



Fiscal 2013 Second Quarter Update

May 2, 2013





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,” “will,” “intend,” “expect,” “believe,” or “continue” or comparable terminology and are made based upon management’s current expectations and beliefs as of this date 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. NJR cautions persons reading or hearing this presentation that the assumptions that form the basis for forward-looking statements regarding NJR’s net financial earnings (NFE) for the remainder of fiscal 2013, forecasted contribution of business segments to fiscal 2013 NFE, long-term financial goals of NJR, expected contribution by new customers of New Jersey Natural Gas Company (NJNG) to utility gross margin, expected number of new customers of NJNG, the completion of NJRCEV’s planned solar projects in fiscal 2013, Solar Renewable Energy Certificate (SREC) prices, NJR’s effective tax rate, estimated capital expenditures in fiscal 2013, by NJNG and NJRCEV, expected dividend payout ratio, and the potential impact of post-tropical cyclone Sandy, (commonly referred to as “Superstorm” Sandy).

The factors that could cause actual results to differ materially from NJR’s expectations include, but are not limited to, weather and economic conditions; demographic changes in the NJNG service territory and their effect on NJNG’s customer growth; volatility of natural gas and other commodity prices and their impact on NJNG customer usage, NJNG’s Basic Gas Supply Service incentive programs, NJRES’ operations and on 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; 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 postemployment benefit plans as a result of downturns in the financial markets, a lower discount rate, and 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 approvals and/or financing for the construction, development and operation of certain non-regulated energy investments; risks associated with the management of the Company’s joint ventures and partnerships; risks associated with our investments in renewable energy projects and our investment in an on-shore wind developer, including the availability of regulatory and tax incentives, logistical risks and potential delays related to construction, permitting, regulatory approvals and electric grid interconnection, the availability of viable projects and NJR’s eligibility for federal investment tax credits (ITC), the future market for SRECs and operational risks related to projects in service; timing of qualifying for ITCs due to delays or failures to complete planned solar energy projects and the resulting effect on our effective tax rate and earnings; the level and rate at which NJNG’s costs and expenses (including those related to restoration efforts resulting from Superstorm Sandy) are incurred and the extent to which they are allowed to be recovered from customers through the regulatory process; 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, including a work stoppage; the regulatory and pricing policies of federal and state regulatory agencies; the possible expiration of the NJNG Conservation Incentive Program (CIP), the costs of compliance with the proposed regulatory framework for over-the-counter derivatives; 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 of failure of information technology systems; and the impact of natural disasters, terrorist activities, and other extreme events on our operations and customers, including any impacts to utility gross margin, and restoration costs resulting from Superstorm Sandy. **The aforementioned factors are detailed in the “Risk Factors” sections of our Annual Report on Form 10-K filed on November 28, 2012, as filed with the Securities and Exchange Commission (SEC) and our Quarterly Report on Form 10-Q, to be filed with the SEC on May 3, 2013, each of which is, or will be, available on the SEC’s website at sec.gov.** NJR disclaims any obligation to update and revise statements contained in these materials based on new information or otherwise.



Disclaimer Regarding Non-GAAP Financial Measures



This presentation includes the non-GAAP measures net financial earnings (losses), financial margin and utility gross 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. NJNG's utility gross margin represents the results of revenues less natural gas costs, sales and other taxes and regulatory rider expenses, which are key components of the Company's operations that move in relation to each other.

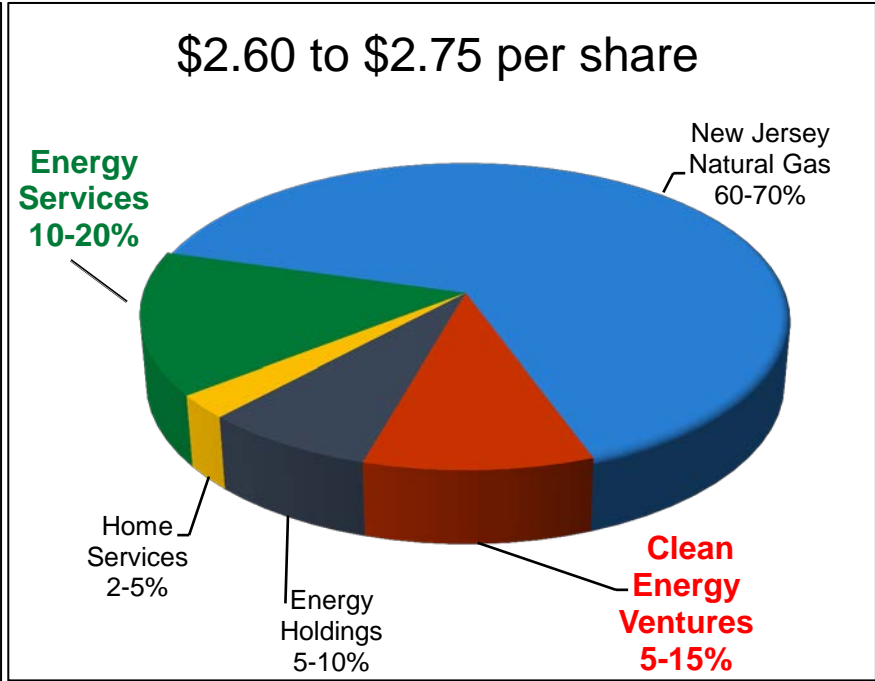
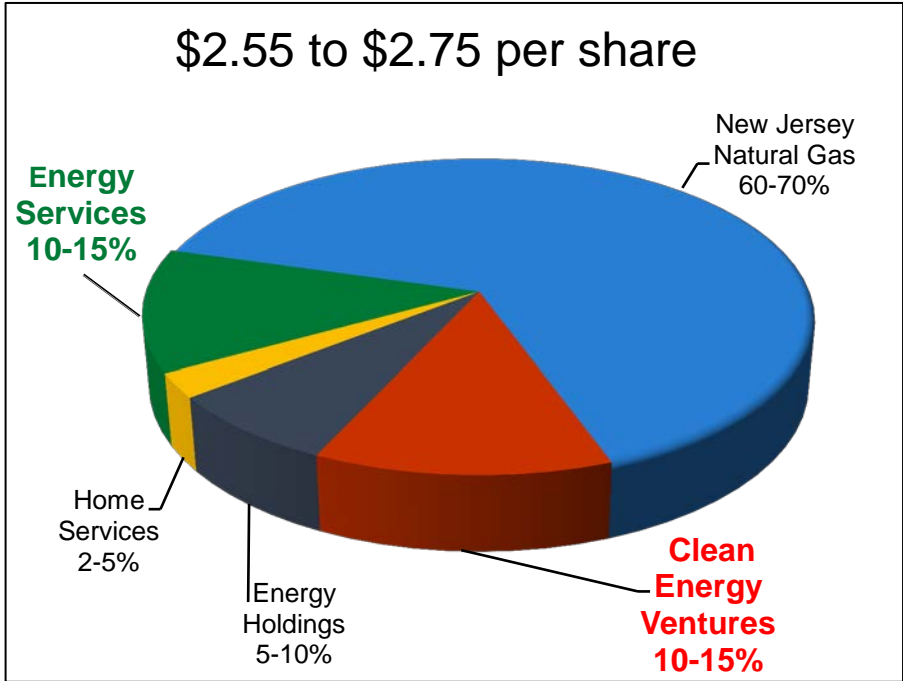
Management uses net financial earnings (NFE), financial margin and utility gross margin as supplemental measures to other GAAP results to provide a more complete understanding of the Company's performance. Management believes these non-GAAP measures are more reflective of the Company's business model, provide transparency to investors and enable period-to-period comparability of financial performance. 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, 2012, filed on November 28, 2012.



