

NEW JERSEY RESOURCES CORP  
Form DEF 14A  
December 14, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

(AMENDMENT NO. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**NEW JERSEY RESOURCES CORPORATION**

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**NEW JERSEY RESOURCES CORPORATION**

**1415 Wyckoff Road**

**Wall, New Jersey 07719**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JANUARY 25, 2012**

The Annual Meeting of Shareholders (the Meeting ) of New Jersey Resources Corporation will be held at 10:30 a.m., Eastern Standard Time, Wednesday, January 25, 2012, at the Robert B. Meyner Reception Center at the PNC Bank Arts Center (Exit 116 on the Garden State Parkway) Holmdel, New Jersey 07733, for the following purposes:

1. To elect as directors the four nominees to the Board of Directors named in the attached proxy statement, for terms expiring in 2015
2. To approve a non-binding advisory resolution approving the compensation of our named executive officers
3. To ratify the appointment by the Audit Committee of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2012
4. To transact any other business that may properly be brought before the Meeting or any adjournments or postponements thereof

The Board of Directors has fixed the close of business on November 29, 2011, as the record date for the determination of the shareholders entitled to notice of and to vote at the Meeting. Accordingly, only shareholders of record at the close of business on that date will be entitled to vote at the Meeting.

In accordance with Securities and Exchange Commission ( SEC ) rules, we are furnishing proxy materials to our shareholders online. You may read, print and download our Annual Report and Proxy Statement at <http://investor.njresources.com/annual-proxy.cfm>. On or about December 16, 2011, we will mail our shareholders a notice containing instructions on how to access our 2011 Proxy Statement and Annual Report and vote online or by telephone. The notice also provides instructions on how to request a paper copy of these documents.

A cordial invitation is extended to you to attend the Meeting. Regardless of whether you plan to attend the Meeting, it is important that your shares are represented and voted at the Meeting. If you received a paper copy of the proxy card or voting instruction by mail, you can vote by signing, dating and returning the enclosed proxy card or voting instruction. Registered shareholders and participants in plans holding shares of our common stock ( Common Stock ) may vote by telephone or online. To use these convenient services, follow the steps detailed in the instructions for voting that are attached to the proxy card. Beneficial owners of shares of our Common Stock held in street name through a bank or brokerage account should follow the enclosed voting instruction for voting their shares. Please note that in the absence of specific instructions as to how to vote, brokers may not vote your shares on the election of directors or the non-binding proposal regarding the compensation of our executive officers. Please return your proxy card so your vote can be counted. I hope you will attend the Meeting, but even if you cannot, please vote your shares as promptly as possible. Thank you.

RHONDA M. FIGUEROA

*Corporate Secretary*

Wall, New Jersey

December 15, 2011

**PROXY STATEMENT**

**NEW JERSEY RESOURCES CORPORATION**

**1415 Wyckoff Road**

**Wall, New Jersey 07719**

**ANNUAL MEETING OF SHAREHOLDERS**

**JANUARY 25, 2012**

This Proxy Statement sets forth certain information with respect to the accompanying proxy to be used at the Annual Meeting of Shareholders (the Meeting) of New Jersey Resources Corporation, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting. The Board of Directors (the Board) has designated the Robert B. Meyner Reception Center at the PNC Bank Arts Center (Exit 116 on the Garden State Parkway), Holmdel, New Jersey 07733 as the place of the Meeting. The Meeting will be called to order at 10:30 a.m., Eastern Standard Time, on Wednesday, January 25, 2012. The Board solicits this proxy and urges you to vote immediately. Unless the context otherwise indicates, reference to New Jersey Resources, we, us, our or the Company means New Jersey Resources Corporation.

The Board is making these materials available to you on the Internet or, upon your request, delivering printed versions of these materials to you by mail. On or about December 16, 2011, we will mail a notice to shareholders containing instructions on how to access the Proxy Statement and Annual Report and how to vote.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**1. Who is asking for my vote and why am I receiving this document?**

The Board asks that you vote on the matters listed in the Notice of Annual Meeting, which are more fully described in this Proxy Statement. We are providing this Proxy Statement and related proxy card to our shareholders in connection with the solicitation by the Board of proxies to be voted at the Meeting. A proxy, if duly executed and not revoked, will be voted and, if it contains any specific instructions, will be voted in accordance with those instructions.

**2. Who is entitled to vote?**

Only holders of record of outstanding shares of our common stock (the Common Stock) at the close of business on November 29, 2011, are entitled to notice of and to vote at the Meeting. At the close of business on November 29, 2011, there were 41,425,878 outstanding shares of Common Stock. Each share of Common Stock is entitled to one vote.

**3. What is a proxy?**

A proxy is your legal designation of another person to vote the stock you own. If you designate someone as your proxy or proxy holder in a written document, that document is called a proxy or a proxy card. Mr. Laurence M. Downes and Ms. Rhonda M. Figueroa have been designated as proxies or proxy holders for the Meeting. Proxies properly executed and received by our Corporate Secretary prior to the Meeting and not revoked will be voted in accordance with the terms thereof.

**4. What is a voting instruction?**

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A voting instruction is the instruction form you receive from your bank, broker or its nominee if you hold your shares of Common Stock in street name. The instruction form instructs you how to direct your bank, broker or its nominee, as record holder, to vote your shares of Common Stock.

### **5. What am I voting on?**

You will be voting on each of the following items of business:

The election as directors of the four nominees named in this Proxy Statement for terms expiring in 2015

The approval of a non-binding advisory resolution approving the compensation of our named executive officers

The ratification of the appointment by the Audit Committee of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2012

Any other business that may properly come before the Meeting or any adjournments or postponements thereof

**6. How many votes must be present to hold the Meeting?**

A majority of the outstanding shares of Common Stock as of the record date must be present in person or represented by proxy at the meeting. This is referred to as a quorum. Abstentions, withheld votes and shares of record held by a broker or its nominee ( broker shares ) that are voted on any matter are included in determining the existence of a quorum. Broker shares that are not voted on any matter will not be included in determining whether a quorum is present.

**7. What vote is needed to elect the four directors?**

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of Common Stock voted in the election of directors.

**8. What vote is needed to approve the non-binding advisory resolution approving the compensation of our named executive officers?**

The approval of the non-binding advisory resolution regarding the compensation of our named executive officers requires that the votes cast in favor of the proposal exceed the number of votes cast against the proposal.

**9. What vote is needed to ratify the appointment by the Audit Committee of Deloitte & Touche LLP?**

The ratification of the appointment by the Audit Committee of Deloitte & Touche LLP requires that the votes cast in favor of the ratification exceed the number of votes cast opposing the ratification.

**10. What are the voting recommendations of the Board?**

For the reasons set forth in more detail later in this Proxy Statement, THE BOARD RECOMMENDS THAT YOU VOTE:

**FOR** THE PROPOSED NOMINEES FOR THE BOARD;

**FOR** THE NON-BINDING ADVISORY RESOLUTION REGARDING APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS; and

**FOR** THE RATIFICATION OF THE APPOINTMENT BY THE AUDIT COMMITTEE OF DELOITTE & TOUCHE LLP.

**11. How do I vote?**

Registered shareholders (shareholders who hold Common Stock in certificated form as opposed to through a bank, broker or other nominee) or employees who hold Common Stock through our New Jersey Resources Employees Retirement Savings Plan (our 401(k) Plan ) may vote in person at the Meeting or by proxy. There are three ways for registered shareholders and employees who own Common Stock through our 401(k) Plan to vote by proxy:

*By mail:* if you received your proxy materials by mail, complete, properly sign, date and mail the enclosed proxy card or voting instruction.

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*By Internet:* connect to the Internet at <http://www.proxyvote.com> and follow the instructions included on the proxy card or voting instruction.

*By telephone:* call **1-800-690-6903** and follow the instructions included on the proxy card or voting instruction.

Registered shareholders and participants in our 401(k) and any other plans holding shares of Common Stock are urged to deliver proxies or voting instructions by calling the toll-free telephone number, by using the Internet or by completing and mailing the proxy card or voting instruction. The telephone and Internet voting procedures are designed to authenticate shareholders and plan participants identities, to allow shareholders and plan participants to give their proxies or voting instructions, and to confirm that such instructions have been recorded properly. Instructions for voting by telephone or over the Internet are included on the enclosed proxy card or voting instruction. If you received your proxy materials via mail,



registered shareholders and plan participants may send their proxies or voting instructions by completing, signing and dating the enclosed proxy card or voting instruction and returning it as promptly as possible in the enclosed prepaid envelope.

Shareholders who hold Common Stock through banks, brokers or other nominees ( street name shareholders ) who wish to vote at the Meeting should receive voting instructions from the institution that holds their shares. Please contact the institution that holds your shares if you have not received voting instructions. Street name shareholders may also be eligible to vote their shares electronically by following the voting instructions provided by the bank, broker or other nominee that holds the shares, using either the toll-free telephone number or the Internet address provided on the voting instruction; or by completing, dating and signing the voting instruction and returning it promptly in the enclosed prepaid envelope.

The deadline for voting via the Internet or telephone is 11:59 p.m., Eastern Standard Time, on January 24, 2012.

## **12. Can I attend the Meeting?**

Yes. The Meeting is open to all holders of our Common Stock as of the record date, November 29, 2011. You may attend the Meeting and vote in person. However, even if you plan to attend the Meeting, we encourage you to vote your shares by proxy. Cameras, recording devices and other electronic devices are not permitted at the Meeting.

## **13. How will my shares be voted if I sign, date and return my proxy card or voting instruction card, but do not provide complete voting instructions with respect to each proposal?**

Shareholders should specify their choice for each matter on the enclosed proxy. The proxies solicited by this Proxy Statement vest in the proxy holders voting rights with respect to the election of directors (unless the shareholder marks the proxy to withhold that authority) and on all other matters voted upon at the Meeting.

Unless otherwise directed in the enclosed proxy card, the persons named as proxies therein will vote all properly executed, returned and not-revoked proxy cards or voting instruction cards (1) **FOR** the election of the four director nominees listed thereon; (2) **FOR** the non-binding proposal regarding approval of the compensation of the Company's named executive officers; and (3) **FOR** the proposal to ratify the appointment by the Audit Committee of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2012, with the following two exceptions:

Shares of Common Stock held in our 401(k) Plan for which no direction is provided on a properly executed, returned and not revoked voting instruction card will be voted proportionately in the same manner as those shares held in our 401(k) Plan for which timely and valid voting instructions are received with respect to such proposals.

Shares of Common Stock held in our 401(k) Plan for which timely and valid voting instructions are not received will be considered to have been designated to be voted by the trustee proportionately in the same manner as those shares held in our 401(k) Plan for which timely and valid voting instructions are received.

As to any other business that may properly come before the Meeting, the persons named in the enclosed proxy card or voting instruction will vote the shares of Common Stock represented by the proxy in the manner as the Board may recommend, or otherwise in the proxy holders discretion. The Board does not presently know of any other such business.

## **14. How will my shares be voted if I do not return my proxy card or my voting instruction?**

It will depend on how your ownership of shares of Common Stock is registered. If you own your shares as a registered holder, which means that your shares of Common Stock are registered in your name, your unvoted shares will not be represented at the Meeting and will not count toward the quorum requirement, as explained under *6. How many votes must be present to hold the Meeting?* on page 1, unless you attend the Meeting to vote them in person.

If you own your shares of Common Stock in street name, which means that your shares are registered in the name of your bank, broker or its nominee, your shares may be voted even if you do not provide your bank, broker or other nominee with voting instructions. Under the rules of the New York Stock Exchange ( NYSE ) your bank, broker or other nominee may vote your shares in its discretion on routine matters. However, NYSE rules do not permit your bank, broker or other nominee to vote your shares on proposals that are not considered routine. When a proposal is not a routine matter and your bank, broker or other nominee has not received your voting instructions with respect to such proposal, your bank, broker or other nominee cannot vote your shares on that proposal. When a bank, broker or other nominee does not cast a vote for a routine

or a non-routine matter, it is called a broker non-vote.

Please note that your bank, broker or other nominee may not vote your shares with respect to (i) the election of the four nominees for director or (ii) the non-binding proposal regarding the approval of the compensation of our named executive officers in the absence of your specific instructions as to how to vote with respect to these matters, because under NYSE rules, these matters are not considered routine matters. Based on NYSE rules, we believe that the ratification of the appointment by the Audit Committee of Deloitte & Touche LLP is a routine matter for which brokerage firms may vote on behalf of their clients if no voting instructions are provided. Therefore, if you are a shareholder whose shares of Common Stock are held in street name with a bank, broker or other nominee and you do not return your voting instruction card, your bank, broker or other nominee may vote your shares **FOR** the ratification of the appointment by the Audit Committee of Deloitte & Touche LLP as our independent registered public accounting firm. **Please return your proxy card so your vote can be counted.**

**15. How are abstentions and broker non-votes counted?**

For purposes of determining the votes cast with respect to any matter presented for consideration at the Meeting, only those votes cast for or against are included. As described above, when brokers do not have discretion to vote or do not exercise such discretion, the inability or failure to vote is referred to as a broker non-vote. Proxies marked as abstaining, and any proxies returned by brokers as non-votes on behalf of shares held in street name because beneficial owners' discretion has been withheld as to one or more matters to be acted upon at the Meeting, will be treated as present for purposes of determining whether a quorum is present at the Meeting. Broker non-votes and withheld votes will not be included in the vote total for the proposal to elect the nominees for director and will not affect the outcome of the vote for these proposals. In addition, under New Jersey corporation law, abstentions are not counted as votes cast on a proposal. Therefore, abstentions and broker non-votes will not count either in favor of or against (i) the non-binding proposal regarding the vote of the compensation of our named executive officers or (ii) the ratification of the appointment of Deloitte & Touche LLP.

**16. What if I change my mind after I vote?**

Whether you vote by telephone, Internet or by mail, you may later change or revoke your proxy at any time before it is exercised by: (i) submitting a properly signed proxy with a later date, (ii) voting by telephone or the Internet at a later time, or (iii) voting in person at the Meeting. See the enclosed proxy card for instructions. Attendance at the Meeting will not by itself revoke a previously granted proxy.

If you are a shareholder whose stock is held in street name with a bank, broker or other nominee, you must follow the instructions found on the voting instruction card provided by the bank, broker or other nominee, or contact your bank, broker or other nominee, to change or revoke your previously given proxy.

**17. Who pays the cost of proxy solicitation?**

All expenses of soliciting proxies, including clerical work, printing and postage will be paid by us. Our officers and other employees may personally solicit proxies or solicit proxies by mail, telephone, facsimile or Internet, but we will not provide any compensation for such solicitations. In addition, we have agreed to pay Eagle Rock Proxy Advisors a fee of \$5,500, plus reasonable expenses, for proxy solicitation services. We will also reimburse banks, brokers and other persons holding shares in their names or in the names of nominees for expenses incurred sending material to beneficial owners and obtaining proxies from beneficial owners.

**18. Could other matters be decided in the Meeting?**

The Board does not know of any other business that may be brought before the Meeting. However, if any other matters should properly come before the Meeting or at any adjournment or postponement thereof, it is the intention of the persons named in the accompanying proxy to vote on such matters as they, in their discretion, may determine.

**19. How do I make a shareholder proposal for the 2013 Annual Meeting of Shareholders?**

We must receive proposals from shareholders intended to be presented at the 2013 Annual Meeting of Shareholders occurring in 2013, on or before August 18, 2012, to be considered for inclusion in our Proxy Statement and form of proxy/voting instruction card for that meeting pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as

amended, and for consideration at that meeting. Shareholders submitting such proposals are required to be the beneficial owners of shares of the Common Stock amounting to at least \$2,000 in market value and to have held such shares for at least one year prior to the date of submission.

Our By-Laws also set forth the procedures a shareholder must follow to nominate directors or to bring other business before shareholder meetings. For a shareholder to nominate a candidate for director at the 2013 Annual Meeting of Shareholders, we must receive notice of the nomination no later than November 11, 2012. The notice must describe various matters regarding the nominee, including name, address, occupation and shares held. (See INFORMATION ABOUT THE BOARD'S COMMITTEES Nominating/Corporate Governance Committee on page 21 for more information regarding the director nomination process.) Additionally, under our By-Laws, for a shareholder to bring other matters before the 2013 Annual Meeting of Shareholders, we must receive notice no later than November 11, 2012. The notice must include a description of the proposed business, the reasons therefore and other matters specified in our By-Laws. In each case, the notice must be timely given to our Corporate Secretary, whose address is Office of the Corporate Secretary, 1415 Wyckoff Road, Wall, New Jersey 07719. A copy of the By-Laws is available free of charge on our website at <http://investor.njresources.com> under the caption Corporate Governance. A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

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**STOCK OWNERSHIP**
**Principal Shareholders**

The following table sets forth as of November 29, 2011, certain information with respect to the beneficial ownership of shares of Common Stock by each person or group we know to beneficially own more than five percent of the outstanding shares of such stock.

Name and Address of Beneficial Owners	Number of Shares	Percent of Class <sup>(1)</sup>
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, NY 10022	4,676,250 <sup>(2)</sup>	11.3%
Neuberger Berman Group LLC 605 Third Avenue New York, NY 10158	3,094,318 <sup>(3)</sup>	7.5%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, PA 19355	2,203,505 <sup>(4)</sup>	5.3%

<sup>(1)</sup> The percentage shown in the table is based on 41,425,878 shares of Common Stock outstanding on November 29, 2011.

<sup>(2)</sup> As reported on a Schedule 13G filed with the SEC on January 10, 2011. The Schedule 13G indicates that BlackRock, Inc. ( BlackRock ), reported that it held sole voting power and sole dispositive power over 4,676,250 shares of Common Stock. The number of shares of Common Stock owned by BlackRock may have changed since the filing of the Schedule 13G.

<sup>(3)</sup> As reported on a Schedule 13G filed with the SEC on February 14, 2011. The Schedule 13G indicates that Neuberger Berman Group LLC, acting as a broker-dealer and investment adviser, reported that it held shared voting power over 2,725,268 shares of Common Stock and shared dispositive power over 3,094,318 shares of Common Stock; Neuberger Berman Management LLC, acting as a broker-dealer, reported that it held shared voting and dispositive power over 2,117,350 shares of Common Stock and Neuberger Berman Equity Funds, acting as an investment company, reported that it held shared voting and dispositive power over 2,325,700 shares of Common Stock. The number of shares of Common Stock owned by Neuberger Berman Group LLC may have changed since the filing of the Schedule 13G.

<sup>(4)</sup> As reported on a Schedule 13G filed with the SEC on February 10, 2011. The Schedule 13G indicates that The Vanguard Group, Inc. reported that it held sole voting power over 65,175 shares of Common Stock and sole dispositive power over 2,138,330 shares of Common Stock. The number of shares of Common Stock held by The Vanguard Group, Inc. may have changed since the filing of the Schedule 13G.

**Directors and Executive Officers**

The following table sets forth, as of November 29, 2011, the beneficial ownership of our Common Stock of (i) each of the directors, (ii) each of our executive officers listed in the Summary Compensation Table below and (iii) all of our directors and executive officers as a group. Except as otherwise noted, each person has sole voting and investment power as to his or her shares. The beneficial ownership of each director and executive officer is less than one percent of the outstanding shares. The shares owned by all such persons as a group constitute approximately 1.1 percent of the total shares of Common Stock outstanding.

Name	Amount and Nature of Beneficial Ownership <sup>(1)(2)(3)(4)</sup>
Lawrence R. Codey	13,571
Donald L. Correll	5,365
Laurence M. Downes	138,278 <sup>(5)</sup>
Mariellen Dugan	18,434
Kathleen T. Ellis	32,717
Robert B. Evans	5,841
M. William Howard, Jr.	5,193
Jane M. Kenny	6,923
Alfred C. Koeppel	4,764
Glenn C. Lockwood	71,205
J. Terry Strange	22,540
David A. Trice	26,276
Stephen D. Westhoven	28,258
George R. Zoffinger	48,855 <sup>(6)</sup>
All Directors and Executive Officers as a Group (16 Persons)	463,715 <sup>(7)</sup>

- (1) Information as to the amount and nature of beneficial ownership not within our knowledge has been furnished by each individual.
- (2) Includes shares subject to currently exercisable options or any options exercisable within the next 60 days, as follows: Mr. Codey 2,250 options, Ms. Dugan 13,500 options, Ms. Ellis 9,375 options, Mr. Lockwood 13,500 options, Mr. Strange 12,000 options, Mr. Westhoven 5,125 options and all directors and executive officers as a group 59,125 options.
- (3) This column lists voting securities, including restricted stock held by the executive officers over which they have sole voting power but no investment power. Otherwise, except to the extent noted below, each director or executive officer has sole voting and investment power over the shares reported. Includes shares of restricted stock held by the executive officers over which they have sole voting power but no investment power, as follows: Mr. Downes 16,863 shares, Ms. Ellis 1,875 shares, Mr. Westhoven 5,708 shares, Mr. Lockwood 1,831 shares, Ms. Dugan 1,638 shares and all directors and executive officers as a group 30,417 shares.
- (4) Includes deferred shares of Common Stock held by the directors and executive officers pursuant to the Directors' Deferred Compensation Plan or the Officers' Deferred Compensation Plan over which they have sole voting power but no investment power, as follows: Mr. Codey 6,338 shares, Rev. Howard 5,193 shares, Ms. Kenny 5,193 shares, Mr. Koeppel 4,764 shares, Mr. Lockwood 28,819 shares, Mr. Strange 8,072 shares, Mr. Trice 15,983 shares, Mr. Zoffinger 29,379 shares and all directors and executive officers as a group 103,742 shares.
- (5) Includes 316 shares of Common Stock held by Mr. Downes as custodian for the benefit of a relative.
- (6) Includes 1,476 shares of Common Stock held by Mr. Zoffinger as custodian in trusts for the benefit of relatives, all as to which Mr. Zoffinger disclaims beneficial ownership.
- (7) Includes (a) 1,792 shares of Common Stock indirectly owned by certain of the directors and executive officers, (b) 59,125 shares of Common Stock subject to currently exercisable options, (c) 103,742 deferred shares of Common Stock held by certain of the directors and executive officers pursuant to the Directors' Deferred Compensation Plan or the Officers' Deferred Compensation Plan over which they have sole voting power but no investment power and (d) 30,417 shares of restricted stock held by certain of the executive officers over which they have sole voting power but no investment power.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who beneficially own more than 10 percent of our equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Executive officers, directors and greater than 10 percent shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of these reports furnished to us, we believe that all filing requirements applicable to such officers and directors and greater than 10 percent shareholders were complied with during fiscal year 2011.

