



# NEWS Release

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# NEW JERSEY RESOURCES REPORTS SOLID FISCAL 2016 SECOND QUARTER RESULTS; REAFFIRMS FISCAL 2016 NET FINANCIAL EARNINGS GUIDANCE

**WALL, N.J.** — New Jersey Resources (NYSE: NJR) today reported solid results for the second quarter of fiscal 2016 and reaffirmed net financial earnings (NFE) guidance for the year.

A reconciliation of NFE to net income for the second quarter of fiscal years 2016 and 2015 is provided below.

(Thousands)		Three Mor	 		Six Mon Mar		
		2016	2015		2016		2015
Net income	\$	73,328	\$ 60,903	\$	121,975	\$	184,223
Add:							
Unrealized loss (gain) on derivative instruments and related transactions		3,170	68,474		2,035		(20,198)
Effects of economic hedging related to natural gas inventory		(1,054)	(23,450)		2,759		(32,215)
Tax adjustments		2,436	(6,784)		743		22,443
Net financial earnings	\$	77,880	\$ 99,143	\$	127,512	\$	154,253
Weighted Average Shares Outstanding							
Basic		85,834	85,328		85,754		84,940
Diluted	_	86,858	 86,370	_	86,778	_	85,982
Basic earnings per share	\$	0.85	\$ 0.71	\$	1.42	\$	2.17
Basic net financial earnings per share	\$	0.91	\$ 1.16	\$	1.49	\$	1.82

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NFE is a financial measure not calculated in accordance with generally accepted accounting principles (GAAP) of the United States as it excludes all unrealized, and certain realized, gains and losses associated with derivative instruments, net of applicable tax adjustments. For further discussion of this financial measure, please see the explanation below under "Non-GAAP Financial Information."

# - NJR Reports Strong Second Quarter Fiscal 2016 Net Financial Earnings

For the three-month period ended March 31, 2016, NFE were \$77.9 million, or \$0.91 per share, compared with \$99.1 million, or \$1.16 per share, during the same period last year. Fiscal 2016 year-to-date NFE at NJR totaled \$127.5 million, or \$1.49 per share, compared with \$154.3 million, or \$1.82 per share, during the first six months of fiscal 2015.

	Three Months Ended March 31,					Six Months Ended March 31,					
(Thousands)	2016		2015		2016		2015				
Net Financial Earnings (Loss)											
New Jersey Natural Gas	\$ 48,961	\$	48,594	\$	79,531	\$	76,780				
NJR Energy Services	17,005		36,316		27,019		52,752				
NJR Clean Energy Ventures	11,806		13,010		19,311		22,018				
NJR Midstream	2,228		2,604		4,572		4,724				
NJR Home Services and Other	(2,040)		(1,359)		(2,623)		(1,951)				
Sub-total	 77,960		99,165		127,810		154,323				
Eliminations	(80)		(22)		(298)		(70)				
Total	\$ 77,880	\$	99,143	\$	127,512	\$	154,253				

<sup>&</sup>quot;The women and men of New Jersey Resources are the foundation of our company and thanks to their hard work and contributions, our outlook for fiscal 2016 remains strong," said Laurence M. Downes, Chairman and CEO of New Jersey Resources. "New Jersey Natural Gas, our primary business, led our results and its steady margin growth continues to provide value for shareowners."

#### NJR Reaffirms Fiscal 2016 Net Financial Earnings Guidance

NJR reaffirmed previously announced fiscal 2016 NFE guidance in the range of \$1.55 to \$1.65 per share, subject to the risks and uncertainties identified below under "Forward-Looking Statements."

NJR expects its regulated businesses to generate between 65 to 80 percent of total NFE, with New Jersey Natural Gas (NJNG) continuing to be the largest contributor. The following chart represents NJR's current expected contributions from its subsidiaries:

Company	Expected Fiscal 2016 Net Financial Earnings Contribution
New Jersey Natural Gas	60 to 70 percent
NJR Midstream	5 to 10 percent
Total Regulated	65 to 80 percent
NJR Clean Energy Ventures	10 to 20 percent
NJR Energy Services	5 to 15 percent
NJR Home Services	1 to 3 percent

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# New Jersey Natural Gas Reports Earnings

For the three-month period ended March 31, 2016, NFE were \$49.0 million compared with \$48.6 million during the same period last year. Fiscal 2016 year-to-date NFE at NJNG, the company's regulated utility subsidiary, were \$79.5 million, compared with \$76.8 million during the same period last year. Results were driven by higher utility gross margin from customer additions, Basic Gas Supply Service (BGSS) incentive programs and regulatory initiatives, such as The SAVEGREEN Project® (SAVEGREEN) and the Safety Acceleration and Facility Enhancement (SAFE) program.

During the first six months of fiscal 2016, NJNG added 3,655 new customers compared with 4,079 during the same period last year. Additionally, in the first six months of fiscal 2016, a total of 400 existing non-heat customers converted to natural gas heat, compared with 390 during the same period last year. NJNG anticipates these new and conversion customers will contribute approximately \$3.1 million annually to utility gross margin, a 26 percent increase over the same period last year, driven primarily by a large industrial customer switching from interruptible to firm service.

"New Jersey Natural Gas expects to add 8,150 new customers this year, a 4 percent increase over last year, and we expect new customer additions to continue to provide year-over-year margin growth through fiscal 2018 and beyond," continued Downes. In addition, our incentive programs are an important way our customers save money, while providing value for our shareowners."