New Fiscal 2013 Earnings Guidance

Previous Guidance

Current Guidance



Lower end of guidance range raised to reflect improvement at NJRES



Net Financial Earnings (NFE)

| (\$MM) Company | Three Months Ended | | Six Months Ended | |
|-------------------------|--------------------|-------------------|-------------------|-------------------|
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| New Jersey Natural Gas | \$45.9 | \$44.9 | \$71.4 | \$70.9 |
| NJR Energy Services | 16.4 | 15.9 | 19.4 | 23.5 |
| NJR Clean Energy | 5.2 | 11.9 | 10.5 | 22.0 |
| Midstream Investments | 2.3 | 2.0 | 4.1 | 3.8 |
| NJR Home Services/Other | (1.1) | (0.6) | (1.2) | (0.8) |
| Total | \$68.7 | \$74.1 | \$104.2 | \$119.4 |
| Per basic share | \$1.64 | \$1.79 | \$2.50 | \$2.88 |

NFE for the balance of fiscal 2013 expected to exceed last year



Key Drivers of Fiscal 2013 Outlook

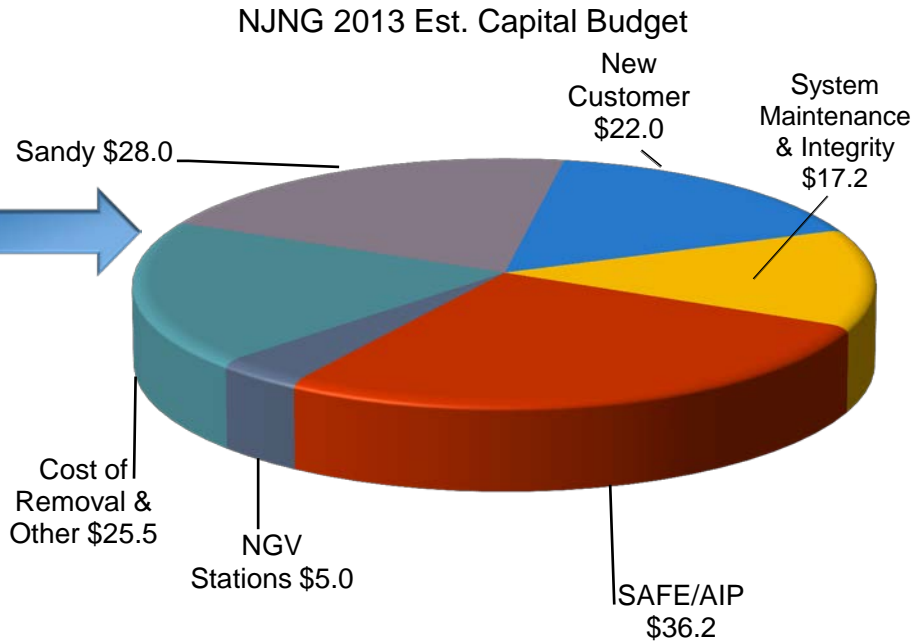
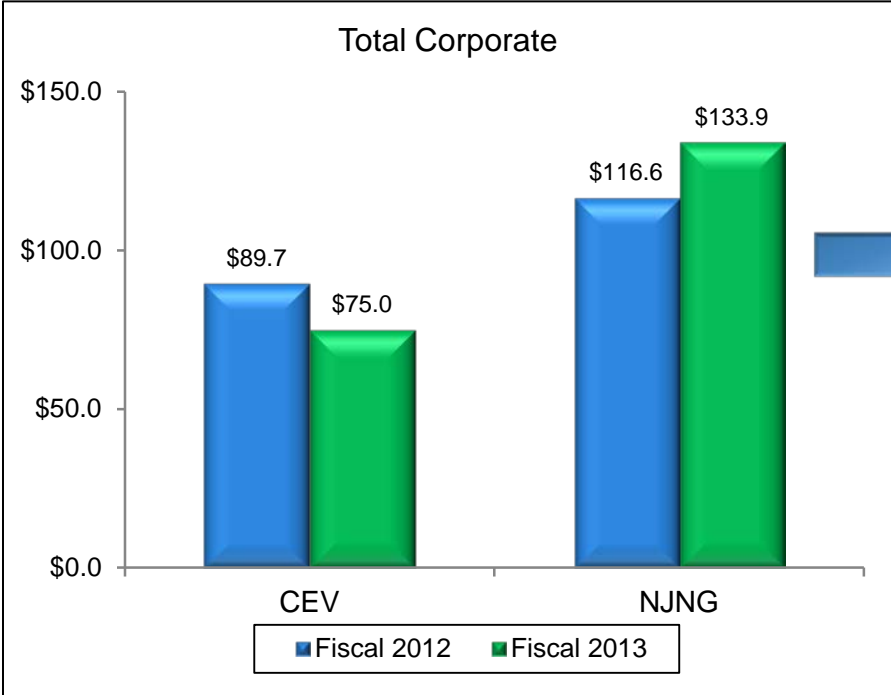