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**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table presents information as of September 30, 2011, with respect to equity compensation plans under which shares of Common Stock are authorized for issuance.

<b>Plan Category</b>	<b>Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights<sup>(1)</sup></b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights<sup>(2)</sup></b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans<sup>(3)</sup></b>
Equity Compensation Plans Approved by Shareholders	387,552	\$ 27.84	1,549,060
Equity Compensation Plans Not Approved by Shareholders <sup>(4)</sup>			
<b>Total</b>	<b>387,552</b>	<b>\$ 27.84</b>	<b>1,549,060</b>

(1) There are no outstanding warrants or rights. This amount includes stock options, deferred stock units and performance shares that may vest based upon certain conditions and would be paid in the form of shares of Common Stock on a one-to-one basis upon vesting.

(2) The weighted-average exercise price in this column does not take deferred stock units and performance shares into account.

(3) Amounts exclude any securities to be issued upon exercise of outstanding options.

(4) We do not have equity compensation plans that have not been approved by shareholders.



**ELECTION OF DIRECTORS**

**[Item (1) on proxy card]**

**Item 1**

The Board currently consists of 10 members divided into three classes with overlapping three-year terms. Four individuals have been nominated for election as directors at the Meeting. Mr. Correll, Rev. Howard, Mr. Strange and Mr. Zoffinger would each serve for a three-year term expiring in 2015 and until their respective successors are elected and have been qualified. Each of the nominees is currently serving as a director of the Company and has been previously elected by our shareholders. There were no nominee recommendations from shareholders or from any group of shareholders submitted in accordance with our By-Laws. Unless otherwise indicated on a proxy, the proxy holders intend to vote the shares each proxy represents for all nominees for election as directors.

The affirmative vote of a plurality of the shares of Common Stock, present or represented by proxy and voted at the Meeting, is required for the election of directors.

Proxies solicited by the Board will be voted in favor of the nominees listed below, unless otherwise specified in the proxy. All of the nominees proposed by the Board have consented to serve if elected. We know of no reason why the nominees would not be available for election or, if elected, would not be able to serve. While we do not anticipate that any of the nominees will be unable to serve, if any should be unable to serve, the proxy holders reserve the right to substitute any other person approved by the Board.

Set forth below is information for each nominee and director concerning the age, principal occupation, employment and directorships during the past five years and positions with the Company of each nominee and director, the year in which he or she first became a director of the Company and his or her term of office as a director. Also set forth below is a brief discussion of the specific experience, qualifications, attributes or skills that led to the Board's conclusion that each nominee and director should serve as a director as of the date of this Proxy Statement, in light of our business and structure.

**Nominees for Election as Directors**

**Name, Period**

**Served as**

**Director and Age**

Donald L. Correll

Director since 2008

Age 61

**Business Experience During Past Five Years and Other Affiliations**

Retired. President and Chief Executive Officer and member of the Board of Directors of American Water Works, Inc., a New Jersey-based public water utility holding company from April 2006 to August 2010; President and Chief Executive Officer and member of the Board of Directors of Pennichuck Corporation, a New Hampshire-based public water utility holding company from 2003 to 2006; Chairman, President and Chief Executive Officer of United Water Resources, a public water services company from 1991 through 2001. From 2001 to 2003, served as an independent advisor to water service and investment firms on issues relating to marketing, acquisitions, and investments in the water services sector; Director, HealthSouth Corp, a public national healthcare service provider.

Mr. Correll's experience with utilities companies through his leadership of American Water Works and other water services companies has given him an understanding of the regulatory and operational issues that we face. In his positions as a Chief Executive Officer and director of a public company, he has gained experience in financial policy and risk oversight that is essential to his position as a member of the Audit Committee.

**Name, Period**

**Served as**

**Director and Age**

**Business Experience During Past Five Years and Other Affiliations**

Rev. M. William Howard, Jr.

Pastor of Bethany Baptist Church, Newark, New Jersey, since 2000; President, New York Theological Seminary from 1992 to 2000; Past Chairman and Current Member, Rutgers University Board of Governors; Director, Choose New Jersey; Chair of the New Jersey Death Penalty Study Commission from 2006 to 2007; Chair of Newark Mayor Cory Booker's Transition Team in 2005; Trustee, McCarter Theatre.

Director since 2005

Age 65

Rev. Howard is an experienced local and national community leader with extensive familiarity with and contacts within and outside of our service area. His work and experiences in the public sector, including his experience leading religious institutions bring unique and valuable perspectives and disciplines to the Board's deliberations and decision-making processes, particularly with regard to issues of corporate citizenship and community relations, which are relevant to his position as Lead Director of the Board of Directors of NJR Clean Energy Ventures.

J. Terry Strange

Retired. Vice Chair and Managing Partner of U.S. Audit Practice from 1996 to 2002 and Global Managing Partner of Audit Practice from 1998 to 2002, KPMG LLP, an independent accounting firm; Director, Newfield Exploration Company, a public independent crude oil and natural gas exploration and production company; Director, Group 1 Automotive, Inc., a public specialty retailer with automobile dealer franchises, collision service centers, financing, insurance and service contracts; Director, SLM Corp., a public company more commonly known as Sallie Mae, a leading provider of student loans and administrator of college savings plans.

Director since 2003

Age 67

Mr. Strange has extensive knowledge and experience with accounting practices, policies and rulemaking from his 34-year career at KPMG LLP, which is especially important in his role as Chairman of the Audit Committee and our audit committee financial expert. His significant experience working with companies in the energy sector, as well his experience as a director of a number of public companies has provided him an understanding of the challenges and strategic alternatives available to public companies, financial policy and risk oversight.

George R. Zoffinger

President & Chief Executive Officer, Constellation Capital Corp., a financial services company, since December 2007; President and Chief Executive Officer, New Jersey Sports & Exposition Authority from March 2002 to December 2007; President & Chief Executive Officer, Constellation Capital Corp., from March 1998 to March 2002; Director, Virgin Media, Inc., a United Kingdom media company; Chairman, New Brunswick Development Corporation, a not-for-profit urban real estate development company; Member of the Rutgers University Board of Governors.

Director since 1996

Age 63

Mr. Zoffinger's leadership experience and work with public companies has provided him financial, corporate governance and real estate development expertise and experience with executive compensation issues, which are important to his roles as Chairman of the Nominating/Corporate Governance Committee and as a member of the Leadership Development and Compensation Committee. In addition, he brings to the Board corporate development experience and knowledge gained from his leadership and board positions, including his long tenure on the Board.

**Directors with Terms Expiring in 2013**

**Name, Period**

**Served as**

**Director and Age**

**Business Experience During Past Five Years and Other Affiliations**

Lawrence R. Codey

Retired. President and Chief Operating Officer, Public Service Electric & Gas Company from September 1991 through February 2000; Director, United Water Resources, Inc., a public water utility holding company with subsidiaries providing water and wastewater services; Director, Horizon Blue Cross Blue Shield of New Jersey, a health care insurance provider; Director, Sealed Air Corporation, a manufacturer and seller of food and specialty packaging and sanitary materials and systems.

Director since 2000

Age 67

Mr. Codey brings to our Board extensive business, leadership and administrative experience in the utility industry from his tenure at Public Service Electric & Gas Company and his service on public company boards. His understanding of issues facing utility companies, both as an officer and director, is invaluable to the Board and is vital to his role as the Lead Director of the Board of Directors of New Jersey Natural Gas Company ( NJNG ).

Laurence M. Downes

Chairman of the Board of the Company since September 1996 and President and Chief Executive Officer since July 1995; Director, Questar Corporation, a public integrated natural gas company; Director, Interstate Natural Gas Association of America; Director and past Chairman, American Gas Association; Trustee, American Gas Foundation; Member, Board of Directors of New Jersey Economic Development Authority; Chairman of Finance Council, Catholic Diocese of Trenton.

Director since 1995

Age 54

As Chairman of the Board, Mr. Downes provides the Board with strong leadership and direction and a considerable amount of experience. As our President and Chief Executive Officer, Mr. Downes is able to communicate and inform the Board about our operations, issues and developments. Mr. Downes' extensive knowledge of the energy industry, experience as the leader of the Company and innovative thinking provides an invaluable benefit to the Board. In addition, Mr. Downes' board positions at natural gas organizations have positioned him to bring experience and industry knowledge to his position as Chairman of the Board. Through Mr. Downes' many years of service on the Board, he has developed extensive knowledge in the areas of leadership, strategy, safety, risk oversight, management and corporate governance, each of which provides great value to the Board.

Robert B. Evans

Retired. President and Chief Executive Officer of Duke Energy Americas, a business unit of Duke Energy Corp., from January 2004 to March 2006; Transition executive for Energy Services, a business unit of Duke Energy Corp., during 2003; President of Duke Energy Gas Transmission from 1998 to 2002 and President and Chief Executive Officer from 2002 to 2003; Director, Targa Resources Partners LP, a provider of midstream natural gas and natural gas liquids services in the United States.

Director since 2009

Age 63

Mr. Evans' experience in senior leadership and board positions for other energy companies has positioned him to bring executive, corporate development, operational and financial experience and industry knowledge to his position as a member of the Board. His extensive executive experience with the natural gas transmission business and wholesale natural gas trading business of Duke Energy and Targa Resources Partners provides the Board with valuable knowledge of those aspects of the energy industry and has provided him with the experience and knowledge to serve as Lead Director of the joint Board of Directors of NJR Energy Services Company ( NJRES ) and NJR Energy Investments Corporation.

**Name, Period**

Served as

**Director and Age**

Alfred C. Koeppe

Director since 2003

Age 65

**Business Experience During Past Five Years and Other Affiliations**

President and Chief Executive Officer, Newark Alliance, a non-profit organization whose mission is to improve the City of Newark, New Jersey, since October 2003. Retired President and Chief Operating Officer, Public Service Electric & Gas Company from March 2000 to October 2003; President and Chief Executive Officer, Bell Atlantic-New Jersey from 1990 to 1995; Chairman, New Jersey Economic Development Authority; Member, New Jersey Governor's Council of Economic Advisors; Director, Horizon Blue Cross Blue Shield of New Jersey; Member of the Board of Trustees of St. Benedict's Preparatory School.

Mr. Koeppe's unique experience as a senior executive of the state's two largest energy and telecommunications utilities and his service as a director of public companies has given him a considerable understanding of financial, operational, regulatory, corporate governance and legal matters, which is important in his role as Lead Director of the Board of Directors of NJNG and as a member of a number of Board committees. His leadership of a non-profit organization and chairmanship of New Jersey's Economic Development Authority bring additional valuable perspectives to the Board.

**Directors with Terms Expiring in 2014**

**Name, Period**

served as

**Director and Age**

Jane M. Kenny

Director since 2006

Age 60

**Business Experience During Past Five Years and Other Affiliations**

Managing Partner, The Whitman Strategy Group, LLC, a consulting firm specializing in governmental relations and environmental and energy issues, since January 2005; Regional Administrator of the Environmental Protection Agency, overseeing the federal agency's work in New York, New Jersey, Puerto Rico, and the Virgin Islands from November 2001 to December 2004; Commissioner of New Jersey Department of Community Affairs from May 1996 to November 2001; Visiting Associate, The Eagleton Institute of Politics, Rutgers University from 2010 to 2011; Trustee, NJ Future; Trustee, New Jersey Institute for Social Justice; Member, Sustainable State Institute for New Jersey.

Ms. Kenny's extensive public policy experience, especially with environmental, public policy, energy and government relations issues, based on her extensive regulatory and policy experience leading environmental initiatives as Administrator for Region 2 of the United States Environmental Protection Agency, and her service as a top advisor to two Governors of New Jersey, is essential for the Board of a company like ours that regularly faces such issues. That experience, as well as her firm's active consulting practice on environmental, energy and public policy issues, has provided Ms. Kenny an understanding of the energy industry, which is important in assisting the Board in monitoring and evaluating our business.

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**Name, Period**

served as

**Director and Age**

David A. Trice

Director since 2004

Age 63

**Business Experience During Past Five Years and Other Affiliations**

Retired. Chairman from September 2004 to May 2010, President and Chief Executive Officer from February 2000 to May 2009, President and Chief Operating Officer from 1999 to 2000 and Vice President - Finance and International from 1997 to 1999, Newfield Exploration Company, a public independent crude oil and natural gas exploration and production company; Director, QEP Resources, Inc., an energy company specialized in natural gas and oil exploration and production; Director, McDermott International, Inc., a public engineering and construction company with a focus on the energy and power industries; Director, Hornbeck Offshore Services, Inc., a public owner and operator of tugs and tank barges that transport crude and refined petroleum products and supply vessels that support offshore oil and gas drilling and production from October 2002 to February 2011; Director, Grant Prideco, Inc., a drill stem technology and drill pipe manufacturing company, from May 2003 to April 2008. Past Chairman, The American Natural Gas Alliance, Inc. and the American Exploration and Production Council.

A career with over 30 years of experience with energy companies such as Newfield Exploration Company has given Mr. Trice extensive knowledge of the energy industry, particularly natural gas, as well as other operational expertise, that is essential to our Board in understanding and evaluating our business. Mr. Trice also brings to our Board experience gained from holding senior leadership and board positions at public companies and industry groups that provides our Board with significant experience in risk oversight, financial policy, executive compensation and corporate governance matters, which is particularly relevant to his position as Chairman of the Leadership Development and Compensation Committee. In addition, Mr. Trice's extensive experience in the energy industry and his familiarity with the relevant issues provide the Board with a valuable perspective.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR ALL OF THE PROPOSED DIRECTOR NOMINEES LISTED ABOVE.**

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## INFORMATION ABOUT THE BOARD

### General

Our business and affairs are managed under the direction of the Board in accordance with the New Jersey Business Corporation Act and our Certificate of Incorporation and By-Laws. Members of the Board are kept informed of our business through discussions with the Chairman and Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. The corporate governance practices we follow are summarized below.

### Board Meetings and Attendance at Annual Meeting of Shareholders

During fiscal year 2011, there were 11 meetings of the Board. Each director attended more than 75 percent of the combined meetings of the Board and the committees on which she or he served during the year. We encourage all directors to attend our annual shareholders' meeting. All of the directors serving at the time of the 2011 Annual Meeting of Shareholders held in January 2011 attended that meeting.

### Board Standards of Independence

Our independence standards ( Company Independence Guidelines ) are set by the Board in our corporate governance guidelines (the Corporate Governance Guidelines ). The director independence standards, as set forth in the Company Independence Guidelines, provide that a majority of the Board shall be independent under the independence standards established by the Corporate Governance Guidelines, the NYSE and the SEC as in effect from time to time. In order for a Board member or candidate for election to the Board to qualify as independent, the Board must affirmatively determine that the person or his or her immediate family members have no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) or any of our affiliates. Under the categorical standards adopted by the Board, a member of the Board is not independent if:

The director is, or has been within the last three years, our employee, or an immediate family member is, or has been within the last three years, an executive officer of the Company;

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(i) The director is a current partner or employee of a firm that is our internal or external auditor; (ii) the director has an immediate family member who is a current partner of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm and personally works on our audit; or (iv) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time;

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee; or

The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent, of such other company's consolidated gross revenues.

The Board will also consider a director's charitable relationships. Contributions to tax-exempt organizations are not considered payments for purposes of the test in the final bullet point above, *provided, however*, that we are required to disclose in our annual proxy statement any such contributions made by us to any tax-exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from us to the organization exceeded the greater of \$1 million, or two percent, of such tax-exempt organization's consolidated gross revenues.

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For purposes of the above independence standards, an immediate family member includes a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other

than domestic employees) who shares such person's home. When applying the look-back provisions set forth above, the Board need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

A Board member may sit on the board of any of our affiliates except for being a director on each such board of directors, if the member otherwise meets the independence requirements for each such entity, including the receipt of only ordinary-course compensation for serving as a member of the board of directors. Each member of the Board must submit a letter of resignation to the Chairman of the Board when the member changes his or her principal occupation or employment, or leaves or retires from the business with which such occupation or employment was carried out. The letter will be submitted to the Nominating/Corporate Governance Committee who will make a recommendation to the Board regarding such director's continued service on the Board. The Board will then determine whether to accept such resignation.

With the exception of Mr. Downes, the Chairman of the Board and Chief Executive Officer, the Board has affirmatively determined that each member of the Board is independent in accordance with the above standards. Additionally, we made no contributions during fiscal year 2011 to any charitable organization in which an independent director serves as an executive officer in any single fiscal year within the preceding three fiscal years in an amount in excess of the greater of \$1 million, or two percent, of the charitable organization's consolidated gross revenues.

The Company Independence Guidelines are described in the Corporate Governance Guidelines and are available free of charge on our website at <http://investor.njresources.com> under the caption "Corporate Governance." A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

#### **Communications with the Board**

Any shareholder or interested party wishing to communicate with the Lead Director, the non-management directors, any Board committee or specified individual director on an anonymous basis may do so by calling Ethicspoint, Inc., an unaffiliated toll-free hotline service, at 1-866-384-4277 or via e-mail at <http://www.ethicspoint.com>. Ethicspoint, Inc. will then notify the Lead Director or another designated representative of the non-management directors. The Lead Director and his duly authorized agents are responsible for collecting and organizing shareholder communications. Absent a conflict of interest, the Lead Director is responsible for evaluating the materiality of each shareholder communication and determining whether further distribution is appropriate, and, if so, whether to (1) the full Board, (2) one or more committee members, (3) one or more Board members and/or (4) other individuals or entities. In addition, any shareholder can communicate in writing to such directors by mailing communications to them c/o New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719, Attention: Lead Director, Lawrence R. Codey.

#### **Board Leadership Structure and Role in Risk Oversight**

*Board Leadership Structure.* As provided in the Corporate Governance Guidelines, the Board does not have a policy on whether the role of the Chief Executive Officer and Chairman of the Board should be separate or, if it is to be separate, whether the Chairman should be selected from the non-employee directors or be an employee. We currently operate with one individual, Mr. Downes, serving as Chairman of the Board, President and Chief Executive Officer. Mr. Downes was elected by the Board as President and Chief Executive Officer in July 1995 and Chairman of the Board in September 1996. Prior to his election as our President and Chief Executive Officer, Mr. Downes served as our Senior Vice President and Chief Financial Officer. The Board believes that because Mr. Downes has unique and extensive experience and understanding of our business, as well as 16 years of experience serving on our Board, he is well situated to lead and execute strategy and business plans to maximize shareholder value. The Board believes that combining the Chairman of the Board and Chief Executive Officer positions is the right corporate governance structure for us at this time because it most effectively utilizes Mr. Downes' extensive experience and knowledge regarding the Company, including by allowing him to lead Board discussions regarding our business and strategy and provides us with unified leadership.

To ensure that the independent directors play a leading role in our current leadership structure, in 2003 the Board established the position of Lead Director in the Corporate Governance Guidelines. Mr. Codey currently serves as our Lead Director. In addition to maintaining a significant majority of independent directors (Mr. Downes is the only non-independent director) and independent Board committees, in fiscal year 2010, the Board enhanced our corporate governance practices by expanding the description of responsibilities of the Lead Director in our Corporate Governance Guidelines. In this role as



Lead Director, Mr. Codey is in frequent contact with the Chairman of the Board and Chief Executive Officer and is regularly consulted on material matters. The Lead Director is elected by the independent directors and ensures that (i) the Board of Directors operates independently of management and (ii) directors and shareholders have an independent leadership contact. The Lead Director, who must satisfy our independence standards, has the following specific roles and responsibilities:

Ensures that the Board and its committees function independently of our management

Chairs Board meetings when the Chairman is not present or when there is a potential conflict

Confers with the Chairman to develop the agenda for the Board meetings and schedules for the Board and committee meetings

Provides advice and counsel to the Chairman on Board meeting schedules to assure there is sufficient time for all agenda items

Calls meetings and sets agendas for executive sessions of the independent directors

Evaluates and oversees with the Chairman the quality, quantity and timeliness of the information submitted by management to the independent directors

Acts as a liaison between the independent directors and the Chairman and senior management

Confers with the Nominating/Corporate Governance Committee Chair and the Chairman as to the membership of the various committees and committee chairs

Coordinates with the Nominating/Corporate Governance Committee Chair and the Chairman in the performance evaluation of the Board and its committees

Coordinates with the Nominating/Corporate Governance Committee Chair in the performance evaluation of the Chairman

Is available for consultation and direct communication, under appropriate circumstances, if requested by major shareholders

Retains advisors and consultants at the request of the independent directors

Performs such other duties and responsibilities as may be delegated to the Lead Director by the Board from time to time

The Board also has four standing committees: the Audit Committee, the Leadership Development and Compensation Committee, the Nominating/Corporate Governance Committee and the Executive Committee. Each committee has a separate chairperson and each committee, other than the Executive Committee, is composed solely of independent directors. The Financial Policy Committee, which reviewed and oversaw our various financial policies, financing programs, capital and operating plans, benefit plan management, certain risk management policies was dissolved during fiscal year 2011. Many of the committee's former responsibilities are now being carried about by the Board and the boards of directors of our subsidiary companies. Therefore, the Board determined that the committee was superfluous.