NJNG currently expects to add a total of 24,000 to 28,000 new customers between fiscal 2016 and 2018, representing a new customer annual growth rate of approximately 1.6 percent. NJNG anticipates these new customers and conversions will contribute approximately \$4.4 million annually to utility gross margin. For more information on utility gross margin, please see "Non-GAAP Financial Information" below.

#### The SAVEGREEN Project

The NJNG energy-efficiency program, SAVEGREEN, provides customers with grants and financing options to help make upgrading to high-efficiency natural gas equipment more affordable. In the second quarter of fiscal 2016, SAVEGREEN invested \$4.9 million in grants and financing options — increasing the year-to-date investments to \$13.5 million.

Since its inception in 2009, SAVEGREEN investments, totaling over \$131 million, have helped nearly 43,000 customers reduce energy consumption and lower their energy bills. This program directly supports New Jersey's Energy Master Plan. In addition, through SAVEGREEN, NJNG has helped generate more than \$315 million in economic activity by working with the nearly 2,400 contractors who have participated in the project.

In total, NJNG has approval to invest approximately \$220 million in SAVEGREEN through July 31, 2017. The company is authorized to earn an overall return on its SAVEGREEN investments, ranging from 6.69 percent to 7.76 percent with a return on equity (ROE) ranging from 9.75 percent to 10.3 percent. The recovery period varies from two to 10 years, depending on the type of energy-efficiency investment.

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# New Jersey Natural Gas BGSS Incentive Programs

In the second quarter of fiscal 2016, BGSS incentive programs at NJNG, which include off-system sales, capacity release and storage incentives, contributed \$3.7 million to utility gross margin, compared with \$3.1 million in the second quarter of fiscal 2015. In the first six months of fiscal 2016, these incentive programs contributed \$8.3 million to utility gross margin, compared with \$7.3 million during the same period in fiscal 2015. The higher results were due primarily to improved utility gross margin in the storage incentive program.

NJNG shares the utility gross margin earned from these incentive programs with customers and shareowners, according to utility gross margin-sharing formulas authorized by the New Jersey Board of Public Utilities (BPU). Since their inception in 1992, these incentive programs have saved customers approximately \$842 million.

#### NJNG Files Base Rate Case in Support of Regulated Infrastructure Investments

On November 13, 2015, NJNG filed a petition with the BPU seeking an increase of approximately \$148 million to its delivery rates, which covers primarily the cost of constructing, operating and maintaining its natural gas infrastructure. NJNG has not filed a general petition to increase delivery rates since 2007. The timing of this filing was driven by NJNG's substantial capital investment in infrastructure over the past seven fiscal years, as well as NJNG's agreement to file a base rate case no later than November 15, 2015 in accordance with the BPU's Order in the matter for approval of SAFE and New Jersey Reinvestment in Facility Enhancements (NJ RISE) programs. In addition to SAFE and RISE, NJNG is seeking to include the Liquefied Natural Gas (LNG) plant in Howell and the Southern Reliability Link (SRL) in the base rate case.

On May 4, 2016, NJNG supplemented its direct testimony supporting its November 2015 base rate case petition. The additional testimony described the status of the SRL approval process and noted that the project would not be completed by December 31, 2016. Included in the May 4 testimony, NJNG sought to modify the rate treatment of the SRL project in the pending base rate case to include the project spending through September 30, 2016, upon the effective date of the base rate case and requested that additional project spending be included in rates on a quarterly basis until the project is complete. The petition filed in November 2015 originally sought to include the total anticipated cost of the SRL project upon the effective date of the base rate case.

"Our primary mission is to provide safe, reliable, resilient service to our customers," stated Downes. "During the last seven fiscal years, we have invested \$806 million in our natural gas transmission and distribution system to meet our customers' expectations while maintaining our steadfast commitments to environmental stewardship and fiscal responsibility."

### Safety Acceleration and Facilities Enhancement Program

In the second quarter of fiscal 2016, NJNG invested \$6.1 million in its SAFE program, for a total fiscal year-to-date investment of \$13.3 million. This \$130 million four-year infrastructure investment was approved by the BPU in 2012. Through this program, NJNG is replacing 276 miles of its unprotected steel and cast iron distribution main to further ensure the safety, reliability and integrity of its natural gas delivery system. In December 2015, NJNG became the first energy utility in New Jersey to eliminate all cast iron main from its distribution system and is continuing to replace 55 miles of unprotected steel main and associated services. Current SAFE investments will earn a weighted average cost of capital of 6.9 percent, including a 9.75

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percent ROE. In November 2015, as part of the base rate case, NJNG filed with the BPU to replace the final 276 miles of unprotected steel main and associated services from its natural gas distribution pipeline network. This phase of the project is expected to take five years and will require an investment of \$200 million.

# Reinvestment in System Enhancement Program

NJNG invested \$2.4 million in the second quarter of fiscal 2016 in its NJ RISE program bringing the total fiscal year-to-date investment to \$7.5 million. NJ RISE, a five-year, \$102.5 million investment, consists of six capital projects, designed to improve NJNG's service disruption response and strengthen the overall safety, reliability and resiliency of its natural gas distribution and transmission systems. These system enhancements are designed to help diminish the impact of future major weather events and align with New Jersey's directive for improved energy resiliency and preparedness.

# Liquefied Natural Gas Plant to Support Peak-Day Use; Will Reduce Emissions

NJNG continues to make progress toward completing its natural gas liquefaction processing project at its LNG plant in Howell, and expects the new plant to be operational by summer 2016. In the second quarter of fiscal 2016, NJNG invested approximately \$1.2 million in the project for a total fiscal year-to-date investment of \$5.6 million. When completed, this nearly \$28 million investment will enable NJNG to liquefy pipeline natural gas for peak-day use, ensure system integrity and reliability, as well as reduce LNG transportation and capacity costs. In addition, this project will benefit customers by lowering BGSS costs, help the environment by reducing emissions related to the transportation of LNG and create additional value for shareowners.

