



New Jersey Resources
Corporate Sustainability Report



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New Jersey Resources is committed to excellence in all aspects of our business, and that includes our commitment to operating as a sustainable company. With that in mind, I am pleased to present our 2010 Corporate Sustainability Report.

Over the past year, we have expanded our efforts to be a sustainable organization through a variety of new initiatives. We have made progress measuring and reducing our carbon footprint with an accurate tracking system in place and company-wide initiatives to lower our own energy use and environmental impact. We continue to assess opportunities to improve the efficiency of our operations not only to be a good environmental steward and responsible business, but also to set an example for others to follow.

At New Jersey Natural Gas, we launched The SAVEGREEN Project™ which, in conjunction with New Jersey's Clean Energy Program, is providing customers with the information and incentives they desire to make energy-efficient improvements in their homes and businesses. NJR Home Services is making renewable energy affordable and accessible to residents in the areas we serve through a new solar leasing program. More information about these and other programs are included in our report.

Additionally, as nonprofits continue to struggle during the economic downturn, we have provided assistance to a greater number of local organizations than ever before. Through donations and volunteerism, NJR has reaffirmed its commitment to support those who give so selflessly to others.

Employees at all levels of the organization are motivated and dedicated to meeting the company's strategic goals whether they are environmental, financial or otherwise. These goals are established with the guidance and collective expertise of our Board of Directors, who consistently challenge us to reach further in our unwavering commitment to be a responsible corporate citizenship.

I am grateful for the partnership we share with our community leaders, regulators and legislators, and the support of our shareowners. We strive to maintain the positive relationships we share, and are grateful for your confidence in our company.

Our efforts to be a sustainable organization and improve the quality of life in our communities are ongoing. I look forward to sharing information about new initiatives with you throughout the year.

Sincerely,

Laurence M. Downes
Chairman and CEO
May 1, 2010



Environmental Stewardship

Through Conserve to Preserve® New Jersey Resources (NJR) is helping customers learn how to use energy more responsibly for the protection of our environment and natural resources. Due to an innovative rate mechanism that encourages conservation, NJR has been actively engaging customers on ways to save energy and money. With help from the tools and resources provided through Conserve to Preserve, New Jersey Natural Gas (NJNG) customers have reduced their natural gas usage by 104 million therms since the initiative began in 2006. Based on these savings, they have prevented the release of more than 1.25 billion pounds of carbon dioxide, a potent greenhouse gas, into the atmosphere. This is the equivalent of removing over 109,000 cars from New Jersey's roads annually. Highlighted below are some of the many customer offerings under Conserve to Preserve.

The SAVEGREEN Project™



The SAVEGREEN Project was created in support of NJNG's ongoing effort to provide customers with the knowledge they need and the money-saving incentives they desire to make the right energy choices for their families, homes, businesses and communities. The program was proposed to help the state meet its goal to reduce energy usage 20 percent by 2020 and lower greenhouse gas emissions by the same. Additionally, the launch of SAVEGREEN is estimated to have helped to create or sustain approximately 100 jobs during a time when unemployment was near historically high levels in our state.

SAVEGREEN provides a variety of financial incentives that make it affordable to install high-efficiency heating equipment in a customer's home. Customers were eligible for as much as \$3,800 in savings through rebates and offers from both New Jersey's Clean Energy Program (NJCEP) and NJNG. In addition to simply installing high-efficiency equipment, however, customers were required to complete a free home energy audit in order to receive the enhanced rebate from NJNG.

Thousands of customers have taken advantage of the limited-time offers available through SAVEGREEN. After a home energy audit identifies other conservation measures that could be taken, many homeowners also benefited from special financing through the Home Performance with ENERGY STAR® program.

The program also provides incentives for commercial customers through the Direct Install program. Participants can save up to 80 percent on the installation of high-efficiency technologies at their workplace with a pay-back period of as little as two years.



Through the SAVEGREEN Project, NJNG has taken a grassroots approach to promoting energy-efficiency and conservation. Employees can frequently be found in libraries, schools or at community events sharing information and helping customers to understand all the ways they can save.