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Given our current circumstances and operating strategies, we believe having a combined Chairman of the Board and Chief Executive Officer, as well as having a Lead Director and independent standing Board committees, is the most appropriate structure for us and our shareholders. We believe this structure demonstrates clear leadership to our employees, shareholders and other interested parties and eliminates potential for redundancies and confusion. The Lead Director protects the role of the independent directors by providing leadership to the independent directors and working closely with the Chairman of the Board and Chief Executive Officer.

As part of the Board's annual assessment process, the Board evaluates our board leadership structure to ensure that it remains appropriate for us. The Board recognizes that there may be circumstances in the future that would lead it to separate the roles of Chief Executive Officer and Chairman of the Board, but believes that the absence of a policy requiring either the separation or combination of the roles of Chairman and Chief Executive Officer provides the Board with the flexibility to determine the best leadership structure for us.

*Board's Role in Risk Oversight.* The Board is responsible for our risk oversight. Management is responsible for our risk management, including providing oversight and monitoring to ensure our policies are carried out and processes are executed in accordance with our performance goals and risk tolerance. Our management team holds regular meetings that identify,

discuss and assess financial risk from current macro-economic, industry and company specific perspectives. In carrying out its risk oversight function, the Board has four standing committees: the Audit Committee, the Leadership Development and Compensation Committee, the Nominating/Corporate Governance Committee and the Executive Committee. Each committee is responsible for risk oversight within such committee's area of responsibility and regularly reports to the Board. Additionally, the boards of directors of our principal subsidiaries are comprised largely of non-management directors.

The Audit Committee charter provides that the Audit Committee is responsible for discussing with management our major financial risk exposures and the steps and processes management has taken to monitor and control such exposures, including our risk assessment and risk management policies. As part of its regular reporting process, management reports and reviews with the Audit Committee our material risks, including, but not limited to, (i) proposed risk factors and other public disclosures, and (ii) mitigation strategies and our internal controls over financial reporting. The Audit Committee also engages in regular periodic discussions with the Chief Financial Officer and other members of management regarding risks as appropriate. Our internal Risk Management Committee (the RMC) continuously monitors our credit risk management and trading risk policies and procedures. The RMC is comprised of individuals from our affiliated companies that meet approximately twice a month and provides periodic reports to the Audit Committee. The RMC's duties include, but are not limited to, evaluating the effectiveness of existing credit policies and procedures, reviewing material transactions and discussing emerging issues.

In addition to the Audit Committee, each Board committee considers risks within its area of responsibility. The Leadership Development and Compensation Committee considers succession planning, human resources risks and risks that may result from our executive compensation programs. In addition, the Nominating/Corporate Governance Committee considers corporate governance risks. Each committee regularly reports to the Board. Moreover, the Board reviews and oversees our various financial policies, financing programs, capital and operating plans, benefit plan management and certain risk management policies.

Our operational risk oversight is enhanced by our several subsidiary boards of directors that are comprised largely of non-management directors. The board of directors of NJNG provides operational risk oversight to that subsidiary, while the boards of directors of NJRES, NJR Energy Investments Corporation and NJR Clean Energy Ventures Corporation jointly meet periodically and discuss the operational risks of those subsidiaries.

We believe the current leadership structure of the Board supports the risk oversight functions described above by providing independent leadership at the committee and subsidiary board level, with ultimate oversight by the full Board as led by the Chairman of the Board and Chief Executive Officer and the Lead Director.

### **Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines that set forth the practices of the Board with respect to the qualification and selection of directors, director orientation and continuing education, director responsibilities, Board composition and performance, director access to management and independent advisors, director compensation, management evaluation and succession, evaluation of the Board's performance, policies regarding the Lead Director, meetings of the non-management directors, the policy on communicating with the non-management directors and various other issues. A copy of our Corporate Governance Guidelines is available free of charge on our website at <http://investor.njresources.com> under the caption Corporate Governance. A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

### **Code of Business Conduct and Ethics**

The Board has adopted the Principal Executive Officer and Senior Financial Officers Code of Ethics governing our Chief Executive Officer and senior financial officers in compliance with the Sarbanes-Oxley Act of 2002 and regulations promulgated thereunder by the SEC; our Code of Conduct, a code for all directors, officers and employees as required by the NYSE rules; and a Wholesale Trading Code of Conduct, a code applicable to all officers and any employees and agents directly or indirectly involved in the submission or offers or bids to buy or sell natural gas or pipeline or storage capacity (collectively, the Codes). The Codes form the foundation of a comprehensive process that includes compliance with all corporate policies and procedures, an open relationship among colleagues that contributes to good business conduct and the high integrity level of our employees. The Codes cover all areas of professional conduct, including employment policies,

conflicts of interest, intellectual property and the protection of confidential information, as well as strict adherence to all laws and regulations applicable to the conduct of our business. Copies of the Codes are available free of charge on our website at <http://investor.njresources.com> under the caption Corporate Governance. A printed copy of each Code is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

### INFORMATION ABOUT THE BOARD'S COMMITTEES

The Board has established various committees to assist it with performing its responsibilities. These committees and their current members are described below.

#### Audit Committee

The Audit Committee consists of Lawrence R. Codey, Donald L. Correll, Alfred C. Koeppel and J. Terry Strange (Committee Chair). The Audit Committee operates under a written charter adopted by the Board that is available free of charge on our website at <http://investor.njresources.com> under the caption Corporate Governance. A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

The Board has determined that each member of the Audit Committee is independent within the meaning of the enhanced independence standards for audit committee members in the Securities Exchange Act of 1934, as amended, and the rules thereunder, as incorporated into the listing standards of the NYSE, and the independence standards of our Corporate Governance Guidelines as discussed above under INFORMATION ABOUT THE BOARD Board Standards of Independence on page 15. The Board has further determined that each of the members of the Audit Committee is financially literate and that, as required by the NYSE listing standards, at least one member of the Committee has accounting or related financial management expertise, as such terms are interpreted by the Board in its business judgment. The Board has also determined that Mr. Strange is an audit committee financial expert, as such term is defined in the rules promulgated by the SEC under the Sarbanes-Oxley Act of 2002. Under the corporate governance listing standards of the NYSE, if an audit committee member simultaneously serves on the audit committees of more than three public companies, and the listed company does not limit the number of audit committees on which its audit committee members serve to three or less, then in each case, the board must determine that such simultaneous service would not impair the ability of such member to effectively serve on the listed company's audit committee. The Board has determined that Mr. Strange's simultaneous service on the audit committees of more than three public companies will not impair his ability to serve effectively as a member of the Audit Committee.

The Audit Committee met eight times during fiscal year 2011 for the purpose of overseeing management's responsibilities for accounting, internal control over financial reporting and financial reporting. The Audit Committee selects, appoints, compensates and oversees the independent registered public accounting firm to serve as our independent registered public accounting firm for each fiscal year, approves the retention of, and retains, such firm for any other purposes and approves the audit and non-audit fees we pay to such firm. The Audit Committee reviews the scope and the results of the work of the independent registered public accounting firm and internal auditors and reviews the adequacy of internal control over financial reporting. The functions and responsibilities of the Audit Committee are described in the Audit Committee Report on page 23.

#### Audit Committee Pre-Approval Policy

The Audit Committee has adopted a written policy for the provision of audit services and permitted non-audit services by our independent registered public accounting firm. Our Chief Financial Officer has primary responsibility to the Audit Committee for administration and enforcement of this policy and for reporting non-compliance. Under the policy, our Audit Committee receives a presentation of an annual budget and plan for audit services and for any proposed audit-related, tax or other non-audit services to be performed by the independent registered public accounting firm. The presentation must be in sufficient detail to clearly define the services included. Any services included within the budget and plan approved by the Audit Committee require no further Audit Committee approval for that budget year. All other audit and permissible non-audit engagements of the independent registered public accounting firm must be approved in advance by the Audit Committee. The pre-approval requirements do not prohibit the delivery of permissible non-audit services that were not

recognized as non-audit services at the time of the engagement if (1) all such services are less than five percent of revenues paid to the independent registered public accounting firm for the fiscal year and (2) the services are approved by the Audit Committee prior to completion of the audit.

#### **Executive Committee**

The Executive Committee consists of Lawrence R. Codey (Committee Chair), Laurence M. Downes, Robert B. Evans, M. William Howard, Jr., Alfred C. Koeppel, J. Terry Strange, David A. Trice and George R. Zoffinger. During the interval between meetings of the Board, the Executive Committee is authorized under our By-Laws to exercise all the powers of the Board in our management, unless specifically directed otherwise by the Board or otherwise proscribed by law. The Executive Committee did not meet during fiscal year 2011.

#### **Financial Policy Committee**

The Financial Policy Committee, which consisted of Donald L. Correll, Robert B. Evans, M. William Howard, Jr. (Committee Chair), Jane M. Kenny, J. Terry Strange and David A. Trice, met twice during fiscal year 2011 to review and make recommendations to the Board concerning financing proposals, dividend strategy, capital and operating budgets, insurance and other corporate, financial, pension and benefit plan matters. As discussed above, the Financial Policy Committee has since been dissolved by the Board.

#### **Leadership Development and Compensation Committee**

The Leadership Development and Compensation Committee, which we refer to as the LDCC, consists of Donald L. Correll, Robert B. Evans, M. William Howard, Jr., Jane M. Kenny, Alfred C. Koeppel and David Trice (Committee Chair). The Board has determined that the members of the LDCC are non-employee directors (within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended), outside directors (within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (referred to herein as the Internal Revenue Code)) and independent directors (as defined under the applicable NYSE listing standards and our Corporate Governance Guidelines as discussed above under INFORMATION ABOUT THE BOARD Board Standards of Independence on page 15). In addition, no LDCC member is a current or former employee of the Company or any of our subsidiaries.

The LDCC operates under a written charter adopted by the Board that is available free of charge on our website at <http://investor.njresources.com> under the caption Corporate Governance. A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719. While the LDCC's charter does not specify qualifications required for members, the members of the LDCC have been members of other public company boards of directors, are current or former executive officers of public companies or have comparable positions. The LDCC met three times during fiscal year 2011.

Among other things, the LDCC performs the responsibilities of the Board relating to compensation of our executives. The LDCC oversees the performance and qualifications of senior management and interprets, implements and administers the annual compensation and benefits of all of the Company's and our subsidiaries' elected officers. The LDCC's responsibilities include reviewing or approving financial corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executive officers; evaluating the performance of our Chief Executive Officer and our other executive officers in light of those goals and objectives; determining and approving compensation levels for our Chief Executive Officer and our other executive officers based on this evaluation; making recommendations to the Board with respect to annual and long-term incentive compensation plans; evaluating the performance of, and determining the salaries, incentive compensation and executive benefits for senior management; and administering our equity-based and other executive compensation plans. The LDCC also oversees our leadership development, including review and/or approval of our succession planning, officer promotions and affirmative action and diversity plans. The LDCC considers the impact of our executive compensation program, and the incentives created by the compensation awards that the LDCC administers, on our risk profile. In addition, the LDCC reviews all of our compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk taking, to determine whether they present a significant risk to us.

The Chairman of the LDCC works with our Chief Executive Officer and Vice President Corporate Services to establish the agenda for LDCC meetings. The Vice President Corporate Services and management personnel reporting to

her prepare data and materials for review by the LDCC using market data from both broad-based and targeted national and regional compensation surveys. Competitive industry analysis is enhanced through review of peer company proxy data, professional research consortia and nationally recognized compensation databases provided by the LDCC's outside independent compensation consultant.

The LDCC reviews the performance and compensation of our Chief Executive Officer with input from both the full Board and our Chief Executive Officer's self evaluation. The LDCC approves the compensation of the other executive officers based upon the evaluation and recommendation of our Chief Executive Officer and its own review of each executive officer's individual performance highlights. When it deems appropriate, the LDCC engages its independent compensation consultant or other appropriate advisors to analyze compensation trends and competitiveness of pay packages and to support the LDCC's duty to establish each of the executive officer's targeted overall compensation levels.

The LDCC reports regularly to the Board on matters relating to the LDCC's responsibilities. In addition, the LDCC follows regulatory and legislative developments and considers corporate governance best practices in performing its duties. For additional information regarding the compensation-related activities of the LDCC, see the sections entitled "COMPENSATION DISCUSSION AND ANALYSIS" on page 26 and "REPORT OF THE LEADERSHIP DEVELOPMENT AND COMPENSATION COMMITTEE" on page 46 of this Proxy Statement, respectively.

#### **Compensation Committee Interlocks and Insider Participation**

No member of the LDCC was at any time an officer or employee of the Company, or is related to any other member of the LDCC, any other member of the Board or any executive officer of the Company.

#### **Nominating/Corporate Governance Committee**

The Nominating/Corporate Governance Committee consists of Lawrence R. Codey, Jane M. Kenny, Alfred C. Koeppel, David A. Trice and George R. Zoffinger (Committee Chair). The Nominating/Corporate Governance Committee operates under a written charter that is available free of charge on our website at <http://investor.njresources.com> under the caption "Corporate Governance". A printed copy is available free of charge to any shareholder who requests it by contacting the Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719. The Nominating/Corporate Governance Committee met four times in fiscal year 2011.

The Board has determined that all members of the Nominating/Corporate Governance Committee are "independent" within the meaning of the listing standards of the NYSE and the independence standards set by the Board as discussed in the section entitled "INFORMATION ABOUT THE BOARD - Board Standards of Independence" on page 15 of this Proxy Statement.

The Nominating/Corporate Governance Committee's primary purpose and responsibilities are to assess the corporate needs for an effective Board and use those assessments to (1) make recommendations to the Board regarding Board composition, size, additional skills and talents needed; (2) identify individuals qualified to be directors, consistent with the criteria approved by the Board and set forth in the Corporate Governance Guidelines; (3) recommend to the Board the selection of nominees for election to the Board; (4) recommend to the Board the individual directors to serve on the committees of the Board; (5) recommend to the Board corporate governance guidelines and oversee related governance matters; and (6) advise the Board on matters that impact corporate social responsibility, advocacy and our reputation. The Nominating/Corporate Governance Committee considers performance of incumbent directors to determine whether to nominate them for re-election.

*Director Candidate Recommendations and Nominations by Shareholders.* The Nominating/Corporate Governance Committee's charter provides that the Nominating/Corporate Governance Committee will consider qualified director candidate recommendations by shareholders. Shareholder nominees will be evaluated under the same standards as nominees recommended by management or the non-management members of the Board. Recommendations should be sent to Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, P.O. Box 1464, Wall, New Jersey 07719. Under our By-Laws, any nomination for director should be received by the Corporate Secretary on or before November 12, 2012. In addition, in accordance with our By-Laws, any shareholder entitled to vote for the election of directors may nominate persons for election to the Board if such shareholder complies with the procedures set forth in the By-Laws and summarized above under "QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING - How do I make a

shareholder proposal for the 2013 Annual Meeting of Shareholders? on page 4. There are no differences in the manner in which the Nominating/Corporate Governance Committee evaluates director candidates based on whether the candidate is recommended by a shareholder. The Nominating/Corporate Governance Committee did not receive any recommendations from any shareholders in connection with the Meeting.

*Nominating/Corporate Governance Committee Process for Identifying and Evaluating Director Candidates.* The Nominating/Corporate Governance Committee identifies and evaluates all director candidates in accordance with the director qualification standards described in the Corporate Governance Guidelines. The Nominating/Corporate Governance Committee evaluates a candidate's qualifications to serve as a member of the Board based on the background and expertise of individual Board members as well as the background and expertise of the Board as a whole. Nominees will be required to bring the skills, talents, knowledge and expertise to ensure that the composition, structure and operation of the Board serves the best interests of our shareholders. In addition, the Nominating/Corporate Governance Committee will evaluate a candidate's independence and his or her background and expertise in the context of the Board's needs.

Although the Nominating/Corporate Governance Committee does not have a separate policy regarding diversity, it will consider, in identifying first-time candidates, nominees for director, or evaluating individuals recommended by shareholders, the current composition of the Board in light of the diverse communities and geographies we serve and the interplay of the candidate's or nominee's diverse individual experience, education, skills, background and other qualities and attributes with those of the other Board members. The Nominating/Corporate Governance Committee incorporates this broad view of diversity into its review and evaluation of new candidates and incumbent nominees in its director nomination process to ensure that the Board's composition reflects the particular needs of the Board and the Company, and the Nominating/Corporate Governance Committee and Board monitor its effectiveness through the Board's self-evaluation process. As described under *Nominees for Election as Directors* on page 10, the Nominating/Corporate Governance Committee and the Board believe that the current composition of the Board reflects a group of highly talented individuals with diverse backgrounds, skills, professional and industry experience, and other personal qualities and attributes best suited to perform oversight responsibilities for the Company and its shareholders.

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**AUDIT COMMITTEE REPORT**

In accordance with the Audit Committee Charter, the Audit Committee assists the Board in fulfilling its responsibility for oversight of the integrity of the accounting, auditing and financial reporting practices of the Company. During the fiscal year ended September 30, 2011, the Audit Committee met eight times, and the Audit Committee reviewed and discussed the interim financial information contained in the Company's Quarterly Reports on Form 10-Q, and discussed press releases announcing earnings with our Chief Financial Officer and the independent registered public accounting firm prior to public release.

In discharging its oversight responsibility as to the audit process, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. The Audit Committee also discussed with management, the internal auditors and the independent registered public accounting firm the quality and adequacy of the Company's internal controls and the internal audit functions, organization, responsibilities, budget and staffing. The Audit Committee reviewed with both the independent and the internal auditors their audit plans, audit scope and identification of audit risks.

The Audit Committee reviewed and discussed with the independent registered public accounting firm all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61 (AICPA Professional Standards, Vol. 1. AU section 380), as amended, Communication with Audit Committees, as adopted by the Public Company Accounting Oversight Board in Rule 3200T and, with and without management present, discussed and reviewed the results of the independent registered public accounting firm's examination of the financial statements. The Audit Committee also discussed the results of the internal audit examinations.

The Audit Committee reviewed and discussed the audited financial statements of the Company as of and for the fiscal year ended September 30, 2011, with management and the independent registered public accounting firm. Management has the responsibility for the preparation of the Company's financial statements and the independent registered public accounting firm has the responsibility for the audit of those statements.

Based on the above-mentioned review and discussions with management and the independent registered public accounting firm, the Audit Committee recommended to the Board that the Company's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended September 30, 2011, for filing with the SEC. The Audit Committee also reappointed Deloitte and Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending September 30, 2012.

**THE AUDIT COMMITTEE**

J. Terry Strange, Chair

Lawrence R. Codey

Donald L. Correll

Alfred C. Koeppel

Dated: November 15, 2011

*The Audit Committee Report above shall not be deemed incorporated by reference by any general statement incorporating this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.*



**DIRECTOR COMPENSATION**

Directors who are not officers of the Company or our subsidiaries are compensated as follows:

Each director receives an annual cash retainer of \$50,000 and 1,200 shares of Common Stock annually

Each director receives a fee of \$1,500 for each Board and committee meeting attended

The chairs of the Audit, Executive and Leadership Development and Compensation Committees receive an annual retainer of \$10,000

The chair of the Nominating/Corporate Governance Committee receives an annual retainer of \$5,000

The Lead Director receives an annual retainer of \$10,000.

The annual cash retainer for fiscal year 2011 was \$45,000. Directors who are also officers of the Company or our subsidiaries do not receive additional compensation for serving on the Board. All directors are reimbursed for any out-of-pocket expenses incurred in attending Board or committee meetings. Share ownership guidelines have been established for directors that specify the expected level of stock ownership of 6,000 shares of Common Stock to be achieved over a five-year period.

The following table presents information relating to total compensation of our non-employee directors for the fiscal year ended September 30, 2011.

Name	Fees Earned or		Option Awards	Non-Equity Incentive Plan Compensation		Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation <sup>(3)</sup>	Total
	Paid in Cash <sup>(1)</sup>	Stock Awards <sup>(2)</sup>		Plan Compensation	Compensation			
Lawrence R. Codey	100,000	51,756				10,087	161,843	
Donald L. Correll	78,500	51,756				87	130,343	
Robert B. Evans	75,500	51,756				87	127,343	
M. William Howard, Jr.	77,500	51,756				87	129,343	
Jane M. Kenny	74,000	51,756				1,787	127,543	
Alfred C. Koeppel	89,500	51,756			2,911 <sup>(4)</sup>	2,587	146,754	
J. Terry Strange	88,500	51,756				87	140,343	
David A. Trice	87,000	51,756				87	138,843	
George R. Zoffinger	79,000	51,756			9,511 <sup>(5)</sup>	2,587	142,854	

(1) This column reports the amount of cash compensation earned in fiscal year 2011 for Board and committee service.

(2) Amounts shown represent the dollar amounts of the grant date fair value of the annual retainer of 1,200 shares computed in accordance with the share-based compensation provisions of Financial Accounting Standards Board (FASB) ASC Topic 718. These amounts are based upon the closing price of our Common Stock on the grant date of \$43.13.

(3)

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Amounts in this column do not represent compensation paid to the directors. These amounts are comprised of (a) our matching contributions of the non-management director's charitable donations to eligible organizations made in fiscal year 2011 as part of our overall support of charitable organizations under our Matching Gift Program for the Board and (b) premiums we paid in fiscal year 2011 for a Directors and Officers Travel Insurance Policy in the amount of approximately \$87 per director. SEC rules require disclosure of these amounts in this table.