By liquefying natural gas on-site, NJNG will eliminate approximately 700 trucks, each traveling approximately 600 miles round trip from Everett, MA. This equates to an approximate reduction of 700 metric tons of greenhouse gas (GHG) emissions annually. NJNG expects to reduce the average annual LNG transportation charges by approximately 80 percent and eliminate all associated LNG contract costs.

#### BPU Approves Southern Reliability Link Project

The SRL project, a 30-mile, 30-inch transmission main to support system reliability and resiliency, continues to move forward. In March 2016, the BPU issued a second order finding that the SRL project is reasonably necessary for the service, convenience or welfare of the public, and concluded that certain ordinances, permits and regulations have no application to the project. This order, and one issued on January 27, 2016 approving the project, have been appealed. NJNG is confident that the orders will be upheld by the appellate court.

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# Third Compressed Natural Gas Fueling Station Opens to the Public through NGV Advantage Program

In the second quarter of fiscal 2016, NJNG opened its third public access compressed natural gas (CNG) fueling station in its service territory, located at the Middletown Department of Public Works. Middletown joins Waste Management in Toms River and Shore Point Distributors in Freehold as host locations.

With approval from the BPU, the company invested approximately \$10 million to build, own and maintain the infrastructure for all three stations. The host companies are required to initially use at least 20 percent of the refueling capacity and open the stations to the public on a 24/7 basis. NJNG is authorized by the BPU, prior to the effective date of the rate case, to earn an overall return of 7.1 percent, including a 10.3 percent ROE on these investments.

#### NJR Energy Services Contributes Solid Earnings Despite Record Warmth

For the three-month period ended March 31, 2016, NFE at NJR Energy Services (NJRES) were \$17 million, compared with \$36.3 million during the same period last year. During the first six months of fiscal 2016, NFE were \$27 million, compared with \$52.8 million during the same period last year. NJRES continues to provide solid results and perform within NJR's financial guidance range. The reduction in NFE is primarily due to decreased market volatility, driven by the record warmth associated with the prevailing El Niño winter weather pattern, which is in stark contrast to the much colder weather of recent winters.

"As they have done every year since they began operating in 1995, NJRES has made a positive contribution toward earnings. Our team has a keen ability to identify growth opportunities in ever-changing market conditions that bring value to both customers and shareowners alike," continued Downes.

A leader in the wholesale natural gas marketplace, NJRES has physical assets strategically located across the country, including the Marcellus shale region and the Midwest, and holds firm capacity on pipelines throughout North America. With its commitment to disciplined risk management, the NJRES team identifies growth opportunities and creates customized energy solutions for a diverse customer base. Currently, NJRES' asset portfolio consists of approximately 42.6 billion cubic feet (Bcf) of firm storage capacity and 1.63 Bcf/day of firm transportation.

#### Steady NJR Midstream Results

During the three-month period ended March 31, 2016, NJR Midstream, reported NFE of \$2.2 million compared with \$2.6 million during the same period last year. NJR Midstream reported fiscal year-to-date NFE of \$4.6 million, compared with \$4.7 million during the same period in 2015. The consistent results were due primarily to storage service revenue and demand at Steckman Ridge, a 12 Bcf natural gas storage facility in southwestern Pennsylvania, which offset the loss of revenue due to the transfer of ownership interest in the Iroquois Pipeline, that were exchanged for 1.8 million common units of Dominion Midstream Partners, LP (NYSE: DM), a master limited partnership that owns several Federal Energy Regulatory Commission (FERC)-regulated assets.

NJR Midstream's investments consist of its 50 percent equity ownership in Steckman Ridge, jointly owned with Spectra Energy, as well as a 20 percent interest in the proposed PennEast Pipeline. This 118-mile

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pipeline is designed to bring lower cost natural gas produced in the Marcellus Shale region to homes and businesses in Pennsylvania and New Jersey, and provide greater system reliability for local utilities. PennEast filed a formal application with FERC in the fourth quarter of fiscal 2015 and currently estimates the system will be in-service during the last quarter of fiscal 2018 or the first quarter of fiscal 2019. On April 4, 2016, FERC issued a Notice of Schedule revising the environmental review timeline. FERC is now scheduled to complete the review by December 16, 2016 and release their report on March 16, 2017.

# Extension of Federal Tax Credits Supports Continued NJR Clean Energy Ventures Growth

For the three-month period ended March 31, 2016, NJR Clean Energy Ventures (NJRCEV) generated NFE of \$11.8 million compared with \$13 million during the same period last year. The 2016 fiscal year-to-date NFE at NJRCEV were \$19.3 million compared with \$22 million during the same period last year. The results reflect the decreased amount of tax credits being recognized due to lower consolidated year-to-date income.

In December 2015, Congress passed legislation that extended the Production Tax Credits (PTCs), which are based on kilowatt-hour (kWh) output, at the existing value of 2.3 cents per kWh for wind projects that have commenced construction through December 2016. Projects with construction beginning in 2017 will qualify for 10 years of credits at 80 percent of the existing PTC value, while projects started in 2018 and 2019 will qualify for 10 years of credits at 60 percent and 40 percent of the existing PTC value, respectively. Thereafter, the PTC is scheduled to be eliminated.

