



## Fiscal 2008 Update



# New Jersey Resources

July 30, 2008



## Slide 2



# 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 2008 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, its impact on customer usage and NJR Energy Service’s (NJRES) operations, the impact 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, 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, in particular, the base rate case filing, 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 and continued access to the capital markets, 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. NJR does not, by including this paragraph, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events. More detailed information about these factors is set forth under the heading “Risk Factors” in NJR’s filings with the Securities and Exchange Commission (SEC) including its Form 10-K and Forms 10-Q.**

## Slide 3



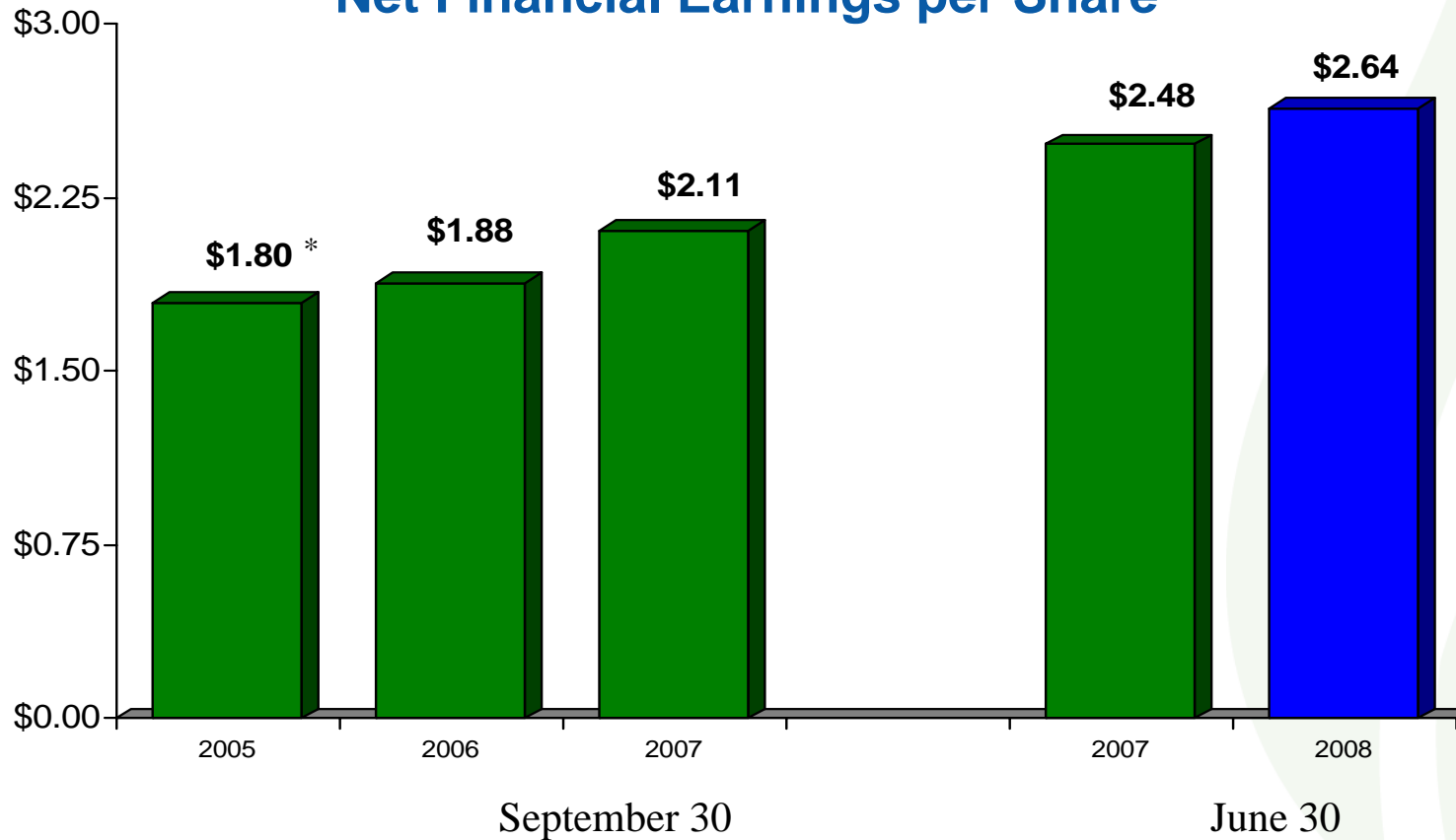
# Disclaimer Regarding Non-GAAP Financial Measures