- (4) Includes \$2,891 contributed by us in fiscal year 2011 as we guarantee a return on directors' deferred compensation at the federal Prime Rate *plus* 2.0 percent.
- (5) Includes \$9,467 contributed by us in fiscal year 2011 as we guarantee a return on directors' deferred compensation at the federal Prime Rate *plus* 2.0 percent.

The aggregate number of stock options held by each non-employee director and the aggregate number of shares of Common Stock held by each non-employee director (including deferred stock) as of September 30, 2011, was as follows:

<b>Directors</b>	<b>Number of Options</b>	<b>Shares of Common Stock</b>
Lawrence R. Codey	2,250	11,931
Donald L. Correll		5,365
Robert B. Evans.		5,841
M. William Howard, Jr.		8,019
Jane M. Kenny		7,715
Alfred C. Koepe		22,453
J. Terry Strange	12,000	11,127
David A. Trice		26,144
George R. Zoffinger*		49,327

\* Includes 1,507 shares of Common Stock held by Mr. Zoffinger as custodian in trusts for the benefit of relatives, all as to which Mr. Zoffinger disclaims beneficial ownership.

**COMPENSATION DISCUSSION AND ANALYSIS**

*This discussion and analysis of our compensation program for named executive officers should be read in conjunction with the tables and text elsewhere in this Proxy Statement that describe the compensation awarded to, earned by or paid to the named executive officers.*

**Executive Summary**

The purpose of the Compensation Discussion and Analysis is to explain the process the Leadership Development and Compensation Committee ( LDCC ) of the Board of Directors (the Board ) uses to determine compensation and benefits for the following individuals, who are our named executive officers for the fiscal year ended September 30, 2011:

<b>Name</b>	<b>Title</b>
Laurence M. Downes	Chairman of the Board, Chief Executive Officer and President
Glenn C. Lockwood	Executive Vice President and Chief Financial Officer
Kathleen T. Ellis	Executive Vice President and Chief Operating Officer, New Jersey Natural Gas Company ( NJNG )
Mariellen Dugan	Senior Vice President and General Counsel
Stephen D. Westhoven	Senior Vice President, NJR Energy Services Company ( NJRES )

Compensation of our named executive officers is determined under our compensation and benefits program for senior executives that is governed by the LDCC. The LDCC reviews the performance of all officers of the Company and its subsidiaries and makes recommendations to the Board with respect to the compensation of such officers. The LDCC also reviews and makes recommendations to the Board relating to the benefit programs applicable to all officers and has oversight of certain of our employee benefit plans. Additional information with respect to the LDCC can be found on page 20 of this Proxy Statement.

***Our Guiding Philosophy***

Our compensation philosophy is guided by the principle of pay-for-performance. Our compensation programs are designed to support our business goals by rewarding achievement of short-term and long-term objectives in a manner that links compensation of our executive officers with the value created for our shareholders. While aligning each executive s compensation with our short-term and long-term business goals, we aim to provide the incentives needed to attract, motivate, reward and retain our management talent, which is crucial to our long-term success.

In keeping with our philosophy, generally, compensation for our executives is comprised of the following:

base salary

annual short-term incentive awards that are paid in cash based upon achievement of corporate and individual goals, as well as leadership performance

long-term performance-based awards

deferred stock retention awards

restricted stock awards

***Developments in our Executive Compensation Program for Fiscal Year 2011***

During fiscal year 2010, we undertook our annual review of our executive compensation practices to ensure that our plans and practices were competitive, supportive of the goals of the organization and in keeping with the best interests of our shareholders. As a result of that review, the LDCC made the following modifications to the executive compensation program for fiscal year 2011:

Approved a new long-term equity incentive award program that included a mix of new at-risk performance share awards with performance criteria based upon total shareholder return over a 33-month period, and issued restricted stock awards, each under our 2007 Plan

Increased minimum share ownership guidelines for officers to further align executive interests with those of our shareholders

Approved a new Officer Incentive Plan for fiscal year 2011, which we refer to as the 2011 OIP, relating to short-term annual cash incentive awards

Implemented an annual review and assessment of potential and existing risks arising from our compensation programs and policies. At our 2011 Annual Meeting, our shareholders had the opportunity to cast an advisory vote on our executive compensation policies and procedures, and we received the approval of over 94 percent of the shares cast.

***Key Compensation Corporate Governance Practices***

The LDCC and our Nominating/Corporate Governance Committee continuously review evolving practices in executive compensation and corporate governance. We have adopted certain policies and practices that we believe are consistent with industry best practices. For example:

We have meaningful share ownership guidelines for our directors and executive officers

We do not provide excessive executive perquisites

Our executive officers do not receive a tax gross-up on any perquisites

We have no employment agreements with any executive officer

Our 2007 Stock Award and Incentive Plan prohibits repricing of options, without shareholder approval

The LDCC has engaged an independent compensation consultant that has no other financial ties to the Company or our management

We have implemented an annual review and assessment of potential and existing risks arising from our compensation programs and policies

During fiscal 2012, we intend to address any new policy requirements adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law in July 2010, regarding a recoupment (or clawback) policy relating to incentive compensation impacted by restated financial statements after the applicable regulations are issued by the SEC.

***Fiscal Year 2011 Performance Highlights***

We had a strong fiscal year 2011 as all of our business segments performed well. Here are some of the highlights:

We achieved net financial earnings ( NFE ) growth for the 12<sup>th</sup> consecutive year with NFE of \$2.58 per share, an increase of 4.9 percent from fiscal 2010\*

For the 17<sup>th</sup> consecutive year, our stock price at year-end was higher than the year before. It closed fiscal year 2011 at \$42.57, an increase of 8.5 percent over the end of the prior fiscal year

We increased our annual dividend rate by a total of 5.9 percent, marking the 16<sup>th</sup> consecutive year it was increased

Including the dividends we paid, our shareholders enjoyed a 12.2 percent total return on their investment

NJNG had another solid year and was a key driver behind our overall fiscal year 2011 results

NJNG ranked the highest in customer satisfaction with residential natural gas service in the eastern United States among large utilities on the *J.D. Power and Associates 2011 Gas Utility Residential Customer Satisfaction Study<sup>SM</sup>* for the third consecutive year and also ranked the highest in the East region on the *J.D. Power and Associates 2011 Gas Utility Business Customer Satisfaction Study<sup>SM</sup>*.

NJRES contributed to our profitability and identified new opportunities to grow its business with producer services and natural gas liquids, despite the current challenging conditions in the wholesale energy market

NJR Clean Energy Ventures invested \$74.3 million in commercial and residential solar energy projects and supported our improved financial results

\* NFE is a financial measure not calculated in accordance with generally accepted accounting principles (GAAP) of the United States and is discussed in greater detail on page 33 of this Proxy Statement under *Net Financial Earnings Component*. For a full discussion of NFE, please see our most recent Form 10-K, Part II, Item 7.

NJR Home Services ( NJRHS ) had improved performance supported by the launch of its Premier Service Plan, the residential pilot solar program, a growing generator business, improved operations and expanded marketing efforts that enhanced its installation business

**Our Guiding Philosophy**

The LDCC believes that the compensation program for executive officers should reward the achievement of our short-term and long-term objectives and that compensation should be related to the value created for our shareholders. Furthermore, the compensation program should reflect competition and best practices in the marketplace. The following objectives serve as the LDCC’s guiding principles for all compensation decisions:

Our executive compensation and benefits should attract, motivate, reward and retain the management talent necessary to achieve our business objectives at compensation levels that are fair, equitable and competitive with those of comparable companies.

Compensation should be set based on the leadership of each executive officer, which is based on skill, experience and achievement, taking into account market rates.

Compensation should also be based upon our Commitment to Stakeholders key performance measures for Safe, Reliable, and Competitively Priced Service, Customer Service, Growth, Quality, Valuing Employees, Corporate Citizenship and Superior Return.

Compensation should be linked to individual and corporate performance by aligning our executive compensation program to company-wide performance, which is defined in terms of financial performance and increases in shareholder value.

There should be an appropriate mix and weighting between base salary, annual cash incentive awards and long-term equity incentive awards such that an adequate amount of each executive officer’s total compensation is performance-based or at risk. Further, as an executive’s responsibilities increase, the portion of at risk compensation for the executive should increase as a percentage of total compensation.

In addition, the LDCC believes that the various elements of our compensation program effectively align compensation with performance measures that are directly related to our financial goals and creation of shareholder value without encouraging executives to take unnecessary and excessive risks.

**Elements of Our Compensation Program for Named Executive Officers**

The LDCC has a specific mix of compensation components that it targets, with the intent to make each component of total direct compensation competitive with that of other companies of similar size and operational characteristics while also linking compensation to individual and corporate performance and encouraging stock ownership by senior management. The table below describes each compensatory element in our program and briefly explains how it promotes our objectives. We believe the combination of these elements provides an appropriate balance of rewards, incentives and benefits to our executives and enables us to meet our desired compensation objectives, strengthen our ability to attract and retain highly qualified individuals and to appropriately link pay to performance to treat our shareholders fairly.

<b>Element of Compensation</b>	<b>Description</b>	<b>Objectives</b>
<i>Annual Compensation:</i>		
Base Salary	Fixed annual compensation that is certain in payment and provides continuous income.	Aids in both recruitment and retention; designed to be competitive in the marketplace.
Annual Cash Incentive Awards		



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Performance-based compensation for achieving established annual goals based on net financial earnings, individual leadership and our Commitment to Stakeholders.

Motivates and rewards achievement of annual corporate objectives by providing at-risk comprehensive pay opportunities linked to individual and company performance.

Element of Compensation	Description	How This Element
		Promotes Company Objectives
<b>Long-term Compensation:</b>		
Performance Unit/Share Awards	Grants of shares or units which are payable in Common Stock and based on relative total shareholder return ( TSR ) performance relative to a peer group and/or NFE growth, each over a long-term period.	Increases long-term equity ownership and provides strong incentives to executives by aligning a portion of their compensation to the total shareholder return on our Common Stock or NFE growth versus that of a comparator group of selected companies and our long-term earnings growth.
Restricted Stock Awards	Grants of our Common Stock that are part of our long-term incentive program and may also be used for special recognition of superior performance; ratable vesting over a specified period.	Promotes retention and increases long-term equity ownership and provides strong incentives to executives by aligning a portion of their compensation to the future value of our stock.
Performance-Based Restricted Stock Awards	Grants of Restricted Stock that only vest if we achieve NFE per share goals over a specified period.	Promotes retention, increases long-term equity ownership and provides strong incentives to executives by aligning a portion of their compensation to our financial performance.
Deferred Stock Retention Awards	Grants of deferred shares of our Common Stock used to recognize and reward superior performance; executive must comply with non-competition and non-solicitation covenants to receive share payout at a future date.	Promotes retention by providing disincentive to executive to leave us for a competitor, increases long-term equity ownership by executives and aligns a portion of their compensation to the future value of our stock.
<b>Other Compensation:</b>		
Deferred Compensation	Opportunity to defer receipt of specified portions of compensation and to have such deferred amounts treated as if invested in specified investment vehicles.	Encourages executive retention at minimal cost to us.
Severance Payments and Benefits (including after a change in control)	Payments and benefits upon termination of an executive's employment in specified circumstances.	Provides assurance of financial security which is desirable in lateral recruiting and executive retention and permits objective evaluation by executives of potential changes to our strategy and structure.
Other Benefits	Executives participate in employee benefit plans generally available to our employees, including our Employees' Retirement Savings Plan ( 401(k) Plan ) medical, health, dental, life, accidental death and dismemberment, travel and accident and long-term disability insurance; other certain perquisites.	Fair and competitive programs to provide family protection, and facilitate recruitment and retention as part of our broad-based total compensation.

#### The Compensation Review Process

*Process for Approval of Compensation Measures.* Our planning process begins in May (the third quarter of our fiscal year) when management identifies financial and operational goals, performance measures and action plans that are tied to our Commitment to Stakeholders and that will be executed by the business units and approved by our management in August (the fourth quarter of our fiscal year) for the following fiscal year. These metrics are presented to the Board in September for approval. Upon approval by the Board, the financial and operational goals become the compensation measures for the executive officers and are the foundation for our Commitment to Stakeholders, which is also communicated to the rest of the organization through the performance planning and evaluation process and through management presentations to employees.

*Role of the LDCC and the Chief Executive Officer.* Governance of our compensation program is the responsibility of the LDCC, which consists solely of independent directors. The LDCC works with management, in particular our Chief Executive Officer and the Vice President Corporate Services, in making decisions regarding our compensation program. The LDCC reviews and takes into account all elements of executive compensation in setting policies and determining compensation amounts. The Chief Executive Officer is responsible for recommending to the LDCC the compensation amounts of each of our named executive officers, other than himself. The Chief Executive Officer attends meetings of the LDCC, but does not participate in the portion of the meetings when his compensation or performance is discussed.

*Role of Compensation Consultant.* The LDCC is authorized to retain experts, consultants and other advisors to aid in the discharge of its duties and therefore retained Steven Hall & Partners, a nationally known compensation consulting firm, to (i) assist in gathering and analyzing market data, (ii) advise the LDCC on compensation standards and trends and (iii) assist in the implementation of policies and programs during fiscal year 2011. All work completed by the outside advisor is subject to the approval of the LDCC. The outside advisor's role with respect to the LDCC is to provide independent advice and counsel. The LDCC does not delegate authority to its outside advisor or to other parties. Prior to each meeting of the LDCC, Steven Hall & Partners meets with the Chief Executive Officer and the Chairman of the LDCC, followed by a private meeting with only the LDCC Chairman. The LDCC also periodically meets in executive session with our outside advisor to discuss our compensation program. During fiscal year 2011, Steven Hall & Partners periodically met with management, participated in LDCC meetings throughout the year, reviewed materials in advance and provided to the LDCC additional data on market trends and overall compensation design and assessed recommendations for base salary and annual incentive awards for our named executive officers.

*Comparator Group Analysis.* So that we can successfully attract and retain the high quality executive talent we believe is critical to our long-term success, we intend that the levels of compensation available to executive officers who successfully enhance corporate value are competitive with the compensation offered by publicly held companies that are similar to us with regard to size and industry focus. To understand the competitive market for pay and set the compensation terms for our program, we analyzed the compensation programs of a comparator group of companies. When selecting our comparator group in consultation with the independent compensation consultant, we included companies that are generally similar to us based upon several criteria such as industry focus, market capitalization, revenues and earnings. Upon a review by the LDCC during fiscal year 2011, Nicor Inc., which was acquired by another member of the comparator group, AGL Resources Inc., was removed from the existing comparator group as we no longer consider it appropriate for benchmarking purposes.

The LDCC identified the following companies as our comparator group for reference in setting compensation for fiscal year 2011:

AGL Resources Inc.	Northwest Natural Gas Company	Southwest Gas Corporation
Atmos Energy Corporation	Piedmont Natural Gas Company, Inc.	Vectren Corporation
The Laclede Group, Inc.	South Jersey Industries, Inc.	WGL Holdings, Inc.

We do not rely exclusively on comparator group data in setting the terms of our compensation program. Consideration is also given to major compensation surveys of companies in the utility industry. Additionally, we recognize that some executives have skills and responsibilities that are transferable outside of the regulated comparator companies. For this reason, for these selected positions we also consider pay levels among non-utility industry companies to ensure competitive compensation levels. We also consider regional demographic and economic conditions as factors affecting our compensation program. Survey information provided by Steven Hall & Partners helps to confirm the validity and provide broader context to the comparator group data, as well as provide data for positions when comparator data is not available from public filings with the SEC.

#### **Establishing Total Direct Remuneration**

Total direct remuneration is the sum of base salary, annual cash incentive awards and long-term equity incentive awards. A major portion of each named executive officer's remuneration is therefore established by performance-based incentives, which requires achievement of performance goals as a condition to earning annual cash incentive awards and long-term equity incentive awards. The at-risk portion of total direct remuneration provides increased pay for higher levels of corporate performance.

In setting each named executive officer's total direct remuneration opportunity, the LDCC takes into account other factors such as the responsibilities, performance, contributions and service of the executive. As a result, we do not set total direct remuneration or the component parts at levels to achieve a mathematically precise market position. In determining executive compensation, the LDCC reviews all components of our Chief Executive Officer's and each other named executive officer's total compensation, including retirement benefits and the costs of all perquisites received to ensure such compensation meets the goals of the program. As a part of this review, the LDCC considers corporate performance information, compensation survey data, the advice of consultants and the recommendations of management. The LDCC also takes into consideration individual and overall company operating performance to ensure executive compensation reflects past performance as well as future potential and adequately differentiates between employees, based on the scope and complexity of the employee's job position, market comparisons, individual performance and experience and our ability to pay. Our Chief Executive Officer's and each other named executive officer's performance is reviewed annually by the LDCC prior to considering changes in compensation. The performance of our Chief Executive Officer and the performance of each other named executive officer is evaluated in light of our overall performance (as described in greater detail below) and non-financial goals and strategic objectives approved by the LDCC and the Board. Based on its review, the LDCC believes total compensation for each of the named executive officers is reasonable.

The following table shows the target total direct remuneration opportunity that the LDCC approved for fiscal year 2011. The table states the annual salary of each named executive officer as of September 30, 2011. The table includes the amount of the annual cash incentive award that could have been earned by a named executive officer meeting target performance goals relating to NFE, our Commitment to Stakeholders and individual leadership described below. From time to time, the LDCC considers the use of long-term equity incentive awards as a component of the named executive officers' compensation.

Name	Salary (\$)	Target Annual Cash Incentive Amount* (\$)	Target Total Long- Term Equity Incentive Value** (\$)	Target Total Direct Remuneration (\$)
Laurence M. Downes	721,000	721,000	1,367,628	2,809,628
Glenn C. Lockwood	311,000	186,600	148,503	646,103
Kathleen T. Ellis	310,000	186,000	152,080	648,080
Mariellen Dugan	275,000	123,750	132,822	531,572
Stephen D. Westhoven	280,000		139,401	419,401

\* The target annual cash incentive amount for Mr. Downes is 100 percent of annual salary. For Mr. Lockwood and Ms. Ellis, the target annual cash incentive amount ranges between 55 and 65 percent of annual salary, which for illustrative purposes is calculated in this table at 60 percent of annual salary. For Ms. Dugan, the target annual cash incentive amount ranges between 40 and 50 percent, which for illustrative purposes, is calculated in this table at 45 percent of annual salary.

\*\* Represents full grant date fair market value of performance-based stock awards and restricted stock granted in fiscal year 2011, calculated in accordance with FASB ASC Topic 718. For more information regarding the grant of long-term equity incentive awards in fiscal year 2011, please see Long-Term Equity Incentive Awards on page 39 below.

Mr. Westhoven did not have a target annual cash incentive amount for fiscal year 2011. His compensation is described in more detail below under *Fiscal Year 2011 Annual Incentive Award for Mr. Westhoven* on page 38 below.

Below is a graphic representation of the components of the fiscal year 2011 total target direct remuneration opportunity for each named executive officer, which highlights that for each of the named executive officers, a substantial part of compensation is incentive-based and subject to the named executive officer and the Company meeting certain performance-based and other goals.

## **Components of Compensation**

### ***Base Salary***

In setting the base salary level of each executive officer, the LDCC considers marketplace compensation data compiled and presented by Steven Hall & Partners, as well as the executive's experience level, demonstrated capabilities, time and placement in position and the actual performance of the Company and the executive. No particular weight is assigned to any one factor. Base salary increases for all of our named executive officers, with the exception of our Chief Executive Officer, are recommended by our Chief Executive Officer and subject to review and approval by the LDCC and the Board. Base salary increases for our Chief Executive Officer are determined by the LDCC and approved by the Board.

### ***Annual Cash Incentive Awards***

We maintain a strong link between performance and pay within our executive compensation program through emphasis on incentives and utilization of financial, operational and leadership measures, which we believe are key drivers of shareholder value creation. The LDCC reviews and approves the annual performance objectives for the Company and our named executive officers at the start of each fiscal year. In November 2010, the LDCC approved the 2011 OIP. Our objectives for the 2011 OIP were partially based on a review of our compensation programs by Steven Hall & Partners. Our objectives for the 2011 OIP were to maintain line of sight for each executive officer by providing them with an understanding of their individual objectives and how they could be achieved based on areas that they impact, continue the linkage to corporate results and provide flexibility to determine awards based on qualitative performance assessments.

The 2011 OIP sought to motivate our senior executives by rewarding them when our annual financial performance goals and their individual performance goals are met. After the end of fiscal year 2011, the Chief Executive Officer and the LDCC evaluated the degree to which the Company and our named executive officers met their respective goals. Under the 2011 OIP, the Chief Executive Officer recommends the annual incentive awards to the LDCC for executive officers other than himself and Mr. Westhoven. Mr. Westhoven's annual incentive award was not determined by the 2011 OIP and is discussed separately below under *Fiscal Year 2011 Annual Incentive Award for Mr. Westhoven* on page 38.

In addition, under the 2011 OIP, based upon the recommendations of the Chief Executive Officer, the LDCC has discretion to increase or reduce any annual cash incentive award payable. In addition, our Chief Executive Officer, subject to LDCC approval, may recommend special recognition awards to named executive officers who have provided outstanding

performance during the fiscal year notwithstanding whether an annual cash incentive award is earned by any such named executive officer. The Chief Executive Officer engages in extensive discussions, evaluation and review of his recommendations with the LDCC to reach a consensus on the annual cash incentive awards.