In the same bill, the Investment Tax Credit (ITC) was extended at its current value of 30 percent for solar projects that have commenced construction before December 2019. The credit is reduced to 26 percent for projects started in 2020, and to 22 percent in 2021 provided these projects are in service by December 2023. Commercial solar projects started after 2021 are eligible for a 10 percent ITC, while the credit is eliminated for residential solar projects at that time.

The PTC and ITC extensions are expected to help sustain long-term growth in wind and solar markets in the United States, thereby providing NJRCEV with added flexibility and options to deploy capital for the next several years.

#### Construction Continues at Ringer Hill Wind Farm

Construction continues at the Ringer Hill Wind Farm, NJRCEV's fourth onshore wind project, which is located along the Pennsylvania-Maryland border in Somerset County, PA, approximately 60 miles southeast of Pittsburgh. NJRCEV expects the Ringer Hill Wind Farm to be operational during the first quarter of fiscal 2017.

NJRCEV is investing approximately \$84 million to construct, own and operate the wind farm consisting of 14 GE turbines, with a total capacity of 39.9 megawatts (MW). The majority of the energy produced will be hedged under a 15-year agreement with Iron Mountain. When this project is complete, NJRCEV's onshore wind capacity will total approximately120 MW, capable of producing enough energy to power 37,500 homes per year.

NJRCEV's other wind farms include the Alexander Wind Farm in Kansas, Carroll Area Wind Farm in Iowa and the Two Dot Wind Farm in Montana, which have a combined capacity of approximately 80 MW.

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#### NJRCEV Continues to add Commercial and Residential Solar Customers

Five ground-mounted, grid-connected commercial solar projects are under construction in New Jersey. Three of the projects, located in Flemington, Upper Freehold and East Amwell, are expected to be in service during the next fiscal quarter, while a system in Buena Vista Township is expected to be in service by the end of the fiscal year. A project in Bernards Township is expected to be completed in the first quarter of fiscal 2017.

In the second quarter of fiscal 2016, NJRCEV's residential solar lease program, The Sunlight Advantage<sup>®</sup>, added 207 customers, totaling 1.8 MWs of capacity. During the first six months of fiscal 2016, the company added 291 customers, totaling 2.5 MWs of capacity compared with 272 customers and 2.6 MWs of capacity during the same period last year. Sunlight Advantage currently provides savings to nearly 4,250 eligible homeowners through both roof- and ground-mounted solar systems, with no upfront installation or maintenance costs. NJRCEV expects to invest approximately \$40 million in residential solar systems in fiscal 2016, compared with \$25 million in fiscal 2015.

NJR's effective tax rate is significantly impacted by the amount of tax credits that are forecasted to be earned during the fiscal year. GAAP requires NJR to estimate its annual effective tax rate and use this rate to calculate its year-to-date tax provision. Based on projects completed, NJRCEV's forecast of projects to be completed for the balance of the fiscal year, as well as projected pre-tax income for the year, NJR's estimated annual effective tax rate is 17.7 percent compared with 24.9 percent during the same period last year. Accordingly, \$21.9 million related to tax credits, net of deferred taxes, were recognized in during the first six months of fiscal 2016, compared with \$24.7 million related to tax credits, net of deferred taxes, recognized during the same period last year.

For NFE purposes, the effective tax rate for fiscal 2016 is estimated at 16.6 percent and \$24.5 million of tax credits were recognized during the first six months of fiscal 2016, compared with a 20 percent tax rate and \$27.9 million of tax credits during the same period last year. For further discussion of this tax adjustment and reconciliation to the most comparable GAAP measure, please see the explanation below under "Non-GAAP Financial Information."

The estimated effective tax rate is based on information and assumptions that are subject to change, and may have a material impact on quarterly and annual NFE. Factors considered by management in estimating completion of projects during the fiscal year include, but are not limited to, board of directors' approval, regulatory approval, volatility of energy prices, execution of various contracts, including power purchase agreements, construction logistics, permitting and interconnection completion. See the "Forward-Looking Statements" section of this news release for further information regarding the inherent risks associated with solar investments.

#### Record Warmth Also Impacts NJR Home Services Results

In the second quarter of fiscal 2016, NJR Home Services (NJRHS), the company's unregulated retail and appliance service subsidiary, experienced a loss of \$2.1 million, compared with a loss of \$1.3 million during the same period last year. In the first six months of fiscal 2016, NJRHS, reported a loss of \$2.5 million compared with a loss of \$2.1 million during the same period last year. Net financial losses are typical for NJRHS during the first six months of the fiscal year due to the timing of when service contract revenues are recognized. The lower three- and six-month results were due primarily to a decrease in heating equipment

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sales and installations attributed to the record warmth associated with the prevailing El Niño winter weather pattern. For fiscal 2016, NJRHS anticipates providing an NFE contribution of between 1 to 3 percent of the NJR total.

NJRHS offers home comfort solutions including service contracts for heating and cooling systems, HVAC installations, plumbing and electrical services, standby generators and solar lease and purchase plans. NJRHS' service territory includes Monmouth, Ocean, Middlesex, Morris, Sussex, Warren and Hunterdon counties in New Jersey.

#### **Webcast Information**

NJR will host a live webcast to discuss its financial results today at 10 a.m. ET. A few minutes prior to the webcast, go to njresources.com and select "Investor Relations," then scroll down to the "Events & Presentations" section and click on the webcast link.