Included in this presentation are the non-GAAP financial measures, Financial Margin and Net Financial Earnings. Financial margin represents operating revenues from the sale of natural gas sales less gas purchases, and excludes the accounting impacts of unrealized gains and losses from derivative instruments. These accounting impacts represent the change in fair value of these financial instruments, which represent futures and swaps designed to economically hedge forecasted natural gas purchases, sales and transportation, and are primarily open positions resulting in unrealized gains or losses. Net financial earnings represents net income excluding the accounting impacts of unrealized gains and losses from these derivative instruments, net of taxes. Financial Margin and Net Financial Earnings should not be considered as alternatives to GAAP measures, such as cash flow, net income, operating income, earnings per share or any other GAAP measure of liquidity or financial performance. Because Net Financial Earnings and Financial Margin are non-GAAP financial measures, we provide a reconciliation to operating income and net income, which, respectively, are the most directly comparable financial measures calculated and presented in accordance with GAAP. For a discussion of these non-GAAP financial measures, please see Item 7 of our Annual Report on Form 10-K for the fiscal year ending September 30, 2007 and for reconciliations to the most comparable GAAP measures, please see our Current Report on Form 8-K, filed on July 30, 2008.

Management uses Financial Margin and Net Financial Earnings as performance metrics to reflect the economic performance of our businesses prior to the actual settlement of certain forecasted transactions and related derivative instruments. Our management believes that these financial measures are more reflective of our operations, provide transparency to investors and enable period-to-period comparability of financial performance. By using Financial Margin and Net Financial Earnings as performance measures, our management reviews the results of operations without the volatility of certain forecasted transactions and related derivative instruments to measure the economic impact that its businesses are having.



## Net Financial Earnings per Share

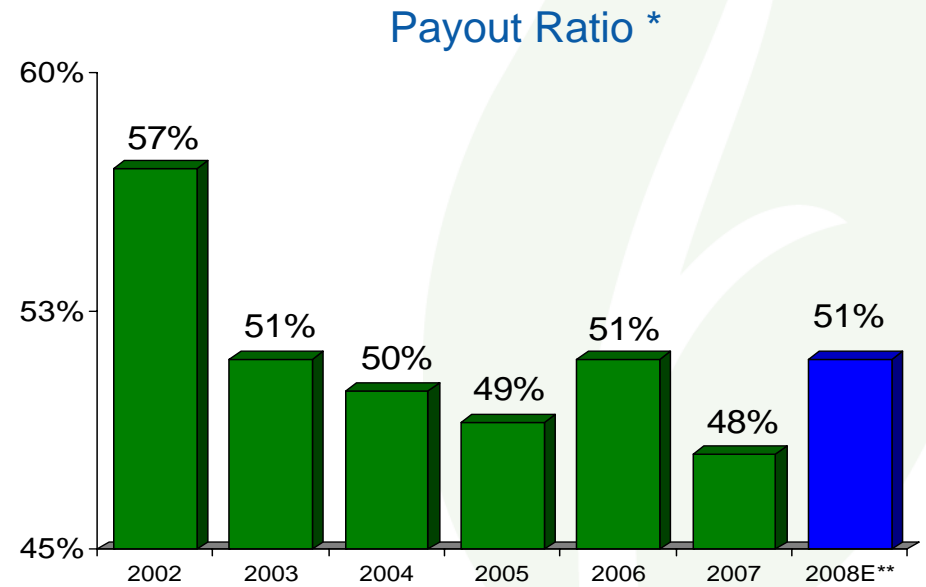
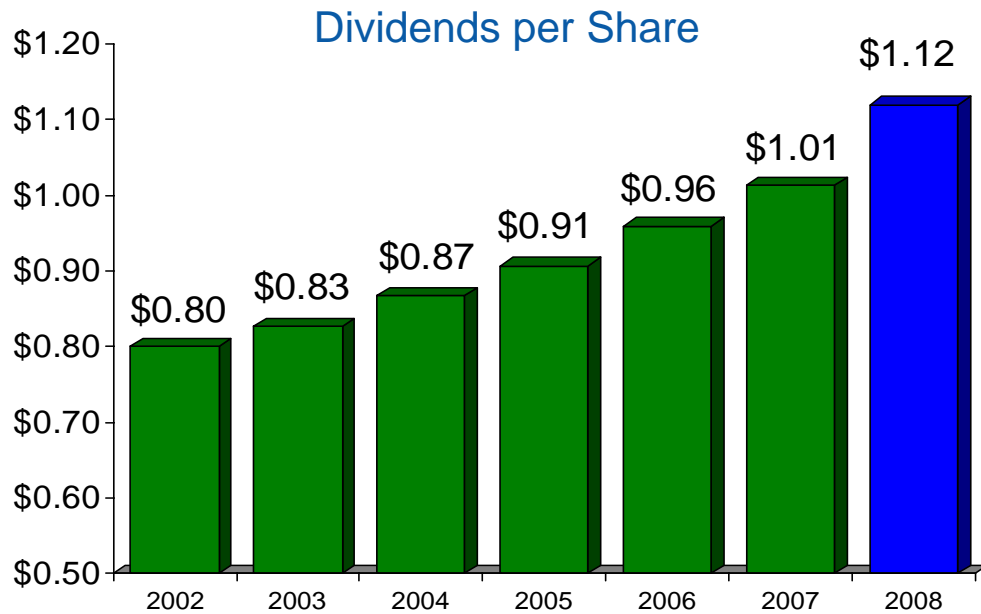