- Strong results from New Jersey Natural Gas (NJNG)
- Higher full-year NFE at NJR Energy Services (NJRES)
- Improving SREC prices as solar market rebalances

| | Estimate Fiscal 2013 | Actual Fiscal 2012 |
|-----------------------|-------------------------|-----------------------|
| Q3 and Q4 Fiscal 2013 | \$.10 to \$.25 | \$(.17) |
| Full Year | \$2.60 to \$2.75 | \$2.71 |



\$209MM FY 2013 Capital Planning Budget



Increased spending in regulated business



NJNG Results

| (\$MM) | Three Months Ended | | Six Months Ended | |
|------------------------|--------------------|---------|------------------|---------|
| | March 31, | | March 31, | |
| | 2013 | 2012 | 2013 | 2012 |
| Gross Margin | \$110.5 | \$111.6 | \$189.0 | \$192.0 |
| O&M Expense | \$28.7 | \$26.2 | \$53.9 | \$52.2 |
| Operating Income | \$71.4 | \$75.3 | \$114.1 | \$120.3 |
| Net Financial Earnings | \$45.9 | \$44.9 | \$71.4 | \$70.9 |

- **Strong results from NJNG**
 - Customer growth up 6 percent over last year
 - SAFE infrastructure spending will enhance earnings
 - NGV program progressing
 - Lower effective tax rate
 - Factors above expected to offset gross margin loss from Sandy

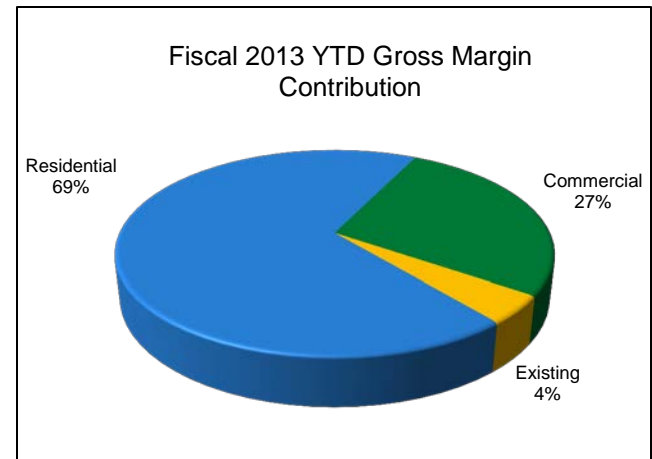
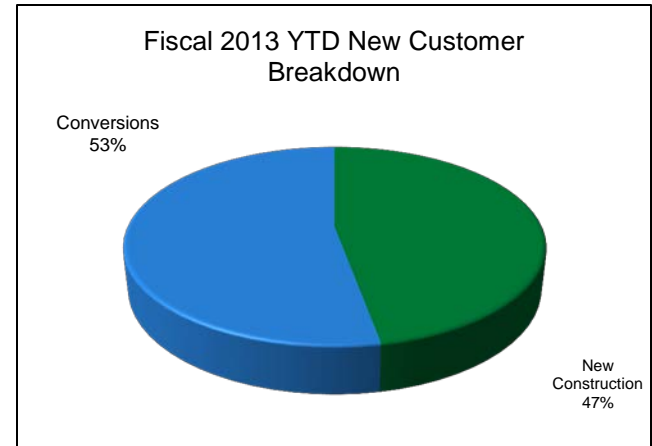
- **Expected to contribute 60 to 70 percent to fiscal 2013 NFE**



Strong Customer Growth Continues



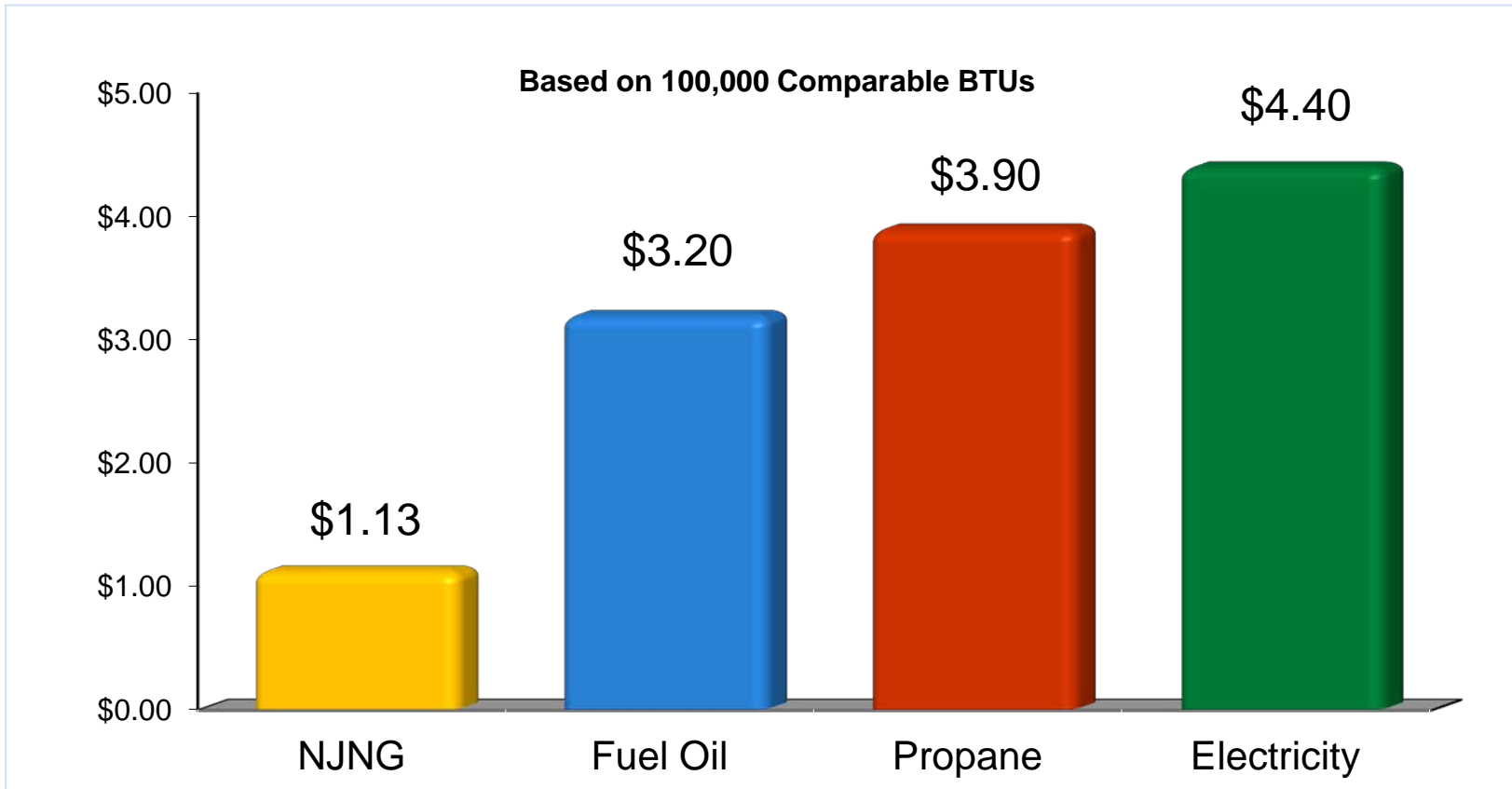
- 3,697 new customers through March 2013
 - 1,741 new construction customers, an increase of 21 percent over last year
 - 1,956 conversions from:
 - 65 percent oil
 - 20 percent electric
 - 15 percent propane
- 328 existing customer heat conversions
- Increased customer growth, now estimated at **13,000-15,000** new customers over the next two fiscal years
- Customer growth expected to add \$3.6 million of gross margin annually



