



NJR REPORTS FISCAL YEAR-TO-DATE AND SECOND-QUARTER EARNINGS PER SHARE; REAFFIRMS EARNINGS GUIDANCE

- NJR's fiscal year-to-date earnings increase 15 percent over last year to \$3.41 per basic share due to improved wholesale energy services results
- Earnings guidance for fiscal 2006 reaffirmed at \$2.75 to \$2.85 per basic share
- NJR on track for record 15th year of increased earnings per share

WALL, N.J. - New Jersey Resources (NYSE: NJR) today reported a 15 percent increase in basic earnings per share for the six months ended March 31, 2006, to \$3.41, compared with \$2.96 last year. For the six months ended March 31, 2006, diluted earnings per share increased to \$3.37, compared with \$2.90 last year. Last year's earnings for the six months ended March 31, 2005 included a \$.22 per basic share gain on the sale of a commercial office building and a charge of \$.05 per basic share associated with an early retirement program for officers. Net of these items, NJR's earnings for the six months ended March 31, 2005 were \$77.4 million, or \$2.79 per basic share and \$2.74 per diluted share.

For the three months ended March 31, 2006, basic earnings per share increased 16 percent to \$2.16, compared with \$1.87 last year. Diluted earnings per share increased 16 percent to \$2.14, compared with \$1.84 last year.

NJR's fiscal 2006 earnings have been driven by NJR Energy Services (NJRES), the company's wholesale energy services business unit, which saw earnings grow to \$41.9 million, a 90 percent increase over \$22 million for the same period last year. These strong results more than offset the impact of lower customer usage at New Jersey Natural Gas (NJNG), NJR's largest subsidiary.

"Our excellent financial performance is a result of our focus on the fundamentals in everything we do. NJNG remains the core of our business strategy, complemented by our successful wholesale energy services business," said Laurence M. Downes, chairman and CEO of NJR. "Through the hard work and creativity of our employees, we continue to demonstrate our commitment to providing exceptional value for our customers and shareowners."

Customer Billing Credit Extended

After closely monitoring the natural gas market's impact on purchased gas costs since implementing a temporary Basic Gas Supply Service (BGSS) bill credit in February, NJNG announced during the quarter that it had extended customers' savings through April. The bill credit, originally announced in late January, brought immediate benefit to customers during the winter heating months when bills typically are the highest. Residential and small commercial customers continued to receive a credit of approximately 19 cents per therm through April 30, 2006. A typical residential customer using 103 therms in April saw a savings of approximately \$19. Customers also received a bill credit totaling approximately \$61 for the months of February and March.

Financial and operating highlights during the quarter included:

- **Higher Net Income and Basic Earnings per Share**

For the six months ended March 31, 2006, NJR earned \$94.5 million, or \$3.41 per basic share, compared with \$81.9 million, or \$2.96 per basic share, last year. Last year's earnings for the 6-month period included a gain on the sale of a commercial office building of \$.22 per basic share by NJR's commercial real estate subsidiary, Commercial Realty and Resources (CR&R), and a charge of \$.05 per basic share associated with a voluntary officer retirement program as part of an overall restructuring plan for the organization, which occurred in the first fiscal quarter ended December 31, 2004.

NJR earned \$60.2 million, or \$2.16 per basic share, for the three months ended March 31, 2006, compared with \$51.7 million, or \$1.87 per share, for the same period last year.

NJNG earned \$52.2 million for the 6-month period ended March 31, 2006, compared with \$53.1 million last year. For the three months ended March 31, 2006, NJNG earned \$33.5 million, compared with \$35.6 million last year. The lower earnings in both periods were due primarily to lower customer usage and higher operation and maintenance expenses, which more than offset the impact of higher gross margin from its incentive programs. NJNG believes that the lower usage was due primarily to the pass-through of higher wholesale natural gas prices, which offset continued strong customer growth.

NJRES reported a 90 percent increase in earnings for the six months ended March 31, 2006 to \$41.9 million, compared with \$22 million last year. For the three months ended March 31, 2006, NJRES earned \$27 million, compared with \$15.4

million last year. The increase in earnings in both periods was due primarily to higher gross margin generated from the company's portfolio of storage and transportation capacity contracts. Gross margin for NJRES is defined as natural gas revenues and management fees less natural gas costs.