NJR estimates Net Financial Earnings of \$2.17 to \$2.23 per basic share in fiscal 2008

\* Net of certain items



## Dividend and Payout Ratio



\* Based on Net Financial Earnings

\*\* Based on mid point of 2008 company guidance

## Slide 6



### Conservation Incentive Program

- Stabilizes NJNG gross margin from:
  - Declining usage
  - Weather
- Fiscal YTD 2008 CIP accruals:
  - \$9.1 million in weather margin
  - \$11.5 million in non-weather margin
- Rate case
  - Updated factors in CIP tariff (baselines and margins)





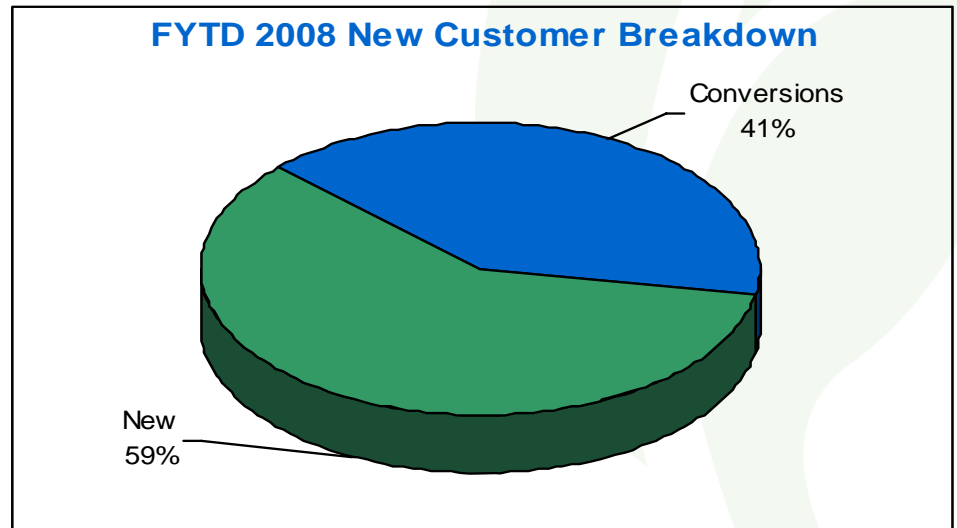
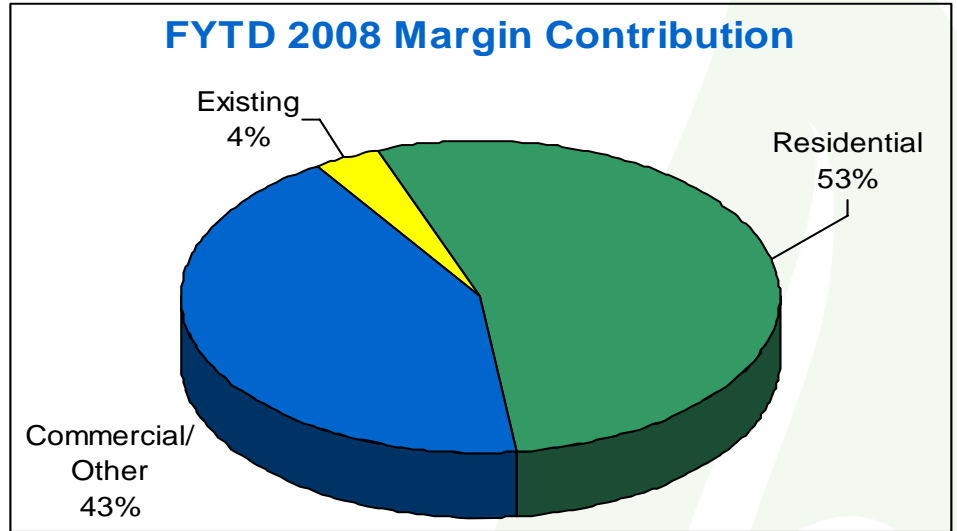
## Base Rate Case

