



New Jersey Resources Reports Financial Results

Reiterates Fiscal 2008 Earnings Guidance

WALL, NJ — July 30, 2008 — New Jersey Resources (NYSE:NJR) today announced improved third-quarter net financial earnings for fiscal 2008 driven primarily by better wholesale energy services results. A reconciliation of net financial earnings to net income for the third quarter and first nine months of fiscal 2008 and 2007 is provided below. A net financial loss in third- and fourth-quarter earnings is typical due to the seasonal nature of NJR's businesses.

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net (loss) income	(\$7,597)	\$25,377	\$35,123	\$62,772
Add:				
Unrealized loss (gain) on derivative instruments, net of taxes	17,194	(29,267)	90,996	40,245
Realized (gain) loss from derivative instruments related to natural gas inventory, net of taxes	(13,683)	(1,062)	(15,900)	682
Net financial (loss) earnings	(\$4,086)	(\$4,952)	\$110,219	\$103,699
Weighted Average Shares Outstanding				
Basic	41,949	42,015	41,822	41,808
Diluted	41,949	42,323	42,037	42,084
Basic net (loss) earnings per share	(\$0.18)	\$0.60	\$0.84	\$1.50
Basic net financial (loss) earnings per share	(\$0.10)	(\$0.12)	\$2.64	\$2.48

Net financial earnings 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. For further discussion of this financial measure, as well as a reconciliation to the most comparable GAAP measure, please see the explanation below under "Additional Non-GAAP Financial Information."

- **Rate Case Negotiations Ongoing**

Negotiations are ongoing in the New Jersey Natural Gas (NJNG) base rate case, filed with the New Jersey Board of Public Utilities (BPU) in November 2007. NJNG requested an increase of \$58.6 million to its base rates, the first such request in 14 years. Public hearings were held in May and evidentiary hearings were held in mid-June. Settlement discussions are now underway.

"We continue to work with our regulators on the rate case and are pleased with our progress to date," said Laurence M. Downes, chairman and CEO of NJR. "We remain on schedule and look forward to an ultimate outcome that will be in the best interests of our customers and company."

- **Regulatory Strategies Continue to Benefit Stakeholders**

In a separate filing during the third quarter, due to higher wholesale natural gas prices, NJNG requested an increase in its BGSS rate. As a regulated utility, NJNG makes no profit on this portion of a customer's bill, which is passed through to customers. The BGSS incentive programs, developed in conjunction with the BPU and New Jersey Department of the Public Advocate, Division of Rate Counsel (Rate Counsel), as well as effective hedging, helped to reduce the impact of rising costs on customers. During the third-quarter of fiscal 2008, these incentive programs, which include off-system sales, capacity release, storage optimization and financial risk management programs, generated gross margin of \$1.2 million, compared with \$2.2 million in the third quarter last year. During the 9-month period ending June 30, 2008, incentive programs generated gross margin of \$4.8 million compared with \$6.4 million during the same period last year. Since their inception in 1992, these incentive programs have saved customers approximately \$364 million.

Additionally, through NJNG's Conservation Incentive Program (CIP), also developed in conjunction with the BPU and Rate Counsel, the company is able to aggressively encourage its customers to conserve energy, while protecting utility gross margin. As a result, utility gross margin for the third quarter of fiscal 2008 included a \$4.4 million accrual related to the CIP. This includes \$1.7 million associated with warmer-than-normal weather. Weather during the 3-month period ended June 30, 2008 was 15.5 percent warmer than normal and 15.1 percent warmer than last year. It also includes \$2.7 million associated with non-weather factors, such as usage. During the quarter, NJNG estimates that customers realized commodity cost savings of approximately \$11.3 million due to reduced natural gas usage.

With the recent release of New Jersey's Energy Master Plan and the state's participation in the Regional Greenhouse Gas Initiative (RGGI), NJR is also exploring opportunities to make renewable energy technologies, including investments in efficiency and solar energy, available to customers.

- **Energy Services Shows Improved Performance**

Improved financial performance was driven primarily by NJR's wholesale energy services group. Third-quarter net financial losses decreased 36.8 percent, while net financial earnings for the first nine months of fiscal 2008 are 23.6 percent better than the comparable period last year. The decreased loss in the quarter was due primarily to increased demand for natural gas from electric generation customers during the early part of June 2008 when temperatures were above normal ranges. Results were also driven by a favorable climate in the areas where the company's diverse portfolio of storage and transportation contracts is located. These strategically positioned assets, developed by an experienced core team of employees, continue to support the overall financial results at NJR.