#### **Forward-Looking Statements**

Certain statements contained in this news release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. New Jersey Resources (NJR or the Company) cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond NJR's ability to control or estimate precisely, such as estimates of future market conditions and the behavior of other market participants. Words such as "anticipates," "estimates," "expects," "projects," "may," "will," "intends," "plans," "believes," "should" and similar expressions may identify forward-looking statements and such forward-looking statements are made based upon management's current expectations, assumptions and beliefs as of this date concerning future developments and their potential effect upon NJR. There can be no assurance that future developments will be in accordance with management's expectations, assumptions and beliefs or that the effect of future developments on NJR will be those anticipated by management. Forward-looking statements in this news release include, but are not limited to, certain statements regarding NJR's NFE guidance for fiscal 2016, forecasted contribution of business segments to fiscal 2016 NFE, future NJNG customer growth, future NJNG capital expenditures and infrastructure investments, NJRCEV's onshore wind and solar investments, NJR's estimated effective tax rate, the extension of the PTC and ITC, and the PennEast Pipeline project.

The factors that could cause actual results to differ materially from NJR's expectations include, but are not limited to, weather and economic conditions; changes in the rate of NJNG's customer growth; volatility of natural gas and other commodity prices; changes in rating agency requirements and/or credit ratings; the impact of volatility in the credit markets; the ability to comply with debt covenants; the impact to the asset values and resulting higher costs and funding obligations of NJR's pension and post-employment benefit plans as a result of downturns in the financial markets, lower discount rates, revised actuarial assumptions or impacts associated with the Patient Protection and Affordable Care Act; accounting effects and other risks associated with hedging activities and use of derivatives contracts; commercial and wholesale credit risks, including the availability of creditworthy customers and counterparties and liquidity in the wholesale energy trading market; the ability to obtain governmental and regulatory approvals, land-use rights, electrical grid connection and/or financing for the construction, development and operation of NJR's non-regulated energy investments and NJNG's planned infrastructure projects in a timely manner; risks associated with the management of the company's joint ventures, partnerships and investment in a master limited partnership; risks associated with our investments in renewable energy projects, including the availability of regulatory

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and tax incentives, the availability of viable projects and NJR's eligibility for ITCs and PTCs, the future market for SRECs and operational risks related to projects in service; timing of qualifying for ITCs and PTCs due to delays or failures to complete planned solar and wind energy projects; the level and rate at which NJNG's costs and expenses are incurred and the extent to which they are allowed to be recovered from customers through the regulatory process, including through the base rate case filing; access to adequate supplies of natural gas and dependence on third-party storage and transportation facilities for natural gas supply; operating risks incidental to handling, storing, transporting and providing customers with natural gas; risks related to our employee workforce; the regulatory and pricing policies of federal and state regulatory agencies; the costs of compliance with present and future environmental laws, including potential climate change-related legislation; risks related to changes in accounting standards; the disallowance of recovery of environmental-related expenditures and other regulatory changes; environmental-related and other litigation and other uncertainties; risks related to cyber-attack or failure of information technology systems; and the impact of natural disasters, terrorist activities, and other extreme events on our operations and customers. The aforementioned factors are detailed in the "Risk Factors" sections of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on November 24, 2015, which is available on the SEC's website at sec.gov. Information included in this news release is representative as of today only, and while NJR periodically reassesses material trends and uncertainties affecting NJR'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 SEC, NJR 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.

#### **Non-GAAP Financial Information**

This news release includes the non-GAAP measures NFE (losses), financial margin and utility gross margin. A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP can be found below. As an indicator of the NJR's operating performance, these measures should not be considered an alternative to, or more meaningful than, net income or operating revenues as determined in accordance with GAAP. This information has been provided pursuant to the requirements of SEC Regulation G.

NFE (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, net of applicable tax adjustments as described below. Volatility associated with the change in value of these financial instruments and physical commodity contracts is reported on 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 instead of when the planned transaction ultimately is settled. An annual estimated effective tax rate is calculated for NFE purposes and any necessary quarterly tax adjustment is applied to NJRCEV, as such adjustment is related to tax credits generated by NJRCEV.

NJNG's utility gross margin represents the results of revenues less natural gas costs, sales, expenses and other taxes and regulatory rider expenses, which are key components of NJR's operations that move in relation to each other. Natural gas costs, sales, expenses and other taxes and regulatory rider expenses are passed through to customers and, therefore, have no effect on gross margin. Management uses these non-

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GAAP financial measures as supplemental measures to other GAAP results to provide a more complete understanding of NJR's performance. Management believes these non-GAAP measures are more reflective of NJR'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 below. For a full discussion of NJR's non-GAAP financial measures, please see NJR's 2015 Form 10-K, Item 7 and most recent Form 10-Q, Part I, Item 2.

#### **About New Jersey Resources**

**New Jersey Resources** (NYSE: NJR) is a Fortune 1000 company, through its subsidiaries, that provides safe and reliable natural gas and clean energy services, including transportation, distribution, asset management and home services. With annual revenues in excess of \$3 billion, NJR is comprised of five primary businesses:

- New Jersey Natural Gas is NJR's principal subsidiary that operates and maintains over 7,000 miles of natural gas transportation and distribution infrastructure to serve over half a million customers in New Jersey's Monmouth, Ocean and parts of Burlington, Morris and Middlesex counties.
- NJR Energy Services manages a diversified portfolio of natural gas transportation and storage assets and provides physical natural gas services to its customers across North America.
- NJR Clean Energy Ventures invests in, owns and operates solar and onshore wind projects with a
  total capacity of more than 200 megawatts, providing residential and commercial customers with
  low-carbon solutions.
- NJR Midstream serves customers from local distributors and producers to electric generators and wholesale marketers through its 50 percent equity ownership in the Steckman Ridge natural gas storage facility and its stake in Dominion Midstream Partners, L.P., as well as its 20 percent equity interest in the PennEast Pipeline Project.
- NJR Home Services provides heating, central air conditioning, standby generators, solar and other
  indoor and outdoor comfort products to residential homes and businesses throughout New Jersey.

