



July 31, 2015

New Jersey Resources Announces Fiscal 2015 Third-Quarter Results; Increases Fiscal 2015 Net Financial Earnings Guidance

WALL, N.J. - New Jersey Resources (NYSE: NJR) today reported fiscal 2015 year-to-date net financial earnings (NFE) of \$156.7 million, or \$1.84 per share, and increased NFE guidance for fiscal 2015.

"Last year, NJR Energy Services delivered record performance driven by the market volatility created by the extreme winter weather," said Laurence M. Downes, chairman and CEO of New Jersey Resources. "In fiscal 2015, market conditions, combined with the skill of our team, have created opportunities for NJRES to achieve better-than-expected results, which is the primary driver behind our ability to increase earnings guidance for the third time this year."

A reconciliation of net income to NFE for the third quarter and first nine months of fiscal years 2015 and 2014 is provided below.



NFE is a financial measure not calculated in accordance with generally accepted accounting principles (GAAP) of the United States as it excludes all unrealized, and certain realized, gains and losses associated with derivative instruments, net of applicable tax adjustments. For further discussion of this financial measure, as well as reconciliation to the most comparable GAAP measure, please see the explanation below under "Additional Non-GAAP Financial Information."

- **NJR Reports Net Financial Earnings**

Fiscal 2015 year-to-date NFE at NJR totaled \$156.7 million, or \$1.84 per share, compared with \$196.3 million, or \$2.33 per share, during the first nine months of fiscal 2014. For the three-month period ended June 30, 2015, NFE were \$2.5 million, or \$0.03 per share, compared with \$4.5 million, or \$0.05 per share, during the same period last year.

| <i>(Thousands)</i> | Three Months Ended | | Nine Months Ended | |
|--------------------------------------|---------------------------|-----------------|--------------------------|-------------------|
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Net financial earnings (loss) | | | | |
| New Jersey Natural Gas | \$ 7,172 | \$ 4,882 | \$ 83,952 | \$ 79,564 |
| NJR Energy Services | (5,270) | (8,628) | 47,482 | 90,153 |
| NJR Clean Energy Ventures | (3,792) | 3,865 | 18,226 | 20,286 |
| NJR Midstream | 2,487 | 1,896 | 7,211 | 5,584 |
| NJR Home Services and Other | 1,909 | 2,485 | (42) | 708 |
| <i>Sub-total</i> | <u>2,506</u> | <u>4,500</u> | <u>156,829</u> | <u>196,295</u> |
| Eliminations | (29) | 14 | (100) | — |
| Total | <u>\$ 2,477</u> | <u>\$ 4,514</u> | <u>\$ 156,729</u> | <u>\$ 196,295</u> |

Year-to-date NFE were driven by better-than-expected performance at NJR Energy Services (NJRES), the company's wholesale provider of physical natural gas services; continued growth at NJR's regulated utility, New Jersey Natural Gas (NJNG); increased infrastructure investment at NJR Clean Energy Ventures (NJRCEV), NJR's unregulated distributed power subsidiary; and improved results at NJR Midstream, NJR's natural gas midstream assets segment.

- **NJR Increases Fiscal 2015 Net Financial Earnings Guidance for the Third Time this Year**

NJR announced an increase in fiscal 2015 NFE guidance to a range of \$1.70 to \$1.80 per basic share, from the previously announced range of \$1.65 to \$1.75 per basic share, subject to the risks and uncertainties identified below under "Forward-Looking Statements."

NJR expects NJNG to be the largest contributor to fiscal 2015 NFE. Steady growth at NJNG continues to be supported by

customer growth in both the new construction and conversion markets, regulatory initiatives that earn current returns, as well as its Basic Gas Supply Service (BGSS) incentive programs.

The following chart represents the NFE contributions NJR currently expects from its businesses in fiscal 2015:

| Company | Expected Fiscal 2015 Net Financial Earnings Contribution |
|---------------------------|---|
| New Jersey Natural Gas | 50 to 60 percent |
| NJR Midstream | 5 to 10 percent |
| <i>Total Regulated</i> | 55 to 70 percent |
| NJR Energy Services | 20 to 30 percent |
| NJR Clean Energy Ventures | 10 to 20 percent |
| NJR Home Services | 1 to 5 percent |

- **NJR Reaffirms Long-term Net Financial Earnings and Dividend Growth Rate Goals**

NJR's average annual long-term NFE-per-share growth rate goal is 5 to 9 percent. In addition, the company's annual dividend growth rate goal is a range of 6 to 8 percent and its long-term payout ratio goal is 60 to 65 percent. NJR continues to expect between 65 and 80 percent of its long-term NFE will be generated by its regulated businesses, NJNG and NJR Midstream.

The chart below represents NJR's projected long-term NFE contributions from its businesses beyond fiscal 2015:

| Company | Expected Net Financial Earnings Contribution Beyond Fiscal 2015 |
|---------------------------|--|
| New Jersey Natural Gas | 60 to 70 percent |
| NJR Midstream | 5 to 10 percent |
| <i>Total Regulated</i> | 65 to 80 percent |
| NJR Energy Services | 5 to 15 percent |
| NJR Clean Energy Ventures | 10 to 20 percent |
| NJR Home Services | 2 to 5 percent |

- **Steady Growth at New Jersey Natural Gas**

Fiscal 2015 year-to-date NFE at NJNG were \$84 million, compared with \$79.6 million for the first nine months of fiscal 2014. For the three-month period ended June 30, 2015, NFE were \$7.2 million, compared with \$4.9 million during the same period last year. These increases were due primarily to higher utility gross margin from customer additions, BGSS incentive programs and regulatory initiatives, such as The SAVEGREEN Project®.

During the first nine months of fiscal 2015, NJNG added 5,750 new customers, compared with 5,151 in the same period last year, a 12 percent increase. Of these customers, 2,793 were new construction, compared with 2,463 in the same period last year. Additionally, in the first nine months of fiscal 2015, a total of 567 existing non-heat customers converted to natural gas heat, compared with 437 in the same period last year. NJNG anticipates these new and conversion customers will contribute \$3.4 million annually to utility gross margin, an 11 percent increase over the same period last year.

