New Jersey Resources

NEW JERSEY RESOURCES REPORTS FISCAL 2005 RESULTS; INCREASES DIVIDEND 5.9 PERCENT

- Fiscal 2005 earnings of $2.77 per basic share largely attributed to higher earnings at NJR Energy Services
- Net of certain items, earnings were $2.70 per basic share
- New Jersey Natural Gas adds 10,435 new customers; above national average
- Board approves quarterly dividend increase of 5.9 percent to $.36 per share
- Initial guidance issued of $2.75 to $2.85 per basic share for fiscal 2006

October 27, 2005

WALL, N.J. – New Jersey Resources (NYSE: NJR) today reported that earnings per share for the fiscal year ended September 30, 2005 increased to a record $2.77 per basic share, compared with $2.60 per basic share for the prior year. On a diluted basis, earnings per share for the fiscal year increased to $2.71 compared with $2.55 last year. Fiscal 2005 earnings included a $.22 per basic share gain on the sale of a commercial office building, a charge of $.05 per basic share associated with an early retirement program for officers and an impairment charge of $.09 per basic share due to a change in strategy in its real estate subsidiary, Commercial Realty and Resources (CR&R). Net of these items, NJR's basic earnings per share were $2.70 in fiscal 2005, compared with $2.60 last year. Diluted earnings per share, net of these items, were $2.65 and $2.55 in fiscal 2005 and 2004, respectively.

"Our consistent performance this year, including an industry-record 14th consecutive year of earnings growth, is a tribute to the hard work of our employees," said Laurence M. Downes, chairman and CEO of NJR. "Our team accomplished this despite the challenges of higher natural gas prices and short-term interest rates."

NJR also reported a loss of $.27 per basic share for the fiscal fourth quarter, which included the impairment charge of $.09 per basic share due to the change in strategy at CR&R. Net of this item, NJR had a loss of $.18 per basic share compared with a loss of $.19 per basic share for the same period last year. A loss is typical in July, August and September when natural gas consumption at New Jersey Natural Gas (NJNG) is at its lowest levels of the year and the value of capacity contracts at NJR Energy Services (NJRES) is generally at the lowest point of the year.

Dividend Increased 5.9 Percent

NJR also announced that its board of directors approved a 5.9 percent increase in the quarterly dividend rate to $.36 per share from $.34 per share. The new quarterly rate is effective with the dividend payable January 2, 2006, to shareowners of record on December 15, 2005. The new indicated annual dividend rate is $1.44 per share. NJR has now increased its dividend in each of the last 11 years and has paid quarterly dividends since 1952.

"The increase in the dividend demonstrates our commitment to provide an attractive current return to our shareowners and the benefit of a strong financial profile. We believe our dividend growth rate of 5.9 percent will be above average for our industry," Downes said.

Natural Gas Prices

The company also reiterated that it is making every effort to minimize the effect of historically high natural gas prices being experienced throughout the industry. NJNG earns no gross margin on the commodity portion of its natural gas sales. Downes commented, "NJNG remains committed to working with our stakeholders to minimize the impact of market volatility and higher prices on our customers. For example, through our hedging program we had secured the price of nearly 80 percent of the natural gas supply needed to keep our customers' homes warm this winter prior to the increases caused by the hurricanes. We remain committed to providing our customers with safe, reliable service at the lowest possible price and will continue to work diligently to meet their needs each and every day."

Financial and operating highlights included:

- **Increased Net Income and Basic Earnings Per Share**
  For the 12 months ended September 30, 2005, NJR earned $76.3 million, or $2.77 per basic share, compared with $71.6 million, or $2.60 per basic share, last year. Earnings for the 12-month period ended September 30, 2005 included a $6 million, or $.22 per basic share gain on the sale of a commercial office building, a charge of $1.5 million, or $.05 per basic share associated with a voluntary officer retirement program as part of an overall management restructuring plan

for the organization and an impairment charge of $2.5 million, or $.09 per basic share due to a change in strategy at CR&R. Net of these items, NJR's earnings were $74.4 million or $2.70 per basic share. The increase was due primarily to improved results at NJRES.