The Chief Executive Officer uses the criteria set forth in the 2011 OIP to guide his recommendations of the annual cash incentive awards to the LDCC. The criteria that guide the Chief Executive Officer's recommendations are: (i) NFE, (ii) Commitment to Stakeholders and (iii) leadership. The Chief Executive Officer generally bases his annual cash incentive award recommendations 50 percent on our NFE amount, 30 percent on the participant achieving an individual leadership component and 20 percent on the Company meeting an overall Commitment to Stakeholders component. While these criteria serve as guidelines, the Chief Executive Officer has discretion to determine the actual awards to recommend to the LDCC.

Under the 2011 OIP, the target annual cash incentive award opportunity for our Chief Executive Officer was set at 100 percent of base salary. The target annual cash incentive award opportunity for our Executive Vice Presidents, Mr. Lockwood and Ms. Ellis, was between 55 and 65 percent of base salary. Ms. Dugan's target annual cash incentive award opportunity under the 2011 OIP was between 40 and 50 percent of base salary. For illustrative purposes, in the table on page 31, we use a target amount of the midpoint of those ranges, for our named executive officers other than our Chief Executive Officer and Mr. Westhoven. Actual fiscal year 2011 cash incentive award payments under the 2011 OIP, if earned, could theoretically range from 0 percent up to 150 percent of this targeted amount for each of the named executive officers other than Mr. Westhoven. Amounts payable under the 2011 OIP that exceeded 150 percent of the target amount could be paid in full, or in part, in the form of restricted stock based on our Chief Executive Officer's recommendation and subsequent approval by the LDCC. The actual payouts of the 2011 annual cash incentive awards are described in the section of the Proxy Statement entitled *Actual Fiscal Year 2011 Cash Incentive Award Payouts Under the 2011 OIP* beginning on page 36.

#### Net Financial Earnings Component

NFE represent net income excluding the accounting impact of unrealized gains and losses from certain derivative instruments, net of taxes. NFE is not an alternative to a measure derived from GAAP, such as earnings per share or any other GAAP measure of liquidity or financial performance. We use NFE as a key performance measure for compensatory purposes because we believe it strongly encourages capital discipline, better investment decisions and leads to enhanced cash flow and shareholder value.

Our general policy is that no annual cash incentive award is payable to our named executive officers under the 2011 OIP unless we achieve a minimum of at least 75 percent of a target NFE amount. For fiscal year 2011, the target NFE amount was \$105.1 million. Therefore, the minimum threshold amount of NFE that guided the Chief Executive Officer's and LDCC's decision-making was \$78.8 million. While an annual cash incentive award may be paid if we do not achieve at least 75 percent of the target NFE amount, there would be no payment attributable to the NFE component of the formula if we did not achieve at least 90 percent of the target NFE amount.

The table below shows the performance/payout curve for the NFE component of the annual cash incentive awards. Performance between the stated percentages is interpolated.

Performance as a Percent of	Percent of Targeted Payout Amount for NFE Component
Net Financial Earnings (NFE) Target	
Less Than 90%	0%
90% (threshold)	50%
100% (target) (\$105.1 million)	100%
<b>101% (actual)</b>	<b>105%</b>
110% (maximum)	150%

#### Leadership Component

The leadership component of the annual cash incentive award is determined based on our Chief Executive Officer's review of established business unit initiatives and individual performance assessments that is then ratified by the LDCC. As part of his review, our Chief Executive Officer seeks and considers specific examples of how each named executive officer met these objectives. The LDCC assesses the leadership component for our Chief Executive Officer based on a review of his performance in comparison with his specific individual objectives for the past fiscal year. The maximum payout for this



portion of the annual cash incentive award is equal to 150 percent of the targeted amount. The LDCC determines the leadership component of the annual cash incentive award for each of our named executive officers, other than our Chief Executive Officer, at its discretion based on reviews by our Chief Executive Officer.

Our Chief Executive Officer's leadership objectives for fiscal year 2011 included:

Achieving the goals and objectives enumerated in our fiscal year 2011 business and financial plan

Implementing the initiatives contained in our fiscal year 2011 Commitment to Stakeholders

Implementing new growth initiatives

Focusing on the continued development of our leadership team

Maintaining and enhancing our strong relationships with all key external stakeholders

The leadership objectives of the other named executive officers for fiscal year 2011 included:

Vision, strategy and innovation

Implementation of the initiatives contained in our fiscal year 2011 Commitment to Stakeholders and business and financial plan

Decision-making and judgment

Breadth of knowledge about our business

Execution and performance of their job responsibilities

Collaboration and teamwork

Commitment to Stakeholders Component

The Commitment to Stakeholders ( CTS ) component of the annual cash incentive award, which comprises 20 percent of that award, is determined based on a subset of 73 specific performance measures that the LDCC views as important to our shareholders, and that encompass a broader range of our activities that are not necessarily reflected in our financial metrics. These performance measures are company-wide and fall into the following seven categories:

Safe, reliable and competitively priced service: Measures employee safety, system safety, system reliability, service reliability and competitive pricing



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Customer satisfaction: Measures customer care, problem resolution, billing accuracy and timely response

Growth: Measures NFE growth, progress on the regulatory and New Jersey Energy Master Plan and business unit growth

Quality: Measures quality of processes throughout the organization

Valuing employees: Measures provision of feedback to employees, leadership development, workforce relations and positive work environment

Corporate citizenship: Measures customer and community outreach, environmental focus, promotion of ethical behavior and fostering of community and business relationships

Superior Return: Measures NFE growth, financial metrics, total return to shareholders and business unit productivity

The 73 performance measures were set through a process that began early in the third quarter of fiscal year 2010. A team of employees from across our business units selected these performance measures spanning the seven CTS categories listed above. This set of 73 performance measures was then reviewed by a senior executive team, including our Chief Executive Officer and Chief Financial Officer, who made further edits and recommendations to the measures.

The LDCC and management use these metrics to measure our overall effort to provide our customers, shareholders, communities and other stakeholders with the highest quality service and performance. Each of the performance measures is objective and quantifiable. For instance, one way we measure corporate citizenship is by calculating the total number of

employee volunteer hours and calculating the total number of people reached by our customer and community outreach programs using data compiled at each such event during the course of the fiscal year.

For each performance measure, a performance target was developed based upon historical company information, peer information, comparative data, trends and, in certain cases, benchmarks required by state regulations. Performance targets were set by the appropriate business unit leaders and reviewed and approved by our Quality Department and the senior executive team, including our Chief Executive Officer. Thereafter, the 73 performance measures and targets were approved by the LDCC. The performance measures and targets were then published and distributed to our employees shortly after the beginning of fiscal year 2011. Separately, the senior executive team selected a subset of the 73 performance measures for recommendation to the Chief Executive Officer and the LDCC for purposes of determining the CTS component of the annual cash incentive award. The subset was then reviewed by the Chief Executive Officer and the LDCC and a final subset, which was ultimately comprised of nine performance measures, was approved by the LDCC (the Performance Measures. ) When selecting the Performance Measures, the Chief Executive Officer and the LDCC selected one or more significant measures in each of the seven CTS categories to encompass a broad spectrum of our performance, thereby allowing them to best gauge, on a company-wide basis, how well the executive management team is fulfilling the CTS. As a result, the Chief Executive Officer and the LDCC consider the Performance Measures as those most useful for a broad assessment of executive performance.

When determining the CTS component of the annual cash incentive award, the LDCC and the Chief Executive Officer establish threshold, target and maximum performance levels for each of the Performance Measures. The threshold level is based on a level of performance that was believed to be achievable, the target level is based on a level of performance that was believed to be aggressive, but obtainable, and the maximum level is based on a level of performance that was believed to be attainable by achieving exceptional performance. Each of these Performance Measures is weighted equally and an overall average measurement is obtained. The overall average measurement reflects the average company-wide performance on the Performance Measures (each weighted equally) on a scale of 0 to 120 percent of the target goal. For example, if we were to meet exactly the target goal for each of the Performance Measures, the average company-wide performance amount would be 100 percent.

The table below shows the nine Performance Measures, and indicates our threshold, target and maximum performance levels, as well as indicating our actual performance for each of the Performance Measures:

Performance Measures	Performance Range (threshold to maximum)	Target Performance	Actual Performance	Percentage of Target*
Days Away/Restricted or Transfer (DART) incident rate per 100 full-time employees	4.5 to 3.0	3.72	3.57	110%
Three-year rolling average of the gas cost portion of the utility bill measured quarterly compared with three peer companies	Lowest	Lowest	Lowest	100%
Overall customer satisfaction rate	89% to 100%	94.5%	94.0%	95%
NFE growth rate over prior fiscal year	3.0% to 4.4%	3.7%	4.9%	150%
Completion of Quality objectives	4 to 6	5	5	100%
Diversity training efficacy measured by participant satisfaction scores	3.2 to 4.8	4	4.6	138%
Total number of employee volunteer hours through our Volunteers Inspiring Service In Our Neighborhoods (VISION) program	3,120 to 4,680	4,100	4,190	105%
Gross margin per dollar of Operation and Maintenance spending	\$1.92 to \$2.88	\$2.34	\$2.34	100%
Consolidated NFE per basic share	\$2.04 to \$3.06	\$2.55	\$2.58	103%

\* The percentage of target is adjusted to a scale of 0 to 150 percent for purposes of determining the CTS component of the annual cash incentive award.

As illustrated in the tables above and below this paragraph, during fiscal year 2011, the average company-wide performance as compared to the target goal was 111 percent of the target goal. This corresponded to a payout of 128 percent of the target payout amount for the CTS component of the annual cash incentive award formula.

The table below shows the performance/payout curve for the Commitment to Stakeholders component of the annual cash incentive awards. Performance between the stated percentages is interpolated.

Performance as a Percent of Commitment to Stakeholders Target	Percent of Targeted Payout Amount for Commitment to Stakeholders Target Component
Less Than 80%	0%
80% (threshold)	50%
100% (target)	100%
<b>111% (actual)</b>	<b>128%</b>
120%	150%

Actual Fiscal Year 2011 Cash Incentive Award Payouts under the 2011 OIP

In November 2011, the LDCC reviewed the results of the 2011 OIP based on the recommendations made by the Chief Executive Officer. The amounts of the annual cash incentive awards recommended by the Chief Executive Officer to the LDCC and subsequently approved by the LDCC are set forth below. For fiscal year 2011, the NFE, Commitment to Stakeholders and leadership components comprised 50 percent, 20 percent and 30 percent, respectively, of the annual cash incentive awards under the 2011 OIP for each of our named executive officers.

This totaled a payout amount equal to 108.2 percent of each of the named executive officer's respective target of fiscal year 2011 total annual cash incentive award, calculated as set forth below.

For fiscal year 2011, our NFE were \$106.6 million, which corresponded to a payout amount equal to 52.5 percent of the total target annual cash incentive award. We calculated this payout amount as follows:

Actual	Target	Percent of Target	Percent of Target Payout Amount	Component Percentage	Amount Earned as Percent of Total Annual Cash Incentive Award
NFE	NFE	Target	Payout Amount	Percentage	Award
\$106.6 million	\$105.1 million	101%	105%	50%	52.5%

In addition, we achieved 111 percent of our Commitment to Stakeholders targets, which corresponded to a payout amount equal to 128 percent of the total target annual cash incentive award. We calculated this payout amount as follows:

Actual Performance	Percent of Target Payout Amount	Component Percentage	Amount Earned as Percent of Total Annual Cash Incentive Award
as a Percentage of Commitment to Stakeholders Target	111.3%	20%	25.7%



Individual leadership performance reviews for each of the named executive officers, other than our Chief Executive Officer, were submitted by our Chief Executive Officer for discussion and consideration by the LDCC. The LDCC reviewed each of the named executive officer's 2011 individual leadership results, including our Chief Executive Officer, and assessed these results against such named executive officer's objectives. The following table sets forth certain of the 2011 individual performance highlights for each of our named executive officers that were factored into their 2011 annual cash incentive award and the setting of 2012 total targeted direct compensation.

Name	Fiscal Year 2011 Performance Highlights
Laurence M. Downes	<ul style="list-style-type: none"> <li>Led the Company to its 20<sup>th</sup> consecutive year of improved financial performance</li> <li>Led the Company to its 17<sup>th</sup> consecutive year of higher fiscal year-end stock price</li> <li>Achieved the majority of the fiscal 2011 business and financial plan metrics</li> <li>Secured strong community support and assistance</li> </ul>
Glenn C. Lockwood	<ul style="list-style-type: none"> <li>Led the process to allocate resources to facilitate the Company's financial performance</li> <li>Managed successful roll-out of the new business model to the financial community</li> <li>Provided oversight to the capital management process that led to the completion of a number of major external financings</li> <li>Worked to resolve several important tax issues that improved cash flow and lowered the Company's effective tax rate</li> </ul>
Kathleen T. Ellis	<ul style="list-style-type: none"> <li>Exceeded fiscal 2011 earnings target</li> <li>Secured extension of Accelerated Infrastructure Program ( AIP ) and Basic Gas Supply Service ( BGSS ) incentives</li> <li>Worked to earn the Company's third consecutive J.D. Power award</li> <li>Maintained excellent external relationships</li> </ul>
Mariellen Dugan	<ul style="list-style-type: none"> <li>Effectively managed all litigation matters, including the resolution of several important cases</li> <li>Conducted company-wide Code of Conduct training; achieved 100 percent participation</li> <li>Successfully handled corporate compliance risk assessment</li> <li>Provided support to SEC filing preparation and external financing</li> <li>Kept the Board informed on key corporate governance issues</li> </ul>
Stephen D. Westhoven	<ul style="list-style-type: none"> <li>Led NJRES to \$44 million in financial margin</li> <li>Re-positioned NJRES strategy to reflect changing market dynamics</li> <li>Successfully directed NJRES long option trading strategy with opportunistic transactions to capture value from out of the money assets and establish a platform for future earnings</li> <li>Established natural gas liquids business</li> <li>Recruited new talent to execute trading strategy</li> </ul>

\* NJRES financial margin, which is a non-GAAP financial measure, represents revenues earned from the sale of natural gas less costs of natural gas sold including any transportation and storage costs, and excludes any accounting impact from the change in fair value of derivative instruments designed to hedge the economic impact of transactions that have not been settled, which represent unrealized gains and losses, and the effects of economic hedging on the value of our natural gas in storage. For further discussion of this financial measure, please see Part II, Item 7 of our Annual Report on Form 10-K filed on November 23, 2011.

The Chief Executive Officer recommended to the LDCC that each named executive officer achieved 100 percent of their leadership goals, which corresponded to a payout amount equal to 30 percent of the total target annual cash incentive award. We calculated this payout amount as follows:

Percent of Target Payout	Amount	Component Percentage	Amount Earned as Percent of Total Annual Cash Incentive Award
for Leadership Component	100%	30%	30%

Notwithstanding the 2011 OIP formula payout amount which was equal to 108.2 percent of each of the named executive officer's respective target total annual cash incentive awards, the LDCC determined to use its discretion based upon reviewing the 2011 OIP in its entirety, to make the payments set forth in the following table to the named executive officers under the 2011 OIP. Specifically, the LDCC referred to a complete picture of market conditions and individual performance



results and took into account the individual performance highlights listed on pages 37. Analysis of each named executive officer's performance goes beyond their respective performance as measured by the subjective leadership component of the incentive award formula. The LDCC considered the following highlights of our fiscal year 2011 performance when adjusting the awards above the formula payout amount:

Improved financial performance for the 20<sup>th</sup> consecutive year

Strong performance at NJNG, which had a record year of earnings performance

NJNG ranked the highest in customer satisfaction with residential natural gas service in the eastern United States among large utilities on the *J.D. Power and Associates 2011 Gas Utility Residential Customer Satisfaction Study<sup>SM</sup>* for the third consecutive year and also ranked the highest in the east region on the *J.D. Power and Associates 2011 Gas Utility Business Customer Satisfaction Study<sup>SM</sup>*

Success working with our regulators, including the extension of NJNG's BGSS incentive programs and the expansion of NJNG's AIP

Implementation of our clean energy strategy

Improved performance at NJRHS

These annual cash incentive award amounts are also set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 47 of this Proxy Statement. In light of the factors described above, each of the named executive officers, other than the Chief Executive Officer and Mr. Westhoven (who does not participate in the 2011 OIP and therefore does not have a target amount), received an annual cash incentive award equal to or in excess of their target award amount under the 2011 OIP.

Name	Fiscal year 2011 Annual Cash Incentive Award Paid (\$)
Laurence M. Downes	846,000
Glenn C. Lockwood	202,150
Kathleen T. Ellis	201,000
Mariellen Dugan	180,000

Fiscal Year 2011 Annual Incentive Award for Mr. Westhoven

For fiscal year 2011, the annual incentive award for Mr. Westhoven was determined by our Chief Executive Officer and the LDCC based primarily on the financial performance of NJRES. As part of the NJRES compensation plan, the incentive compensation pool for NJRES was developed based on a percentage of pre-tax, pre-incentive compensation profits. For fiscal year 2011, the LDCC set a range for funding of the total compensation pool of 5 to 12 percent of pre-tax, pre-incentive compensation profits of NJRES. At the end of fiscal year 2011, upon the recommendation of our Chief Executive Officer, which was based upon an assessment of NJRES performance versus market conditions and both NJR's and NJRES' financial plans, and the LDCC's consideration of such recommendation, the LDCC set the incentive compensation pool at approximately 8 percent of NJRES' pre-tax, pre-incentive compensation profits. The LDCC's decision to set the incentive compensation pool at this level took into account the performance of NJRES, which exceeded our expectations in a challenging market environment, and the decision-making by employees of NJRES that added value to NJRES' portfolio. The LDCC also considered the lower overall financial performance of NJRES in fiscal year 2011 as compared to the prior fiscal year. The annual incentive award pool was then allocated among all employees of NJRES based on Mr. Westhoven's discretionary assessment of the performance of each employee. As the Senior Vice President of NJRES, Mr. Westhoven provides recommendations for approval to the Chief Executive Officer for bonuses for all NJRES employees except himself. All incentive awards granted to employees of NJRES for fiscal year 2011 are subject to clawback by NJR if there is a restatement of NFE for any reason other than a change in accounting principles.

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The Chief Executive Officer makes a recommendation to the LDCC for Mr. Westhoven's annual incentive payment for the LDCC's ultimate determination and approval. The LDCC has full discretion to alter the amount of the annual incentive payment to Mr. Westhoven and to determine whether awards should be in the form of cash and/or equity grants. The Chief Executive Officer's recommendation to the LDCC was based upon a qualitative and quantitative review of the performance of NJRES, Mr. Westhoven's individual performance and accomplishments during fiscal year 2011 (including those listed on page 37 of this Proxy Statement) and the availability of funds in the compensation pool. The quantitative factors reviewed



included performance metrics such as financial margin, NFE and natural gas throughput, while the qualitative factors included effects of market conditions, quality of decision-making and the effectiveness of the response to changing market conditions. In consideration of NJRES performance in the face of challenging market conditions, Mr. Westhoven's leadership performance in fiscal year 2011 and the amounts available from the total compensation pool, the Chief Executive Officer made a recommendation to the LDCC for Mr. Westhoven's fiscal year 2011 incentive award. Under the NJRES compensation plan for fiscal year 2011, Mr. Westhoven was paid an annual incentive award for fiscal year 2011 of \$300,000 that consisted of 50 percent cash and 50 percent deferred stock retention award. Therefore, Mr. Westhoven's award consisted of a cash payment of \$150,000 and deferred stock retention award with a grant date fair market value of \$150,000. The shares of deferred stock vest in their entirety on October 15, 2014, provided that Mr. Westhoven complies with certain covenants, including a non-competition restriction. Part of the rationale for the deferred stock feature of the NJRES compensation plan in fiscal year 2011 was to encourage retention and to continue to link pay with performance.

The LDCC reviewed management's analysis of the NJRES compensation plan and determined that because of the operational limits on NJRES and the risk management oversight provided by NJR management and the Board, the risks arising from the NJRES compensation policies and practices for NJRES employees are not reasonably likely to have a material adverse effect on us.

### **The 2007 Stock Award and Incentive Plan**

At our Annual Meeting in January 2007, shareholders approved the 2007 Stock Award and Incentive Plan (the "2007 Plan"), which the Board and the LDCC had previously approved. The 2007 Plan authorizes a broad range of awards that the LDCC may grant at its discretion, including:

Restricted stock, a grant of actual shares subject to a risk of forfeiture and restrictions on transfer

Performance shares or other stock-based performance awards (these include deferred stock or restricted stock awards that may be earned by achieving specific performance objectives)

Deferred stock, a contractual commitment to deliver shares at a future date, which may or may not be subject to a risk of forfeiture (forfeitable deferred stock is sometimes called "restricted stock units")

Enumeration of the business criteria on which an individual's performance goals are to be based

Maximum share grants or awards (or, in the case of incentive awards, the maximum compensation) that can be paid to a participant in the 2007 Plan

Cash-based performance awards tied to achievement of specific performance objectives

Other awards based on Common Stock

Dividend equivalents

Stock options (incentive stock options and non-qualified stock options)

Stock appreciation rights

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Shares issuable in lieu of rights to cash compensation

We believe the 2007 Plan assists the Company in:

Attracting, retaining, motivating and rewarding officers, employees, directors, consultants and advisors of the Company and our subsidiaries and affiliates

Strengthening our capability to develop, maintain and direct a competent management team

Providing equitable and competitive compensation opportunities

Recognizing individual contributions and rewarding achievement of our goals

Promoting creation of long-term value for shareholders by closely aligning the interests of participants with the interests of shareholders

### **Long-Term Equity Incentive Awards**

In November 2010, after consulting Steven Hall & Partners, the LDCC determined that a portion of our executive officers' total compensation should be paid in equity awards through a new long-term equity incentive program. In fiscal

year 2011, the LDCC adopted a new long-term equity incentive program under our 2007 Plan. For fiscal year 2011, the Board approved, pursuant to the recommendation of the Chief Executive Officer, the new long-term incentive program granting roughly one-half in value of shares of restricted stock and one-half in fair market value of performance shares to be granted only if TSR targets are met against our comparator group over a 33-month period ending on September 30, 2013. Restricted stock was granted to focus on retention of the executive officers while the TSR performance shares benchmark our performance against our peer companies over an extended period of time. The award of performance shares and restricted stock to our Chief Executive Officer was determined by the LDCC and ratified by the Board. The graphic on the left below illustrates the split in number of shares granted between restricted stock and TSR performance shares granted to our named executive officers in fiscal 2011. The graphic on the right shows the historical mix between the restricted stock grants and performance-based awards to named executive officers between 2007 and 2011 based upon number of shares granted. These graphics highlight our emphasis on awarding a mix of performance-based awards, such as performance shares and performance-based restricted stock, and traditional restricted stock awards over the past five years. The actual value a named executive officer may receive will depend upon the number of shares actually received and the market price of our Common Stock at the time the awards vest.