In March 2010, NJNG filed with the New Jersey Board of Public Utilities (BPU) for an extension and expansion of its energy-efficiency programs. The programs were developed in line with the Regional Greenhouse Gas Initiative (RGGI) legislation signed into law in early 2008. RGGI allows energy utilities in New Jersey to make investments in energy-efficiency and renewable energy projects on a regulated basis. The proposed programs build upon the existing SAVEGREEN Project™ by expanding the number of appliances covered and providing rebates as high as \$2,000 for WARM and COOLAdvantage participants, as well as affordable financing options for energy-efficient home improvements. The filing also calls for the approval of a program to provide financial assistance to certain income-eligible households that wish to convert to natural gas. An expanded program for commercial customers offers enhanced rebates and promotes Combined Heat and Power projects, which draw heat and electricity from a single source such as natural gas. In addition, NJNG would also launch a Solar Energy Program that provides NJNG customers the ability to lease solar panels for their home with no upfront costs or maintenance fees. If approved, the programs could launch as early as October 2010.

Residential Solar Lease Program

NJR Home Services (NJRHS), NJR's home appliance, sales and installation company, announced this year that it would make renewable energy affordable and accessible to customers by offering installation of solar panels with no upfront or maintenance costs and savings of up to 50 percent per month on electricity costs.



While purchasing solar panels can typically cost tens of thousands of dollars, even with generous rebates from the state, NJRHS will lease solar panels to homeowners for approximately \$52 per month for a six-kilowatt system over a 20-year period. That monthly rate is fixed over the life of the lease and includes all installation and maintenance costs.

Customers will realize savings immediately upon interconnection with the electric utility's meter. The renewable technology is estimated to save the average homeowner approximately \$100 a month on electric costs, based on current prices. Over the life of the lease, customers may save more than \$20,000 in electric costs while generating clean, reliable power for their home.



Response to the program’s announcement was far greater than anticipated. Hundreds of potential customers flooded the NJRHS call center expressing interest in participating. While the first phase of the solar lease program is only open to 130 customers, we look forward to making affordable renewable energy available to customers throughout our service territory in the future.

Conserve to Preserve® Dashboard



The Conserve to Preserve Dashboard enables customers to better understand their energy usage through analysis and comparative data. By simply entering information about their home, appliances and living habits, customers are able to view and analyze their natural gas bills. The Dashboard also provides an integrated Home Energy Analysis, which allows customers to run reports and create graphs that show where home energy dollars are spent. It also provides customized recommendations to make a home more energy-efficient and comfortable, while reducing greenhouse gas emissions. The Dashboard is easily accessible through NJNG’s online customer center, My Account.

Conserve to Preserve® Business Online



Business Online is a free, comprehensive resource of energy-related and emerging technology information of interest to a vast array of industries in one central location. Commercial customers and municipalities can find new ways to reduce energy usage that not only save money, but also help preserve the environment. This includes relevant links to information about financial support and technical assistance available through New Jersey's Clean Energy Program. Hundreds of NJNG customers benefit from features such as the “Ask an Expert” hotline, an industry-specific resource library and a monthly newsletter containing timely, relevant information about business-related conservation technologies and trends.

Conserve to Preserve® Community Rewards



Schools and organizations within NJNG’s service territory can earn up to \$5,000 in just three months through the Conserve to Preserve Community Rewards program. Schools and nonprofits raise money by encouraging members, along with their friends, family and neighbors, to sign up for the Conserve to Preserve Dashboard. NJNG rewards their efforts with \$5 for each person who actually uses the Dashboard within a three-month period. Participants can earn as much as \$5,000 and the money raised can be put toward any cause the organization chooses. The program is a great way to unite members of the local community around a cause while helping them to better understand their energy usage and protect the environment.



Sustainable Jersey



NJNG is a sponsor and member of several task forces for Sustainable Jersey, a certification and incentive program for municipalities in New Jersey that want to go green, save money and take steps to sustain their quality of life over the long term. Employees are working with participating towns in our service territory to help identify energy-efficiency opportunities within the facilities, as well as their vehicle fleets. Additionally, support is provided to help local leaders conduct community outreach efforts focused on the importance of energy conservation.