NJR and its more than 1,000 employees are committed to helping customers save energy and money by promoting conservation and encouraging efficiency through Conserve to Preserve® and initiatives such as The SAVEGREEN Project® and The Sunlight Advantage®.

For more information about NJR:

Visit <a href="www.njresources.com">www.njresources.com</a>.

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# RECONCILIATION OF NON-GAAP PERFORMANCE MEASURES

NEW JERSEY RESOURCES										
		Three Moi			Six Months Ended March 31,					
(Thousands)		2016	.11 31	2015		2016	i Cii S	2015		
A reconciliation of Net income at NJR to Net financial earnings, is as follow	s:									
Net income	\$	73,328	\$	60,903	\$	121,975	\$	184,223		
Add: Unrealized loss (gain) on derivative instruments and related transactions Effects of economic hedging related to natural gas inventory Tax adjustments		3,170 (1,054) 2,436		68,474 (23,450) (6,784)		2,035 2,759 743		(20,198) (32,215) 22,443		
Net financial earnings	\$	77,880	\$	99,143	\$	127,512	\$	154,253		
Weighted Average Shares Outstanding										
Basic Diluted		85,834 86,858	_	85,328 86,370		85,754 86,778		84,940 85,982		
Basic net financial earnings per share	\$	0.91	\$	1.16	\$	1.49	\$	1.82		
NJR ENERGY SERVICES										
The following table is a computation of Financial margin at Energy Service	s:									
Operating revenues Less: Gas purchases Add:	\$	319,958 293,994	\$	682,204 664,495	\$	598,651 554,233	\$	1,285,892 1,139,442		
Unrealized loss (gain) on derivative instruments and related transactions Effects of economic hedging related to natural gas inventory		6,432 (1,054)		70,219 (23,450)		4,045 2,759		(19,781) (32,215)		
Financial margin	\$	31,342	\$	64,478	\$	51,222	\$	94,454		
A reconciliation of Operating income at Energy Services, the closest GAAP	financia	l measuren	nent,	to Financi	ial m	nargin is as	follo	ows:		
Operating income Add:	\$	21,551	\$	10,940	\$	35,988	\$	136,217		
Operation and maintenance expense Depreciation and amortization		4,174 23		6,343 23		7,931 46		9,331		
Other taxes		23 216		403		453		45 857		
Subtotal – Gross margin Add:		25,964		17,709		44,418		146,450		
Unrealized loss (gain) on derivative instruments and related transactions		6,432		70,219		4,045		(19,781)		
Effects of economic hedging related to natural gas inventory  Financial margin	\$	(1,054) 31,342	\$	(23,450) 64,478	\$	2,759 51,222	\$	(32,215) 94,454		
A reconciliation of Energy Services Net income to Net financial earnings, is	as follov		<u></u>					,		
Net income	\$	13,578	\$	6,743	\$	22,684	\$	85,630		
Add: Unrealized loss (gain) on derivative instruments and related transactions Effects of economic hedging related to natural gas, net of taxes		6,432 (1,054)		70,219 (23,450)		4,045 2,759		(19,781) (32,215)		
Tax adjustments		(1,951)		(17,196)		(2,469)		19,118		
Net financial earnings	\$	17,005	\$	36,316	\$	27,019	\$	52,752		
NJR CLEAN ENERGY VENTURES										
A reconciliation of Clean Energy Ventures Net income to Net financial earn	ings, is a	s follows:								
Net income Add:		\$ 8,602	2 \$	3,240	\$	16,828	\$	18,847		
Tax adjustments		3,204		9,770		2,483	_	3,171		
Net financial earnings		\$ 11,806	<u> </u>	3 13,010	\$	19,311	\$	22,018		

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# **NEW JERSEY RESOURCES**

# CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Mo	nths l		Six Months Ended March 31,						
(Thousands, except per share data)	2016		2015		2016		2015			
OPERATING REVENUES	 									
Utility	\$ 242,536	\$	374,703	\$	394,142	\$	583,430			
Nonutility	 331,657		638,387		624,309		1,253,784			
Total operating revenues	574,193	1	,013,090		1,018,451		1,837,214			
OPERATING EXPENSES		'								
Gas purchases										
Utility	82,374		129,281		129,039		213,544			
Nonutility	287,883		662,573		541,971		1,135,544			
Related parties	2,077		3,124		4,151		6,388			
Operation and maintenance	53,125		52,778		99,358		97,537			
Regulatory rider expenses	21,215		42,692		30,843		64,155			
Depreciation and amortization	17,744		15,204		34,226		29,590			
Energy and other taxes	15,842		24,632		25,479		38,953			
Total operating expenses	 480,260		930,284		865,067		1,585,711			
OPERATING INCOME	 93,933		82,806		153,384		251,503			
Other income, net	2,202		1,137		4,126		1,027			
Interest expense, net	7,369		6,483		14,146		13,678			
INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES	 88,766		77,460		143,364		238,852			
Income tax provision	17,840		20,144		26,197		61,011			
Equity in earnings of affiliates	2,402		3,587		4,808		6,382			
NET INCOME	\$ 73,328	\$	60,903	\$	121,975	\$	184,223			
EARNINGS PER COMMON SHARE										
Basic	\$ 0.85	\$	0.71	\$	1.42	\$	2.17			
Diluted	\$ 0.84	\$	0.71	\$	1.41	\$	2.14			
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.24	\$	0.23	\$	.48	\$	.45			
AVERAGE SHARES OUTSTANDING										
Basic	85,834		85,328		85,754		84,940			
Diluted	 86,858		86,370	_	86,778	_	85,982			