NJNG earned $53.4 million in fiscal 2005, compared with $55.5 million last year. The decrease was due primarily to NJNG's share of the early retirement charge and the impact of lower customer usage per degree day. The company believes that the lower usage per degree day was due primarily to the impact of higher wholesale natural gas prices and inconsistent weather patterns, which offset strong customer growth. NJRES reported a 21 percent increase in earnings to $16.5 million, compared with $13.6 million last year. The increase was due primarily to higher gross margin from its portfolio of storage and transportation capacity assets. Gross margin for NJRES is defined as natural gas revenues and management fees less natural gas costs.

For the three months ended September 30, 2005, NJR posted a consolidated loss of $7.4 million, or $.27 per basic share, which included the impairment charge at CR&R of $2.5 million, or $.09 per basic share. Net of this item, the loss for the three months was $4.8 million or $.18 per basic share, compared with a loss of $5.4 million, or $.19 per basic share, for the same period last year. The improvement in the quarter was due primarily to better results at NJRES, which reported a loss of $2.2 million, compared with a loss of $4.3 million last year. This was due primarily to higher gross margin from increased market volatility. NJNG lost $3.6 million in the quarter versus a loss of $2.6 million last year. The increased loss was due primarily to reduced interest income as fiscal 2004 results included a positive adjustment from a regulatory settlement with the New Jersey Board of Public Utilities (BPU) regarding gas remediation costs.

- **Customer Growth Continues at 2.3 Percent**
  NJNG added 10,435 new customers in fiscal 2005, of which 34 percent converted from other fuels. NJNG also added natural gas heat and other services to 929 existing customers during the year. These additions are expected to generate approximately 1.8 billion cubic feet (Bcf) of throughput and approximately $5.5 million of gross margin annually in the future. NJNG expects to maintain an approximate 2.3 percent annual customer growth rate in fiscal 2006, which is above the national average for natural gas distribution companies.

  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 BPU through NJNG's Basic Gas Supply Service (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 incentive programs.

- **Impact of Weather and Usage**
  Weather in fiscal 2005 was 1.5 percent colder than normal and 2.5 percent colder than last year. "Normal" weather is based on 20-year average temperatures. The impact of the weather is significantly offset by NJNG's weather-normalization clause, 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. As a result of the colder-than-normal weather, NJNG deferred $2.1 million of gross margin for the fiscal year, to be credited to customers in the future. Gross margin was negatively impacted by lower than expected usage per degree day. NJNG believes that this resulted primarily from inconsistent weather patterns experienced during the winter and the impact of higher wholesale natural gas prices.

- **Incentive Programs Create Value for Customers and Shareowners**
  During the fiscal year, NJNG's incentive programs totaled 52.4 Bcf and $6.1 million of gross margin, compared with 47.1 Bcf and $5.8 million of gross margin last year. These incentive programs include off-system sales, capacity management, storage optimization and financial risk management programs. NJNG shares the gross margin earned from these incentive programs with customers and shareowners according to a margin-sharing formula in effect through October 2006. Since the establishment of these incentive programs in 1992, NJNG customers have saved nearly $266 million on their natural gas bills, or approximately 4 percent annually.

  For the three months ended September 30, 2005, these programs totaled 13.7 Bcf and generated $1.3 million of gross margin, compared with 10.2 Bcf and $1 million of gross margin during the same period last year.

- **Wholesale Energy Services Continues Strong Growth**
  NJRES' earnings of $16.5 million in fiscal 2005 were 21 percent higher than last year due primarily to higher gross margin generated from an increased storage and transportation portfolio and increased market volatility. NJRES has developed a portfolio of storage and transportation capacity in the Gulf Coast, Mid-Continent, Appalachia and Eastern

Canada, which becomes more valuable when there are changing prices between these areas. This storage capacity is also more valuable when prices change between time periods. Gross margin generated from this portfolio is generally greater during the winter months and periods of high volatility, while the fixed costs of the capacity are spread throughout the year. Therefore, consistent with this seasonality, NJRES typically incurs a net loss in the three months ended September 30, 2005.