Through our own aggressive outreach efforts, NJNG has encouraged more municipalities to join the program. By participating in Sustainable Jersey, these communities will achieve an improved quality of life and realize cost savings through efficiencies. Currently in our service territory, seven communities are certified through the program and an additional 41 are progressing toward this goal. More information can be found at www.sustainablejersey.com.

Greenhouse Gas Emissions Profile

In March 2007, NJR announced its support for the state's goal of reducing greenhouse gas (GHG) emissions 20 percent by 2020. Since that time, the company has worked with environmental organizations to verify the potential sources of emissions at the company and understand the best methods to track them to assess progress toward our goal.

Part of our initial challenge was to understand how fugitive emissions, a part of the greenhouse gas emissions profile of a natural gas distribution company, would impact our total emissions. Initially, the use of lost and unaccounted for (LAUF) natural gas was suggested as a placeholder; however, LAUF includes natural gas lost through metering inaccuracies and other uses of combusted natural gas and is not considered an accurate surrogate for fugitive emissions. Therefore, we have utilized leak repair reports to account for our annual fugitive emissions totals, and are confident that the totals accurately assess our impact on the environment.





With a full year of tracking completed in 2009, and third-party recommendations implemented, NJR now believes it has an accurate baseline from which to measure our progress in meeting our goal of reducing greenhouse gas emissions 20 percent by 2020. While many energy-efficiency and carbon reduction efforts have taken place in all areas of the company, we can now better track the impact of such improvements and understand how future projects will help us to achieve our goal.

Due to possibility of regulations that would require that natural gas utilities report their fugitive emissions to the U.S. Environmental Protection Agency, NJR is working collaboratively with the American Gas Association and other utilities to determine the impact any ruling might have on our reporting of GHG emissions.

Although we do not yet know what federal climate change legislation might look like as it moves through the Congress, we believe the best way to be prepared is by continuing to track the GHG emissions from our company operations as well as those resulting from providing natural gas service to our customers. Just as we did with our announcement in 2007, we will continue to lead by example, fully committing our resources to reducing our impact on the environment.

In 2010, the following major initiatives will help our progress toward our 2020 goal:

- Establishing a company process and action plan to meet annual reduction goals.
- Performing better analysis of data to determine any major shifts or changes.
- Monitoring pending legislation and its impact on our company's reporting requirement
- Continuing to identify energy-efficiency improvements throughout the company. NJR will welcome a fellow from Climate Corps, a program of the Environment Defense Fund, who will spend 12 weeks at the company developing practical, actionable plans to improve the efficiency and conservation practices at NJR.



Emissions Related to Electricity

With the announcement of our greenhouse gas reduction goal, NJR began to purchase electricity through the New Jersey CleanPower Choice Program. Administered by the BPU's Office of Clean Energy, this voluntary program is funded by an incremental charge on electricity bills for New Jersey residents and businesses. As we work to reduce electricity usage at our facilities, we will continue to purchase electricity through CleanPower Choice, as well as other renewable sources to offset our emissions from electricity.

Additionally, a roof-top solar photovoltaic system is installed at our natural gas distribution center in Wall. Since 2004, approximately 9 percent of the electricity used at this building has been generated from the sun.

Emissions Related to Transportation

With a local distribution company as our primary business, NJR has a large number of vehicles on the road every day; therefore, transportation is a major source of the company's GHG emissions. The company is currently evaluating the use of compressed natural gas (CNG) for fleet vehicles. Along with our trade industry association, the American Gas Association, as well as other natural gas companies and original equipment manufacturers, we are working to identify potential CNG fleet solutions. We even accepted an offer from American Honda Motor Company to use a Honda Civic CNG vehicle for a trial period to determine whether it would be an appropriate transportation options for our fleet of meter reading vehicles.