- **Customer Growth Remains Strong**

During the first six months of fiscal 2006, NJNG added 5,804 new customers, 34 percent of which converted from other fuels. In addition, 151 existing customers added natural gas heat to their service. NJNG anticipates an annual customer growth rate of about 2.3 percent in fiscal 2006. About one-third of the anticipated new customers are expected to convert from other fuels.

NJNG's gross margin is defined as natural gas revenues less natural gas costs; sales tax; a Transitional Energy Facilities Assessment (TEFA), which is included in Energy and other taxes on the Consolidated Statements of Income; and regulatory rider expenses. Management believes that gross margin provides a more meaningful basis for evaluating utility operations than revenue since natural gas costs, sales tax, TEFA and regulatory rider expenses are passed through to customers, and therefore, have no effect on gross margin. Natural gas costs are charged to operating expenses on the basis of therm sales at the prices approved by the New Jersey Board of Public Utilities (BPU) through NJNG's BGSS tariff. The BGSS allows NJNG to recover natural gas costs. Sales tax is calculated at 6 percent of revenue and excludes sales to cogeneration facilities, other utilities, off-system sales and federal accounts. TEFA is calculated on a per-therm basis and excludes sales to cogeneration facilities, other utilities and off-system sales. Regulatory rider expenses are calculated on a per-therm basis. NJNG's gross margin also includes benefits received by shareowners under its BGSS incentive programs.

- **Impact of Weather and Usage**

Weather during the six months ended March 31, 2006 was 7.4 percent warmer than normal and 9.5 percent warmer than last year. "Normal" weather is based on 20-year average temperatures. The impact of the weather is offset by NJNG's weather-normalization clause (WNC), which is designed to smooth out year-to-year fluctuations on both NJNG's gross margin and customers' bills that may result from changing weather patterns. Included in the WNC is the assumption that usage per degree day is equal to the average over the last four years. As a result of the warmer-than-normal weather, NJNG accrued \$7 million of gross margin for the six months ended March 31, 2006, to be collected from customers in the future. However, gross margin was negatively impacted by lower usage per degree day. NJNG believes that this resulted primarily from the impact of the pass-through of higher wholesale natural gas prices on customer usage.

In December 2005, NJNG filed a proposal with the BPU, which would replace the existing WNC with a Conservation and Usage Adjustment (CUA) clause that would capture variations related to weather and customer usage. The proposal would establish a benchmark for customer usage. NJNG would compare actual results to the benchmark on an annual basis. Any adjustments, positive or negative, would be made in the following year. Discussions on the proposal are taking place with the BPU and the Ratepayer Advocate. If NJNG is not successful in receiving approval of the CUA proposal, it will consider other regulatory strategies to address this issue such as expanded incentive programs and/or the filing of a base rate case.

Weather for the three months ended March 31 was 11.4 percent warmer than normal and 16.3 percent warmer than last year and included the second warmest January in NJNG's history.

- **Incentive Programs Continue to Provide Value for Customers and Shareowners**

During the first six months of the fiscal year, NJNG's gross margin-sharing incentive programs, which include off-system sales, capacity management, storage optimization and financial risk management programs, totaled 21.7 Bcf and \$6 million of gross margin, compared with 28.5 Bcf and \$4 million of gross margin for the same period last year. For the three months ended March 31, 2006, these programs totaled 11.5 Bcf and \$2.9 million of gross margin, compared with 14.1 Bcf and \$2.4 million of gross margin for the same period last year. The increase in gross margin in both periods was due primarily to the storage incentive and financial risk management programs, both of which benefited from the volatile wholesale natural gas commodity market. NJNG shares the gross margin earned from these incentive programs with customers and shareowners according to a gross margin-sharing formula. In April 2006, the BPU authorized a 1-year extension of the incentive programs through October 2007. This fiscal year, customers have saved approximately \$28.5 million in natural gas costs through these programs. Since the establishment of these incentive programs in 1992, NJNG customers have saved over \$294 million on their natural gas bills, or approximately 4 percent annually.

- **Wholesale Energy Services Growth Continues**

NJRES earned \$41.9 million during the first six months of the fiscal year, versus \$22 million last year, an increase of 90 percent. For the three months ended March 31, 2006, NJRES earned \$27 million, compared with \$15.4 million last year. The increase in both periods was due primarily to higher gross margin generated by its diverse portfolio of pipeline and storage capacity contracts. Specifically, in the first half of fiscal 2006, NJRES was able to take advantage of the increased volatility and pricing differentials between geographic regions. NJRES has developed a portfolio of storage and pipeline capacity contracts in the Gulf Coast, Mid-Continent, Appalachia and Eastern Canada, which becomes more valuable when there are changing prices between these regions. These capacity contracts become more valuable when prices change between time periods. Gross margin from this portfolio is also generally greater during the winter months, while the fixed costs of these assets are spread throughout the year. Therefore, the results for the six months are not

expected to be indicative of the results for the fiscal year.

