



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

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WALL, N.J. - New Jersey Resources (NYSE: NJR) today reported an 8 percent increase in basic earnings per share for the six months ended March 31, 2005, to \$2.96, compared with \$2.75 last year. For the six months ended March 31, 2005, diluted earnings per share increased to \$2.90, compared with \$2.70 last year. 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 \$77.4 million, or \$2.79 per basic share and \$2.74 per diluted share.

Fiscal 2005 second-quarter basic earnings per share increased to \$1.87, compared with \$1.86 last year. For the three months ended March 31, 2005, diluted earnings per share increased to \$1.84, compared with \$1.82 last year.

The increase in earnings for both periods 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.

"Our financial performance is the result of a focused strategy of meeting the energy needs of customers in our core energy business in New Jersey, complemented by our profitable energy services business," said Laurence M. Downes, chairman and CEO of NJR. "Based on our performance over the first half of the fiscal year and our earnings guidance, we are expecting to achieve our 14th consecutive year of earnings growth this year - a streak that we believe is the longest in the industry," Mr. Downes said. "This track record is a testament to our employees' commitment to reliability."

Financial and operating highlights included:

- Higher Net Income and Basic Earnings per Share - For the six months ended March 31, 2005, NJR earned \$81.9 million, or \$2.96 per basic share, compared with \$75.4 million, or \$2.75 per basic share, last year. 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. NJNG earned \$53 million for the 6-month period ended March 31, 2005, compared with \$54.4 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. NJRES reported a 7 percent increase in earnings to \$22 million, compared with \$20.6 million last year, 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 \$51.7 million, or \$1.87 per basic share, for the three months ended March 31, 2005, compared with \$51 million, or \$1.86 per share, for the same period last year. These earnings primarily reflect improved results at both NJRES and NJRHS.
- Customer Growth - During the first six months of the fiscal year, NJNG added approximately .8 billion cubic feet (Bcf) of new throughput, which is expected to generate about \$2.4 million in annual gross margin. NJNG anticipates continuing to maintain an annual customer growth rate of about 2.4 percent in fiscal 2005, adding approximately 1.8 Bcf of firm sales, which would represent approximately \$5.6 million of annual gross margin. About 35 percent 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 six months ended March 31, 2005, weather was 3 percent colder than normal and slightly warmer than last year. Weather for the second quarter was 6 percent colder than normal and 1 percent warmer 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 \$2.4 million of gross margin for the six months ended March 31, 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 in the first fiscal quarter.
- Incentive Programs - During the first six months of the fiscal year, NJNG's gross margin-sharing incentive programs totaled 53 Bcf and \$4 million of gross margin, compared with 53 Bcf and \$3.7 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 \$256 million on their natural gas bills, or approximately 4 percent annually.
- Wholesale Energy Services - NJRES' earnings of \$22 million during the first six months of the fiscal year benefited from higher gross margin generated from its storage and transportation portfolio. 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 when prices change between 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, the results for the six months will not be indicative of the results for the fiscal year. For the three months ended March 31, 2005, NJRES earned \$15.5 million, compared with \$15.3 million last year. The increase in earnings in the quarter was due primarily to higher gross margin generated from the storage and transportation portfolio and higher management fees.
- 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, which consists primarily of a 3.2 percent equity investment in Iroquois Gas Transmission System, L.P. Earnings for the six months ended March 31, 2005, were \$6.8 million, compared with \$433,000 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 six months increased to \$1.4 million, compared with \$433,000 last year. Earnings for the three months were \$961,000, compared with \$393,000 last year. The increase in earnings in both periods was due primarily to improved results at NJRHS.
- Share Repurchase Plan - 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. NJR was one of the first companies in the utility industry to offer a repurchase plan, which gives the company financial flexibility. NJR purchased 547,400 shares under the share repurchase plan in the six months ended March 31, 2005. The plan allows 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 \$53.5 million for the six months ended March 31, 2005, compared with \$51.7 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 \$24.9 million versus \$26.8 million last year. The decline in O&M expenses for the three months was due primarily to a decrease of \$1.4 million in costs associated with the company's long-term incentive program.
- Recognition in Forbes and Fortune magazines - For the third year in a row, NJR has earned a spot on the Forbes Platinum 400. In the January 10 issue of Forbes magazine, NJR was the only New Jersey-based energy company among a total of 25 energy companies and utilities on the list. The Forbes Platinum 400 recognizes high-ranking companies according to growth in sales and earnings, leverage, stock market returns, earnings forecasts and other factors such as earnings quality. In the April issue of Fortune magazine, NJR was named for the fourth consecutive year to the Fortune 1000.

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 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 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 conditions, economic conditions in NJNG's service territory, 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 Stagecoach 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 February 7, 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.

CONTACTS:

Roseanne Koberle (media)

732-938-1112

or

Dennis Puma (investors)

732-938-1229

NEW JERSEY RESOURCES
CONSOLIDATED FINANCIAL RESULTS

<i>(Unaudited)</i> <i>Thousands, except per share data</i>	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2005	2004	2005	2004
Operating Revenues	\$1,065,057	\$1,037,661	\$1,919,045	\$1,680,707
Net Income	\$51,665	\$51,027	\$81,867	\$75,405
Earnings Per Common Share				
Basic	\$1.87	\$1.86	\$2.96	\$2.75
Diluted	\$1.84	\$1.82	\$2.90	\$2.70
Average Shares Outstanding				
Basic	27,581	27,484	27,689	27,410
Diluted	28,140	28,030	28,236	27,947

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

[Consolidated Statement of Income](#)

[Consolidated Financial Highlights](#)