At this time, we are using biodiesel to fuel approximately 50 of our large-duty trucks and construction equipment. NJNG uses the fuel in a blended form known as B20, which is composed of 20 percent biodiesel and 80 percent diesel and is estimated to reduce greenhouse gas emissions up to 10 percent, according to the U.S. Environmental Protection Agency.

We have also begun the process of converting all company-owned vehicles to hybrid models. This will ultimately result in the conversion of approximately 104 gasoline-powered vehicles to more efficient hybrids. Our Fleet Services department continues to monitor the ongoing changes in the truck industry, including the use of natural gas to fuel vehicles, which will help to further reduce our greenhouse gas emissions related to transportation.



Natural Gas STAR



The EPA's Natural Gas STAR program encourages oil and natural gas companies to adopt cost-effective technologies and innovative practices to reduce emissions of methane, a potent greenhouse gas, and to increase operational efficiency. Since joining in 2004, NJR has helped reduced methane emissions by 59.7 thousand cubic feet through facility upgrades and operational improvements. That is enough natural gas to heat more than 786 homes for an entire year, and is equivalent to planting over 7,205 acres of trees or eliminating 5,322 cars from New Jersey's roadways.

Other Environmental Programs

WasteWise™



NJR has been participating in the EPA's WasteWise program since 2002. WasteWise, with over 2,000 member companies, promotes natural resource conservation, solid waste reduction, pollution prevention and cost savings. NJR achieves these goals through a variety of methods to reduce, reuse and recycle, as well as by using remanufactured, recycled content or other types of environmentally friendly products. The company's efforts have been recognized with two honorable mention awards from the EPA for waste reduction programs.

Planting for Our Future™



To help our customers show their concern for the environment, NJR launched the Planting for Our Future program through a partnership with The Conservation Fund, America's premier conservation nonprofit organization. For a donation of just \$5, a tree is planted that will absorb approximately one ton of carbon dioxide, helping to offset customers' GHG emissions. One hundred percent of all donations go directly toward planting trees in native forests across the county, including the Edwin B. Forsythe Wildlife Refuge in Ocean County. Additionally, NJR has committed to match customer donations up to \$50,000 per year over the first five years of the program. Since its inception in April 2007, NJR and its customers have donated nearly \$160,000 through Planting for Our Future, which is enough to plant 31,400 trees and avoid the release of approximately 42,000 tons of carbon dioxide from the atmosphere.



Manufactured Gas Plants

NJNG has been actively conducting improvements at three former manufactured gas plant (MGP) properties located in Atlantic Highlands, Long Branch and Toms River, New Jersey. These efforts, under the direction of the New Jersey Department of Environmental Protection (NJDEP), are restoring the former plant properties to productive future use. NJNG's improvements address, among other things, coal tar residues, a by-product of manufacturing gas from coal and coke. The MGPs were used in the 1830s to 1950s to manufacture gas to fuel street lamps, indoor lighting and cooking.

There are approximately 3,000 former MGPs nationwide; about 80 in New Jersey. Potential impacts from these sites were not subject to environmental regulation until the early 1980s when the state directed utilities to assess the properties. According to testing conducted on NJNG's behalf, potential risks from contact with coal tar residues at NJNG's MGP properties are within acceptable state and federal health-based risk levels.

NJNG works closely with the NJDEP to ensure compliance with all environmental regulations. When conducting improvements, the safety of the residents and surrounding communities are NJNG's primary consideration.

The latest information on NJNG's efforts at all three MGP properties is available in the Community section of njliving.com.



Safety

At New Jersey Resources, there is nothing more important than the safety of our employees, customers and communities. We are not only committed to compliance with all state and federal regulations, but also to promoting our own safety philosophy.

In 2009, leaders from both NJR and the International Brotherhood of Electrical Workers, Local 1820, who comprise a majority of our employees, committed to establishing a culture of safety at NJR in order to improve performance. A new safety structure was established, consisting of employee-driven and management-supported safety councils at all company work location. An enhanced safety-related messaging campaign, “Think Safe 24/7,” was branded and launched throughout the company. Safety and wellness concepts are promoted on an ongoing basis through communications and training classes. Additionally, a formal root-cause investigation process has been established in order to ensure full investigation of all employee injuries in order to prevent similar ones in the future.