NJNG currently expects to add a total of approximately 7,800 new customers during fiscal 2015, representing a new customer annual growth rate of 1.6 percent. These new customers and conversions should contribute approximately \$4.3 million annually to utility gross margin. For more information on utility gross margin, please see "Non-GAAP Financial Information" below.

"With our attractive service area demographics, new customer additions remain strong," Downes said. "In fact, Ocean County has accounted for nearly 50 percent of our total growth this fiscal year. We expect residential new construction and conversions, with the oil market driving new customer conversions, to continue to provide growth opportunities year over year."

- **The SAVEGREEN Project® Extension Approved**

In July 2015, the New Jersey Board of Public Utilities (BPU) approved a two-year continuation of NJNG's energy-efficiency program, The SAVEGREEN Project, through July 31, 2017.

In the first nine months of fiscal 2015, SAVEGREEN invested \$19.2 million in grants, incentives and the On-Bill Repayment Program (OBRP). During the same period, SAVEGREEN performed 3,519 home energy assessments to identify additional energy-efficiency opportunities and whole-house improvements, and a total of 1,438 customers took advantage of the OBRP.

Since its inception in 2009, SAVEGREEN grants, incentives and OBRP loans, totaling \$110.7 million, have helped 38,075 customers reduce energy consumption and lower their bills, supporting the state's environmental goals and its mandate to reduce energy costs for residents.

Under the newly approved structure, NJNG is authorized to invest a total \$75.2 million in SAVEGREEN grants, financial incentives and the OBRP through July 31, 2017. Effective August 1, 2015, NJNG is authorized to earn an overall return on its SAVEGREEN investments, ranging from 6.69 to 7.76 percent, with a return on equity (ROE) ranging from 9.75 to 10.3 percent, and a recovery period from two to 10 years, depending on the type of energy-efficiency investment.

- **Regulated Infrastructure Update**

In the first nine months of fiscal 2015, NJNG invested \$22.3 million in its Safety Acceleration and Facilities Enhancement (SAFE) program, a planned additional \$130 million, four-year infrastructure investment. Through SAFE, NJNG will replace 276 miles of its distribution main to further ensure the safety, reliability and integrity of its natural gas delivery system. This will include the replacement of all of NJNG's cast iron main and approximately 50 percent of its unprotected bare steel distribution main, along with the associated services. SAFE investments will earn a weighted average cost of capital of 6.9 percent, including a 9.75 percent ROE.

Also, NJNG invested \$1.9 million fiscal year-to-date in its Reinvestment in System Enhancement (NJ RISE) program, a five-year, \$102.5 million investment in six capital projects, is designed to improve NJNG's service disruption response and strengthen the overall safety, reliability and integrity of its natural gas distribution and transmission systems. These system enhancements are designed to help diminish the impact of future major weather events and align directly with the state's directive for improved energy resiliency and preparedness. NJ RISE investments through July 31, 2015 will earn a weighted average cost of capital of 6.74 percent, including a 9.75 percent ROE.

NJ RISE investments scheduled to be in-service through July 31, 2015 were included in a May 2015 filing before the BPU, with proposed recovery through an adjustment to base rates anticipated to be effective on November 1, 2015. Cost recovery for NJ RISE investments after July 31, 2015, as well as additional SAFE investments, will be addressed in NJNG's base rate case, which will be filed no later than November 15, 2015.

NJNG continues site preparation, as well as the fabrication and installation of system components, for its Liquefied Natural Gas (LNG) plant in Howell, New Jersey. This new facility will enable the company to liquefy pipeline natural gas for peak-day use, ensure system integrity and reliability and reduce LNG transportation and capacity costs. This \$35.7 million investment in liquefaction and other plant upgrades, which will benefit customers by reducing BGSS costs and create additional value for shareowners, is expected to be operational in spring 2016.

The Southern Reliability Link (SRL) project, a 30-mile, 30-inch transmission main to support system reliability and integrity, representing an investment of \$130 million to \$160 million, continues to move forward. On June 5, 2015, NJNG filed amended petitions with the BPU seeking (1) approval to construct and operate and (2) a determination that the SRL is reasonably necessary for the service, convenience and welfare of the public, as well as to find that certain ordinances, permits and regulations have no application to the project. The amended petitions reflect a practicable alternative to the route through Upper Freehold Township requested by the municipality, evaluated by NJNG and deemed acceptable.

- **Improved Year-to-Date Results of NJNG's Basic Gas Supply Service Incentive Programs Add Customer and Shareowner Value**

During the first nine months of fiscal 2015, NJNG's gross margin-sharing BGSS incentive programs, which include off-system sales, capacity release, storage optimization and financial risk management programs, contributed \$13.1 million to utility gross margin, compared with \$10.4 million for the same period last year. For the three-month period ended June 30, 2015, these incentives contributed \$5.8 million to utility gross margin, compared with \$5.9 million in the third quarter of fiscal 2014. The improved results during the first nine months were due primarily to higher gross margin in the capacity release program.

NJNG shares the gross margin earned from these incentive programs with customers and shareowners, according to a gross margin-sharing formula authorized by the BPU and in place through October 31, 2015. On March 27, 2015, NJNG filed with the BPU to continue the BGSS incentive programs under the current framework. Since inception in 1992, these incentive programs have saved customers nearly \$778 million and provided shareowners \$1.31 per share, an average of \$0.05 per share

annually.

- **Strong Performance at NJR Energy Services Drives Better-than-Expected Results**

NJRES, the company's wholesale provider of physical natural gas services, reported fiscal 2015 year-to-date NFE of \$47.5 million, compared with \$90.2 million in the first nine months of fiscal 2014. For the three-month period ended June 30, 2015, NJRES recorded a net financial loss of \$5.3 million, compared with a net financial loss of \$8.6 million in the same period last year.

"Originally, NJRES was projected to generate between 5 and 15 percent of our total NFE," Downes said. "We now expect the business to contribute between 20 and 30 percent of our higher-than-expected NFE as cold winter weather, has again, created increased demand and volatility in the short-term wholesale natural gas market."