Demographics and customer service support future customer growth



Equivalent Cost Value for Customers



NJNG enjoys a distinct price advantage in its service area

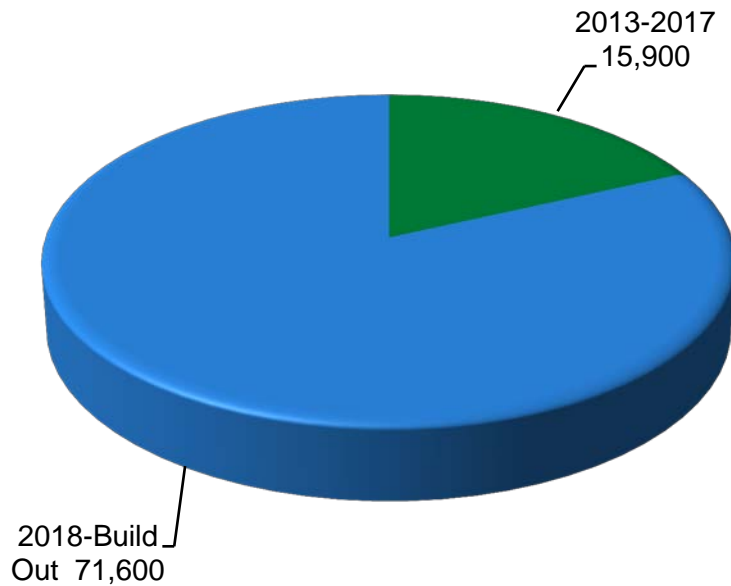
Source: US Energy Information Administration

Data as of March 2013

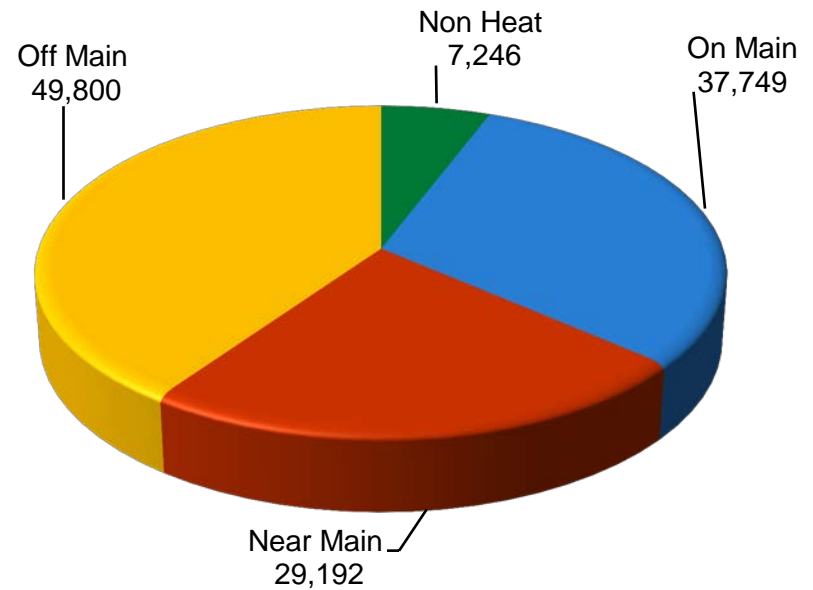


Future Potential Customer Growth

New Construction



Conversions



With our new construction and conversion outlook, we see a total potential of over 204,000 new customers



Regulatory Incentive Programs to Optimize Supply



■ Off-system sales and capacity release

- Optimization of capacity and supply contracts
- Sharing formula of 85 percent customers/15 percent shareowners

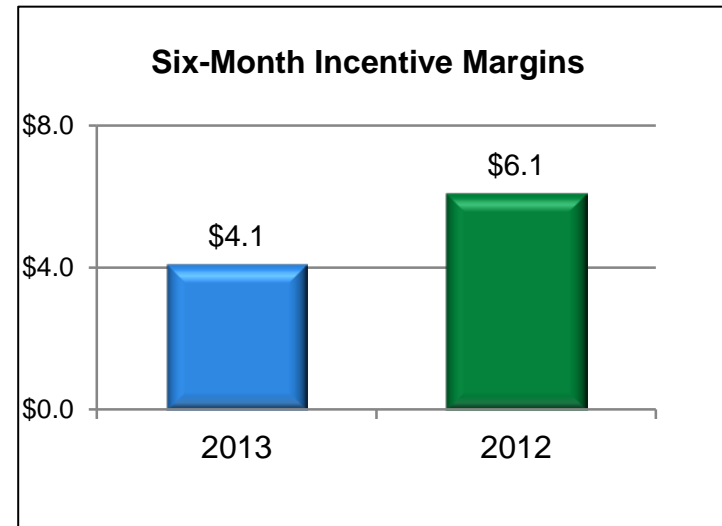
■ Storage

- Promotes long-term price stability and efficient contract utilization
- Sharing formula of 80 percent customers/20 percent shareowners