New safety measures have also been established that provide a more complete picture of the safety performance at NJR. The Days Away, Restrictions and Transfers (DART) Incident and DART Severity rates measure the number of days away from the job, or with restricted or transferred duty, as a result of injury, as well as how often such situations occur. These measures reflect the actual impact of injuries on our business as time lost rather than simply the number of injuries.

The integrity of our natural gas distribution system ensures the safety of our customers and the communities we serve. Over the last five years, NJR has invested over \$187 million in system improvements. Looking forward, an additional \$106 million will be spent over the next two years to ensure the safety and reliability of NJNG’s infrastructure. This includes 14 projects in the Accelerated Infrastructure Program, which will enhance and expand NJNG’s distribution system to ensure safety and better service for customers.



Further proof of our commitment to safety is our performance in the industry-standard measure of emergency response time. NJNG has long been recognized as an industry leader in this area. In 2009, NJNG responded to 99.4 percent of all emergency calls within 60 minutes and recorded an average response time of 23 minutes per call.

We continually strive to improve and enhance our performance to ensure the safety of our employees, customers and the communities we serve every day.



Supporting Our Communities

At NJR, we have made a commitment to responsible corporate citizenship in the communities where we work and live. Our efforts focus on the issues we know to be most important to our customers – education, wellness and the environment. We give back to our communities through financial and in-kind support, various employee contributions and through the thousands of hours of volunteerism by employees and retirees every year. The recent economic downturn has affected many of the nonprofit organizations in our communities and the individuals they selflessly serve; therefore, we expanded our support efforts, knowing they have never been more important.

Charitable Contributions

NJR has provided financial and in-kind support to nearly 800 community organizations. Whether we're contributing to youth clubs, senior service groups, health and nutrition providers or educational institutions, we are proud to support those who help so many of our neighbors. Below is a sampling of the organizations we partner with.

- 180 Turning Lives Around
- 21 Plus Foundation
- Academy Charter High School
- Academy of Saint Elizabeth
- Achieve 3000
- Algonquin Arts
- Alzheimer's Association, Greater New Jersey Chapter
- American Conference on Diversity
- American Heart Association
- American Red Cross, Jersey Coast Chapter
- ARC of Monmouth
- Asbury Park Chamber of Commerce
- Bayshore Community Hospital Foundation
- Big Brothers Big Sisters of Monmouth County
- Brookdale Community College Foundation
- CentraState Healthcare Foundation
- Clean Ocean Action
- Coastal American Foundation
- Coastal Habitat for Humanity
- Collier Services Foundation
- Community Medical Center Foundation
- Contact of Ocean County
- County College of Morris Foundation
- CPC Behavioral Healthcare
- Deborah Hospital Foundation
- Diocese of Metuchen
- Diocese of Trenton
- Dottie's House
- Earth Share of New Jersey
- Eastern Monmouth Area Chamber of Commerce
- Epiphany House
- Family and Children's Services
- Festival of the Atlantic
- George Sheehan Classic
- Georgian Court University
- Girl Scouts of Northern New Jersey, Ocean County and the Jersey Shore
- Greater Long Branch Chamber of Commerce
- Greater Long Branch NAACP