NJRES has a portfolio of storage and pipeline capacity assets that complement the changing dynamics in the natural gas industry and position the company to serve the growing market for physical natural gas services, including producer services. NJRES' asset portfolio currently consists of approximately 40 Bcf of firm storage contracts and 1.42 Bcf/day of firm transportation contracts.

- **With the Completion of Two More Commercial Solar Installations, NJR Clean Energy Ventures Now Has Over 100 MW in New Jersey**

Fiscal 2015 year-to-date NFE at NJRCEV were \$18.2 million, compared with \$20.3 million in the first nine months of fiscal 2014. For the three-month period ended June 30, 2015, NJRCEV reported a net financial loss of \$3.8 million, compared with NFE of \$3.9 million in the same period last year. The lower results are due primarily to a gain of \$9.9 million related to the receipt of a one-time credit support payment related to a change in ownership at the site of one of NJRCEV's commercial solar projects in fiscal 2014, which did not reoccur.

During the first nine months of fiscal 2015, NJRCEV placed into service \$53.2 million of ground-mounted commercial solar systems in New Jersey, totaling 20.5 megawatts (MW). During the quarter, NJRCEV placed into service a \$10.3 million, 3.9 MW grid-connected system in Harmony, New Jersey and a \$1.4 million, 0.4 MW net-metered system at the Franklin Township Board of Education in Hunterdon County. With the completion of these two projects, NJRCEV now has 108 MW of commercial and residential solar in the state. Currently, a 6 MW grid-connected system is under construction in North Hanover, representing an approximate investment of \$15.5 million. This system is expected to be placed into service in the fourth quarter of fiscal 2015.

During the third quarter, NJRCEV's residential solar portfolio grew to over 32 MW. The Sunlight Advantage®, NJRCEV's residential solar lease program, added 468 customers, totaling 4.5 MW, during the first nine months of fiscal 2015. This brings the total number of customers to over 3,600 since the program's inception. The Sunlight Advantage provides savings to eligible homeowners through both roof- and ground-mounted solar systems with no upfront installation or maintenance costs. NJRCEV currently expects to invest approximately \$28 million in residential solar systems in fiscal 2015.

NJR's effective tax rate is significantly impacted by the amount of investment tax credits that are forecasted to be earned during the fiscal year. GAAP requires NJR to estimate its annual effective tax rate and use this rate to calculate its year-to-date tax provision. Based on projects completed in the first nine months of fiscal 2015, and NJRCEV's forecast of projects to be completed for the balance of the fiscal year, NJR's estimated annual effective tax rate is 24.3 percent. Accordingly, \$24 million related to tax credits, net of deferred taxes, were recognized in the first nine months of fiscal 2015, compared with \$17.8 million, net of deferred taxes, in the same period last year.

For NFE purposes, the effective tax rate for fiscal 2015 is estimated at 21.1 percent and \$25.7 million of tax credits, net of deferred taxes, were recognized in the first nine months of fiscal 2015, compared with \$20.9 million, net of deferred taxes, last year. For further discussion of this tax adjustment and reconciliation to the most comparable GAAP measure, please see the explanation below under "Additional Non-GAAP Financial Information."

The estimated effective tax rate is based on information and assumptions that are subject to change, and may have a material impact on quarterly and annual NFE. Factors considered by management in estimating completion of projects during the fiscal year include, but are not limited to, board of directors' approval, regulatory approval, execution of various contracts, including power purchase agreements, construction logistics, permitting and interconnection completion. See the "Forward-Looking Statements" section of this news release for further information regarding the inherent risks associated with solar investments.

- **Construction Continues on NJR Clean Energy Ventures' Alexander Wind Farm Project**

Construction continues on NJRCEV's third onshore wind project, the Alexander Wind Farm, located on 7,000 acres of land in Rush County, Kansas, approximately 120 miles northwest of Wichita. NJRCEV will invest approximately \$85 million to construct, own and operate the wind farm with a total capacity of 48.3 MW. Energy and renewable attributes produced at the Alexander

Wind Farm will be sold under two separate long-term agreements. The Kansas City Board of Public Utilities has signed a 20-year PPA for approximately 50 percent of the energy. Yahoo! Inc., the global Internet corporation headquartered in Sunnyvale, CA, has signed a 15-year agreement to offset much of its energy usage in the Great Plains region. NJRCEV expects the Alexander Wind Farm to also qualify for federal PTCs, which will be utilized by NJR. NJRCEV expects this project to be placed in service in winter 2015.

- **NJR Clean Energy Ventures Long-Term Outlook**

Over the next three years, NJRCEV expects a declining percentage of its NFE to come from the investment tax credits (ITCs) associated with solar investments. Looking out through fiscal 2017, the company anticipates that it will benefit from higher Solar Renewable Energy Certificate (SREC) revenue and a diversified distributed power portfolio of small- to mid-sized onshore wind projects, supported by long-term power purchase agreements and financial hedges, thereby reducing its reliance on ITCs.

- **NJR Midstream Reports Solid Results**

NJR's midstream asset segment, NJR Midstream, consists of Federal Energy Regulatory Commission (FERC)-regulated investments. NJR Midstream's completed investments include a 50 percent equity ownership in Steckman Ridge, a 12 Bcf natural gas storage facility in southwestern Pennsylvania jointly owned with Spectra Energy, and a 5.53 percent equity investment in Iroquois Pipeline, which delivers natural gas to the New England and New York markets.

In fiscal 2014, NJR announced its participation in the PennEast Pipeline, with a 20 percent ownership in the project. This 115-mile pipeline is designed to bring lower cost natural gas produced in the Marcellus Shale region to homes and businesses in Pennsylvania and New Jersey, and provide greater system reliability for local utilities. PennEast expects to file a formal application with FERC in the fourth quarter of fiscal 2015 and anticipates construction to begin in spring 2017, with a currently estimated in-service date of November 2017.

