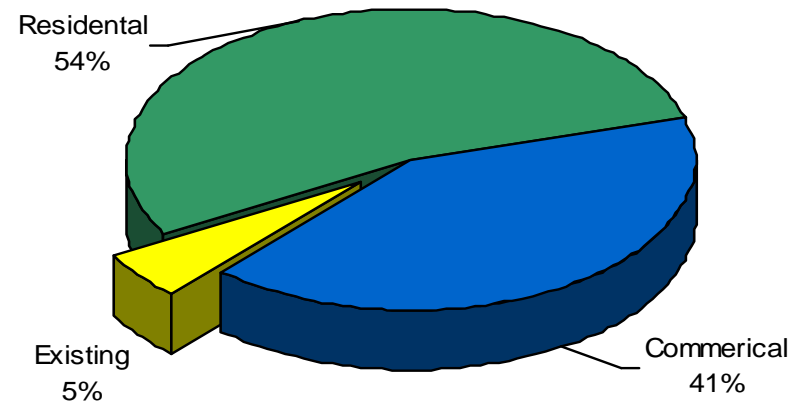
Our Strategic Position is Strong on Key Issues

Industry Concern	NJR Status
Tight Credit/Liquidity	<ul style="list-style-type: none"> • No plans to access LT capital markets in 2009 or 2010 • NJR \$325 million credit facility in place through 2012 • Demand for NJNG CP remains strong; A1, P1 issuer
Volatile Interest Rates	<ul style="list-style-type: none"> • Short-term rates remain low • Pension costs aided by higher discount rate in fiscal 2009
Slowing Customer Growth	<ul style="list-style-type: none"> • NJNG forecasting 12,000 to 14,000 customers over next two years • 650 non-gas heating customers converted annually • Current conversion market remains strong
Increased Bad Debt Expense	<ul style="list-style-type: none"> • Impact of lower commodity prices mitigating higher write-offs • BGSS prices expected to fall even further
Regulatory Risks	<ul style="list-style-type: none"> • Base rate case completed - effective October 2008 • Expansion and extension of incentive programs • AIP approved

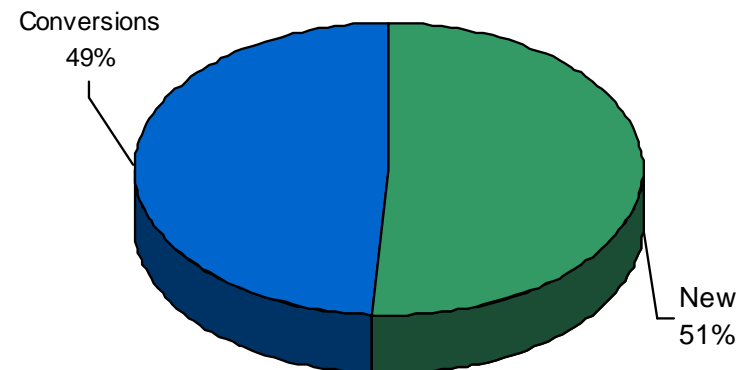


- Customer Growth
 - 3,147 new customers through March 31, 2009
 - 366 additional existing customer heat conversions
 - Expected customer growth rate of 1.3 percent in fiscal 2009 will contribute \$3.6 million of new margin

FYTD 2009 Margin Contribution



FYTD 2009 New Customer Breakdown



- Approved by BPU on April 16
- Investment of up to \$70.8 million on infrastructure projects
- Creates up to 100 new jobs
- Rate recovery of program spending annually at WACC
- Will ensure the continued safe and reliable delivery of natural gas to our growing customer base
- 2-year program