- Housing Authority of the City of Long Branch
- Independent College Fund of NJ
- InfoAge Learning Center
- Interfaith Neighbors
- Jersey Shore Council, Boys Scouts of America
- Jersey Shore University Medical Center Foundation
- Kimball Medical Center Foundation
- LADACIN Network
- Long Branch Public Library
- Mercy Center
- Meridian Health Foundation
- Monmouth-Ocean Development Council
- Monmouth Council of Girl Scouts
- Monmouth Council, Boys Scouts of America
- Monmouth County Arts Council
- Monmouth County Office on Aging
- Monmouth County Society for the Prevention of Cruelty to Animals
- Monmouth Health Care Foundation
- Monmouth Medical Center Foundation
- Monmouth Park Charity Fund
- Monmouth University
- Morris Area Girl Scout Council
- Morris County Economic Development Corporation
- Morris Habitat for Humanity
- Morristown Memorial Health Foundation
- National Fuel Funds Network
- New Jersey Association of Conservation Districts
- New Jersey Citizen Action Education Fund
- New Jersey Council on the Arts
- New Jersey Future
- New Jersey Marine Sciences Consortium
- New Jersey Repertory Company
- New Jersey State Police Memorial Association
- NJ SHARES
- NJN Foundation
- Ocean County College Foundation
- Ocean County Foundation for Vocational Technical Education
- Ocean County YMCA
- Ocean, Inc.
- Ocean Medical Center Foundation
- Ocean of Love
- Partnership for a Drug-Free New Jersey
- Prevention First
- Providence Free Medical Clinic
- Riverview Medical Center Foundation
- Ronald McDonald House
- Saint Clare's Foundation
- Salvation Army - Red Bank Corps
- SCAN Learning Center
- Southern Monmouth Chamber of Commerce
- Southern Ocean County Hospital Foundation
- Special Olympics New Jersey
- The ARC Ocean County Chapter
- The Community YMCA
- The FoodBank of Monmouth and Ocean Counties
- The SIDS Center of NJ
- Tri-County Scholarship Fund
- United Negro College Fund
- United Way of Monmouth County
- United Way of Morris County
- United Way of Ocean County
- Visiting Nurse Association of Central Jersey
- Western Monmouth Chamber of Commerce
- Women's Fund of New Jersey
- YMCA of Western Monmouth County



Conserve to Preserve® Foundation

Conserve to Preserve *Foundation*

The Conserve to Preserve® Foundation was established by NJR due to our belief that environmental protection, intelligent energy use and the protection of natural resources is a shared responsibility of the company, state and residents. Its mission is to support environmentally friendly programs, advance energy-efficiency opportunities, promote green job growth and encourage effective environmental stewardship.

The first grant from the Conserve to Preserve Foundation went to the New Jersey Department of Labor and Workforce Development's Green Job Training Partnership Program, which recruits, prepares and trains qualified candidates to fill the growing market for green jobs in the state. Through existing partnerships between industry and educational institutions, participants are afforded apprenticeship opportunities in the energy industry.

Additional grants have provided funding for the purchase of free energy conservation kits for low-income customers, research on behavioral aspects that may impact the success of climate change initiatives, such as the Rutgers University Center for Climate and Social Policy, and sponsorships for many environment-focused events and organizations in the state.

The Conserve to Preserve Foundation will continue to assist such causes, which enhance the quality of life in our state by promoting energy-efficiency and environmental stewardship.

Donor Choice Charity Drive

NJR's employees recognize the importance of giving back to the community. Through the company's annual charity drive, 388 employees donated to their favorite nonprofit organization. In total, nearly \$87,000 was raised, 100 percent of which was matched by NJR. The annual charity drive is administered with the help of the United Way of Monmouth County.

Recent NJNG Awards

American Cancer Society Award for "Outstanding Contributions to the Fight Against Cancer"

Students of Sister Academy, Mercy Center, 2010 Walk with Mercy Award

Neptune NAACP 2010 Unsung Heroes Award

County College of Morris First-Ever Leadership Award

2010 Brookdale Community College President's Scholarship Ball Honoree



Volunteers Inspiring Service In Our Neighborhoods



Every year, our employees and retirees, with the help of their families and friends, generously give their own time to support community projects through our Volunteers Inspiring Service in Our Neighborhoods (VISION) program. In fiscal 2009, these generous individuals spent more than 4,300 hours making a difference in our communities.

200 NJR Employees Restore InfoAge

In August of 2009, 200 employees contributed a total of 1,000 hours over two days to restore the grounds of the InfoAge Learning Center on the grounds of Camp Evans in Wall. Despite brutal summer heat, employees worked tirelessly digging trenches, pulling weeds, planting shrubs and flowers and painting buildings to restore the facilities at this historic landmark located near company headquarters. A short video on our efforts to restore InfoAge can be seen at www.njliving.com/community.