- Engaged in active negotiations with Rate Counsel and BPU staff
- Petition filed on November 20, 2007
- First base rate case filing in 14 years
- Requested an increase of \$58.4 million (\$79 million updated)
  - An overall increase of approximately 7.5 percent
- Includes equity capital of approximately \$500 million
- Return on equity requested - 11.875 percent
- Proposed rate base of \$953 million



## Customer Growth

- 4,896 new customers FYTD 2008
- 505 additional existing customer heat conversions
- Expected annual gross margin of \$2.8 million
- Growth has remained resilient during fiscal 2008, particularly in the areas of commercial customers and conversions



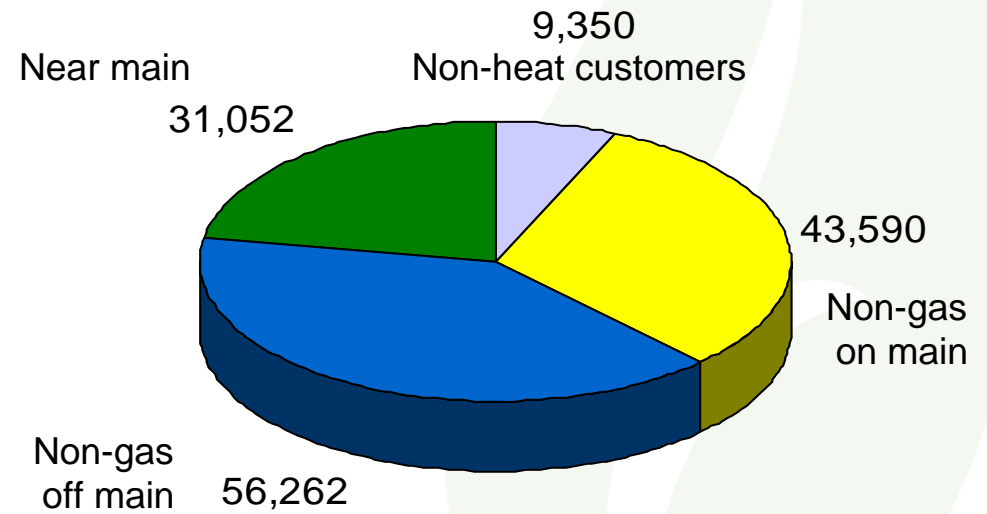
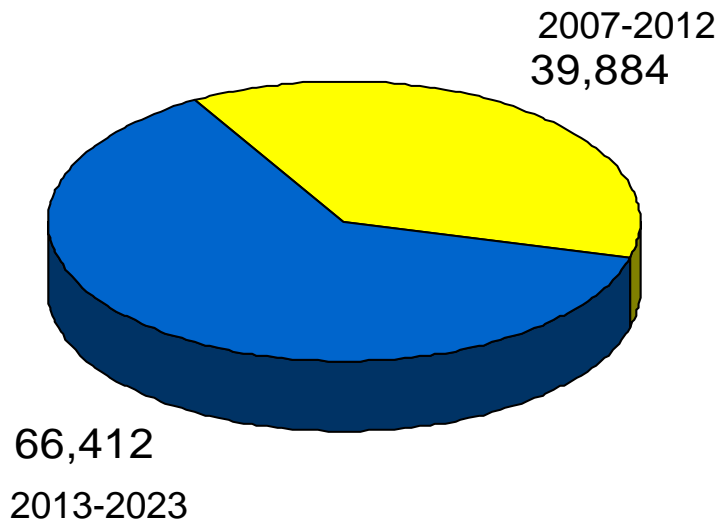