■ Financial risk management

- Promotes application of risk management tools
- Sharing formula of 85 percent customers/15 percent shareowners

■ Customers have saved over \$611 million since inception



Total earnings \$1.95/share;
average of \$.08 annually

Incentive programs in place through October 2015



Regulatory Collaboration Adds Value



Safety Acceleration and Facility Enhancement (SAFE) Program

- Approved in October 2012; four-year, \$130 million program

Conservation Incentive Program

- In place through September 30, 2013; petition filed for extension on March 1, 2013

NGV Program

- Three agreements signed
- Total investment of \$6 to \$8 million on Compressed Natural Gas infrastructure
- NJNG earns a return of 7.1 percent/10.3 percent ROE

The SAVEGREEN Project®

- Filing submitted to the NJ BPU; decision expected in June

Constructive regulatory environment and support of public policy objectives create growth opportunities for NJNG



Superstorm Sandy Update



- **Impact lower than original post-storm estimates**
- Total storm-related capital expenditures currently estimated at \$30 to \$40 million over the next three years; majority in fiscal 2013
- **Capital will be treated as rate base additions**
- Total incremental O&M costs are currently estimated at \$15 to \$17 million
- **No direct impact expected on fiscal 2013 earnings**

NJNG will file its deferred costs with the New Jersey Board of Public Utilities by July 1, 2013, seeking recovery in next base case



NJR Energy Services Results

| (\$MM) | Three Months Ended | | Six Months Ended | |
|------------------------|--------------------|--------|------------------|--------|
| | March 31, | | March 31, | |
| | 2013 | 2012 | 2013 | 2012 |
| Financial Margin | \$29.2 | \$29.4 | \$38.0 | \$45.4 |
| O&M Expense | \$3.4 | \$3.8 | \$6.6 | \$7.1 |
| Operating Income | \$25.5 | \$25.4 | \$30.8 | \$37.6 |
| Net Financial Earnings | \$16.4 | \$15.9 | \$19.4 | \$23.5 |

- **Expected to contribute 10 to 20 percent to fiscal 2013 NFE**
- Net financial earnings expected to be higher over the balance of the fiscal year
- 1.3 Bcf/day of firm transportation and more than 35 Bcf of storage throughout U.S. and Canada
- Over 30 percent of gross margin is fee-based; does not rely on price volatility
- Producer services are a growing part of the business



NJR Clean Energy Ventures



| (\$MM) | Three Months Ended | | Six Months Ended | |
|------------------------|--------------------|---------|------------------|---------|
| | March 31, | | March 31, | |
| | 2013 | 2012 | 2013 | 2012 |
| Operating Revenues | \$1.4 | \$0.5 | \$4.6 | \$0.9 |
| Operating Loss | (\$2.4) | (\$2.8) | (\$3.3) | (\$4.7) |
| Income Tax Benefit | \$6.5 | \$14.8 | \$14.2 | \$27.0 |
| Net Financial Earnings | \$5.2 | \$11.9 | \$10.5 | \$22.0 |

- **Expected to contribute 5 to 15 percent to fiscal 2013 NFE**
- Goal is to commit \$70 to \$90 million in capital annually
- Competitively-priced electricity for customers
- Strong legislative commitment to solar in New Jersey