		Three Moi	nthe	Fnded		Siv Mont	onths Ended					
		March 31,					March 31,					
(Thousands, except per share data)		2016		2015		2016		2015				
Operating Revenues			ф	254 502		201112	Φ	502 420				
Natural Gas Distribution	\$	242,536	\$	374,703	\$	394,142	\$	583,430				
Energy Services		319,958		682,204		598,651		1,285,892				
Clean Energy Ventures Midstream		7,662		4,068		15,456		10,303				
Home Services and Other		7,931		8,587		17,504		17,598				
Sub-total		578,087		1,069,562		1,025,753		1,897,223				
Eliminations		(3,894)		(56,472)		(7,302)		(60,009)				
Total	\$	574,193	\$	1,013,090	\$	1,018,451	\$	1,837,214				
Operating Income (Loss)												
Natural Gas Distribution	\$	75,079	\$	75,949	\$	122,786	\$	121,513				
Energy Services	Ψ	21,551	Ψ	10,940	Ψ	35,988	Ψ	136,217				
Clean Energy Ventures		(3,192)		(4,165)		(4,618)		(4,868)				
Midstream		(463)		(190)		(614)		(342)				
Home Services and Other		(3,616)		(2,684)		(4,646)		(3,808)				
Sub-total	_	89,359		79,850	_	148,896		248,712				
Eliminations		4,574		2,956		4,488		2,791				
Total	\$	93,933	\$	82,806	\$	153,384	\$	251,503				
								-				
Equity in Earnings of Affiliates  Midstream	\$	3,508	\$	4,581	\$	7,053	\$	8,356				
Eliminations	J)	(1,106)	Ψ	(994)	Ψ	(2,245)	Ψ	(1,974)				
Total	\$	2,402	\$	3,587	\$	4,808	\$	6,382				
10.00	Ψ	2,102	Ψ	3,507	Ψ	1,000	Ψ	0,502				
Net Income (Loss)	Ф	40.071	dr.	40.504	Φ.	50.521	Ф	76.700				
Natural Gas Distribution	\$	48,961	\$	48,594	\$	79,531	\$	76,780				
Energy Services		13,578		6,743		22,684		85,630				
Clean Energy Ventures		8,602		3,240		16,828		18,847				
Midstream		2,228		2,604		4,572		4,724				
Home Services and Other		(2,040)		(1,359)		(2,623)		(1,951)				
Sub-total		71,329		59,822		120,992		184,030				
Eliminations <i>Total</i>	\$	1,999 73,328	\$	1,081	\$	983 121,975	\$	193 184,223				
10iui	<u>3</u>	73,326	<u> </u>	00,903	<u> </u>	121,973	Ф	104,223				
Net Financial Earnings (Loss)			•	10.501	_		Φ.	<b>-</b> ( <b>-</b> 0 0				
Natural Gas Distribution	\$	48,961	\$	48,594	\$	79,531	\$	76,780				
Energy Services		17,005		36,316		27,019		52,752				
Clean Energy Ventures		11,806		13,010		19,311		22,018				
Midstream		2,228		2,604		4,572		4,724				
Home Services and Other		(2,040)		(1,359)		(2,623)		(1,951)				
<b>Sub-total</b> Eliminations		77,960		99,165 (22)		127,810		154,323				
Total	\$	(80) 77,880	\$	99,143	\$	(298) 127,512	\$	(70) 154,253				
	<del>*</del>	,	_	,			_					
Throughput (Bcf) NJNG, Core Customers		A1 7		48.7		71 7		72.1				
NJNG, Core Customers NJNG, Off System/Capacity Management		41.7 55.8		48.7 56.2		71.7 111.7		109.1				
NJRES Fuel Mgmt. and Wholesale Sales		55.8 150.2		36.2 192.9		282.9		358.4				
Total	_	247.7	_	297.8		466.3	_	539.6				
10141	_	247.7	_	297.8	_	400.3	_	339.0				
Common Stock Data												
Yield at March 31		2.6%		2.9%		2.6%		2.99				
Market Price			_				_					
High	\$	36.85	\$	33.73	\$	36.85	\$	33.73				
Low	\$	32.32	\$	28.73	\$	28.02	\$	24.65				
Close at March 31	\$	36.43	\$	31.06	\$	36.43	\$	31.06				
Shares Out. at March 31		85,969		85,460		85,969		85,460				
Market Cap. at March 31	\$	3,131,847	\$	2,654,382	\$	3,131,847	\$	2,654,382				