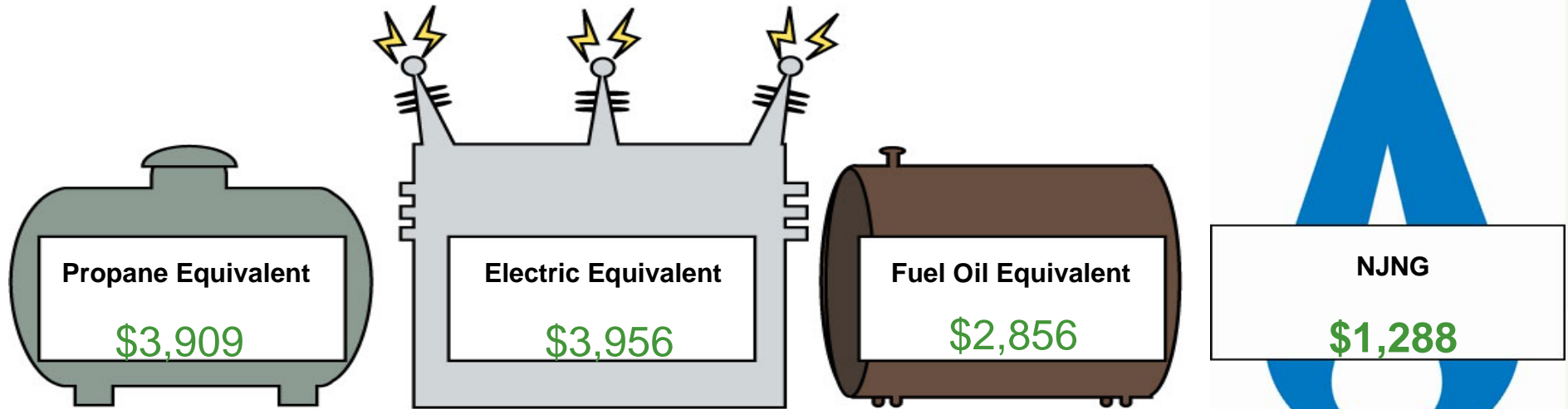
## Future Customer Growth

New Customers = 106,296

Conversions = 140,254



## Price Comparison

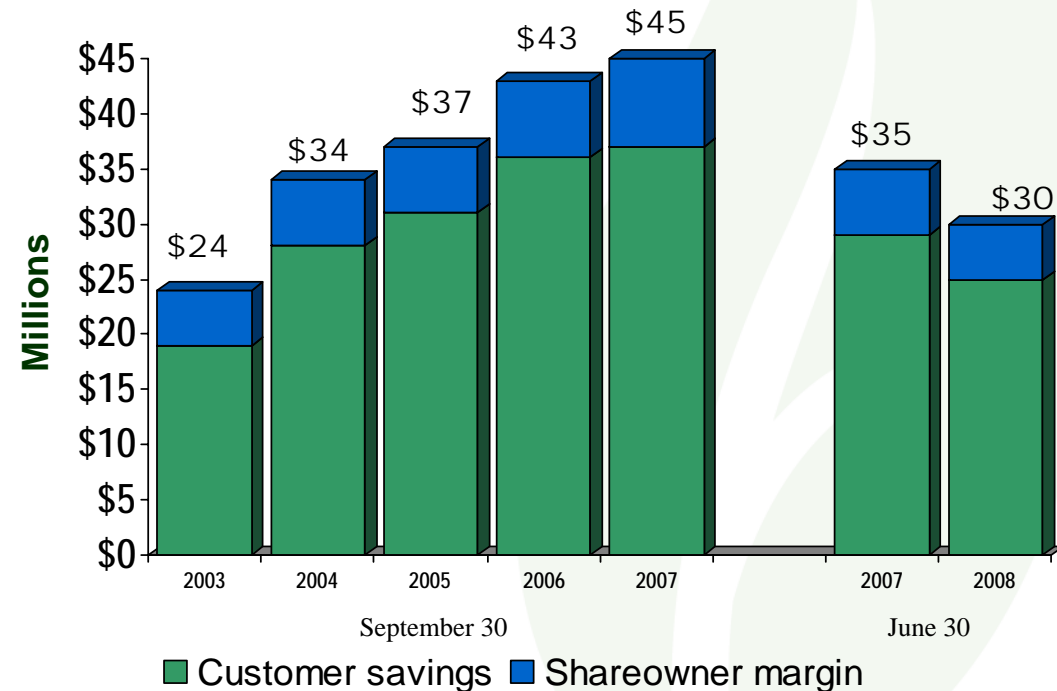


With the proposed BGSS increase, NJNG's prices would be \$1,521