Enhancing shareowner value while saving customers money



Improving SREC Prices

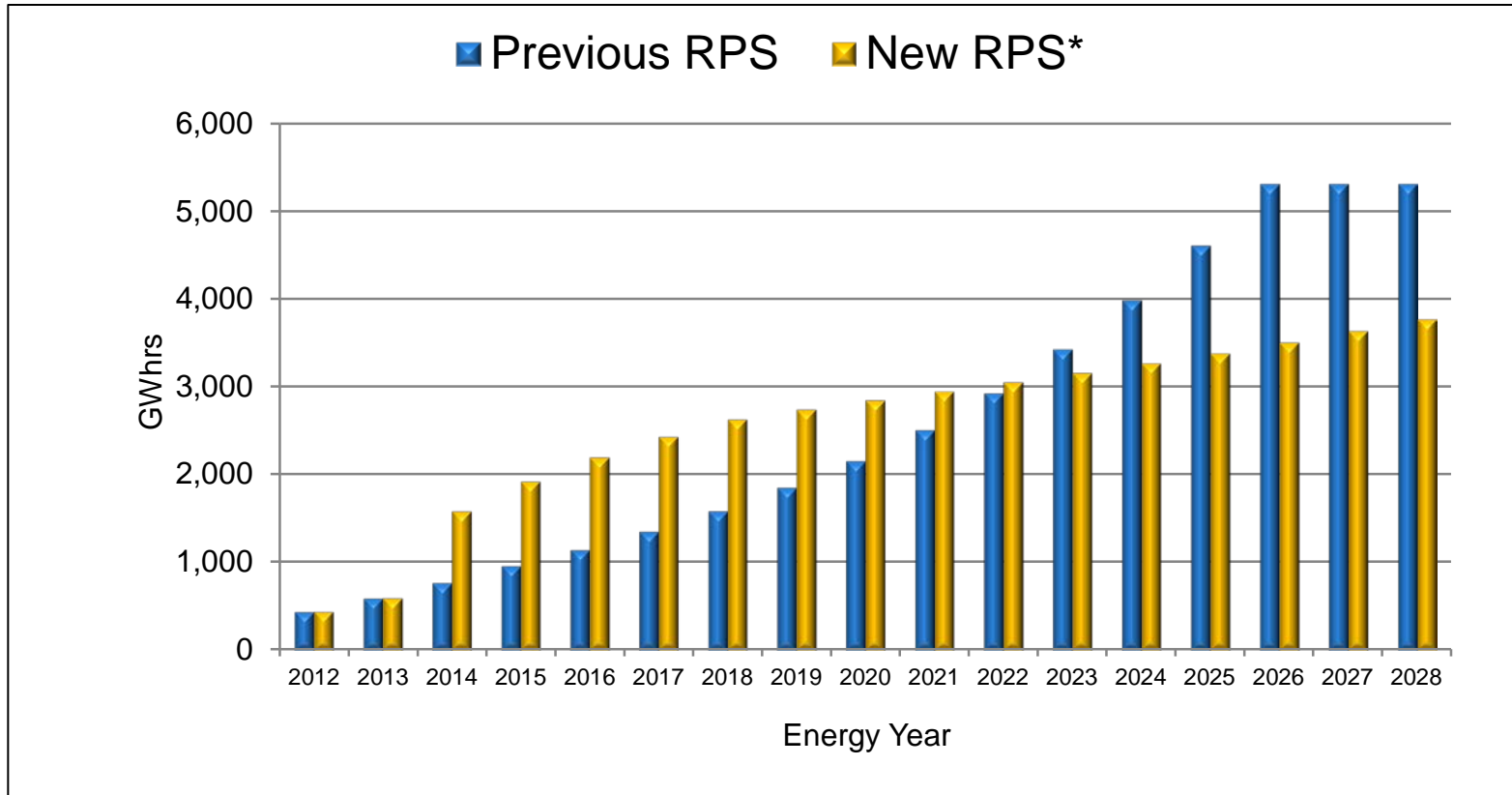


- Tax credits, federal grants, bonus depreciation and high SREC prices resulted in an overbuilt market
 - Put downward pressure on SREC prices
- New state legislation
 - Signed in July 2012 to bring long-term stability to New Jersey's solar industry
 - Increases RPS starting in June 2013
 - Mandates BPU approval process for grid-connected projects
 - Extends SREC life to five years
- New Jersey solar construction has slowed
- SREC prices have improved
 - October 1, 2012 – energy year 2013 bid at \$70*
 - April 30, 2013 – energy year 2013 bid at \$135*

SREC values have increased over 90 percent during fiscal 2013



New Jersey's Clean Energy Commitment

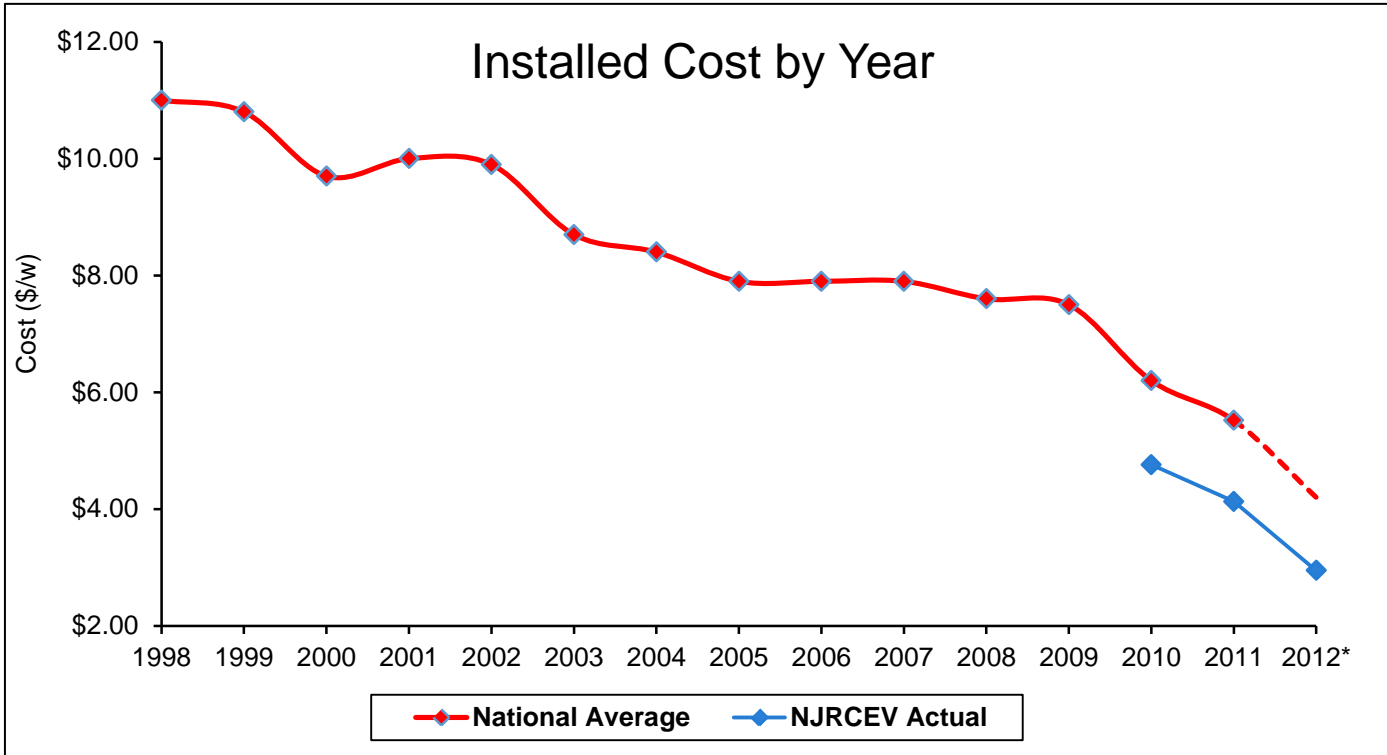


Supporting a sustainable solar industry in New Jersey

*New RPS utilizes retail electricity sales forecast provided by Rutgers Bloustein School - Center for Energy, Economic and Environmental Policy (R/ECON, spring 2012)



Declining Solar Costs



Making solar more competitive

Source: Lawrence Berkeley National Laboratory (Behind the meter weighted average installed cost)

* Analyst estimate for 2012



Strong Solar Project Pipeline



- Total commercial and residential programs through March 31, 2013:
 - 47 MW of installed capacity
 - Approximately 55,000 SRECs generated annually

Residential Program

- FY 2013 results to date:
 - 294 homes added
 - Average size: 8.3 kilowatts
 - \$8.1 million of capital deployed
 - 700 leases backlog
- Over 1,400 customers added since 2010

Commercial Program

- Fiscal 2013 commercial projects:
 - Medford and Wakefern in place
 - \$26.3 million of invested capital
 - 9.1 total installed MW
 - Medford Township Wastewater
 - Ground-mounted system
 - \$4.7 million; 1.5 MW project
 - Expected completion Q3, fiscal 2013