In designing the new program, the following key objectives were established:

Selecting long-term equity incentive levels and vehicles that are competitive with our comparator group

Distributing shares of restricted stock with meaningful vesting periods to encourage retention of key executives

Using performance share awards based upon TSR performance to link compensation to company performance criteria that are meaningful to shareholders

Providing flexibility for granting awards

Our primary objectives in granting long-term equity incentive awards are to encourage significant ownership of our Common Stock by management and to provide long-term financial incentives linked directly to market performance of our Common Stock. The LDCC believes that significant ownership of our Common Stock by senior management is the optimal method for aligning the interests of management and the shareholders. Our stock incentive program is effectively designed to further this objective.

With the exception of significant promotions and new hires, equity grants, including long-term equity incentive awards, are generally awarded following the conclusion of the fiscal year. The LDCC selects this timing because it enables us to consider the prior year performance of the Company and the participants and our expectations for the next performance period, while also guaranteeing that normal awards will be made after we publicly disclose our performance for the year. The awards are made as early as practicable in our fiscal year to maximize the time period for the incentives associated with the awards.

Based on these objectives, our 2007 Plan provides for several forms of long-term equity incentive grants, including performance share awards, restricted stock awards, performance-based restricted stock awards and deferred stock retention awards. In the past, we have utilized awards of non-qualified stock options consistent with long-term share appreciation to reward executives. The LDCC determined not to grant stock options due to its preference to reward retention and Company performance by granting full-value restricted shares of Common Stock. This change made it more desirable to grant performance share awards to our named executive officers, which in turn allows us to limit the issuance of shares related to

such awards, thereby reducing dilution. In the future, we may utilize stock options as an incentive vehicle, particularly as part of employment arrangements with newly hired executives and when we deem it appropriate to align executive and shareholder interests.

### *Performance Share Awards*

#### *TSR Performance Shares (based on Total Shareholder Return)*

In November 2010, the LDCC approved the grant of performance share awards based upon our TSR (the 2010 TSR Performance Shares) to each of the named executive officers after the completion of the previous performance unit award cycle that ended on September 30, 2010. As set forth in the table below, the 2010 TSR Performance Share awards were granted to the named executive officers as of November 17, 2010. The 2010 TSR Performance Share awards vest at the end of a 33-month performance period beginning on January 1, 2010, and ending on September 30, 2013, based on relative company TSR versus the established comparator group used for compensation purposes, which is described under Elements of Our Compensation Program for Named Executive Officers *Comparator Group Analysis* on page 30 above. If performance during that period does not meet the minimum threshold level, no 2010 TSR Performance Shares will vest, while if the performance meets or exceeds the maximum expectations, 150 percent of the target number of awarded 2010 TSR Performance Shares will be earned. Each 2010 TSR Performance Share is equal to one share of Common Stock.

Name	Grant Date	Number of Performance		Grant Date Fair Market Value*	
		Shares (Target)	Threshold (\$)	Target (\$)	Maximum (\$)
Laurence M. Downes	11/17/2010	25,942	340,314	680,629	1,020,943
Glenn C. Lockwood	11/17/2010	2,817	36,954	73,908	110,862
Kathleen T. Ellis	11/17/2010	2,885	37,846	75,692	113,539
Mariellen Dugan	11/17/2010	2,519	33,045	66,090	99,135
Stephen D. Westhoven	11/17/2010	2,644	34,685	69,369	104,054

\* Represents grant date fair market value calculated in accordance with FASB ASC Topic 718 and based upon the closing price of our Common Stock of \$40.74 on November 17, 2010 utilizing a lattice model. The actual value of these awards will be determined based upon the actual number of performance shares that vest at the end of the performance period on September 30, 2013, and the closing price of our Common Stock on September 30, 2013. As described below, the threshold number of shares would be 50 percent of the target award amount, while the maximum number of shares that may be awarded would equal 150 percent of the target award amount.

In November 2009, the LDCC approved the grant of performance share awards based upon our TSR (the 2009 TSR Performance Shares) to each of the named executive officers. The 2009 TSR Performance Share awards were granted to the named executive officers as of November 18, 2009. The 2009 TSR Performance Share awards vest at the end of a 33-month performance period beginning on January 1, 2010, and ending on September 30, 2012, based on relative company TSR versus the established comparator group used for compensation purposes, which is described under Elements of Our Compensation Program for Named Executive Officers *Comparator Group Analysis* on page 30 above. If performance during that period does not meet the minimum threshold level, no 2009 TSR Performance Shares will vest, while if the performance meets or exceeds the maximum expectations, 150 percent of the target number of awarded 2009 TSR Performance Shares will be earned. Each 2009 TSR Performance Share is equal to one share of Common Stock. The earned 2009 TSR Performance Shares will be delivered to participants at the end of the applicable performance period. The stated percentiles are approximate due to rounding and the performance between the stated percentiles is interpolated.

Relative TSR Percentile	% of Target Award to Vest
<27 <sup>th</sup>	0
27 <sup>th</sup> (threshold)	50%
36 <sup>th</sup>	60%
45 <sup>th</sup>	70%
55 <sup>th</sup>	85%
64 <sup>th</sup> (target)	100%
73 <sup>rd</sup>	120%
82 <sup>nd</sup>	135%
91 <sup>st</sup> (maximum)	150%



**NFE Performance Shares (based on NFE Growth)**

In November 2009, the LDCC approved the grant of performance share awards with performance criteria based upon the Company's NFE growth, pursuant to the 2007 Plan (the "NFE Performance Shares"). Each NFE Performance Share is equal to one share of Common Stock. The NFE Performance Share awards vest, if at all, based upon our average annual NFE per share growth at the end of a 36-month period beginning on October 1, 2009, and ending on September 30, 2012. The NFE growth targets require annual NFE growth and were designed to challenge our executives by being aggressive, but achievable, and to encourage and reward continued growth in our NFE.

If performance does not meet the minimum threshold level, no NFE Performance Shares will vest. If the performance meets or exceeds the maximum expectations, 150 percent of the target number of awarded NFE Performance Shares will be earned. Performance between the measures for the minimum and maximum payout will be interpolated. The earned NFE Performance Shares will be delivered to participants at the end of the performance period, upon the determination of the LDCC that the performance objectives have been met.

**Restricted Stock Awards**

The LDCC uses restricted stock awards as a retention vehicle and as necessary for new hires, promotions, special recognition awards and as a reward for superior performance. As set forth in the table below, on November 17, 2010, the LDCC granted awards of time-vested restricted stock to our named executive officers for fiscal year 2011. The LDCC made these restricted stock awards to the named executive officers in recognition for our fiscal year 2010 performance, for retention purposes and to motivate the named executive officers to perform over the three-year vesting period. The LDCC values restricted stock awards at the fair market value of the number of shares of our Common Stock on the date of grant. The shares of restricted stock vest in three equal installments beginning on October 15, 2011, and on each of the two subsequent anniversaries of that date, based on continued employment.

Name	Number of Shares of Restricted Stock Granted	Grant Date Fair Market Value (\$)*
Laurence M. Downes	16,863	686,999
Glenn C. Lockwood	1,831	74,595
Kathleen T. Ellis	1,875	76,388
Mariellen Dugan	1,638	66,732
Stephen D. Westhoven	1,719	70,032

\* Represents full grant date fair market value calculated in accordance with FASB ASC Topic 718 and based upon the closing price of our Common Stock of \$40.74 on November 17, 2010. This amount does not reflect the actual cash value that will be recognized by each of the named executive officers when such shares are fully vested and sold. On October 15, 2011, the first third of the restricted stock award vested for each of the named executive officers.

**Retirement Programs**

Our retirement programs for senior executives provide an opportunity for each participating executive, through long-term service to us, to receive a pension or other forms of retirement benefits. Our named executive officers participate in the New Jersey Natural Gas Company Plan for Retirement Allowances for Non-Represented Employees (the "Non-Represented Plan"), which is a trustee noncontributory defined benefit retirement plan. Our named executive officers also participate in our 401(k) Plan, which is a trustee defined contribution plan. These plans provide retirement benefits to broad groups of employees and executives. Certain of our named executive officers also participate in the Savings Equalization Plan of New Jersey Resources, which we refer to as the SEP, and the Pension Equalization Plan of New Jersey Resources, which we refer to as the PEP, both of which are unfunded non-qualified plans. These plans provide benefits that would have been made under the Non-Represented Plan and the 401(k) Plan, but for the limitations on compensation and contributions imposed by Sections 401(a)(4), 401(a)(17), 401(k), 401(m) and 415 of the Internal Revenue Code. In addition, the named executive officers and certain other officers have supplemental retirement agreements. Under the Supplemental Executive Retirement Plan Agreements, which we also refer to as SERP Agreements, benefits are payable over a 60-month period commencing at age 65. At projected retirement, the total maximum amount payable to our Chief Executive Officer under his SERP Agreement is currently \$250,000. Messrs. Westhoven, Lockwood, Ms. Ellis and Ms. Dugan would each be entitled to maximum amounts of \$125,000 under their respective SERP Agreements. These are described more fully in the narrative following the Pension Benefits table on page 55 of this Proxy Statement.

We also sponsor health care plans that provide post-employment medical and life insurance benefits to union and non-union employees who meet the eligibility requirements. To be eligible, retirees must meet certain age and service requirements. Depending on the year of retirement, benefits may be subject to annual deductibles, coinsurance requirements, lifetime limits and retiree contributions. As of September 30, 2011, none of the named executive officers have completed the age and service requirements to be eligible for post-employment health coverage.

### Severance Policies

Severance protection is provided to our senior executives in their employment continuation agreements with the Company ( Employment Continuation Agreements ) and only in the event that a senior executive is terminated following a change in control. This protection is designed to be fair and competitive and to aid in attracting and retaining experienced executives. When recruited from another company, the executive generally will seek to be protected in the event he or she is terminated without cause or we take actions giving the executive good reason to terminate employment. We believe that the protection we provide, including the level of severance payments and post-termination benefits, is appropriate and within the range of competitive practice.

Severance protection following a change in control provides a number of important benefits to us. First, it permits an executive to evaluate a potential change in control while relatively free of concern for the executive's own situation or the need to seek employment elsewhere. Second, change in control transactions take time to unfold, and a stable management team can help preserve our operations either to enhance the value delivered to a buyer in the transaction or, if no transaction is consummated, to ensure that our business will continue without undue disruption. Finally, we believe that the change in control protections in place encourage management to consider, on an ongoing basis, whether a strategic transaction might be advantageous to our shareholders, even one that would vest control of the Company in a third party. The LDCC believes that the potential cost of executive change in control severance payments and benefits, as a percentage of the potential buyout price, would be well within the range of reasonable industry practice and represents an appropriate cost relative to the benefits to us and our shareholders.

On February 20, 2007, we entered into Employment Continuation Agreements with Mr. Downes, Ms. Dugan, Ms. Ellis, Mr. Lockwood and Mr. Westhoven. In the case of Mr. Downes, Ms. Ellis, Mr. Lockwood and Mr. Westhoven, the Employment Continuation Agreements replaced existing employment continuation agreements. The Employment Continuation Agreements provide each executive certain rights in the event that his or her employment is terminated within two years following the occurrence of a Change of Control (as defined in the agreements) (i) by us without Cause (as defined in the agreements) or (ii) by the executive for Good Reason (as defined in the agreements). Subject to the limitation described below in the next paragraph, upon either such termination of employment the executive, in the case of Mr. Downes, will receive three times the sum or, in the case of the other executives, two times the sum, of (x) annual base salary and (y) the average of annual bonuses paid or payable with respect to the last three calendar years ended prior to the Change of Control. The Employment Continuation Agreements further provide that if any such executive is subject to the so-called golden parachute excise tax imposed under Section 4999 of the Internal Revenue Code, we must make an additional payment to the executive in an amount sufficient to place the executive in the same after-tax position as if no such excise taxes had been imposed.

As a condition of the right of the executive to receive payments under the Employment Continuation Agreements, the executive must enter into a binding agreement that, without the written consent of the Board, the executive will not for a period of two years, acting alone or in conjunction with others, directly or indirectly (i) engage (either as owner, investor, partner, shareholder, employer, employee, consultant, advisor or director) in any business in which he or she has been directly engaged on behalf of us or any affiliate, or has supervised as an executive thereof, during the last two years prior to such termination, or which was engaged in or planned by us or an affiliate at the time of such termination, in the geographic area of New York, New Jersey, Pennsylvania, or Delaware and in which such business was conducted or planned to be conducted, (ii) induce any customers of the Company or any of our affiliates with whom the executive has had contacts or relationships, directly or indirectly, during and within the scope of his or her employment with the Company or any of our affiliates, to curtail or cancel their business with us or any such affiliate, (iii) induce, or attempt to influence, any employee of the Company or any of our affiliates to terminate employment, or (iv) solicit, hire or retain as an employee or independent contractor, or assist any third party in the solicitation, hire or retention as an employee or independent contractor, any person who during the previous 12 months was an employee of the company or any affiliate, provided, however, that activities engaged in by or on behalf of the Company are not restricted by this covenant.

The Employment Continuation Agreements are described in more detail below in the section entitled POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL beginning on page 56 of this Proxy Statement.

### Deferred Compensation

We provide an Officers' Deferred Compensation Plan to provide certain members of a select group of management or highly compensated employees of the company and its affiliates a means to defer receipt of specified portions of compensation and to have such deferred amounts treated as if invested in specified investment vehicles in order to enhance the competitiveness of our executive compensation program and, therefore, its ability to attract and retain qualified key personnel necessary for our continued success and progress. Participants in the Officers' Deferred Compensation Plan may defer the receipt of compensation or awards, which may be in the form of cash, stock or stock-denominated awards, including salary, annual bonus awards, long-term awards and compensation payable under other plans and programs, employment agreements or other arrangements. Deferrals under the Officers' Deferred Compensation Plan must comply with the requirements of Section 409A of the Internal Revenue Code, U.S. federal income tax laws and Treasury Regulations. All of the named executive officers are eligible to participate in the Officers' Deferred Compensation Plan. Non-qualified Deferred Compensation is described in more detail below in the section entitled *Non-qualified Deferred Compensation* beginning on page 55 of this Proxy Statement.

### Other Benefits

The LDCC believes employee benefits are an essential component of our competitive total compensation package. These benefits are designed to attract and retain our employees. The named executive officers may participate in the same benefit plans as our salaried employees, which include medical, health and dental insurance, long-term disability insurance, accidental death and disability insurance, travel and accident insurance and our 401(k) Plan. As part of the 401(k) Plan, we match 50 percent of the first 6 percent of compensation contributed by the employee into the 401(k) Plan subject to the Internal Revenue Code and our 401(k) Plan limits. We have disclosed all company matches for our named executive officers in the column labeled All Other Compensation, in the Summary Compensation Table on page 47, and separately disclosed each amount in Footnote 5 to that table on page 48 of this Proxy Statement.

The LDCC provides our executives, including named executive officers, with additional benefits that we believe provide security for current and future needs of the executives and their families and therefore assist in attracting and retaining them. These other benefits are structured to be within the competitive range relative to our comparator group. In general, we do not provide our executives with many of the types of perquisites that other companies offer their executives, such as personal use of a corporate jet. The additional benefits we provide or have provided to some of our executives consist of the following and are included in the amounts set forth in the column labeled All Other Compensation, in the Summary Compensation Table, and separately disclosed in Footnote 5 to that table on page 48 of this Proxy Statement: car allowance, preventative health maintenance program and executive insurance program. In addition to the cash and equity compensation discussed above, we provide our Chief Executive Officer and the other named executive officers with the same benefits package available to all of our salaried employees. The package includes:

Health and dental insurance (portion of costs)

Basic life insurance

Long-term disability insurance

Participation in our 401(k) Plan, including company matching contributions

Participation in our Non-Represented Plan

Matching charitable contributions

For business purposes it may be appropriate for certain members of senior management to belong to a golf or social club so that such executives have an appropriate entertainment forum for customers and appropriate interaction with their communities.



**Share Ownership Guidelines**

The LDCC believes it is important to align the interests of senior management with our shareholders. While the LDCC considers this principle when determining the appropriate mix of base salary, annual cash incentive awards and long-term

equity incentive awards, the LDCC also established stock ownership guidelines that encourage the accumulation and retention of our Common Stock. We believe that executive ownership is important to create a mutuality of interest with shareholders. Therefore, executive officers are required to meet established share ownership levels. These requirements are subject to annual review by the LDCC and were increased during fiscal year 2011 to further align the interest of senior management with our shareholders.

Executive officers are required to meet ownership levels within five years after their appointment by the Board. If the requirement has not been met at that time, we have the right to defer payout of shares under the 2007 Plan until the target is achieved. The ownership requirements are 70,000 shares for our Chief Executive Officer, 15,000 shares of Common Stock for Executive and Senior Vice Presidents and 6,000 shares of Common Stock for Vice Presidents.

#### **United States Federal Income Tax Limits on Deductibility**

Section 162(m) of the Internal Revenue Code provides that executive compensation in excess of \$1 million to an individual officer will not be deductible for purposes of corporate income tax unless it is performance-based compensation and is paid pursuant to a plan meeting certain requirements of the Internal Revenue Code. The LDCC has relied on, and intends to continue to rely on, performance-based compensation programs for annual cash bonus awards and long-term equity incentive awards. The LDCC seeks to fulfill corporate business objectives through such programs. The LDCC currently anticipates that, to the extent practicable and in our best interest, such programs will be designed to satisfy the requirements of Section 162(m) with respect to the deductibility of compensation paid. The LDCC recognizes, however, that there may be business considerations that dictate that compensation be paid that is not deductible under Section 162(m).

#### **Advisory Votes on Executive Compensation**

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the subsequent rules and regulations promulgated by the SEC, we are including a non-binding advisory resolution approving the compensation of our named executive officers. The vote on this proposal will be non-binding on us and the Board and will not be construed as overruling a decision by us or the Board. This vote will not create or imply any change to our fiduciary duties or create or imply any additional fiduciary duties for us or the Board. However, the LDCC values the opinions that our shareholders express in their votes and will consider the outcome of the vote when making future decisions on executive compensation as it deems appropriate.

At the 2011 Annual Meeting of Shareholders, approximately 94 percent of the shares cast on the proposal at the meeting were voted for the non-binding advisory resolution approving the compensation of our named executive officers. The Board of Directors believes that the voting results indicate our shareholders' overwhelming approval of our named executive officer compensation objectives, program and rationale. As a result, the Board of Directors implemented the same objectives, program and rationale for the compensation of our named executive officers in fiscal year 2011, as disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative on pages 26 through 67 in this Proxy Statement.

In addition, at the 2011 Annual Meeting of Shareholders a large majority of our shareholders approved, on a non-binding basis, the holding of the non-binding vote on the compensation of our named executive officers on an annual basis. As previously disclosed, the Board of Directors and management determined to implement an annual advisory vote on the compensation of our named executive officers. As a result, we are including the non-binding advisory resolution approving the compensation of our named executive officers again in this Proxy Statement. See Item 2 on page 69 of this Proxy Statement.

**REPORT OF THE LEADERSHIP DEVELOPMENT AND COMPENSATION COMMITTEE**

The Leadership Development and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this Proxy Statement with management and, based on such review and discussion, the Leadership Development and Compensation Committee recommends to the Board that it be included in this Proxy Statement.

Donald L. Correll

Jane M. Kenny

Robert B. Evans

Alfred C. Koeppel

M. William Howard, Jr.

David A. Trice (Committee Chair)

Dated: November 15, 2011

*The Leadership Development and Compensation Committee Report shall not be deemed incorporated by reference by any general statement incorporating this Proxy Statement into any filing under the Securities Act of 1933 or under the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.*

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table provides information relating to total compensation for the fiscal years ended September 30, 2011, 2010 and 2009. The individuals named below include our Chairman and Chief Executive Officer, our Chief Financial Officer, and our other named executive officers (as defined on page 26).