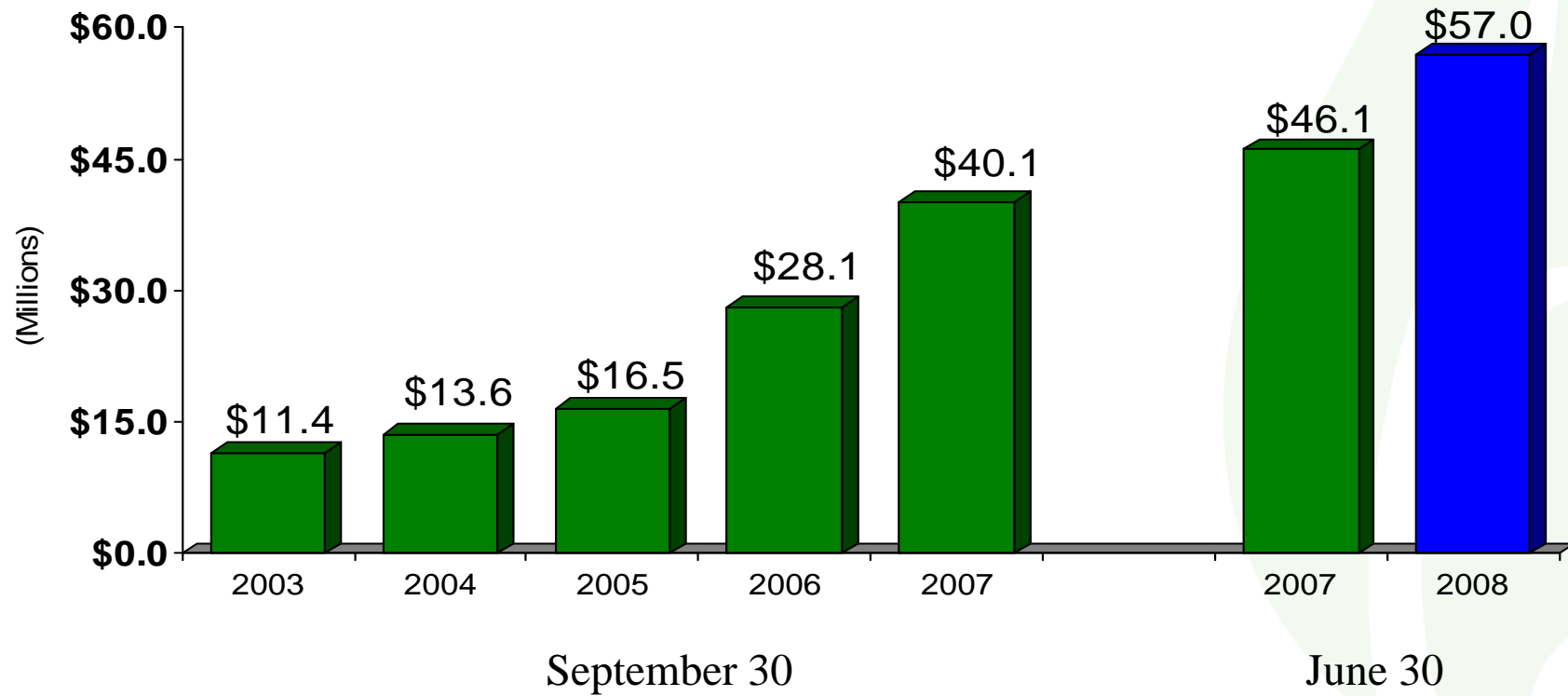
## Incentive Programs

- **Off-system sales and capacity release**
  - In place since 1992
  - Optimization of capacity assets
  - 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