NJRES had a net loss of $2.2 million for the three months ended September 30, 2005, compared with a loss of $4.3 million last year. The improvement in the quarter was due primarily to higher gross margin from increased market volatility.

- **NJR Home Services and Other Segment Boosted by Office Building Sale**
  This business segment consists of NJR Home Services (NJRHS), which provides service, sales and installation of appliances to over 146,000 customers; CR&R, which holds and develops commercial real estate; and NJR Energy (NJRE), which consists primarily of a 5.53 percent equity investment in Iroquois Gas Transmission System, L.P. Earnings for the fiscal year were $6.5 million, compared with $2.5 million last year. Fiscal year earnings included a gain on the sale of a commercial office building of $6 million, and an impairment charge of $2.5 million recognized in the fourth quarter related to undeveloped land in Atlantic County, N.J. The company has changed its strategy from development to sale of this land. The impairment charge represents the difference between book value and the estimated fair value of the land pursuant to the new strategy. Net of the items noted above, and this segment's portion of the early retirement charge, earnings for the fiscal year increased to $3.3 million, compared with $2.5 million last year.

  NJRHS and Other reported a net loss for the three months ended September 30, 2005 of $1.6 million, compared with earnings $1.5 million last year. Excluding the impairment charge, earnings for the three months were $1 million, compared with $1.5 million last year.

- **Growth in Operation and Maintenance Expenses Limited**
  Consolidated operation and maintenance (O&M) expenses were $108.1 million for the fiscal year ended September 30, 2005, compared with $101.1 million last year. The increase was due primarily to early retirement costs and the impairment charge discussed above. Excluding these items, O&M increased less than 1 percent.

  For the quarter, O&M expenses were $30.2 million versus $24.5 million last year. The increase was due primarily to the impairment charge.

- **Share Repurchase Plan Expanded in Fiscal 2005**
  NJR purchased 547,400 shares under its share repurchase plan during fiscal 2005. In January 2005, the NJR Board of Directors authorized an increase in the company's share repurchase plan from 2 million to 2.5 million shares. The plan authorizes NJR to purchase its shares on the open market or in negotiated transactions, based on market and other conditions. Since the plan began in September 1996, NJR has invested $81 million to repurchase 2.2 million shares at a spilt-adjusted, average price of $28.55.

Fiscal 2006 Earnings Guidance

Assuming normal weather and customer usage, stable economic conditions, continued customer growth at NJNG and continued volatility in the wholesale natural gas markets at NJRES, and subject to the factors discussed below under "Forward-Looking Statements," NJR initially estimates 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, 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, 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, including NJR's Quarterly Report on Form 10-Q filed on August 5, 2005. NJR's Form 10-Q is 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. EDT. 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 462,000 customers in central and northern New Jersey. Other major NJR subsidiaries include NJR Energy Services and NJR Home Services. NJR Energy Services is a leader in the unregulated energy services market, providing customer service and management of natural gas storage and capacity assets. 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

Thousands, except per share data (Unaudited)	Three Months Ended September 30, 2005	2004	Twelve Months Ended September 30, 2005	2004
Operating Revenues	**$684,937**	$414,397	**$3,148,262**	$2,533,607
Net Income (Loss)	**$(7,362)**	$(5,385)	**$76,340**	$71,574
Earnings (Loss) Per Common Share				
Basic	**$(.27)**	$(.19)	**$2.77**	$2.60
Diluted	**$(.26)**	$(.19)	**$2.71**	$2.55
Average Shares Outstanding				
Basic	**27,518**	27,710	**27,591**	27,530
Diluted	**28,094**	28,292	**28,121**	28,053

Adjusted Net Income and Earnings Per Share Reconciliation

Adjusted Net Income and Earnings Per Share Reconciliation cont.

Consolidated Statement of Income

Consolidated Financial Highlights

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