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Bonus (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)	Change in Pension Value and	Nonqualified Deferred Compensation Earnings <sup>(4)</sup> (\$)	All Other Compensation <sup>(5)</sup> (\$)	Total (\$)
Laurence M. Downes Chairman, Chief Executive Officer and President	2011	715,454		1,367,628		846,000		443,160	36,493	3,408,735
	2010	709,800		908,610		0 <sup>(6)</sup>		605,265	53,497	2,277,172 <sup>(6)</sup>
	2009	690,577		257,460		700,000		652,315	51,392	2,351,744
Glenn C. Lockwood Executive Vice President and Chief Financial Officer	2011	306,154		148,503		202,150		146,394	22,112	825,313
	2010	284,923		133,856		192,000		161,247	21,961	793,987
	2009	260,038		116,470		156,500		160,258	19,221	712,487
Kathleen T. Ellis Executive Vice President and Chief Operating Officer, NJNG	2011	307,308		152,080		201,000		108,727	26,673	795,788
	2010	291,923		137,450		185,000		209,090	32,200	855,663
	2009	262,731		168,575		165,000		48,787	22,732	667,825
Mariellen Dugan Senior Vice President and General Counsel	2011	271,500		132,822		180,000		41,795	22,273	648,390
	2010	256,615		123,166		175,000		38,153	21,588	614,522
	2009	239,577		116,470		146,000		30,731	18,431	551,209
Stephen D. Westhoven Senior Vice President, NJRES	2011	278,654	150,000	301,901				88,423	21,918	840,896
	2010	245,185	162,500	101,663				98,129	19,547	627,024

(1) Salary amounts include cash compensation earned by each named executive officer during fiscal years 2011, 2010 and 2009, as well as any amounts earned in fiscal year 2011, 2010 or 2009, as the case may be, but contributed under our 401(k) Plan and/or deferred at the election of the named executive officer under our deferred compensation program. For a discussion of the deferred compensation program and amounts deferred by the named executive officers in fiscal year 2011, including earnings on amounts deferred, please see Non-qualified Deferred Compensation starting on page 55 of this Proxy Statement.

(2) The amounts included are the grant date fair market value of the stock awards granted in fiscal years 2011, 2010 and 2009, determined under share-based compensation accounting guidance in accordance with FASB ASC Topic 718. There were no options granted to the named executive officers in fiscal years 2011, 2010, 2009. These amounts reflect the aggregate grant date fair market value for these awards, and do not correspond to the actual cash value that will be recognized by each of the named executive officers when received. For the TSR Performance Share awards granted in fiscal year 2011 to the named executive officers pursuant to the 2007 Plan that are subject to performance conditions, the values reflected in the Summary Compensation Table above reflect the probable outcome of such performance conditions. The grant date fair market values of such awards assuming the highest level of performance conditions for each of the named executive officers are: Mr. Downes: \$1,585,316; Mr. Lockwood: \$172,147; Ms. Ellis: \$176,302; Ms. Dugan: \$153,936; and Mr. Westhoven: \$161,575. The amount included for Mr. Westhoven in this column includes the grant date fair market value of the shares of restricted stock he received as part of his fiscal year 2010 annual incentive award, which was \$162,500 and was awarded in fiscal year 2011. Assumptions used in the calculation of the foregoing award amounts are included in Note 9, Note 10 and Note 9 to the consolidated financial statements included in our Annual Report on Form 10-K for the years ended September 30, 2011, 2010 and 2009, respectively, and incorporated by reference into this Proxy Statement. Information on individual equity awards granted to the named



executive officers in fiscal year 2011 is set forth in the section entitled "Grants of Plan Based Awards" on page 50 of this Proxy Statement. Information on the vesting of restricted stock in fiscal year 2011 is set forth in the section entitled "Option Exercises and Stock Vested" on page 53 of this Proxy Statement.

- (3) The amounts represent cash awards to the named executive officers other than Mr. Westhoven under our performance-based annual cash incentive plan for fiscal years 2011, 2010 and 2009, which is discussed in the section entitled "Annual Cash Incentive Awards" beginning on page 32 of this Proxy Statement. In the case of Mr. Westhoven, his award is paid under a separate plan for NJRES employees and consisted of 50 percent cash and 50 percent deferred stock retention award, which will vest in its entirety on October 15, 2014, provided that Mr. Westhoven complies with certain covenants, including a non-competition restriction, as also discussed on page 39 of this Proxy Statement. While the amounts for all of the named executive officers were earned for fiscal year 2011, fiscal year 2010 and fiscal year 2009 performance, as the case may be, they were not paid to the named executive officers until November 2011, November 2010 and November 2009, respectively.
- (4) The amounts shown in this column represent the increase in the actuarial present value of the accumulated benefits under all of our pension plans for the named executive officers. For each named executive officer, the change in the pension value was calculated using the same actuarial assumptions, with the exception of turnover, retirement, disability, pre-retirement mortality and election of optional forms of payment as used to compute the accumulated benefit obligations as of September 30, 2011, 2010 and 2009, as stated in our Annual Report on Form 10-K for the years ended September 30, 2011, 2010 and 2009, respectively. These assumptions included an interest rate of 6.25 percent as of September 30, 2009, 5.50 percent as of September 30, 2010 and 5.25 percent as of September 30, 2011. The present value of the benefits has been calculated assuming the named executive officers stay in employment until the earliest age the executive could collect a benefit without reduction for early retirement and received their benefit as a life annuity. The assumed age of payment is 60 for each of the named executive officers with the exception of Ms. Ellis who has an assumed age of payment of 65.

The increase in the actuarial present value of the accumulated pension benefits under our pension plan for the fiscal year ended September 30, 2011, reflects (i) the value of benefits accrued this fiscal year plus (ii) the increase in value of previously accrued benefits due to time and (iii) the change in value for benefits accrued in all prior years of employment due to the change in the interest rate and mortality table used to determine the value of the pensions. For the named executive officers group as a whole, the largest contributor to the increase in the value of benefits for fiscal year 2011 is the value of the benefits accrued during this year. The largest contribution to the increase in fiscal year 2010 was the change in the interest rate used to value benefits accrued in the preceding years to 5.50 percent from 6.25 percent, and for fiscal year 2009 the change to 6.25 percent from 7.75 percent. The interest rate used to determine the present value is set each year in accordance with GAAP to match yield of AA/AAA bonds with similar duration at the end of the fiscal year and is reviewed by our independent actuaries and accountants.

- (5) The table below reflects the types and dollar amounts of perquisites, additional compensation and other personal benefits provided to the named executive officers during fiscal year 2011. For purposes of computing the dollar amounts of the items listed below, we used the actual out-of-pocket costs to us of providing the perquisite or other personal benefit to the named executive officer. The named executive officers paid any taxes associated with these benefits without reimbursement from us. Each perquisite and personal benefit included in the table below is described in more detail in the narratives immediately following the table:

**All Other Compensation Table**

Name	Car Allowance (\$) <sup>(a)</sup>	Company-Paid Insurance Premiums (\$) <sup>(b)</sup>	401(k) Plan/SEP Matching Contribution (\$) <sup>(c)</sup>	Charitable Matching Contribution (\$) <sup>(d)</sup>	Total (\$)
Laurence M. Downes	6,712	5,733	21,048	3,000	36,493
Glenn C. Lockwood	8,670	2,987	9,185	1,270	22,112
Kathleen T. Ellis	8,670	4,557	8,446	5,000	26,673
Mariellen Dugan	8,670	2,458	8,145	3,000	22,273
Stephen D. Westhoven	8,670	2,838	8,330	2,080	21,918

- (a) We provide a car allowance to certain executive officers, including our named executive officers other than Mr. Downes. The purpose of the car allowance is to make our compensation program competitive with other companies and because cars are predominantly used for business purposes. The amount shown for Mr. Downes represents the portion of the cost of a company-owned automobile used by Mr. Downes that relates to his personal use.

- (b) The amounts listed represent aggregate premiums we paid in fiscal year 2011 for our group life insurance policy, for a Directors and Officers Travel Insurance Policy and an insurance policy that is used to support our obligations under the SERP agreements with each of the named executive officers.
  - (c) Each named executive officer is eligible to participate in our 401(k) Plan, which offers them an opportunity to defer income and receive matching contributions from us subject to certain limits. The amounts set forth in the table above represent company contributions under our 401(k) Plan and our SEP for fiscal year 2011. Information about the 401(k) Plan and SEP is set forth in the section entitled "Pension Benefits" beginning on page 54 of this Proxy Statement.
  - (d) Each named executive officer is eligible to participate in our matching gifts programs in which we match employees' contributions to charities and qualified educational institutions. Each of the named executive officers participated in the matching gifts program.
- (6) Mr. Downes informed the LDCC during the summer of 2010 that he did not want to be eligible to be granted a cash incentive award under the 2010 OIP for fiscal year 2010. The LDCC subsequently informed Mr. Downes that they would honor his request and that he would not receive a bonus for 2010 under the 2010 OIP. However, based upon the LDCC's assessment of fiscal year 2010 performance and to highlight its support of Mr. Downes' continued leadership and performance, Mr. Downes would have been eligible to be granted an annual cash incentive award of \$721,000, his target award amount, for fiscal year 2010. Following discussions with Mr. Downes, the LDCC determined that the amounts that otherwise would have been paid to Mr. Downes would be available to increase the annual cash incentive amounts for other Company employees in recognition of their performance during fiscal year 2010.

### Compensation Risk Assessment

As part of its oversight of our executive compensation program, the LDCC considers the impact of our executive compensation program, and the incentives created by the compensation awards that it administers, on our risk profile. In addition, we review all of our compensation policies and procedures, including the incentives that they create and factors that may reduce the likelihood of excessive risk-taking, to determine whether they present a significant risk to us. At the LDCC's direction, our Vice President - Corporate Services and our Senior Vice President and General Counsel, together with our internal audit team, with the advice of outside counsel, conducted a risk assessment of our compensation programs. Steven Hall & Partners assisted us in conducting this assessment. As part of the risk assessment, Steven Hall & Partners provided the LDCC with a risk assessment of our compensation policies and practices. Based on its independent assessment, Steven Hall & Partners concluded that our compensation policies and practices for employees do not create risks that are reasonably likely to have a material adverse effect on us.

The LDCC reviewed the findings of the assessment, including the Steven Hall & Partners assessment, and concluded that our compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and that the balance of compensation elements discourages excessive risk taking. The LDCC therefore determined that the risks arising from our compensation policies and practices for employees are not reasonably likely to have a material adverse effect on us. The LDCC will continue to consider compensation risk implications during its deliberations on designing our executive compensation programs. In its discussions, the LDCC considered the attributes of our programs, including:

Balance between fixed and variable compensation, short- and long-term compensation, and cash and equity payouts

Alignment of the performance metrics for our annual incentive programs with long-term performance objectives and metrics

Alignment of selected performance measures and established performance targets with our financial and operational goals, performance measures and action plans that will be executed by our business units

Use of caps in incentive plans that limit payouts in the event of extraordinary performance

The LDCC's authority to override any proposed incentive plan payout if the LDCC believes that such payout does not appropriately reflect performance of a particular individual, our business or a business unit

Placement of a significant portion of our executive pay at risk and dependent upon the achievement of specific corporate performance goals that are objectively determined with verifiable results. These corporate goals have pre-established threshold, target and maximum award limits





The LDCC's ability to consider non-financial and other qualitative performance factors in determining actual compensation payouts

Stock ownership guidelines that mitigate risk through the alignment of executives' interests with those of our shareholders and have meaningful dollar value of equity held in an unvested form subject to time and performance vesting.

**Grants of Plan-Based Awards**

The following table presents information regarding grants of plan-based awards to the named executive officers during the fiscal year ended September 30, 2011.

Name	Grant Date	Date of LDCC Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units <sup>(3)</sup>	All Other Option Awards: Number of Securities Underlying Options <sup>(4)</sup>	Grant Date Fair Value of Stock And Option Awards <sup>(4)</sup> (\$/sh)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Laurence M. Downes	1/1/2011*	11/17/2010				12,971	25,942	38,913			680,629
	1/1/2011**	11/17/2010	0	721,000	1,081,500				16,863		686,999
Glenn C. Lockwood	1/1/2011*	11/17/2010				1,409	2,817	4,226			73,908
	1/1/2011**	11/17/2010	0	186,600	279,900				1,831		74,595
Kathleen T. Ellis	1/1/2011*	11/17/2010				1,443	2,885	4,328			75,692
	1/1/2011**	11/17/2010	0	186,000	279,000				1,875		76,388
Mariellen Dugan	1/1/2011*	11/17/2010				1,260	2,519	3,779			66,090
	1/1/2011**	11/17/2010	0	123,750	185,625				1,638		66,732
Stephen D. Westhoven	12/8/2010	11/17/2010							3,989		162,500
	1/1/2011*	11/17/2010				1,322	2,644	3,966			69,369
	1/1/2011**	11/17/2010							1,719		70,032

(1) Represents the potential fiscal year 2011 threshold, target and maximum annual cash incentive award amounts for each of the named executive officers as set by the LDCC. The actual amount of the annual cash incentive award earned by each named executive officer for fiscal year 2011 is reported in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table on page 47 of this Proxy Statement. For additional information with respect to the fiscal year 2011 annual cash incentive awards please see Compensation Discussion and Analysis beginning on page of this Proxy Statement.

(2) The values under this column represent the number of TSR Performance Shares granted to the named executive officers pursuant to the 2007 Plan and shows potential threshold, target or maximum payout amounts at the end of the 33 month performance period on September 30, 2013. The method of determination of actual payout amounts is described in more detail under Performance Share Awards on page 41 of this Proxy Statement.

(3) This column displays the number of shares of restricted stock granted to the named executive officers pursuant to the 2007 Plan on January 1, 2011, as described in greater detail under Restricted Stock Awards on page 42 of this Proxy Statement.

(4) Amounts shown represent the grant date fair market value of each equity award calculated in accordance with FASB ASC Topic 718. For a full description of the assumptions used by us in computing these amounts, see Note 9 to our consolidated financial statements, which is included in our Annual Report on Form 10-K for the year ended September 30, 2011 and incorporated by reference into this Proxy Statement. The actual value a named executive officer may receive depends on market prices. There can be no assurance that the amounts reflected in the Grant Date Fair Value of Stock and Option Awards column will be realized.

\* The values in this row refer solely to the TSR Performance Shares granted to the named executive officers during fiscal year 2011.

\*\* The values in this row refer solely to the Restricted Stock granted to the named executive officers during fiscal year 2011. The values in this row refer solely to the Restricted Stock granted to Mr. Westhoven as part of his fiscal year 2010 annual incentive award.

### **2007 Stock Award and Incentive Plan**

Shareholders approved the 2007 Plan at the 2007 Annual Meeting held in January 2007. A description of why we adopted the 2007 Plan and the broad range of awards the Board may award at its discretion may be found on page 39 of this Proxy Statement.

Consistent with the requirements of the NYSE, the 2007 Plan includes a restriction providing that we will not amend or replace options or SARs previously granted under the 2007 Plan in a transaction that constitutes a repricing without shareholder approval. For this purpose, a repricing is defined as amending the terms of an option or SAR after it is granted to lower its exercise price, any other action that is treated as a repricing under GAAP, or canceling an option at a time when its strike price is equal to or greater than the fair market value of the underlying stock in exchange for another option, SAR, restricted stock, or other equity, unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction. Adjustments to the exercise price or number of shares subject to an option or SAR to reflect the effects of a stock split or other extraordinary corporate transaction will not constitute a repricing.

Executive officers and all other employees of the Company and our subsidiaries, non-management directors serving on the Board and others who provide substantial services to the Company and our subsidiaries and affiliates are eligible for awards under the 2007 Plan. The LDCC administers the 2007 Plan. The selection of participants and the nature and size of the awards granted to participants is subject to the discretion of the LDCC. As of September 30, 2011, approximately 387,522 shares of Common Stock were subject to outstanding awards under our equity compensation plans and 1,549,060 shares of Common Stock were available for future awards under our equity compensation plans.

## OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table presents information concerning the number and value of unexercised options, SARs and similar instruments, nonvested stock (including restricted stock, restricted stock units or other similar instruments) and incentive plan awards for the named executive officers outstanding as of the end of the fiscal year ended September 30, 2011.

Name	Option Awards				Option Expiration Date	Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercised Options (#)	Number of Securities Underlying Unearned Options (#)	Option Exercise Price (\$)		Number of Shares or Units or Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	
<b>Laurence M. Downes</b>									
December 28, 2009								9,300 <sup>(1)</sup>	395,901 <sup>(2)</sup>
December 28, 2009								9,300 <sup>(3)</sup>	395,901 <sup>(2)</sup>
December 28, 2009						6,200 <sup>(4)</sup>	263,934 <sup>(5)</sup>		
December 28, 2010								25,942 <sup>(6)</sup>	1,104,351 <sup>(2)</sup>
December 28, 2010						16,863 <sup>(7)</sup>	717,858 <sup>(5)</sup>		
<b>Glenn C. Lockwood</b>									
May 17, 2005	13,500			30.3667	5/16/2015				
December 28, 2009								1,252 <sup>(1)</sup>	53,298 <sup>(2)</sup>
December 28, 2009								1,716 <sup>(3)</sup>	73,050 <sup>(2)</sup>
December 28, 2009						835 <sup>(4)</sup>	35,546 <sup>(5)</sup>		
December 28, 2010								2,817 <sup>(6)</sup>	119,920 <sup>(2)</sup>
December 28, 2010						1,831 <sup>(7)</sup>	77,946 <sup>(5)</sup>		
<b>Kathleen T. Ellis</b>									
December 16, 2004	6,000			28.9934	12/15/2014				
May 17, 2005	3,375			30.3667	5/16/2015				
November 11, 2008						4,947 <sup>(8)</sup>	210,594 <sup>(5)</sup>		
December 28, 2009								1,286 <sup>(1)</sup>	54,745 <sup>(2)</sup>
December 28, 2009								1,761 <sup>(3)</sup>	74,966 <sup>(2)</sup>
December 28, 2009						857 <sup>(4)</sup>	36,482 <sup>(5)</sup>		
December 28, 2010								2,885 <sup>(6)</sup>	122,814 <sup>(2)</sup>
December 28, 2010						1,875 <sup>(7)</sup>	79,819 <sup>(5)</sup>		
<b>Mariellen Dugan</b>									
December 5, 2005	13,500			28.6467	5/16/2015				
December 28, 2009								1,152 <sup>(1)</sup>	49,041 <sup>(2)</sup>
December 28, 2009								1,579 <sup>(3)</sup>	67,218 <sup>(2)</sup>
December 28, 2009						768 <sup>(4)</sup>	32,694 <sup>(5)</sup>		
December 28, 2010								2,519 <sup>(6)</sup>	107,234 <sup>(2)</sup>
December 28, 2010						1,638 <sup>(7)</sup>	69,730 <sup>(5)</sup>		
<b>Stephen D. Westhoven</b>									
May 17, 2005	5,125			30.3667	5/16/2015				
January 1, 2008						1,267 <sup>(9)</sup>	53,936 <sup>(5)</sup>		
November 11, 2008						11,309 <sup>(8)</sup>	481,424 <sup>(5)</sup>		
December 28, 2009								951 <sup>(1)</sup>	40,484 <sup>(2)</sup>
December 28, 2009								1,303 <sup>(3)</sup>	55,469 <sup>(2)</sup>
December 28, 2009						634 <sup>(4)</sup>	26,989 <sup>(5)</sup>		

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November 18, 2010	3,989 <sup>(10)</sup>	169,812 <sup>(5)</sup>		
December 28, 2010			2,644 <sup>(6)</sup>	112,555 <sup>(2)</sup>
December 28, 2010	1,719 <sup>(7)</sup>	73,178 <sup>(5)</sup>		

- (1) Represents the target number of NFE Performance Shares issued by us to the named executive officers on December 28, 2009, which may vest on September 30, 2012, based upon certain conditions. Each performance share vests one-for-one into a share of our Common Stock. For more information regarding the vesting of the NFE Performance Shares, please see *NFE Performance Shares (based on NFE Growth)* on page 42 of this Proxy Statement.
- (2) Calculated based upon our Common Stock closing price of \$42.57 per share as of September 30, 2011. The actual value realized will be calculated based upon our Common Stock closing price on September 30, 2012 or September 30, 2013, as applicable for the particular award, and the actual number of performance shares granted based upon certain conditions described in more detail under *NFE Performance Shares (based on NFE Growth)* on page 42 of this Proxy Statement.

- (3) Represents the target number of 2009 TSR Performance Shares issued by us to the named executive officers on December 28, 2009, which may vest on September 30, 2012, based upon certain conditions. Each 2009 TSR Performance Share vests one-for-one into a share of our Common Stock. For more information regarding the vesting of the 2009 TSR Performance Shares, please see *TSR Performance Shares (based on Total Shareholder Return)* on page 41 of this Proxy Statement.
- (4) Represents the number of shares of restricted stock issued by us to the named executive officers on December 28, 2009, which shares vest in three equal installments beginning on October 15, 2010, and on each of the two subsequent anniversaries of that date, based on continued employment with us.
- (5) Calculated based upon our Common Stock closing price of \$42.57 per share as of September 30, 2011. The actual value realized for shares of restricted stock and deferred stock units will be calculated based upon our Common Stock closing price on each of the respective vesting dates.
- (6) Represents the target number of 2010 TSR Performance Shares issued by us to the named executive officers on December 28, 2010, which may vest on September 30, 2013, based upon certain conditions. Each 2010 TSR Performance Share vests one-for-one into a share of our Common Stock. For more information regarding the vesting of the 2010 TSR Performance Shares, please see *TSR Performance Shares (based on Total Shareholder Return)* on page 41 of this Proxy Statement.
- (7) Represents the number of shares of restricted stock issued by us to the named executive officers on December 28, 2010, which shares vest in three equal installments beginning on October 15, 2011, and on each of the two subsequent anniversaries of that date, based on continued employment with us.
- (8) Represents deferred stock units granted on November 11, 2008. Each deferred stock unit equals one share of Common Stock and does not accrue dividends. The deferred stock retention awards became payable in four quarterly installments beginning three years from the date of the grant (November 11, 2011), provided that the recipient had complied with certain covenants, including a non-competition restriction.
- (9) Represents deferred stock units granted on January 1, 2008 and dividends accrued as of September 30, 2011. Each deferred stock unit equals one share of Common Stock and accrues dividends. The deferred stock retention awards became payable in four quarterly installments beginning three years from the date of the grant (January 1, 2011), provided that the recipient had complied with certain covenants, including a non-competition restriction.
- (10) Represents shares of restricted stock granted on November 18, 2010, as part of Mr. Westhoven's bonus for fiscal year 2010. The shares of restricted stock vest in their entirety on November 17, 2013, based on his continued employment.

