

## Reconciliation of Non-GAAP Performance Measures

### NEW JERSEY RESOURCES

The following table is a computation of financial margin at NJR:

<i>(Unaudited)</i> <i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating revenues	\$1,000,439	\$662,218	\$2,989,122	\$2,428,662
Gas purchases	945,629	554,917	2,696,248	2,099,898
Add:				
Unrealized loss (gain) on derivative instruments	27,842	(50,319)	148,400	67,205
Realized (gain) loss from derivative instruments related to natural gas inventory	(22,428)	(1,802)	(26,057)	1,158
Financial margin	\$60,224	\$55,180	\$415,217	\$397,127

A reconciliation of Operating income at NJR, the closest GAAP financial measure, to the financial margin is as follows:

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating (loss) income	(\$5,693)	\$46,548	\$69,179	\$117,649
Add:				
Operation and maintenance expense	34,187	33,969	100,971	94,622
Regulatory rider expenses	5,925	6,226	35,879	33,827
Depreciation and amortization	9,680	9,080	28,600	26,968
Other taxes	10,711	11,478	58,245	55,698
Subtotal – Gross margin	\$54,810	\$107,301	\$292,874	\$328,764
Add:				
Unrealized loss (gain) on derivative instruments	27,842	(50,319)	148,400	67,205
Realized (gain) loss from derivative instruments related to natural gas inventory	(22,428)	(1,802)	(26,057)	1,158
Financial margin	\$60,224	\$55,180	\$415,217	\$397,127

A reconciliation of Net income at NJR to net financial earnings, is as follows:

<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

	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
BASIC	41,949	42,015	41,822	41,808
DILUTED	41,949	42,323	42,037	42,084
Net financial (loss) earnings per share	(\$0.10)	(\$0.12)	\$2.64	\$2.48

## NJR ENERGY SERVICES

The following table is a computation of financial margin at NJRES:

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating revenues	\$801,628	\$476,383	\$2,009,751	\$1,540,558
Gas purchases	820,568	430,050	2,043,051	1,511,175
Add:				
Unrealized loss (gain) on derivative instruments	38,714	(53,459)	165,757	64,408
Realized (gain) loss from derivative instruments related to natural gas inventory	(22,428)	(1,802)	(26,057)	1,158
Financial margin	(\$2,654)	(\$8,928)	\$106,400	\$94,949

A reconciliation of Operating income at NJRES, the closest GAAP financial measurement, to the financial margin is as follows:

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating (loss) income	(\$25,952)	\$40,158	(\$48,692)	\$15,587
Add:				
Operation and maintenance expense	6,811	5,967	14,677	13,120
Regulatory rider expenses	0	0	0	0
Depreciation and amortization	50	53	156	161
Other taxes	151	155	559	515
Subtotal – Gross (loss) margin	(\$18,940)	\$46,333	(\$33,300)	\$29,383
Add:				
Unrealized loss (gain) on derivative instruments	38,714	(53,459)	165,757	64,408
Realized (gain) loss from derivative instruments related to natural gas inventory	(22,428)	(1,802)	(26,057)	1,158
Financial (loss) margin	(\$2,654)	(\$8,928)	\$106,400	\$94,949

A reconciliation of NJRES Net income to net financial earnings, is as follows:

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net (loss) income	(\$15,546)	\$23,264	(\$28,343)	\$6,805
Add:				
Unrealized loss (gain) on derivative instruments, net of taxes	23,599	(31,117)	101,222	38,597
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	(\$5,630)	(\$8,915)	\$56,979	\$46,084

## Retail and Other

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A reconciliation of Retail and Other Net income to net financial earnings, is as follows:

<i>(Thousands)</i>	Three Months Ended		Nine Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net (loss) income	\$7,802	(\$489)	\$12,479	\$231
Add:				
Unrealized (gain) loss on derivative instruments, net of taxes	(6,405)	1,850	(10,226)	1,648
Net financial earnings	\$1,397	\$1,361	\$2,253	\$1,879