- **Progress Continues on Midstream Assets**

Steckman Ridge, NJR's joint venture with Spectra Energy, received approval in June from the Federal Energy Regulatory Commission (FERC) to develop 12 billion cubic feet (Bcf) of natural gas storage in Western Pennsylvania. The facility's strategic location will serve markets in the New England and Mid-Atlantic regions with connections to two major interstate pipeline systems. Construction commenced in June 2008 and NJR expects the facility to begin contributing to net financial earnings in fiscal 2010.

NJR continues to benefit from its 5.53 percent interest in the Iroquois Gas Transmission System. Due to a recent pipeline expansion, net financial earnings from Iroquois have increased 18.9 percent in the first nine months of fiscal 2008.

- **Customer Growth Continues**

During the first nine months of fiscal 2008, NJNG added 4,896 new customers and converted 505 existing customers to natural gas heat and other services, which will contribute approximately \$2.8 million to utility gross margin annually. Growth in NJNG's service territory has remained resilient during the fiscal year, particularly in the areas of commercial customers and conversions.

During the quarter, construction began on a new 16-inch main that will bring natural gas service to Whiting, NJ. With the potential for several thousand new customers, the project presents a long-term opportunity to bring natural gas, an environmentally friendly fuel, to the area.

Fiscal 2008 Net Financial Earnings Guidance

Subject to the forward-looking statements below, NJR reiterates its fiscal 2008 net financial earnings guidance to a range of \$2.17 to \$2.23 per basic share.

Webcast Information

NJR will host a live webcast to discuss its financial results today at 2 p.m. ET. A few minutes prior to the webcast, go to www.njliving.com and select "New Jersey Resources" from the top navigation bar. Choose "Investor Relations," then click just below the microphone under the heading "Latest Webcast" on the Investor Relations home page.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. NJR 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. Other factors that could cause actual results to differ materially from the company's expectations include, but are not limited to, weather, economic conditions and demographic changes in NJNG's service territory, rate of

customer growth, volatility of natural gas commodity prices and its impact on customer usage and NJR Energy Services (NJRES) operations, changes in rating agency requirements and/or credit ratings and their effect on availability and cost of capital to the company, increased interest costs resulting from failures in the market for auction rate securities, the impact of the company's risk management efforts, including commercial and wholesale credit risks, the company's ability to obtain governmental approvals, property rights and/or financing for the construction, development and operation of its non-regulated energy investments, risks associated with the management of the company's joint ventures and partnerships, the impact of regulation (including the regulation of rates), the outcome of any future base rate cases, fluctuations in energy-related commodity prices, customer conversions, other marketing efforts, actual energy usage patterns 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, an adequate number of appropriate counterparties, sufficient liquidity in the energy trading market and continued access to the capital markets, the disallowance of recovery of environmental-related expenditures and other regulatory changes, environmental and other litigation and other uncertainties, the effects and impacts of inflation, change in accounting pronouncements issued by the appropriate standard setting bodies and terrorist attacks or threatened attacks on energy facilities or unrelated energy companies. 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.

Non-GAAP Financial Information

This press release includes the non-GAAP measures net financial earnings, 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 company's operating performance, these measures should not be considered an alternative to, or more meaningful than, operating income as determined in accordance with GAAP. Net financial earnings 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 these non-GAAP financial measures 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 below. For a full discussion of NJR's non-GAAP financial measures, please see NJR's Form 10-K, Item 7.

About New Jersey Resources

New Jersey Resources, a *Fortune 1000* company, provides natural gas and clean energy services to customers in New Jersey and in states from the Gulf Coast to New England, and Canada. With over \$3 billion in annual revenues, NJR safely and reliably delivers natural gas through more than 6,500 miles of main to nearly half a million customers; develops and manages a diverse portfolio of more than 740,000 dth/d of transportation capacity and nearly 27 Bcf of storage capacity; and provides appliance installation and service to approximately 150,000 homes and businesses. NJR has also made significant investments in the midstream asset sector through equity partnerships, including Steckman Ridge and Iroquois. Through Conserve to Preserve®, NJR is providing customers solutions to meet their energy needs in an environmentally responsible way. For more information about NJR, visit www.njliving.com.

[Adjusted Net Income and Earnings Per Share Reconciliation](#)

[Consolidated Statement of Income](#)

[Consolidated Financial Highlights](#)

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