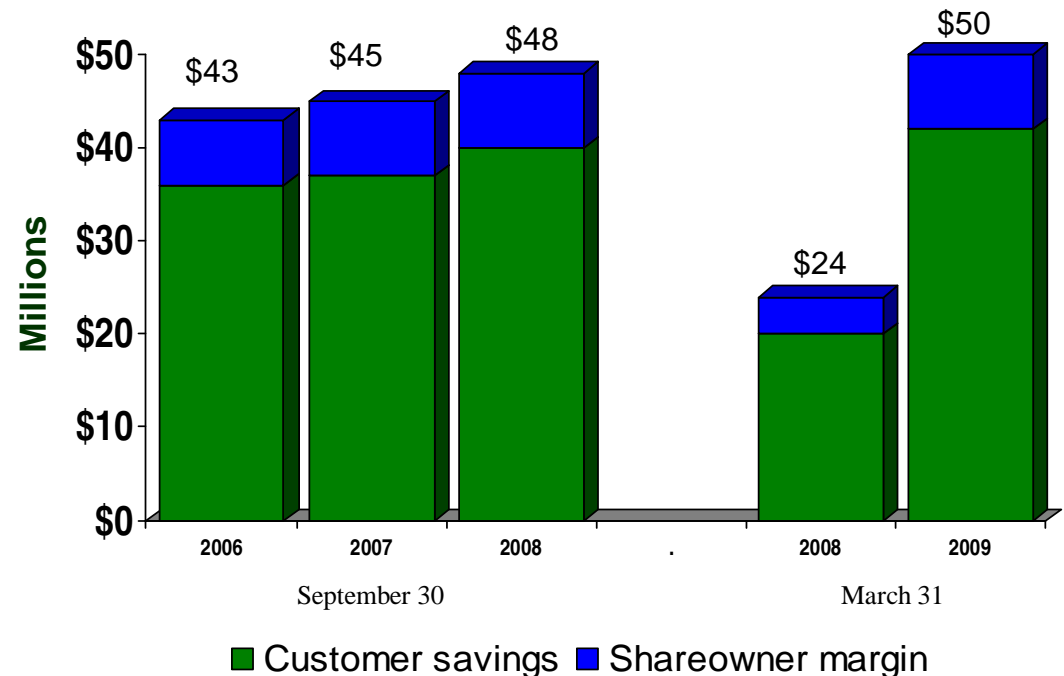


Incentives

- Off-system sales and capacity release
 - In place since 1992
 - Optimization of capacity contracts
 - Sharing formula of 85 percent customer; 15 percent NJNG

- Storage Incentive (SI)
 - In place since 2004
 - Promotes long-term price stability
 - Promotes cost efficiencies
 - Sharing formula of 80 percent customer; 20 percent NJNG