NJR Midstream reported year-to-date NFE of \$7.2 million, compared with \$5.6 million in the same period last year. For the three-month period ended June 30, 2015, NFE were \$2.5 million, compared with \$1.9 million in the third fiscal quarter of 2014. The increases were due primarily to higher revenue at Steckman Ridge.

- **NJR Home Services Update**

In the first nine months of fiscal 2015, NJR Home Services (NJRHS), the company's unregulated retail and appliance service subsidiary, reported a net financial loss of \$254,000, compared with NFE of \$283,000 in the same period last year. In the three-month period ended June 30, 2015, NJRHS generated NFE of \$1.9 million, compared with \$2.0 million in the third quarter of fiscal 2014. The lower three-month and year-to-date results were due primarily to a decrease in heating equipment sales and installations. For fiscal year 2015, NJRHS targets an NFE contribution of between 1 to 5 percent of the NJR total.

NJRHS offers home energy solutions for customer comfort, including equipment sales and installations, solar lease and purchase plans and an expanded service contract product line, including electric, plumbing and standby generator contracts. NJRHS' expanded service territory now includes Monmouth, Ocean, Middlesex, Morris, Sussex, Warren and Hunterdon counties in New Jersey. Currently, NJRHS serves approximately 117,000 service contract customers.

Webcast Information

NJR will host a live webcast to discuss its financial results today at 9 a.m. ET. A few minutes prior to the webcast, go to njresources.com and select "Investor Relations," then scroll down to the "Events & Presentations" section and click on the webcast link.

Forward-Looking Statements

This news release contains 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. Words such as "anticipates," "estimates," "expects," "projects," "may," "will," "intends," "plans," "believes," "should" and similar expressions may identify forward-looking information and such forward-looking statements are made based upon management's current expectations and beliefs as of this date concerning future developments and their potential effect upon NJR. There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on NJR will be those anticipated by management. Forward-looking information in this release includes, but is not limited to, certain statements regarding NJR's NFE for fiscal 2015, forecasted contribution of business segments to fiscal 2015 NFE, NJR's long-term NFE and dividend growth goals, NJR's future dividend payout ratio, expected contribution by NJNG's new customers to utility gross margin, expected number of new customers of NJNG, SREC prices, estimated capital expenditures in fiscal 2015 and beyond by NJNG, including those related to SAVEGREEN, SAFE and NJ RISE, planned compressed natural gas fueling stations, the liquefaction and SRL projects, the long-term outlook for NJRCEV, diversification of NJRCEV's strategy, NJRCEV's future solar and wind projects and the PennEast Pipeline.

The factors that could cause actual results to differ materially from NJR's expectations include, but are not limited to, weather and economic conditions; demographic changes in the NJNG service territory and their effect on NJNG's customer growth; volatility of natural gas and other commodity prices and their impact on NJNG customer usage, NJNG's BGSS incentive programs, NJRES' operations and on the company's risk management efforts; changes in rating agency requirements and/or credit ratings and their effect on availability and cost of capital to the company; the impact of volatility in the credit markets; the ability to comply with debt covenants; the impact to the asset values and resulting higher costs and funding obligations of NJR's pension and post-employment benefit plans as a result of downturns in the financial markets and changes in accounting standards, a lower discount rate, revised actuarial assumptions and impacts associated with the Patient Protection and Affordable Care Act; accounting effects and other risks associated with hedging activities and use of derivatives contracts; commercial and wholesale credit risks, including the availability of creditworthy customers and counterparties and liquidity in the wholesale energy trading market; the ability to obtain governmental approvals and/or financing for the construction, development and operation of certain non-regulated energy investments; risks associated with the management of the company's joint ventures and partnerships; risks associated with our investments in renewable energy projects, including the availability of regulatory and tax incentives, logistical risks and potential delays related to construction, permitting, regulatory approvals and electric grid interconnection, the availability of viable projects and NJR's eligibility for ITCs and PTCs, the future market for SRECs and operational risks related to projects in service; timing of qualifying for ITCs due to delays or failures to complete planned solar energy projects and the resulting effect on our effective tax rate and earnings; regulatory approval of NJNG's planned infrastructure programs; the level and rate at which NJNG's costs and expenses (including those related to restoration efforts resulting from Superstorm Sandy) are incurred and the extent to which they are allowed to be recovered from customers through the regulatory process; access to adequate supplies of natural gas and dependence on third-party storage and transportation facilities for natural gas supply; operating risks incidental to handling, storing, transporting and providing customers with natural gas; risks related to our employee workforce, including a work stoppage; the regulatory and pricing policies of federal and state regulatory agencies; the possible expiration of NJNG's BGSS incentive programs and The SAVEGREEN Project, the costs of compliance with the proposed regulatory framework for over-the-counter derivatives; the costs of compliance with present and future environmental laws, including potential climate change-related legislation; risks related to changes in accounting standards; the disallowance of recovery of environmental-related expenditures and other regulatory changes; environmental-related and other litigation and other uncertainties; risks related to cyber-attack of failure of information technology systems; and the impact of natural disasters, terrorist activities, and other extreme events on our operations and customers, including any impacts to utility gross margin, and restoration costs resulting from Superstorm Sandy. The aforementioned factors are detailed in the "Risk Factors" sections of our Annual Report on Form 10-K filed on November 25, 2014, as filed with the Securities and Exchange Commission (SEC), which is available on the SEC's website at sec.gov. Information included in this release is representative as of today only, and while NJR periodically reassesses material trends and uncertainties affecting NJR's results of operations and financial condition in connection with its preparation of management's discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports filed with the SEC, NJR does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.

Non-GAAP Financial Information

This press release includes the non-GAAP measures NFE (losses), financial margin and utility gross margin. A reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP can be found below. As an indicator of the company's operating performance, these measures should not be considered an alternative to, or more meaningful than, operating income as determined in accordance with GAAP. This information has been provided pursuant to the requirements of SEC Regulation G.

