



NJR REPORTS FISCAL YEAR-TO-DATE AND THIRD-QUARTER EARNINGS PER SHARE

Fiscal 2005 year-to-date earnings increase 8 percent over last year Earnings guidance for fiscal 2005 affirmed Company on track for 14th consecutive year of earnings growth

July 27, 2005

WALL, N.J. – New Jersey Resources (NYSE: NJR) today reported an 8 percent increase in basic earnings per share for the nine months ended June 30, 2005, to \$3.03, compared with \$2.80 last year. On a diluted basis, earnings per share for the nine months ended June 30, 2005, increased to \$2.97, compared with \$2.74 last year. The increase in earnings for the nine-month period is attributable primarily to higher results at both NJR Energy Services (NJRES), NJR's unregulated wholesale energy services subsidiary, and NJR Home Services (NJRHS), NJR's unregulated appliance services subsidiary. Fiscal year-to-date earnings 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 were \$79.2 million, or \$2.87 per basic share and \$2.81 per diluted share.

Fiscal third-quarter basic and diluted earnings per share increased to \$.07, compared with \$.06 last year. The increase in earnings for the 3-month period is attributable primarily to higher results at both New Jersey Natural Gas (NJNG), NJR's principal subsidiary, and NJRHS.

"Focusing on our core energy business in New Jersey -- coupled with our profitable energy services business -- is the key to our consistently solid financial performance," said Laurence M. Downes, chairman and CEO of NJR.

"Based on our results over the first nine months of the fiscal year and our earnings guidance, we expect to achieve our 14th consecutive year of earnings growth -- a streak that we believe is the longest in our industry," Downes added. "As always, the credit for today's good news goes to our employees. Their dedication is what drives our ability to meet our commitment to all our stakeholders."

Financial and operating highlights included:

- **Higher Net Income and Basic Earnings per Share** – For the nine months ended June 30, 2005, NJR earned \$83.7 million, or \$3.03 per basic share, compared with \$77 million, or \$2.80 per basic share, last year. Earnings for the 9-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 management restructuring plan for the organization. NJNG earned \$57 million for the 9-month period ended June 30, 2005, compared with \$58.2 million last year. This 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 inconsistent weather patterns and the impact of higher wholesale natural gas prices. NJRES reported earnings of \$18.7 million, compared with \$17.8 million last year. The increase was due primarily to higher gross margin from its portfolio of storage and transportation capacity assets, as well as higher management fees. Gross margin for NJRES is defined as natural gas revenues and management fees less natural gas costs.

NJR earned \$1.8 million, or \$.07 per basic share, for the three months ended June 30, 2005, compared with \$1.6 million, or \$.06 per share, for the same period last year. These earnings primarily reflect improved quarterly results at NJNG and NJRHS.

- **Customer Growth** – During the first nine months of the fiscal year, NJNG added approximately 1.3 billion cubic feet (Bcf) of throughput to new and existing customers, which is expected to generate about \$3.9 million in annual gross margin. NJNG anticipates maintaining an annual customer growth rate of about 2.4 percent in fiscal 2005, adding approximately 1.8 Bcf of firm sales, which would represent about \$5.5 million of annual gross margin. 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 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 related to its incentive programs.

- **Weather** – For the nine months ended June 30, 2005, weather was 2.3 percent colder than normal and 2.7 percent colder than last year. Weather for the third quarter was normal and 31 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 nine months ended June 30, 2005, to be credited to customers in the future. Gross margin was negatively impacted by lower than expected usage per degree day. The company believes that this resulted primarily from inconsistent weather patterns experienced during the winter and the impact of higher wholesale natural gas prices.
 - **Incentive Programs** – During the first nine months of the fiscal year, NJNG's gross margin-sharing incentive programs totaled 38.7 Bcf and \$4.8 million of gross margin, compared with 37 Bcf and \$4.8 million of gross margin for the same period 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 \$260 million on their natural gas bills, or approximately 4 percent annually.
 - **Wholesale Energy Services** – NJRES earned \$18.7 million during the first nine months of the fiscal year compared with \$17.8 million last year. NJRES has developed a portfolio of storage and transportation capacity in the Northeast, Gulf Coast, Mid-Continent, Appalachia and Eastern Canada. These assets become more valuable when prices change between these areas and/or time periods. Gross margin from this portfolio is generally greater during the winter months, while the fixed costs of these assets are spread throughout the year. Therefore, consistent with this seasonality, a loss in the third and fourth fiscal quarters is anticipated. Accordingly, the results for the nine months are not indicative of the results for the fiscal year.
- For the three months ended June 30, 2005, NJRES had a net loss of \$3.3 million, compared with a loss of \$2.7 million last year. The larger loss in the quarter reflects NJRES' growing portfolio of capacity contracts, the increased amount of demand costs and interest expense associated with this storage and transportation portfolio. NJRES expects to contribute between 15 and 20 percent of NJR's consolidated earnings in fiscal 2005.