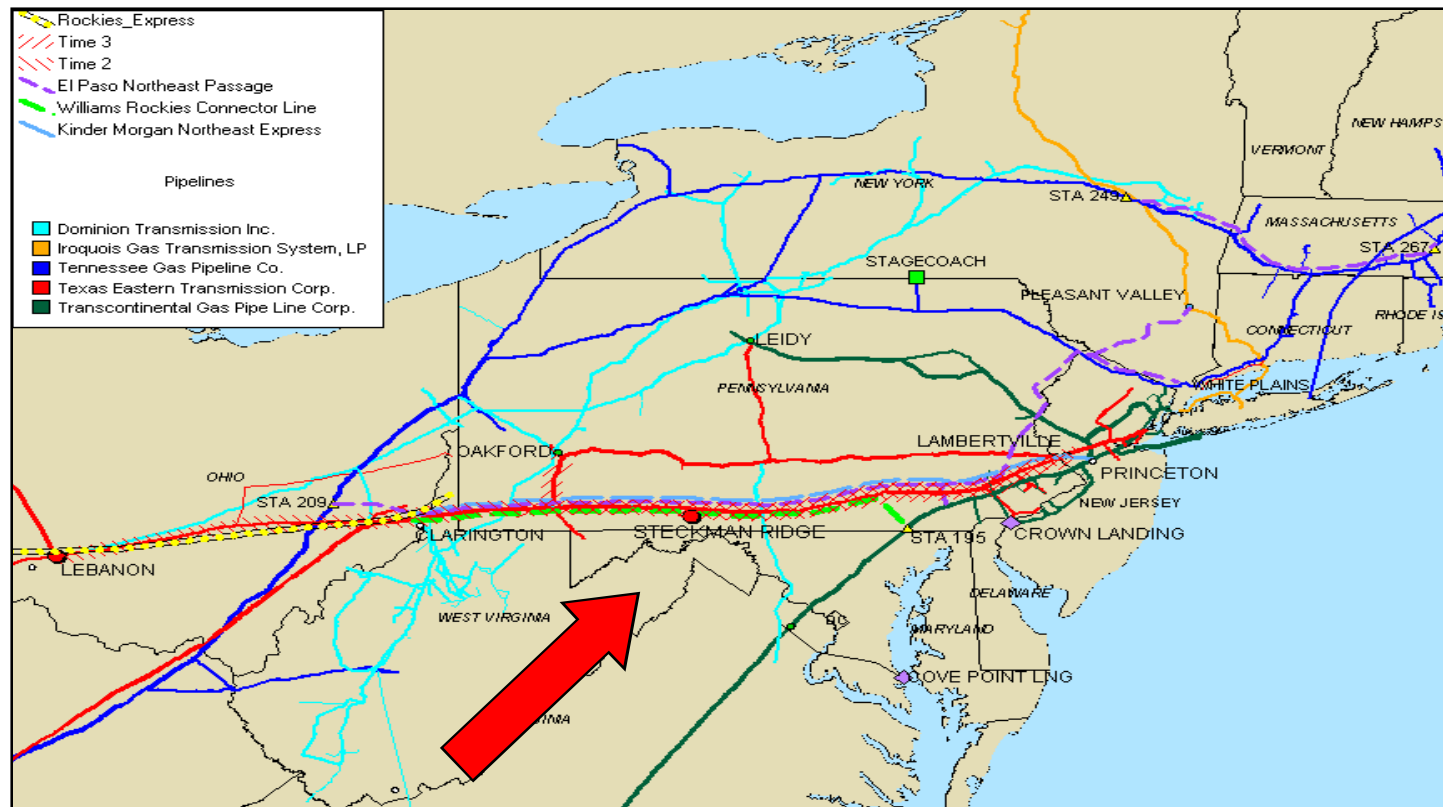
- Financial Risk Management (FRM)
 - In place since 1997
 - Promote application of risk management techniques
 - Sharing formula of 85 percent customer; 15 percent NJNG