NFE (losses) and financial margin exclude unrealized gains or losses on derivative instruments related to the company's unregulated subsidiaries and certain realized gains and losses on derivative instruments related to natural gas that has been placed into storage at NJRES. Volatility associated with the change in value of these financial and physical commodity contracts is reported in the income statement in the current period. In order to manage its business, NJR views its results without the impacts of the unrealized gains and losses, and certain realized gains and losses, caused by changes in value of these financial instruments and physical commodity contracts prior to the completion of the planned transaction because it shows changes in value currently instead of when the planned transaction ultimately is settled. An annual estimated effective tax rate is calculated for NFE purposes and any necessary quarterly tax adjustment is applied to NJRCEV, as such adjustment is related to tax credits generated by NJRCEV.

NJNG's utility gross margin represents the results of revenues less natural gas costs, sales and other taxes and regulatory rider expenses, which are key components of the company's operations that move in relation to each other. Natural gas costs, sales and other taxes and regulatory rider expenses are passed through to customers and, therefore, have no effect on gross margin. Management uses these non-GAAP financial measures as supplemental measures to other GAAP results to provide a more complete understanding of the company's performance. Management believes these non-GAAP measures are more reflective of the company's business model, provide transparency to investors and enable period-to-period comparability of financial performance. A reconciliation of all non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found below. For a full discussion of NJR's non-GAAP financial measures, please see NJR's 2014 Form 10-K, Item 7 and most recent Form 10-Q, Part I, Item 2.

About New Jersey Resources

New Jersey Resources (NYSE: NJR) is a Fortune 1000 company that provides safe and reliable natural gas and clean energy services, including transportation, distribution and asset management. With annual revenues in excess of \$3 billion, NJR is comprised of five primary businesses:

- **New Jersey Natural Gas** is NJR's principal subsidiary that operates and maintains over 7,000 miles of natural gas transportation and distribution infrastructure to serve over half a million customers in New Jersey's Monmouth, Ocean and parts of Morris and Middlesex counties.
- **NJR Energy Services** manages a diversified portfolio of natural gas transportation and storage assets and provides physical natural gas services to its customers across North America.
- **NJR Clean Energy Ventures** invests in, owns and operates solar and onshore wind projects with a total capacity of over 130 megawatts, providing residential and commercial customers with low-carbon solutions.
- **NJR Midstream** serves customers from local distributors and producers to electric generators and wholesale marketers through its equity ownership in a natural gas storage facility and a transportation pipeline, both of which are Federal Energy Regulatory Commission, or FERC-regulated investments.
- **NJR Home Services** provides heating, central air conditioning, standby generators, solar and other indoor and outdoor comfort products to residential homes and businesses throughout New Jersey and serves approximately 117,000 service contract customers.

NJR and its more than 950 employees are committed to helping customers save energy and money by promoting conservation and encouraging efficiency through Conserve to Preserve® and initiatives such as The SAVEGREEN Project® and The Sunlight Advantage®.

For more information about NJR:

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RECONCILIATION OF NON-GAAP PERFORMANCE MEASURES

NEW JERSEY RESOURCES

| <i>(Thousands)</i> | Three Months Ended | | Nine Months Ended | |
|---|--------------------|-----------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| A reconciliation of Net income at NJR to Net financial earnings, is as follows: | | | | |
| Net (loss) income | \$ (7,460) | \$ (14,274) | \$ 176,763 | \$ 166,390 |
| Add: | | | | |
| Consolidated unrealized loss (gain) on derivative instruments | 1,188 | (6,585) | (19,010) | 45,811 |
| Effects of economic hedging related to natural gas inventory | 16,464 | 38,139 | (15,751) | (3,409) |
| Tax adjustments | (7,715) | (12,766) | 14,727 | (12,497) |
| Net financial earnings | \$ 2,477 | \$ 4,514 | \$ 156,729 | \$ 196,295 |
| Weighted Average Shares Outstanding | | | | |
| Basic | 85,449 | 84,234 | 85,110 | 84,144 |
| Diluted | 85,449 | 84,234 | 86,128 | 84,912 |
| Basic net financial earnings per share | \$ 0.03 | \$ 0.05 | \$ 1.84 | \$ 2.33 |

NJR ENERGY SERVICES

The following table is a computation of Financial margin at Energy Services:

| | | | | |
|---|-------------------|-------------------|------------------|-------------------|
| Operating revenues | \$ 321,775 | \$ 560,633 | \$ 1,607,667 | \$ 2,439,926 |
| Less: Gas purchases | 343,883 | 599,773 | 1,483,325 | 2,311,718 |
| Add: | | | | |
| Unrealized loss (gain) on derivative instruments and related transactions | 793 | (7,101) | (18,988) | 46,357 |
| Effects of economic hedging related to natural gas inventory | 16,464 | 38,139 | (15,751) | (3,409) |
| Financial margin | \$ (4,851) | \$ (8,102) | \$ 89,603 | \$ 171,156 |

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

| | | | | |
|-------------------------|-------------|-------------|------------|------------|
| Operating (loss) income | \$ (26,438) | \$ (44,554) | \$ 109,779 | \$ 101,045 |
| Add: | | | | |

| | | | | |
|---|-------------------|-------------------|------------------|-------------------|
| Operation and maintenance expense | 4,104 | 5,033 | 13,435 | 25,992 |
| Depreciation and amortization | 23 | 15 | 68 | 40 |
| Other taxes | 203 | 366 | 1,060 | 1,131 |
| Subtotal – Gross margin | <u>(22,108)</u> | <u>(39,140)</u> | <u>124,342</u> | <u>128,208</u> |
| Add: | | | | |
| Unrealized loss (gain) on derivative instruments and related transactions | 793 | (7,101) | (18,988) | 46,357 |
| Effects of economic hedging related to natural gas inventory | 16,464 | 38,139 | (15,751) | (3,409) |
| Financial margin | <u>\$ (4,851)</u> | <u>\$ (8,102)</u> | <u>\$ 89,603</u> | <u>\$ 171,156</u> |