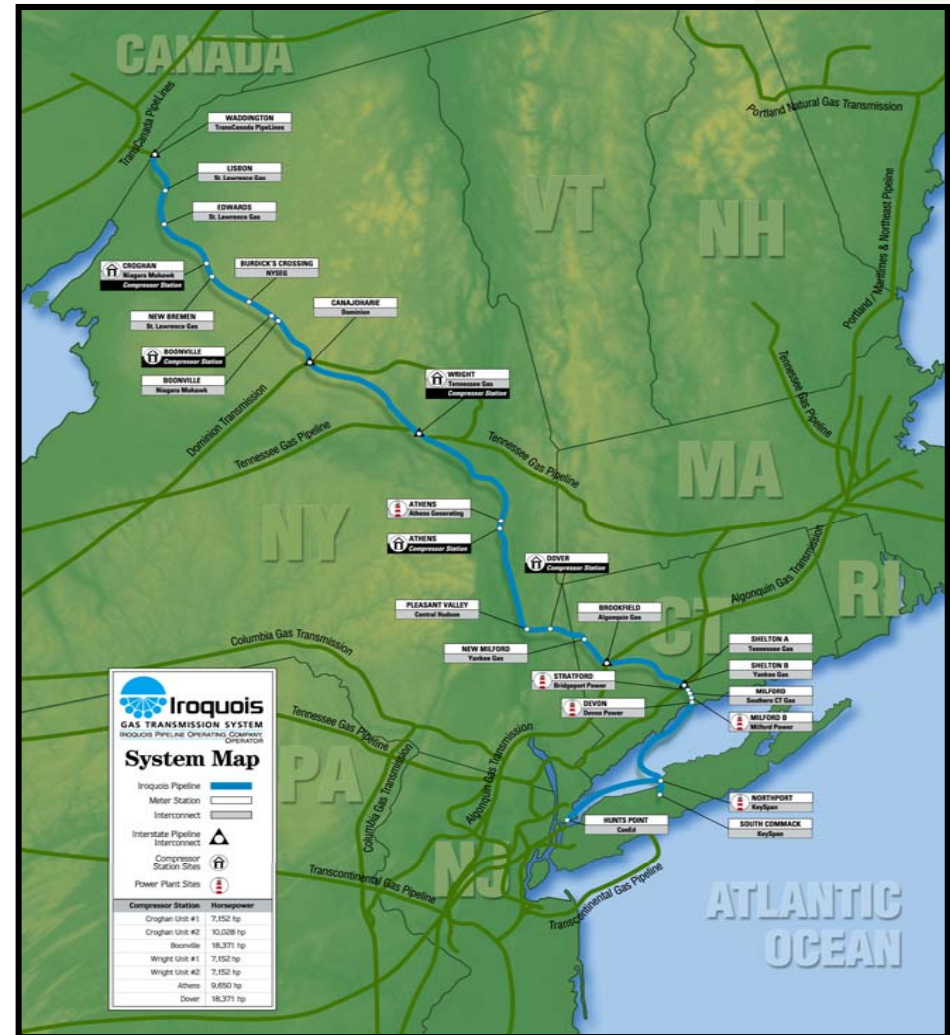


## NJRES Net Financial Earnings



## Iroquois Pipeline

- 411-mile pipeline system running from the Canadian border at Waddington, NY to Long Island and New York City, NY
- 78,100 HP of compression
- 1.2 Bcf/d of peak deliverability
- Commenced operations in 1991