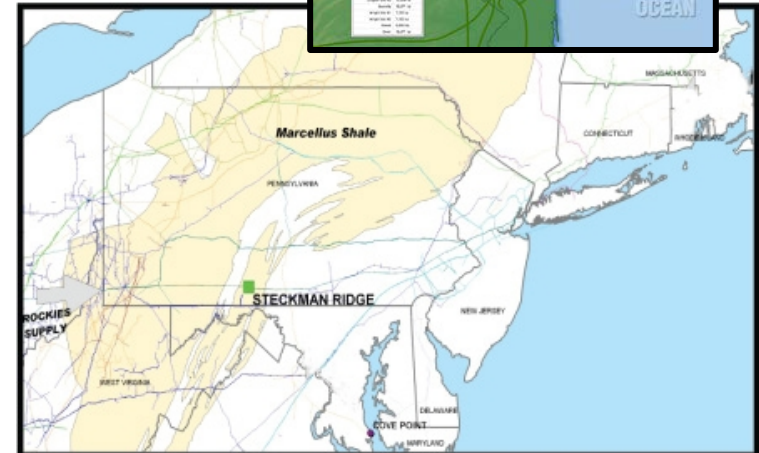
Approximately \$140 million in commercial project pipeline



Midstream Assets



- Contributed \$4.1 million to six-month NFE
- Expected to contribute 5 to 10 percent to fiscal 2013 NFE
- Steckman Ridge
 - 50 percent joint venture with Spectra Energy
- Iroquois
 - 5.53 percent ownership in pipeline from Canada to the northeast



Contract services provide steady margins



NJR Home Services



- Serves approximately 128,000 customers
- Expected to contribute 2 to 5 percent to fiscal 2013 NFE
- Expanded services now offered
 - Whole house electric and plumbing contracts
 - Standby generator contracts
 - Air conditioning
 - Generator sales and installation
- Pursuing geographic expansion
 - Currently marketing in Sussex, Warren and Hunterdon counties

We're expanding our TERRITORY.
NJR Home Services is now serving Hunterdon, Warren and Sussex counties.

Over 130,000 customers in central and south Jersey rely on us to keep their homes comfortable. Now folks in Hunterdon, Sussex and Warren counties can too. NJR Home Services is now available for sales and service in these areas, as an approved Gas Advantage Dealer for Elizabethtown Gas. We provide heating, air conditioning, and water heating service, along with standby generators and a solar leasing program. Choose NJR Home Services for:

- Heating, AC and water heating systems by name-brand manufacturers who you know and trust
- Prompt, professional service by fully trained technicians
- Convenient Morris County office to ensure prompt local service
- Repair and maintenance plans for a low monthly fee

Let NJR Home Services give you comfort all year long. To learn more: **877-466-3657 | www.njrhomeservices.com**

All work required by law to be performed by a licensed master plumber or authorized plumbing contractor will be performed by NJR Home Services Company, but by a master electrician authorized to act as a plumbing contractor pursuant to the State Plumbing License Law of 1996 and the regulations promulgated by the State Board of Examiners of Master Plumbers. NJR Home Services Company (NJRHS) is not the same company as the gas public utility. NJRHS is not regulated by the New Jersey State of Public Utilities. You do not have to buy contracts or services from NJRHS in order to continue to receive quality regulated services from the gas public utility. United Jersey Central Contractor, Inc. #46811121000 Electrical Contractors Site, Permit #46811121000, No. Home Improvement # 123456789000.