Home Ownership Program

Through a long-standing partnership with Asbury Park nonprofit Interfaith Neighbors to provide affordable housing opportunities in Monmouth County, two families became first-time homeowners over the past year. The homes, located on Ridge Avenue in Asbury Park, are equipped with high-efficiency appliances and compact fluorescent light bulbs to help the families conserve resources and manage their energy costs.

The Home Ownership Program began in 1996, when NJNG donated \$25,000 in seed money to Interfaith Neighbors for the renovation of a home in Asbury Park. The program aims to provide home ownership opportunities for working-poor families who would otherwise be unable to afford a house. In total, 22 homes have been offered to qualifying families in Monmouth County. NJNG is also a corporate sponsor of Interfaith Neighbor's Asbury Park West Side Neighborhood Revitalization Plan to improve housing conditions, strengthen the economy and enhance the quality of life through the redevelopment of Asbury Park's West Side. More information about NJNG's partnership with Interfaith Neighbors can be seen in a short video in the Community section at www.njliving.com.



Homes for All



In 2009, NJNG was also proud to support a dual-phase project that will bring public water and sewer, as well as natural gas service to the Manitou Park section of Berkeley Township. The project will also include the construction of 82 affordable homes.

NJNG is providing \$85,000 in funding for the Manitou Park project, which was nine years in the making. As an experienced nonprofit developer of affordable housing, Homes for All is working in partnership with NJNG and Berkeley Township, along with various other local agencies, to plan and finance the public improvements and home construction.

Homes for All first learned of the conditions of the area when the nonprofit's Hands For All program was donating and installing a new heating system for a low-income customer. When the employees were offered a glass of water, they immediately noticed it was cloudy. After doing further research, it was discovered that the wells in Manitou Park had begun to fail and water tests indicated marginal water levels and impending well failures. Since this testing, two of the wells have, in fact, failed; however, Homes for All was able to raise the money to repair or drill new wells to solve the problem. With the inception of this project, the nonprofit will bring public water and sanitary utilities to the entire community.

The Manitou Park section of Berkeley Township is located just one mile from downtown Toms River and is currently comprised of 84 residences, 82 Homes for All building sites, and a few privately owned lots. Amenities in the community include a Green Acres Preservation Area, a baseball field and recreation area, five churches, a police and fire department, and a day care center.

Morris Habitat for Humanity



NJNG was proud to support its first affordable housing project in Morris County that broke ground in early 2010. Through a \$25,000 contribution, NJNG partnered with Morris Habitat for Humanity to construct a modest three-bedroom, one-bathroom home on Ann Street in Dover. The home is currently under construction and, when completed, will be sold to an income-eligible family.



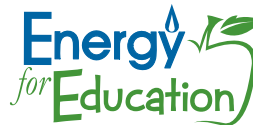
Supporting Our Food Banks

NJNG has been a long-time supporter of local food banks, believing that providing food to the less fortunate is one of the most important ways to help those in need. Over the past several years, we have partnered with many nonprofit food pantries in an effort to do just that. In addition to holiday food drives, our employees and retirees, along with their families and friends, volunteer hundreds of hours each year at food banks and pantries in our service territory.

Recently, NJNG made a contribution of \$50,000 for a refrigerated mobile food pantry, which will allow the FoodBank of Monmouth and Ocean Counties to distribute food in areas not adequately served by food pantries. Visit www.njliving.com/community to watch a brief video about the new mobile pantry and our relationship with the FoodBank.



Energy for Education



Few NJR initiatives have more potential impact or profound reach than our education programs, which encourage academic excellence and performance. In partnership with those who share our hopes of building a promising future for today's youth through lifelong education, our goals are to stimulate learning, increase motivation and open a world of opportunities beyond the schooling years. Programs include SAT preparation, college tours, literacy programs, corporate tours, Achieve 3000 and the Energy Hog.

As part of this effort, NJNG provides students in Asbury Park and Lakewood middle schools the chance to experience the business world firsthand through the Project Venture mentoring program. NJNG employee-mentors work closely with assigned mentees, sharing with them valuable insight into the working world and helping to prepare them for challenging careers. The program began over 20 years ago with just five students, and since that time, more than 200 students have participated.