# Slide 14

# Steckman Ridge

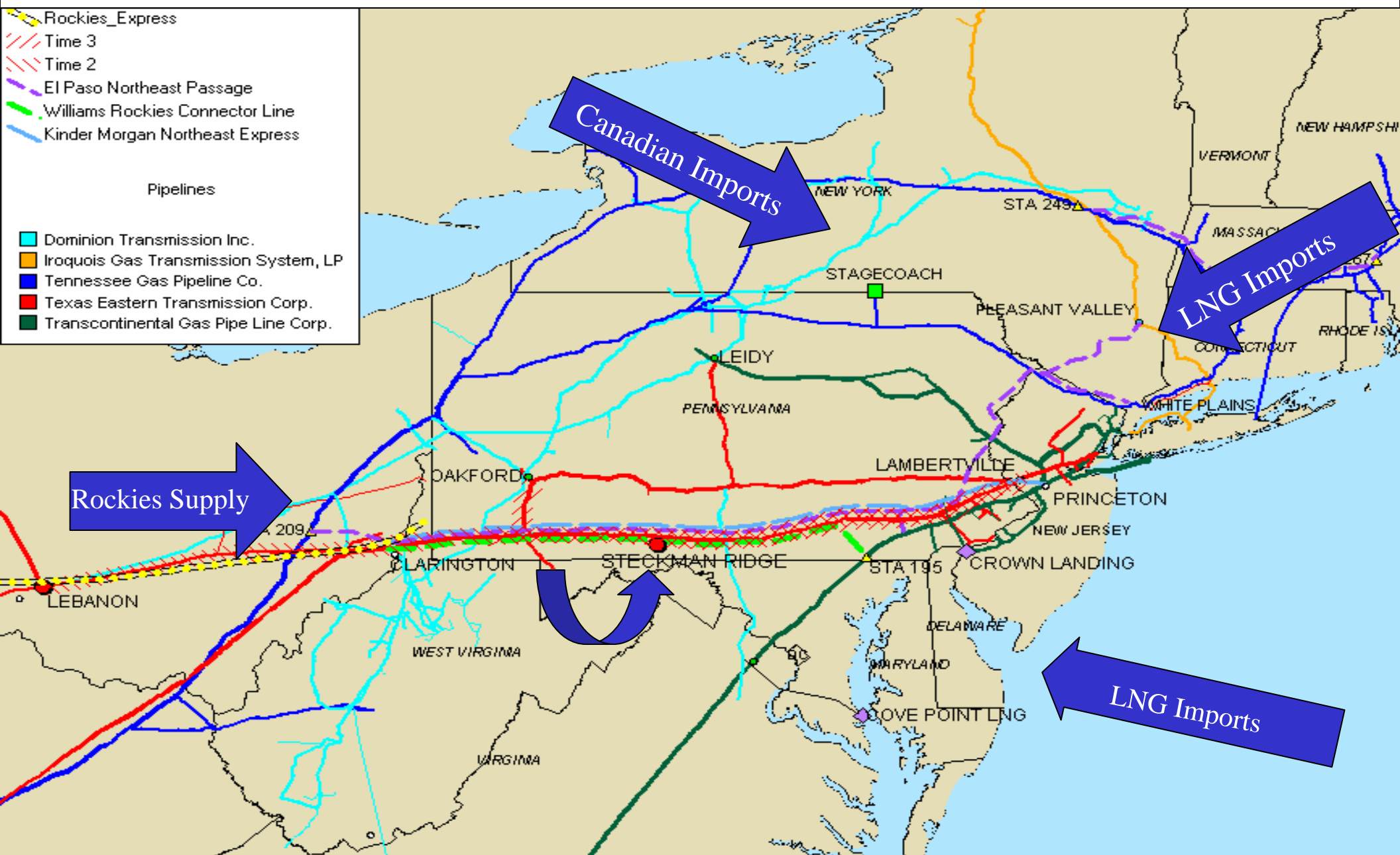
**Pipelines**

- Rockies\_Express
- Time 3
- Time 2
- El Paso Northeast Passage
- Williams Rockies Connector Line
- Kinder Morgan Northeast Express

**Ownership**

- Dominion Transmission Inc.
- Iroquois Gas Transmission System, LP
- Tennessee Gas Pipeline Co.
- Texas Eastern Transmission Corp.
- Transcontinental Gas Pipe Line Corp.





## Investment Highlights

- **Sustained core market growth**
- **Constructive regulatory relations**
- **Disciplined wholesale energy services strategy**
- **Strong financial profile**
- **Demonstrated record of consistent financial performance**





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