Home energy solutions for customer comfort



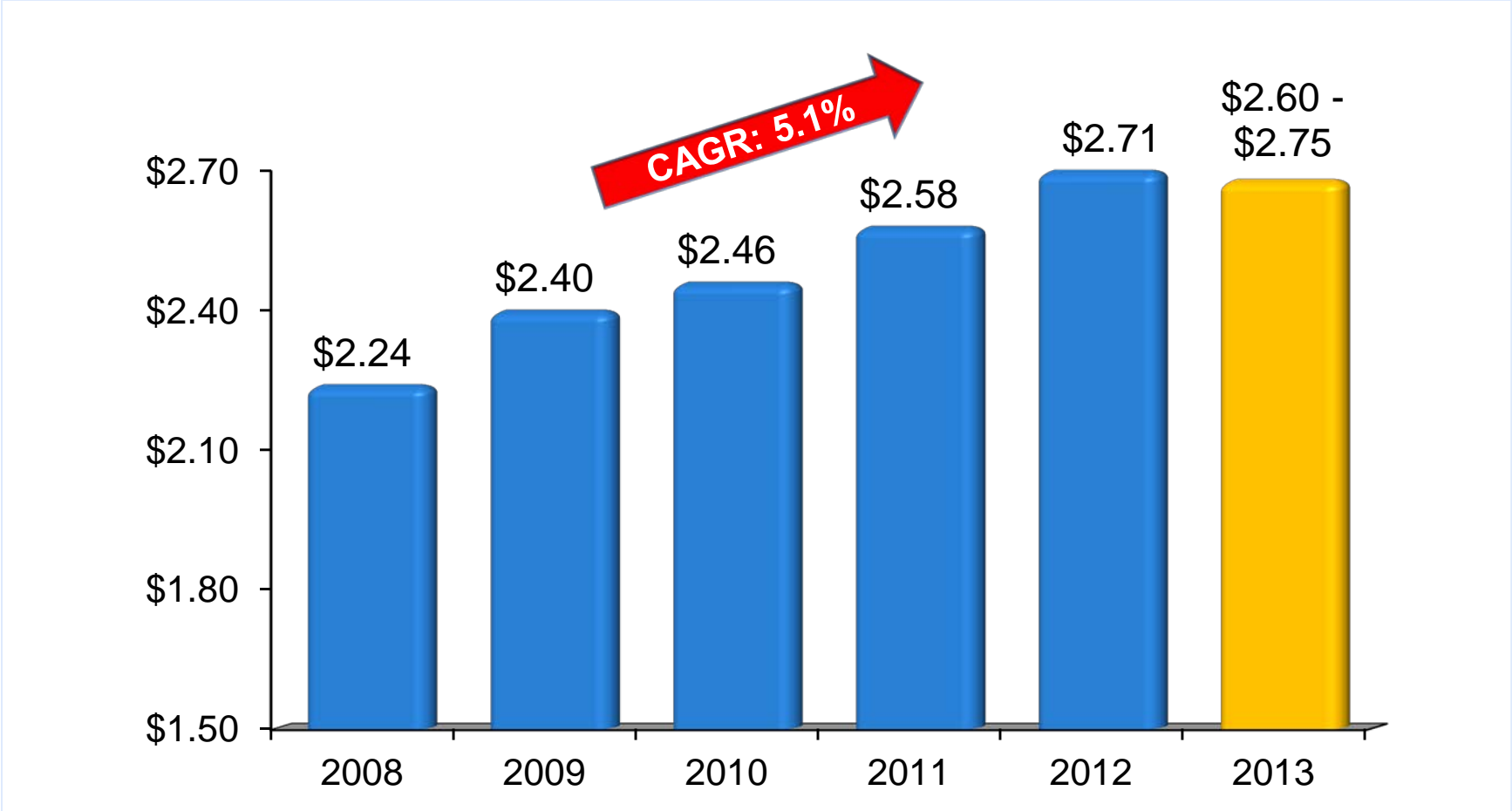
Financial Goals



- Long-term NFE growth of 4 to 6 percent
- Earnings from New Jersey Natural Gas of 60 to 70 percent
- Annual dividend growth of 5 percent
- Maintain a payout ratio at or lower than peer average
- Maintain a strong financial profile with a minimum equity ratio of 50 percent



Net Financial Earnings



Solid financial performance expected in fiscal 2013



Growing Dividends

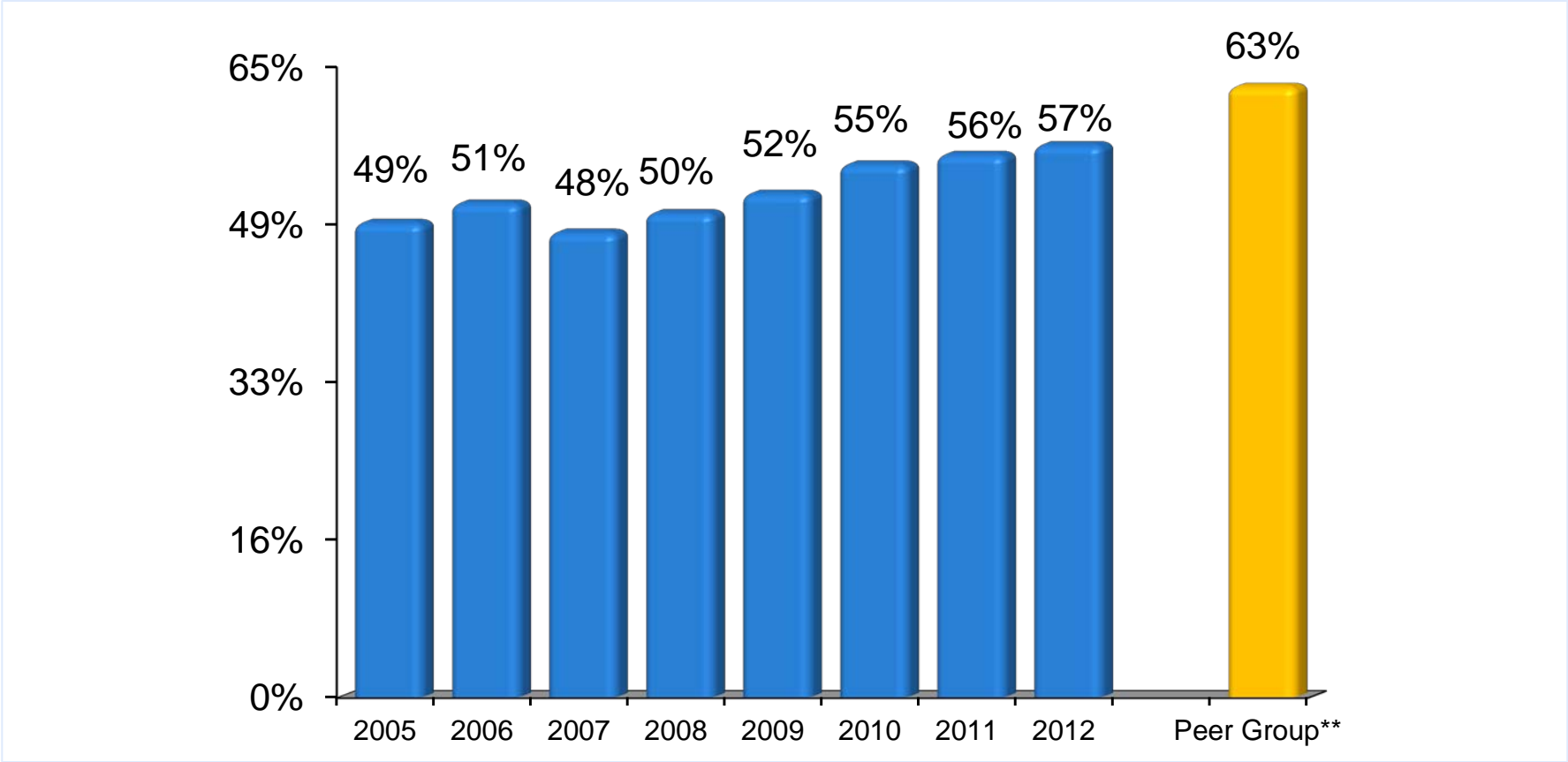


19 dividend increases in 17 years

* Current annual rate



Payout Ratio*



Goal of 60 to 65 percent payout ratio

* Based on NJR Net Financial Earnings

** Peer group average based on 2013 earnings estimates and indicated dividend from Bloomberg. Peer group: ATO, GAS, LG, NWN, PNY, SJI, SWX, VVC and WGL



Fundamental Growth Drivers



- **Solid earnings performance expected in fiscal 2013**
 - Earnings over the remainder of the fiscal year expected to exceed last year
- **Core utility continues to provide majority of earnings**
 - Strong customer growth of 1.3 to 1.4 percent
 - Infrastructure investment opportunities
 - Regulatory incentives
- **CEV spending consistent with tax appetite**
 - Goal is to spend \$70 to \$90 million annually
 - SREC market improving
- **Ongoing earnings contributions expected from wholesale and retail energy services**

Fundamentals deliver consistent performance and sustainable long-term growth



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