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(Unaudited)		Three Mo Mar		Six Months Ended March 31,					
(Thousands, except customer & weather data)		2016		2015		2016	0 .	2015	
Utility Gross Margin			_		_		_		
Operating revenues	\$	242,536	\$	374,703	\$	394,142	\$	583,430	
Less:	*	,		,,,,,,	*	,		, -	
Gas purchases		86,266		189,562		131,509		278,13	
Energy and other taxes		13,246		21,925		20,154		33,45	
Regulatory rider expense		21,215		42,692		30,843		64,15	
Total Utility Gross Margin	\$	121,809	\$	120,524	\$	211,636	\$	207,69	
Utility Gross Margin, Operating Income and Net Income									
Residential	\$	78,673	\$	76,909	\$	133,749	\$	129,75	
Commercial, Industrial & Other		18,238		18,966		31,517		32,06	
Firm Transportation		19,984		20,335		35,531		36,53	
Total Firm Margin		116,895		116,210		200,797		198,34	
Interruptible		1,166		1,221		2,556		2,07	
Total System Margin		118,061		117,431		203,353		200,42	
Off System/Capacity Management/FRM/Storage Incentive		3,748		3,093		8,283		7,27	
Total Utility Gross Margin		121,809		120,524	_	211,636	_	207,69	
Operation and maintenance expense		33,882		32,638		63,510		62,61	
Depreciation and amortization		11,598		10,647		22,836		21,19	
Other taxes not reflected in gross margin		1,250		1,290		2,504		2,36	
Operating Income	\$	75,079	\$	75,949	\$	122,786	\$	121,51	
Net Income	\$	48,961	\$	48,594	\$	79,531	\$	76,78	
Throughput (Bcf)									
Residential		19.3		25.4		28.2		37.	
Commercial, Industrial & Other		3.7		5.6		5.4		7.	
Firm Transportation		6.2		7.4		9.6		12.	
Total Firm Throughput		29.2		38.4		43.2		57.	
Interruptible		12.5		10.3		28.5		14.	
Total System Throughput		41.7		48.7		71.7		72.	
Off System/Capacity Management		55.8		56.2		111.7		109.	
Total Throughput		97.5	_	104.9	_	183.4		181.	
Customers				122 110				122.11	
Residential		443,932		432,118		443,932		432,11	
Commercial, Industrial & Other		27,722		27,566		27,722		27,56	
Firm Transportation		47,373	_	52,311		47,373	_	52,31	
Total Firm Customers		519,027		511,995		519,027		511,99	
Interruptible		34	_	512.030	_	<u>34</u>		512.02	
Total System Customers Off System/Capacity Management*		519,061		512,030		519,061		512,03	
Off System/Capacity Management*		510.002		512.066		510.002		512.06	
Total Customers  *The number of automore represents these active during the last month of the	o novis I	519,092		512,066		519,092		512,06	
*The number of customers represents those active during the last month of the	e perioa.								
Degree Days		2,216		3,021		3 200		161	
Actual Normal				2,463		3,298 4 145		4,61	
		2,516	_		_	4,145		4,08	
Percent of Normal		88.1%		122.7%		79.6%		112	

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ENERGY SERVICES								Ended
(Unaudited) (Thousands, except customer, SREC and megawatt)	<b>March 31, 2016</b> 2015					3 <b>1,</b> 2015		
Operating Income Operating revenues Gas purchases	\$	319,958 293,994	\$	682,204 664,495	\$	598,651 554,233	\$	1,285,892 1,139,442
Gross Margin Operation and maintenance expense Depreciation and amortization Energy and other taxes		25,964 4,174 23 216		17,709 6,343 23 403		44,418 7,931 46 453		146,450 9,331 45 857
Operating Income	\$	21,551	\$	10,940	\$	35,988	\$	136,217
Net Income	\$	13,578	\$	6,743	\$	22,684	\$	85,630
Financial Margin	\$	31,342	\$	64,478	\$	51,222	\$	94,454
Net Financial Earnings	\$	17,005	\$	36,316	\$	27,019	\$	52,752
Gas Sold and Managed (Bcf)	_	150.2		192.9		282.9	_	358.4
CLEAN ENERGY VENTURES								
Operating Revenues SREC sales Electricity sales	\$	3,288 3,285	\$	1,618 1,601	\$	7,892 5,418	\$	6,006 2,572
Other	_	1,089	Φ.	849	_	2,146	_	1,725
Total Operating Revenues	<u>\$</u>	7,662	\$	4,068	\$	15,456	<u>\$</u> \$	10,303
Depreciation and Amortization Operating (Loss)	<u>\$</u>	5,876	<u>\$</u> \$	4,297	\$	10,986	\$	7,888 (4,868)
Operating (Loss) Income Tax Benefit	<u>\$</u> \$	(3,192)	\$	9,042	<u>\$</u> \$	(4,618) 25,502	\$	28,763
Net Income	<u>\$</u> \$	8,602	\$	3,240	<u>\$</u> \$	16,828	\$	18,847
Net Financial Earnings	<u>s</u> \$	11,806	\$	13,010	<u>\$</u> \$	19,311	\$	22,018
Solar Renewable Energy Certificates Generated	<u> </u>	22,581	Ψ	17,747	Ψ	57,595	Ψ	39,994
Solar Renewable Energy Certificates Sold	_	16,050	_	9,734	_	37,232	_	34,728
Solar Megawatts Installed	_	1.8		7.5		2.5	_	18.8
Solar Megawatts Under Construction	_	22.9	_	11.2	_	22.9	_	11.2
Wind Megawatts Installed	_	_	_	20.0	_	50.7	_	20.0
Wind Megawatts Under Construction	_	39.9		48.3		39.9		48.3
MIDSTREAM	_							
Equity in Earnings of Affiliates	\$	3,508	\$	4,581	\$	7,053	\$	8,356
Operation and Maintenance Expense	\$	461	\$	186	\$	609	\$	333
Other Income	\$	843	\$	242	\$	1,475	\$	481
Interest Expense	\$	130	\$	210	\$	172	\$	460
Net Income	<u>\$</u>	2,228	\$	2,604	\$	4,572	\$	4,724
HOME SERVICES AND OTHER								
<b>Operating Revenues</b>	\$	7,931	\$	8,587	\$	17,504	\$	17,598
Operating (Loss)	<u>\$</u>	(3,616)	\$	(2,684)	\$	(4,646)	\$	(3,808)
Net (Loss)	<u>\$</u>	(2,040)	\$	(1,359)	\$	(2,623)	\$	(1,951)
<b>Total Service Contract Customers at March 31</b>	_	115,418		117,495		115,418		117,495