A reconciliation of Energy Services Net income to Net financial earnings, is as follows:

| | | | | |
|---|-------------------|-------------------|------------------|------------------|
| Net (loss) income | \$ (16,439) | \$ (28,254) | \$ 69,191 | \$ 62,996 |
| Add: | | | | |
| Unrealized loss (gain) on derivative instruments and related transactions | 793 | (7,101) | (18,988) | 46,357 |
| Effects of economic hedging related to natural gas inventory | 16,464 | 38,139 | (15,751) | (3,409) |
| Tax adjustments | (6,088) | (11,412) | 13,030 | (15,791) |
| Net financial (loss) earnings | <u>\$ (5,270)</u> | <u>\$ (8,628)</u> | <u>\$ 47,482</u> | <u>\$ 90,153</u> |

NJR CLEAN ENERGY VENTURES

A reconciliation of Clean Energy Ventures Net income to Net financial earnings, is as follows:

| | | | | |
|--------------------------------------|-------------------|-----------------|------------------|------------------|
| Net (loss) income | \$ (2,308) | \$ 5,029 | \$ 16,539 | \$ 17,193 |
| Add: | | | | |
| Tax adjustments | (1,484) | (1,164) | 1,687 | 3,093 |
| Net financial (loss) earnings | <u>\$ (3,792)</u> | <u>\$ 3,865</u> | <u>\$ 18,226</u> | <u>\$ 20,286</u> |

NEW JERSEY RESOURCES

CONSOLIDATED STATEMENTS OF OPERATIONS

| <i>(Thousands, except per share data)</i> | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| OPERATING REVENUES | | | | |
| Utility | \$ 116,307 | \$ 111,383 | \$ 699,737 | \$ 739,380 |
| Nonutility | 342,160 | 576,874 | 1,595,944 | 2,406,851 |
| Total operating revenues | <u>458,467</u> | <u>688,257</u> | <u>2,295,681</u> | <u>3,146,231</u> |
| OPERATING EXPENSES | | | | |
| Gas purchases | | | | |
| Utility | 41,562 | 37,875 | 255,106 | 293,812 |
| Nonutility | 342,105 | 598,043 | 1,477,649 | 2,306,315 |
| Related parties | 3,102 | 3,158 | 9,490 | 9,497 |
| Operation and maintenance | 48,598 | 45,995 | 146,135 | 149,291 |
| Regulatory rider expenses | 8,516 | 9,337 | 72,671 | 67,380 |
| Depreciation and amortization | 15,574 | 13,620 | 45,164 | 39,014 |
| Energy and other taxes | 8,319 | 9,437 | 47,272 | 50,894 |
| Total operating expenses | <u>467,776</u> | <u>717,465</u> | <u>2,053,487</u> | <u>2,916,203</u> |
| OPERATING (LOSS) INCOME | <u>(9,309)</u> | <u>(29,208)</u> | <u>242,194</u> | <u>230,028</u> |
| Other income, net | 1,491 | 10,952 | 2,518 | 12,791 |
| Interest expense, net | 7,327 | 6,507 | 21,005 | 19,108 |
| (LOSS) INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES | <u>(15,145)</u> | <u>(24,763)</u> | <u>223,707</u> | <u>223,711</u> |
| Income tax (benefit) provision | (4,318) | (7,808) | 56,693 | 65,377 |
| Equity in earnings of affiliates | 3,367 | 2,681 | 9,749 | 8,056 |
| NET (LOSS) INCOME | <u>\$ (7,460)</u> | <u>\$ (14,274)</u> | <u>\$ 176,763</u> | <u>\$ 166,390</u> |
| (LOSS) EARNINGS PER COMMON SHARE | | | | |
| Basic | \$ (0.09) | \$ (0.17) | \$ 2.08 | \$ 1.98 |
| Diluted | \$ (0.09) | \$ (0.17) | \$ 2.05 | \$ 1.96 |
| DIVIDENDS DECLARED PER COMMON SHARE | \$.23 | \$.21 | \$.68 | \$.63 |

AVERAGE SHARES OUTSTANDING

| | | | | |
|---------|--------|--------|--------|--------|
| Basic | 85,449 | 84,234 | 85,110 | 84,144 |
| Diluted | 85,449 | 84,234 | 86,128 | 84,912 |