- **NJR Home Services (NJRHS) and Other**

This business segment consists of NJRHS, which provides service, sales and installation of appliances to over 143,000 customers; CR&R, which develops commercial real estate; and NJR Energy, which consists primarily of a 5.53 percent equity investment in Iroquois Gas Transmission System, L.P. Earnings for the six months ended March 31, 2006, were \$377,000, compared with \$6.8 million last year. For the three months ended March 31, 2006, this segment had a loss of \$307,000, compared with earnings of \$961,000 last year. Last year's 6-month earnings included an after-tax gain on the sale of a commercial office building of \$6 million.

- **Share Repurchase Plan Increased**

In January 2006, the NJR board of directors authorized an increase in the company's share repurchase plan from 2.5 million to 3.5 million shares. NJR was one of the first companies in the utility industry to implement a repurchase plan. NJR purchased 305,100 shares under the share repurchase plan during the first six months of the fiscal year. The plan gives NJR the financial flexibility to purchase shares on the open market or in negotiated transactions, based on market and other conditions and is expected to create value for shareowners. Since the plan began in September 1996, NJR has invested \$94 million to repurchase 2.5 million shares.

Fiscal 2006 Earnings Guidance

Assuming a continuation of lower customer usage, stable economic conditions, continued customer growth at NJNG, continued volatility in the wholesale natural gas markets at NJRES, the impact of seasonality on the company's businesses and subject to the factors discussed below under "Forward-Looking Statements," NJR continues to estimate that earnings for fiscal 2006 will be in the \$2.75-\$2.85 per basic share range.

Forward-Looking Statements

This news release contains estimates, earnings guidance and other 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, including gross margin, earnings and customer growth, 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 NJRES operations, the impact of the company's risk management efforts, including commercial and wholesale credit risks, the impact of regulation (including the regulation of rates), fluctuations in energy-related commodity prices, conversion activity, 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. More detailed information about these factors is set forth in NJR's filings with the Securities and Exchange Commission (SEC), including NJR's annual report on Form 10-K filed on November 29, 2005 and on NJR's quarterly report filed on Form 10-Q filed on February 7, 2006. NJR's SEC documents are available at www.sec.gov. 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.

Webcast Information NJR will host a live webcast to discuss its financial results today at 2 p.m. ET. To listen to the call, logon to NJR's Web site, njliving.com, and select "Investor Relations," then click just below the microphone on the right side of the Investor Relations home page.

About New Jersey Resources New Jersey Resources (NYSE:NJR), a Fortune 1000 company and a member of the Forbes Platinum 400, provides reliable retail and wholesale energy services to customers in New Jersey and in states from the Gulf Coast to New England, and Canada. Its principal subsidiary, New Jersey Natural Gas, is one of the fastest-growing local distribution companies in the United States, serving more than 468,000 customers in central and northern New Jersey. Other major NJR subsidiaries include NJR Energy Services and NJR Home Services. NJR Energy Services provides customer service and management of natural gas storage and capacity assets in the unregulated energy services market. NJR Home Services offers retail customers heating, air conditioning and appliance services. NJR's progress is a tribute to the more than 5,000 dedicated employees who have shared their expertise and focus on quality through more than 50 years of serving customers and the community to make NJR a leader in the competitive energy marketplace. For more information, visit NJR's Web site at njliving.com.

NEW JERSEY RESOURCES CORPORATION
CONSOLIDATED FINANCIAL RESULTS

<i>(Unaudited)</i> Thousands, except per share data	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
Operating Revenues	\$1,064,422	\$1,065,057	\$2,228,998	\$1,919,045
Net Income	\$60,201	\$51,665	\$94,465	\$81,867
Earnings Per Common Share				
Basic	\$2.16	\$1.87	\$3.41	\$2.96
Diluted	\$2.14	\$1.84	\$3.37	\$2.90
Average Shares Outstanding				
Basic	27,822	27,581	27,686	27,689
Diluted	28,145	28,140	28,000	28,236

[Consolidated Statement of Income](#)

[Consolidated Financial Highlights](#)

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

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