NJNG is helping former Project Venture students to realize their full potential by providing scholarships for graduating seniors who move on to an accredited two or four-year college, university or vocational school. Each year, two students who previously participated in Project Venture, one from Lakewood and one from Asbury Park, are selected and presented with a \$2,000 scholarship. This year's recipients were Joshua Gonzales, who went on to study at Brookdale Community College, and Teddy Lau, who continued his at Villanova University.



NJNG also offers a Speakers' Bureau program to reach out to our communities with information on a variety of issues, from natural gas safety to energy conservation. Presentations are designed to help us interact with our neighbors, from young students to senior citizens. Over the past year, NJNG employees delivered approximately 120 Speakers' Bureau presentations to audiences totaling over 10,000 customers and other community members.

Additionally, NJNG promotes the importance of education focused on conservation so that children learn early on the impact they can make through small changes at home. NJNG sponsors the Energy Hog, a nationwide energy efficiency campaign launched by the Alliance to Save Energy and the Ad Council. The program's fun, interactive games are designed to help children understand the importance of saving energy. The Kids and Conservation section of our Web site also provides a variety of other resources to engage children on the topic of energy-efficiency.

Gift of Warmth

Gift of Warmth

The Gift of Warmth was established by New Jersey Natural Gas to help customers who are experiencing financial difficulties and cannot afford to pay their energy bills. The fund helps income-eligible households, as well as customers experiencing temporary or unanticipated financial hardship. Each year, customers, shareowners and employees are invited to help families in our service territory by contributing to the fund. NJNG matches these contributions dollar-for-dollar up to a total of \$80,000 each year. Since the program began over 20 years ago, the generosity of donors has enabled us to raise more than \$4.5 million and provide assistance for 17,800 local families.

Support Our Troops

Employees, retirees and their families, along with school children throughout our service territory, write heartfelt cards to our troops serving overseas all year long. Whether it's our Hearts for Heroes cards in February, Flags for Freedom cards in June, Thanks for Giving in November or holiday cards in December, we have provided tens of thousands of uplifting notes of thanks to our troops. In addition, our employees donate and send candy, toiletry items and other products throughout the year.



This year, NJNG partnered with the Asbury Park Press to expand its card-writing efforts, offering even more local students the opportunity to send notes of thanks and appreciation to our troops. After stories and advertisements ran in the paper encouraging local schools to participate, NJNG's community relations department was flooded with requests for cards. The response exceeded expectations with over 40,000 cards sent to troops at both Thanksgiving and Valentine's Day.





Diversity

At NJR, we believe diversity extends far beyond the characteristics of race, age, gender, ethnicity, religion or physical condition. As such, we are committed to strengthening our company through education, understanding and recognition that diversity is a core value and a competitive advantage. By creating an open and inclusive environment where all people are respected for their diverse perspectives and backgrounds, we encourage the creativity that sparks new ideas and improves the way we do business every day.

NJR's Diversity Council is comprised of employee volunteers who work throughout the year to educate their colleagues by hosting special events and sharing information that helps us to recognize and appreciate the diverse perspectives within our organization. Over the past year, diversity events have highlighted Martin Luther King Day, Women's History Month and the various heritages that comprise our workplace.





Ethics

At NJR, we strive to instill a sense of personal responsibility in each of our employees through annual Code of Conduct training. All employees are required to attend in order to familiarize themselves with, and reinforce, the policies and procedures that must govern their day-to-day business practices. One hundred percent of reported Code of Conduct violations are thoroughly investigated and acted upon. Employees and members of the public have access to a toll-free hotline, Ethicspoint, Inc., where potential violations can be reported anonymously 24 hours a day, 365 days a year. Any communications received through Ethicspoint are immediately forwarded to NJR's designated contact and appropriate action is taken within 24 hours.

Through strong corporate governance practices, and the example of leadership, we ensure business is carried out in an ethical manner at all levels of the organization.



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