NEW JERSEY RESOURCES

| <i>(Thousands, except per share data)</i> | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|--------------------------------|--------------|-------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating Revenues | | | | |
| Natural Gas Distribution | \$ 116,307 | \$ 111,383 | \$ 699,737 | \$ 739,380 |
| Energy Services | 321,775 | 560,633 | 1,607,667 | 2,439,926 |
| Clean Energy Ventures | 7,861 | 3,155 | 18,164 | 8,007 |
| Midstream | — | — | — | — |
| Home Services and Other | 14,592 | 13,798 | 32,190 | 31,896 |
| <i>Sub-total</i> | 460,535 | 688,969 | 2,357,758 | 3,219,209 |
| Eliminations | (2,068) | (712) | (62,077) | (72,978) |
| <i>Total</i> | \$ 458,467 | \$ 688,257 | \$ 2,295,681 | \$ 3,146,231 |
| Operating (Loss) Income | | | | |
| Natural Gas Distribution | \$ 14,567 | \$ 13,045 | \$ 136,080 | \$ 132,400 |
| Energy Services | (26,438) | (44,554) | 109,779 | 101,045 |
| Clean Energy Ventures | (709) | (2,203) | (5,577) | (7,176) |
| Midstream | (125) | (202) | (467) | (721) |
| Home Services and Other | 2,679 | 4,136 | (1,129) | 689 |
| <i>Sub-total</i> | (10,026) | (29,778) | 238,686 | 226,237 |
| Eliminations | 717 | 570 | 3,508 | 3,791 |
| <i>Total</i> | \$ (9,309) | \$ (29,208) | \$ 242,194 | \$ 230,028 |
| Equity in Earnings of Affiliates | | | | |
| Midstream | \$ 4,266 | \$ 3,511 | \$ 12,622 | \$ 10,594 |
| Eliminations | (899) | (830) | (2,873) | (2,538) |
| <i>Total</i> | \$ 3,367 | \$ 2,681 | \$ 9,749 | \$ 8,056 |
| Net income (loss) | | | | |
| Natural Gas Distribution | \$ 7,172 | \$ 4,882 | \$ 83,952 | \$ 79,564 |
| Energy Services | (16,439) | (28,254) | 69,191 | 62,996 |
| Clean Energy Ventures | (2,308) | 5,029 | 16,539 | 17,193 |
| Midstream | 2,487 | 1,896 | 7,211 | 5,584 |
| Home Services and Other | 1,909 | 2,485 | (42) | 708 |
| <i>Sub-total</i> | (7,179) | (13,962) | 176,851 | 166,045 |
| Eliminations | (281) | (312) | (88) | 345 |
| <i>Total</i> | \$ (7,460) | \$ (14,274) | \$ 176,763 | \$ 166,390 |
| Net financial earnings (loss) | | | | |
| Natural Gas Distribution | \$ 7,172 | \$ 4,882 | \$ 83,952 | \$ 79,564 |
| Energy Services | (5,270) | (8,628) | 47,482 | 90,153 |
| Clean Energy Ventures | (3,792) | 3,865 | 18,226 | 20,286 |
| Midstream | 2,487 | 1,896 | 7,211 | 5,584 |
| Home Services and Other | 1,909 | 2,485 | (42) | 708 |
| <i>Sub-total</i> | 2,506 | 4,500 | 156,829 | 196,295 |
| Eliminations | (29) | 14 | (100) | — |
| <i>Total</i> | \$ 2,477 | \$ 4,514 | \$ 156,729 | \$ 196,295 |
| Throughput (Bcf) | | | | |
| NJNG, Core Customers | 22.8 | 11.6 | 94.9 | 70.1 |
| NJNG, Off System/Capacity Management | 55.7 | 53.8 | 164.8 | 124.0 |
| NJRES Fuel Mgmt. and Wholesale Sales | 133.1 | 127.0 | 491.5 | 469.1 |
| <i>Total</i> | 211.6 | 192.4 | 751.2 | 663.2 |
| Common Stock Data | | | | |
| Yield at June 30 | 3.3% | 1.5% | 3.3% | 1.5% |
| Market Price | | | | |
| High | \$ 32.05 | \$ 28.84 | \$ 33.73 | \$ 28.84 |
| Low | \$ 26.77 | \$ 23.85 | \$ 24.65 | \$ 21.27 |
| Close at June 30 | \$ 27.55 | \$ 28.58 | \$ 27.55 | \$ 28.58 |
| Shares Out. at June 30 | 85,401 | 84,335 | 85,401 | 84,335 |
| Market Cap. at June 30 | \$ 2,352,801 | \$ 2,410,298 | \$ 2,352,801 | \$ 2,410,298 |

NATURAL GAS DISTRIBUTION

| <i>(Unaudited)</i> <i>(Thousands, except customer & weather data)</i> | Three Months Ended | | Nine Months Ended | |
|--|--------------------|------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Utility Gross Margin | | | | |
| Operating revenues | \$ 116,307 | \$ 111,383 | \$ 699,737 | \$ 739,380 |
| Less: | | | | |
| Gas purchases | 45,190 | 40,373 | 323,320 | 373,982 |
| Energy and other taxes | 5,754 | 6,404 | 39,207 | 43,330 |
| Regulatory rider expense | 8,516 | 9,337 | 72,671 | 67,380 |
| <i>Total Utility Gross Margin</i> | <u>\$ 56,847</u> | <u>\$ 55,269</u> | <u>\$ 264,539</u> | <u>\$ 254,688</u> |
| Utility Gross Margin, Operating Income and Net Income | | | | |
| Residential | \$ 30,787 | \$ 29,336 | \$ 160,540 | \$ 152,934 |
| Commercial, Industrial & Other | 8,476 | 8,532 | 41,202 | 38,960 |
| Firm Transportation | 10,932 | 11,356 | 47,966 | 52,029 |
| <i>Total Firm Margin</i> | <u>50,195</u> | <u>49,224</u> | <u>249,708</u> | <u>243,923</u> |
| Interruptible | 842 | 190 | 1,751 | 411 |
| <i>Total System Margin</i> | <u>51,037</u> | <u>49,414</u> | <u>251,459</u> | <u>244,334</u> |
| Off System/Capacity Management/FRM/Storage Incentive | 5,810 | 5,855 | 13,080 | 10,354 |
| <i>Total Utility Gross Margin</i> | <u>56,847</u> | <u>55,269</u> | <u>264,539</u> | <u>254,688</u> |
| Operation and maintenance expense | 30,323 | 30,466 | 92,941 | 88,417 |
| Depreciation and amortization | 10,810 | 10,567 | 32,002 | 30,374 |
| Other taxes not reflected in gross margin | 1,147 | 1,191 | 3,516 | 3,497 |
| <i>Operating Income</i> | <u>\$ 14,567</u> | <u>\$ 13,045</u> | <u>\$ 136,080</u> | <u>\$ 132,400</u> |
| <i>Net Income</i> | <u>\$ 7,172</u> | <u>\$ 4,882</u> | <u>\$ 83,952</u> | <u>\$ 79,564</u> |
| Throughput (Bcf) | | | | |
| Residential | 5.3 | 5.3 | 43.1 | 40.3 |
| Commercial, Industrial & Other | 1.1 | 1.0 | 9.0 | 7.6 |
| Firm Transportation | 12.8 | 2.6 | 34.8 | 16.2 |
| <i>Total Firm Throughput</i> | <u>19.2</u> | <u>8.9</u> | <u>86.9</u> | <u>64.1</u> |
| Interruptible | 3.6 | 2.7 | 8.0 | 6.0 |
| <i>Total System Throughput</i> | <u>22.8</u> | <u>11.6</u> | <u>94.9</u> | <u>70.1</u> |
| Off System/Capacity Management | 55.7 | 53.8 | 164.8 | 124.0 |
| <i>Total Throughput</i> | <u>78.5</u> | <u>65.4</u> | <u>259.7</u> | <u>194.1</u> |
| Customers | | | | |
| Residential | 436,395 | 418,792 | 436,395 | 418,792 |
| Commercial, Industrial & Other | 26,204 | 25,108 | 26,204 | 25,108 |
| Firm Transportation | 49,360 | 59,796 | 49,360 | 59,796 |
| <i>Total Firm Customers</i> | <u>511,959</u> | <u>503,696</u> | <u>511,959</u> | <u>503,696</u> |
| Interruptible | 33 | 37 | 33 | 37 |
| <i>Total System Customers</i> | <u>511,992</u> | <u>503,733</u> | <u>511,992</u> | <u>503,733</u> |
| Off System/Capacity Management* | 30 | 28 | 30 | 28 |
| <i>Total Customers</i> | <u>512,022</u> | <u>503,761</u> | <u>512,022</u> | <u>503,761</u> |
| <i>*The number of customers represents those active during the last month of the period.</i> | | | | |
| Degree Days | | | | |
| Actual | 401 | 489 | 5,013 | 5,050 |
| Normal | 511 | 511 | 4,597 | 4,600 |
| Percent of Normal | <u>78.5%</u> | <u>95.7%</u> | <u>109.0%</u> | <u>109.8%</u> |