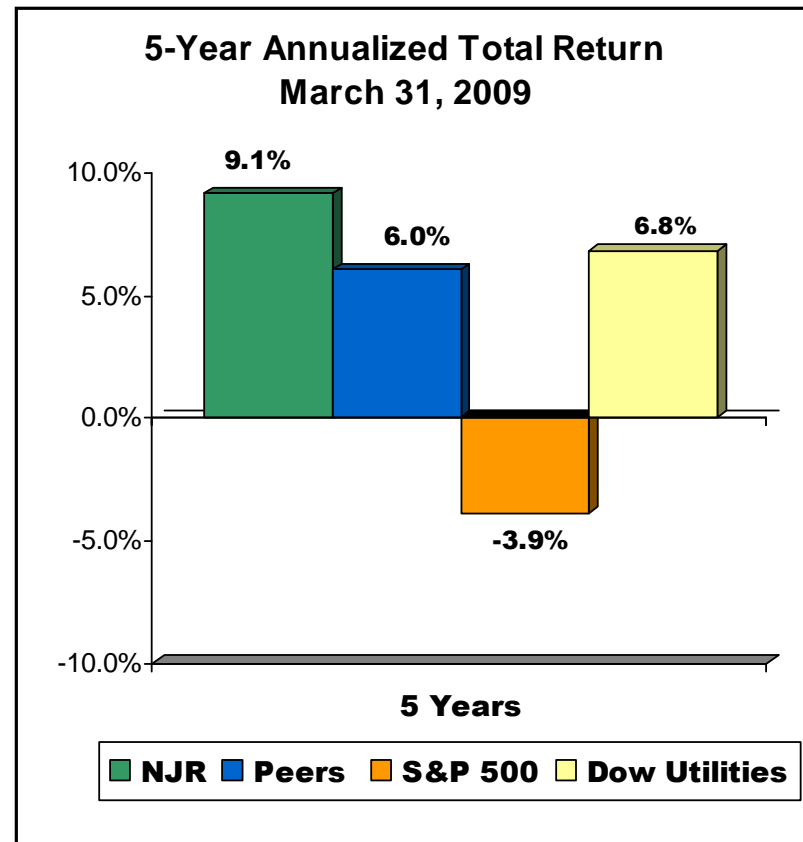
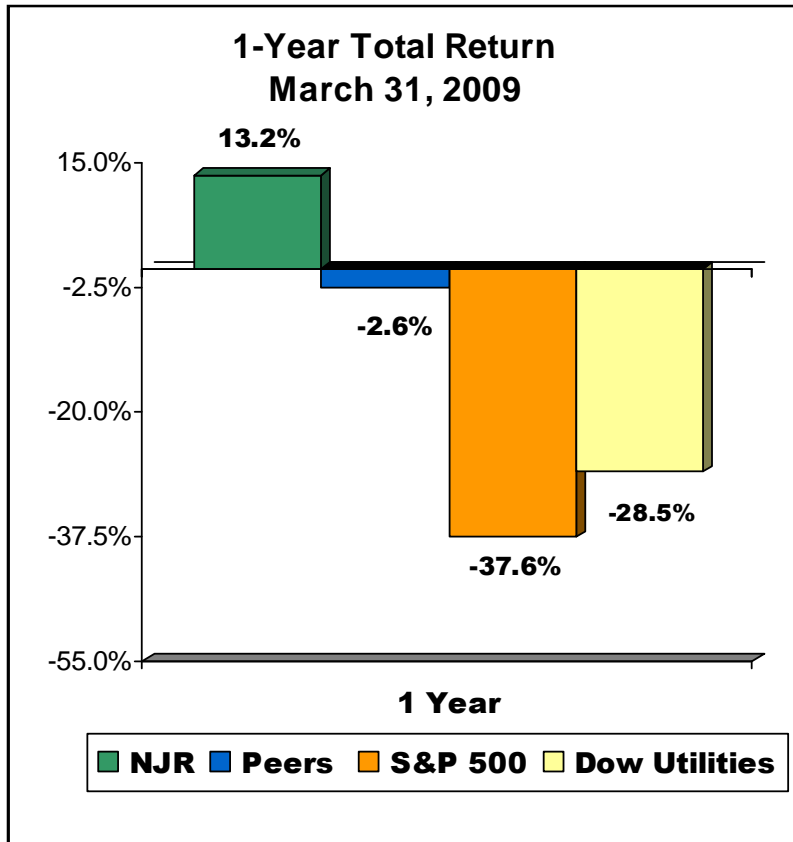


- Demand for NJNG commercial paper remains strong
- Issued \$125 million of MTNs at 5.6 percent at NJNG in May 2008 to pay down short-term debt
- No long-term debt issuances currently planned in fiscal 2009 or 2010
- Committed Bank Facilities in place
 - \$325 million at NJR for 4 years at favorable rates
 - \$250 million at NJNG used to support commercial paper program



- Steckman Ridge
 - \$134 million investment in 50 percent joint venture with Spectra
 - Up to 12 Bcf storage facility in southwestern Pennsylvania
 - Customers have begun to inject natural gas inventory for next season
 - Expected to add to earnings in fiscal 2010





- We have...
 - The fundamentals in place to increase earnings
 - The ability to increase dividends
 - A strong financial profile
 - A collaborative relationship with regulators
 - Favorable service area demographics
 - Disciplined capital allocation, *and...*
 - A track record of growth and consistent results



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**New Jersey
Resources**

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