- **Stagecoach Storage Project** – Shortly after the end of the third quarter, Inergy, L.P. entered into a definitive agreement to acquire the Stagecoach Storage Project (Stagecoach). Closing on the transaction is expected by the end of August 2005. This transaction would terminate NJRES' existing marketing agreement with Stagecoach, including the related obligation of guaranteeing a certain level of revenue, and NJRES would recover all outstanding receivables. On July 8, 2005, NJRES entered into a Letter of Intent with Inergy, L.P. to provide services, including base gas, natural gas supplies and optimization of firm storage for the Stagecoach.
- **NJRHS and Other** – This business segment consists of NJRHS, which provides service, sales and installation of appliances to nearly 140,000 customers; CR&R, which 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. (Iroquois). Earnings for the nine months ended June 30, 2005, were \$8 million, compared with \$959,000 last year. Fiscal year-to-date earnings included a gain on the sale of a commercial office building of approximately \$6 million, or \$.22 per basic share. Net of this gain and this segment's portion of the early retirement charge, earnings for the nine months increased to \$2.6 million, compared with \$959,000 last year. Earnings for the three months were \$1.3 million, compared with \$526,000 last year. The increase in both periods was due primarily to improved results at both NJRHS and NJRE.
- **Iroquois Investment Increased** – In May 2005, NJR utilized its right of first refusal to invest \$8.7 million to increase its equity interest in Iroquois from 3.28 percent to 5.53 percent. Iroquois is a 375-mile natural gas pipeline from the Canadian border to Long Island.
- **Share Repurchase Plan** – NJR purchased 547,400 shares under the share repurchase plan in the nine months ended June 30, 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.
- **Operation and Maintenance Expenses** – Consolidated operation and maintenance (O&M) expenses were \$77.8

million for the nine months ended June 30, 2005, compared with \$76.6 million last year. The increase was due primarily to costs associated with the early retirement program for officers. For the quarter, O&M expenses were \$24.3 million versus \$24.9 million last year.

Fiscal 2005 Earnings Guidance

Assuming normal weather, stable economic conditions and continued customer growth at NJNG and continued volatility in the wholesale natural gas markets at NJRES, and subject to the qualifications discussed below under "Forward-Looking Statements," NJR estimates that earnings for fiscal 2005 will be in the \$2.65–\$2.75 per basic share range. This guidance excludes the gain on the sale of a commercial real estate building of \$.22 per basic share and the charge of \$.05 per basic share associated with the early retirement program.

Webcast Information

NJR will host a live webcast to discuss the quarter's financial results today at 1 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 459,000 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.

Forward-Looking Statements

This news release contains estimates 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, 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 remediation expenditures and other regulatory changes, the resolution of the Stagecoach matter, 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 May 6, 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.

**NEW JERSEY RESOURCES
CONSOLIDATED FINANCIAL RESULTS**

<i>(Unaudited)</i> <i>Thousands, except per share data</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
Operating Revenues	\$544,280	\$438,503	\$2,463,325	\$2,119,210
Net Income	\$1,835	\$1,554	\$83,702	\$76,959
Earnings Per Common Share				
Basic	\$.07	\$.06	\$3.03	\$2.80
Diluted	\$.07	\$.06	\$2.97	\$2.74
Average Shares Outstanding				
Basic	27,468	27,588	27,616	27,469
Diluted	28,079	28,166	28,198	28,040

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

[Consolidated Statement of Income](#)

[Consolidated Financial Highlights](#)

CONTACTS:

Michael Kinney (media)
732-938-1031

or

Dennis Puma (investors)
732-938-1229