

2003 Financial Highlights

Fiscal Years Ended September 30,	2003	2002	2001
Operating Results			
Operating Revenues	\$2,544,379	\$1,831,504	\$2,048,408
Operating Income	\$121,351	\$104,755	\$99,920
Net Income	\$65,412	\$56,844	\$52,316
Total Energy Deliveries	422.0	491.2	334.4
Return on Average Equity*	15.9%	15.3%	15.3%
Common Stock Information			
Earnings per Share – Basic	\$2.41	\$2.12	\$1.97
Annual Dividend Rate at Year-End	\$1.24	\$1.20	\$1.17
Market Price at Year-End	\$36.04	\$32.90	\$29.47
Book Value per Share	\$15.38	\$13.43	\$13.20
Shares Outstanding at Year-End**	27,233	26,917	26,664
Average Shares Outstanding – Basic	27,095	26,860	26,598
Operating Data			
New Jersey Natural Gas			
Firm Sales	67.5	51.0	60.8
Interruptible Sales	7.4	11.1	11.7
Off-System Sales and Capacity Management	35.8	96.5	88.4
Total Energy Deliveries	110.7	158.6	160.9
Customers at Year-End	443,840	434,141	423,182
Gross Margin	\$215,694	\$195,819	\$201,653
NJR Energy Services			
Wholesale Sales and Gas Under Management	311.3	332.6	173.5
Gross Margin	\$26,069	\$17,090	\$8,782

* Excluding other comprehensive income

** Net of treasury shares

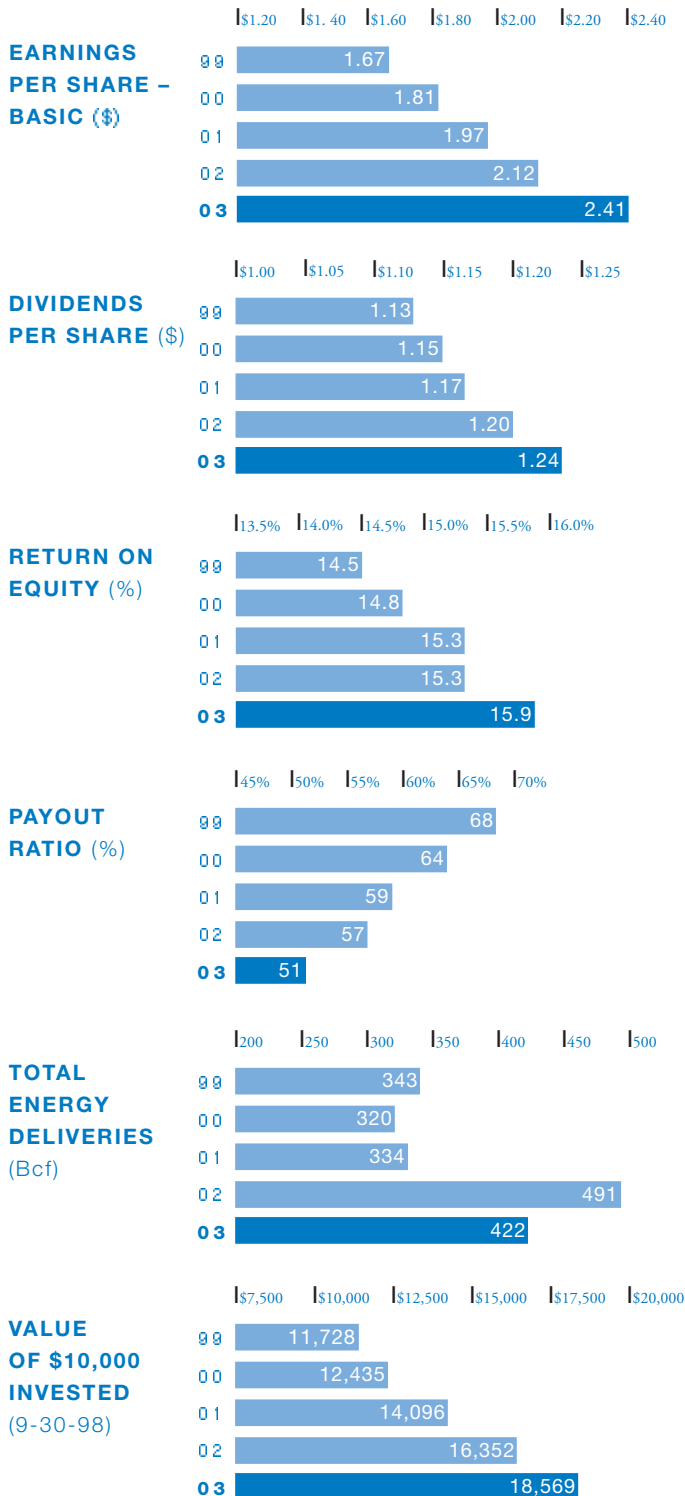
All common share and earnings-per-share data have been restated for a 3-for-2 stock split, which became effective in March 2002.

Dollars are in thousands, except per share data. Sales volumes are in billion cubic feet (Bcf).

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Forward-Looking Statements

Certain statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements as to management expectations and beliefs presented in the Chairman’s Letter to Stakeholders, Feature Section, statements made in Management’s Discussion and Analysis under the captions “Critical Accounting Policies,” “Natural Gas Distribution Operations – Firm Margin,” “– Off-System and Capacity Management,” “– Operating Income,” “Cash Flows,” “Financial Risk Management” and statements made in the Notes to Consolidated Financial Statements under the captions “Summary of Significant Accounting Policies,” “Financial Instruments and Risk Management” and “Commitments and Contingent Liabilities.” 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 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 readers that the assumptions that form the basis for forward-looking statements regarding financial results and capital requirements for fiscal 2004 and thereafter include many factors that are beyond NJR’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. Among the factors that could cause actual results to differ materially from estimates reflected in such forward-looking statements are weather and economic conditions, demographic changes in NJNG’s service territory, fluctuations in energy commodity prices, energy conversion activity and other marketing efforts, the conservation efforts 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, changes due to legislation at the federal and state level, the continued recoverability of environmental remediation expenditures and other regulatory changes. 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.