ENERGY SERVICES

| <i>(Unaudited)</i> <i>(Thousands, except customer, SREC and megawatt)</i> | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Operating Income | | | | |
| Operating revenues | \$ 321,775 | \$ 560,633 | \$ 1,607,667 | \$ 2,439,926 |
| Gas purchases | 343,883 | 599,773 | 1,483,325 | 2,311,718 |
| <i>Gross Margin</i> | <u>(22,108)</u> | <u>(39,140)</u> | <u>124,342</u> | <u>128,208</u> |
| Operation and maintenance expense | 4,104 | 5,033 | 13,435 | 25,992 |
| Depreciation and amortization | 23 | 15 | 68 | 40 |
| Energy and other taxes | 203 | 366 | 1,060 | 1,131 |
| <i>Operating (Loss) Income</i> | <u>\$ (26,438)</u> | <u>\$ (44,554)</u> | <u>\$ 109,779</u> | <u>\$ 101,045</u> |
| Net (Loss) Income | <u>\$ (16,439)</u> | <u>\$ (28,254)</u> | <u>\$ 69,191</u> | <u>\$ 62,996</u> |
| Financial Margin | <u>\$ (4,851)</u> | <u>\$ (8,102)</u> | <u>\$ 89,603</u> | <u>\$ 171,156</u> |
| Net Financial (Loss) Earnings | <u>\$ (5,270)</u> | <u>\$ (8,628)</u> | <u>\$ 47,482</u> | <u>\$ 90,153</u> |
| Gas Sold and Managed (Bcf) | <u>133.1</u> | <u>127.0</u> | <u>491.5</u> | <u>469.1</u> |

CLEAN ENERGY VENTURES

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | |
| SREC sales | \$ 5,285 | \$ 1,867 | \$ 11,291 | \$ 4,965 |
| Electricity sales and other | 1,616 | 618 | 4,188 | 1,319 |
| Sunlight Advantage | 960 | 670 | 2,685 | 1,723 |
| <i>Total Operating Revenues</i> | <u>\$ 7,861</u> | <u>\$ 3,155</u> | <u>\$ 18,164</u> | <u>\$ 8,007</u> |
| Depreciation and Amortization | <u>\$ 4,504</u> | <u>\$ 2,823</u> | <u>\$ 12,392</u> | <u>\$ 7,969</u> |
| Operating (Loss) | <u>\$ (709)</u> | <u>\$ (2,203)</u> | <u>\$ (5,577)</u> | <u>\$ (7,176)</u> |
| Income Tax Benefit (Provision) | <u>\$ 423</u> | <u>\$ (1,286)</u> | <u>\$ 29,186</u> | <u>\$ 18,146</u> |
| Net (Loss) Income | <u>\$ (2,308)</u> | <u>\$ 5,029</u> | <u>\$ 16,539</u> | <u>\$ 17,193</u> |
| Net Financial (Loss) Earnings | <u>\$ (3,792)</u> | <u>\$ 3,865</u> | <u>\$ 18,226</u> | <u>\$ 20,286</u> |
| Solar Renewable Energy Certificates Generated | <u>39,916</u> | <u>23,845</u> | <u>79,910</u> | <u>50,000</u> |
| Solar Renewable Energy Certificates Sold | <u>30,855</u> | <u>13,364</u> | <u>65,583</u> | <u>34,042</u> |
| Megawatts Installed | <u>6.2</u> | <u>11.3</u> | <u>25.0</u> | <u>18.1</u> |
| Megawatts Under Construction | <u>6.5</u> | <u>16.5</u> | <u>6.5</u> | <u>16.5</u> |

MIDSTREAM

| | | | | |
|--|-----------------|-----------------|------------------|------------------|
| Equity in Earnings of Affiliates | <u>\$ 4,266</u> | <u>\$ 3,511</u> | <u>\$ 12,622</u> | <u>\$ 10,594</u> |
| Operation and Maintenance Expense | <u>\$ 153</u> | <u>\$ 161</u> | <u>\$ 486</u> | <u>\$ 675</u> |
| Interest Expense | <u>\$ 163</u> | <u>\$ 333</u> | <u>\$ 623</u> | <u>\$ 1,108</u> |
| Net Income | <u>\$ 2,487</u> | <u>\$ 1,896</u> | <u>\$ 7,211</u> | <u>\$ 5,584</u> |

HOME SERVICES AND OTHER

| | | | | |
|--|------------------|------------------|-------------------|------------------|
| Operating Revenues | <u>\$ 14,592</u> | <u>\$ 13,798</u> | <u>\$ 32,190</u> | <u>\$ 31,896</u> |
| Operating Income (Loss) | <u>\$ 2,679</u> | <u>\$ 4,136</u> | <u>\$ (1,129)</u> | <u>\$ 689</u> |
| Net Income (Loss) | <u>\$ 1,909</u> | <u>\$ 2,485</u> | <u>\$ (42)</u> | <u>\$ 708</u> |
| Total Service Contract Customers at June 30 | <u>116,934</u> | <u>119,426</u> | <u>116,934</u> | <u>119,426</u> |

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