#### Option Exercises and Stock Vested

The following table presents information concerning the exercise of stock options, SARs and similar instruments and the vesting of stock (including restricted stock, restricted stock units and similar instruments) for the named executive officers during the fiscal year ended September 30, 2011.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting <sup>(2)</sup> (#)	Value Realized on Vesting <sup>(3)</sup> (\$)
Laurence M. Downes	94,500 <sup>(1)</sup>	1,598,471 <sup>(1)</sup>	28,390	1,165,296
Glenn C. Lockwood			11,222	460,902
Kathleen T. Ellis			13,500	554,343
Mariellen Dugan			10,909	448,063
Stephen D. Westhoven			3,107	127,709

(1) On August 15, 2011, Mr. Downes exercised options for 72,000 shares of Common Stock at an exercise price of \$30.3667 and 22,500 shares of Common Stock at an exercise price of \$20.993.

(2) Represents total number of vested shares of restricted stock granted on January 1, 2008 and January 1, 2011, TSR performance shares granted on January 1, 2008, and performance-based restricted stock granted on March 30, 2009, including earned dividends.

(3) Value for the shares of restricted stock calculated based upon our Common Stock closing price of \$43.11 on December 31, 2010 and \$40.69 on October 15, 2010, which were the applicable prices on the vesting dates for the shares of restricted stock granted on January 1, 2008 and January 1, 2011, respectively. Value for the performance-based restricted stock granted on March 30, 2009 and TSR performance shares granted on January 1, 2008 calculated based on our Common Stock closing price of \$40.66 on November 16, 2010, the vesting date for those shares.

#### Pension Benefits

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We provide defined contribution and/or defined benefit retirement benefits to substantially all employees who meet vesting and other requirements. Our qualified defined benefit plan for non-represented employees is the New Jersey Natural Gas Company Plan for Retirement Allowances for Non-Represented Employees ( Non-Represented Plan ), and our qualified

defined benefit plan for represented employees is the New Jersey Natural Gas Company Plan for Retirement Allowances for Represented Employees ( Represented Plan ). Our qualified defined contribution plan is our 401(k) Plan. All represented employees of NJRHS hired on or after October 1, 2000 and all of our non-represented employees beginning employment on or after October 1, 2009, are covered by an enhanced defined contribution plan feature of our 401(k) Plan instead of the Represented Plan or Non-Represented Plan. Each of the named executive officers participates in the Non-Represented Plan and our 401(k) Plan. The retirement benefit under the Non-Represented Plan is based on years of service and highest 60-month average compensation.

In addition to the Non-Represented Plan, the Represented Plan and the 401(k) Plan, we sponsor the SEP and the PEP, both of which are non-qualified plans. Each of the named executive officers is or may become eligible for PEP and SEP benefits. Benefits will be paid under the PEP and the SEP to the extent that benefits are not payable by the Non-Represented Plan and the 401(k) due to the application of Sections 401(a)(17), 401(k), 401(m) and 415 of the Internal Revenue Code. The PEP and the SEP are unfunded, with benefit payments paid from our corporate assets. The PEP also provides for additional credited service for certain senior executives who were hired mid-career. Ms. Ellis was credited for five additional years of service after she completed five years of service on December 1, 2009.

We also sponsor health care plans that provide post-employment medical and life insurance benefits to union and non-union employees who meet the eligibility requirements. To be eligible, retirees must meet certain age and service requirements. Depending on the year of retirement, benefits may be subject to annual deductibles, coinsurance requirements, lifetime limits and retiree contributions. As of September 30, 2011, none of the named executive officers have completed the age and service requirements to be eligible for post-retirement health coverage.

The following table presents information concerning each of our defined benefit plans that provide for payments or other benefits to the named executive officers at, following or in connection with retirement. For each named executive officer, the present value of accumulated benefit in the table below was calculated using actuarial assumptions including an interest rate of 5.25 percent as of September 30, 2011. The present value of the benefits has been calculated assuming the named executive officers stay in employment until the earliest age the executive could collect a benefit without reduction for early retirement. The assumed age of payment is 60 for Messrs. Downes, Lockwood, Westhoven and Ms. Dugan. The assumed age of payment is age 65 for Ms. Ellis. Ms. Ellis was awarded an additional five years of service upon completion of five years of service on December 1, 2009.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Laurence M. Downes	Non-Represented Plan	27	912,576	
	PEP	27	2,062,680	
	SEP	27	163,310	13,698
Glenn C. Lockwood	Non-Represented Plan	23	634,903	
	PEP	23	112,626	
	SEP	23	8,184	1,440
Kathleen T. Ellis	Non-Represented Plan	7	214,092	
	PEP	12	211,169	
	SEP	12	3,231	1,650
Mariellen Dugan	Non-Represented Plan	6	129,512	
	PEP	6	7,563	
	SEP	6	919	510
Stephen D. Westhoven	Non-Represented Plan	21	386,545	
	PEP	21	14,511	
	SEP	21	415	404

Pension benefits are payable at age 65. Benefits may be paid as early as age 55 upon completion of 20 years of service. Benefits collected prior to age 60 and completion of 20 years of service (excluding disability retirements) are subject to early commencement reductions up to 50 percent, depending on age at the time of commencement.

The number of years of credited service for the named executive officers assuming their continued employment by us until age 65 is set forth below:

Name	Years of Credited Service at 65	Years of Credited Service as of September 30, 2011
Laurence M. Downes	38	27
Glenn C. Lockwood	38	23
Kathleen T. Ellis	18	12
Mariellen Dugan	26	6
Stephen D. Westhoven	43	21

The service for Ms. Ellis includes five additional years of service that were credited to her after she completed five years of service on December 1, 2009. To the extent benefits that would otherwise be payable to an employee under the Non-Represented Plan and the 401(k) Plan exceed the specified limits on such benefits imposed by the Internal Revenue Code, we intend to pay such excess benefits to the employee at the time the employee receives payment under the respective plan. These excess benefit payments would be made from our general funds. Messrs. Downes and Lockwood are entitled to excess benefit payments under both plans.

#### **Supplemental Retirement Agreements**

We have supplemental retirement agreements ( SERP Agreements ) with each of the named executive officers and certain other officers not named in the Summary Compensation Table, payable over a five-year period commencing with retirement at age 65. At projected retirement, the total maximum amount payable to Mr. Downes under his SERP Agreement is currently \$250,000. Messrs. Westhoven and Lockwood, Ms. Ellis and Ms. Dugan would each be entitled to maximum amounts of \$125,000 under their respective SERP Agreements.

#### **Defined Contribution Plan**

We offer the opportunity for participation in our 401(k) Plan to eligible employees. We match 50 percent of participants' contributions up to six percent of base compensation subject to Internal Revenue Code and 401(k) Plan limits.

For represented NJRHS employees hired on or after October 1, 2000, and non-represented employees beginning employment after October 1, 2009, who are not eligible for participation in the defined benefit plans, we contribute between two and three percent of base compensation, depending on years of service, into the 401(k) Plan on their behalf.

#### **Non-qualified Deferred Compensation**

The following table presents information concerning the New Jersey Resources Officers' Deferred Compensation Plans that provide for the deferral of compensation of several of the named executive officers on a basis that is not tax qualified. We do not make matching contributions under these plans. For additional information with respect to our non-qualified deferred compensation arrangements, please see Compensation Discussion & Analysis - Deferred Compensation on page 44 of this Proxy Statement.

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE <sup>(1)</sup> (\$)
Laurence M. Downes	N/A	N/A	N/A	N/A	N/A
Glenn C. Lockwood			132,959		1,216,642
Kathleen T. Ellis	N/A	N/A	N/A	N/A	N/A
Mariellen Dugan	N/A	N/A	N/A	N/A	N/A
Stephen D. Westhoven	N/A	N/A	N/A	N/A	N/A

(1)



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All amounts in the aggregate balance were included in the Summary Compensation Table for previous years but were deferred by the named executive officers and do not represent any additional contributions by us.

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## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

We believe our senior management and key employees are responsible for our success, and therefore it is important to provide reasonable protection to them in the event of a potential loss of employment following a change of control. It is our belief that the interests of shareholders will be best served if the interests of our senior management are aligned with them, and providing change in control benefits should offset any reluctance by senior management to pursue potential change in control transactions that may be in the best interests of shareholders. We also believe our arrangement facilitates the recruitment of talented executives by providing protections in the event we are acquired. We believe that relative to the overall value of any potential transaction, these potential change in control benefits are reasonable.

### 2007 Plan

Under the 2007 Plan, in the event of a change of control (as defined in the 2007 Plan), the Board may, among other things, accelerate the entitlement to outstanding benefits awarded thereunder. Pursuant to the 2007 Plan, a change of control will be deemed to have occurred if (1) beneficial ownership of 50 percent or more of our outstanding securities entitled to vote in elections of directors shall be acquired within a 12-month period, by any person, entity or group; (2) there is a change in any 12-month period in such number of directors as constitutes a majority of the Board, unless the election, or the nomination for election by our shareholders, of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the year; or (3) consummation of a merger, consolidation, share exchange, division, sale or other disposition of all or substantially all of our assets, or a complete liquidation as a result of which the shareholders immediately prior to such event do not hold, directly or indirectly, a majority of the Voting Power (as defined in the 2007 Plan) of the acquiring or surviving corporation occurs. All of our named executive officers' equity awards under the 2007 Plan contain such change of control provisions that provide for the full acceleration of vesting of such equity award upon a change of control.

### Supplemental Retirement Agreements

Pursuant to the SERP Agreements we have with each of the named executive officers, in the event of a change of control, the right to the amounts payable to each of them becomes immediately vested and such amounts are immediately payable in the event of a subsequent termination of employment for any reason. A change of control is defined in the SERP Agreements as a reportable change of control under the proxy rules of the SEC, including the acquisition within a 12-month period of a 50 percent beneficial voting interest in us, or a change in any 12-month period in such number of directors as constitutes a majority of the Board, unless the election, or the nomination for election by our shareholders, of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the year.

### Employment Continuation Agreements

On February 20, 2007, we entered into agreements that were amended on November 28, 2008 or, in the case of Mr. Westhoven, December 31, 2008 (as amended, the Employment Continuation Agreements) with each of the named executive officers (each an Executive and collectively, the Executives) that, in the case of Mr. Downes, Ms. Ellis, Mr. Lockwood and Mr. Westhoven, replaced existing employment continuation agreements with us. The Employment Continuation Agreements provide each Executive certain rights in the event that his or her employment with us is terminated within two years following the occurrence of a change of control (as defined below) (i) by us without Cause (i.e., conviction of a felony, gross neglect, willful malfeasance or willful gross misconduct that has had a significant adverse effect on our business or repeated material willful violations of the Executive's duties that have continued after written notice thereof by us and that result in material damage to our business or reputation) or (ii) by the Executive for Good Reason (e.g., due to a material breach of the agreement by us, including, without limitation, a material adverse change in the executive's position or responsibilities or a reduction of the executive's compensation). Subject to the limitation described below, upon either such termination of employment, the Executive, in the case of Mr. Downes, will receive three times the sum or, in the case of the other Executives, two times the sum, of (x) his or her then annual base salary and (y) the average of his or her annual bonuses paid or payable with respect to the last three calendar years ended prior to the change of control. The Employment Continuation Agreements further provide that, if any such Executive is subject to the so-called golden parachute excise tax imposed under Section 4999 of the Internal Revenue Code, we will make an additional payment to the Executive in an amount sufficient to place the Executive in the same after-tax position as if no such excise taxes had been imposed.

For purposes of the Employment Continuation Agreements, a change of control generally means:

- (i) the acquisition, within a 12-month period, by any person or group of beneficial ownership of securities representing 50 percent or more of the combined voting power of our securities,
- (ii) within any 12-month period, the persons who were our directors immediately before such period (the Incumbent Directors ) and directors whose nomination or election is approved by a majority of the Incumbent Directors and directors previously approved by the Incumbent Directors cease to constitute a majority of the Board, or
- (iii) the consummation of a merger, consolidation, share exchange, division, sale or other disposition of all or substantially all of our assets, or a complete liquidation as a result of which the shareholders immediately prior to such event do not hold, directly or indirectly, a majority of the Voting Power (as defined in the Employment Continuation Agreements) of the acquiring or surviving corporation.

As a condition to the right of the Executive to receive payments under the Employment Continuation Agreements, the Executive must enter into a binding agreement that, without the written consent of the Board, the Executive will not for a period of two years, acting alone or in conjunction with others, directly or indirectly:

- (i) engage (either as owner, investor, partner, shareholder, employer, employee, consultant, advisor or director) in any business in which he or she has been directly engaged on behalf of us or any affiliate, or has supervised as an Executive thereof, during the last two years prior to such termination, or which was engaged in or planned by us or an affiliate at the time of such termination, in the geographic area of New York, New Jersey, Pennsylvania or Delaware and in which such business was conducted or planned to be conducted,
- (ii) induce any customers of the Company or any of our affiliates with whom the Executive has had contacts or relationships, directly or indirectly, during and within the scope of his or her employment with the Company or any of our affiliates, to curtail or cancel their business with us or any such affiliate,
- (iii) induce, or attempt to influence, any employee of the Company or any of our affiliates to terminate employment, or
- (iv) solicit, hire or retain as an employee or independent contractor, or assist any third party in the solicitation, hire or retention as an employee or independent contractor, any person who during the previous 12 months was an employee of the Company or any affiliate provided, however, that activities engaged in by or on behalf of us are not restricted by this covenant.

The following tables summarize the value of the termination payments and benefits under the circumstances shown that our named executive officers would receive if their employment terminated on September 30, 2011, and the price per share of our Common Stock was \$42.57, the closing market price as of that date. The values in the tables are estimates of the amounts that would be paid to the named executive officers upon such termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's separation from the Company.

The tables exclude (a) amounts accrued through September 30, 2011, that would be paid in the normal course of continued employment, such as accrued but unpaid salary and earned annual cash incentive award for the fiscal year ended September 30, 2011, and (b) vested account balances under the 401(k) Plan, which are generally available to all of our salaried domestic employees. In addition, the tables below reflect the hypothetical occurrence of both (i) a change of control and (ii) a concurrent termination of a named executive officer in accordance with such named executive officer's Employment Continuation Agreement, assuming this event took place on September 30, 2011.

Executive Officer: Laurence M. Downes

Benefit	Retirement <sup>(1)</sup>	Death	Disability	Termination Other than Retirement, Death, or Disability	Termination for Cause	Involuntary Termination Following a Change in Control
	(\$) (a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
<b>Cash Severance<sup>(2)</sup></b>						3,838,000
<b>Acceleration of Equity Awards</b>						
Restricted Stock <sup>(3)</sup>		601,894	601,894			981,792
2009 TSR Performance Shares <sup>(3)</sup>		257,506	257,506			395,901
2010 TSR Performance Shares <sup>(3)</sup>		334,045	334,045			1,104,351
NFE Performance Shares <sup>(3)</sup>		257,506	257,506			395,901
<b>Qualified Retirement Benefits</b>						
Non-Represented Plan <sup>(4)</sup>		3,480	7,548	7,072	7,072	7,072
<b>Non-Qualified Retirement Benefits</b>						
PEP <sup>(4)</sup>		7,865	17,061	15,986	15,986	15,986
SEP <sup>(5)</sup>		163,310	163,310	163,310	163,310	163,310
SERP <sup>(6)</sup>		250,000	158,333	158,333	158,333	250,000
<b>Other Benefits</b>						
Life Insurance		500,000				
Accidental Death & Dismemberment Insurance <sup>(7)</sup>		500,000	500,000			
Travel & Accident Insurance <sup>(8)</sup>		250,000				
Medical <sup>(9)</sup>		14,013	105,837			74,265
Salary Continuation Benefit <sup>(10)</sup>			1,081,500			
Outplacement Benefit <sup>(11)</sup>						25,000
Vacation <sup>(12)</sup>		52,689		52,689	52,689	52,689

- (1) Mr. Downes was not eligible to retire under our retirement policy as of September 30, 2011. His retirement as of that date would be considered a voluntary termination and the only amounts payable to him in that case are listed under column (d).
- (2) Amount represents cash payment due to the named executive officer pursuant to the change of control double trigger (change of control and involuntary termination) in the executive's Employment Continuation Agreement.
- (3) Shares of restricted stock vest subject to certain conditions and are paid in shares of Common Stock at the time of the events specified in the table for which amounts are shown. Amounts for restricted stock represent the value of Common Stock as of September 30, 2011. The 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares (collectively, "Performance Shares") vest subject to certain conditions and are paid in the form of shares of Common Stock on a one-for-one basis. Amounts for Performance Shares represent the value of Common Stock as of September 30, 2011. The amounts in column (c) for the 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares reflect an estimated pro-rata payout of the target amount of shares based upon the number of days of the performance cycle the executive was still employed by us and do not reflect the actual payout which would be determined at the end of the performance cycles as of September 30, 2012, September 30, 2013 and September 30, 2012, respectively.
- (4) For all columns except columns (b) and (c), amounts represent a monthly payment to the executive commencing at age 60, the earliest age at which unreduced benefits are available, assuming the triggering event occurred as of September 30, 2011, payable for the life of the executive, assuming with respect to columns (d), (e), and (f), the executive elects the 50 percent joint and survivor annuity option, which is the default option under the Pension Plan. For column (b), the amount represents a monthly payment to the executive's survivor at September 30, 2011, payable for the life of the survivor. For column (c), the monthly payment is assumed to commence immediately and assumes the executive elects the straight life annuity option. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans. The portion of the PEP benefit treated as deferred after December 31, 2004, is subject to Section 409A of the Internal Revenue Code.
- (5) The amounts represented in all columns would be payable within 30 days following the end of the calendar quarter in which the triggering event occurs. These payments are subject to Section 409A of the Internal Revenue Code.
- (6) The figures in columns (b) and (f) represent the amount payable to Mr. Downes or his beneficiary, as applicable, in 60 monthly installments of \$4,166.67 beginning on the first day of the calendar month commencing with the month



following the date of death or termination. For columns (c), (d) and (e), the amounts represent the cumulative termination benefit under the SERP Agreement as of September 30, 2011, payable in 60 equal monthly installments beginning at the later of the Mr. Downes attaining the age of 65 or the date of his separation of service (as defined in the SERP Agreement). These amounts are subject to Section 409A of the Internal Revenue Code. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.

- (7) The amount in columns (b) and (c) are payable to the beneficiary only if the death or dismemberment is deemed to be accidental. The amount listed in column (c) assumes the maximum payout in the case of dismemberment.
- (8) The amount listed in column (b) is payable to the beneficiary only if the death occurs during travel or is deemed accidental.
- (9) The amount listed in column (b) represents six months of Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, medical and dental coverage premiums to be paid by us. The amount listed in column (c) represents (i) a life expectancy for both Mr. Downes and his spouse of 85 years and (ii) an eight percent annual increase in coverage rates and represents the annual average medical premium payable by us. The amount listed in column (c) represents the total premium minus a retiree contribution of 10 percent of the premium. The amount listed in column (f) represents the present value as of September 30, 2011, of COBRA payments to be made by us.
- (10) The amount listed in column (c) represents the total maximum benefit payable to Mr. Downes in the event of a disability and represents the aggregate payment of his base salary, as of September 30, 2011, for 18 months.
- (11) The amount listed in column (f) represents the maximum outplacement services reimbursement payable by us.
- (12) Amounts reflected in this row represent payment to Mr. Downes for his unused earned vacation time as of September 30, 2011.

Executive Officer: Glenn C. Lockwood

Benefit	Retirement <sup>(1)</sup>	Death	Disability	Termination Other than Retirement, Death, or Disability	Termination for Cause	Involuntary Termination Following a Change in Control
	(\$) (a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
<b>Cash Severance<sup>(2)</sup></b>						938,333
<b>Deferred Compensation<sup>(3)</sup></b>		1,216,642	1,216,642	1,216,642	1,216,642	1,216,642
<b>Acceleration of Equity Awards</b>						
Stock Options <sup>(4)</sup>						
Restricted Stock <sup>(4)</sup>		70,862	70,862			113,492
2009 TSR Performance Shares <sup>(3)</sup>		47,514	47,514			73,050
2010 TSR Performance Shares <sup>(3)</sup>		36,273	36,273			119,920
NFE Performance Shares <sup>(3)</sup>		34,666	34,666			53,298
<b>Qualified Retirement Benefits</b>						
Non-Represented Plan <sup>(5)</sup>		2,973	6,367	6,042	6,042	6,042
<b>Non-Qualified Retirement Benefits</b>						
PEP <sup>(5)</sup>		527	1,129	1,072	1,072	1,072
SEP <sup>(6)</sup>		8,184	8,184	8,184	8,184	8,184
SERP <sup>(7)</sup>		125,000	64,516	64,516	64,516	125,000
<b>Other Benefits</b>						
Life Insurance		311,000				
Accidental Death & Dismemberment Insurance <sup>(8)</sup>		311,000	311,000			
Travel & Accident Insurance <sup>(9)</sup>		250,000				
Vacation <sup>(10)</sup>		25,119		25,119	25,119	25,119
Medical <sup>(11)</sup>		10,965	127,661			38,384
Salary Continuation Benefit <sup>(12)</sup>			466,500			
Outplacement Benefit <sup>(13)</sup>						25,000

- (1) Mr. Lockwood was not eligible to retire under our retirement policy as of September 30, 2011. His retirement as of that date would be considered a voluntary termination and the only amounts payable to him in that case are listed under column (d).
- (2) Amount represents cash payment due to the named executive officer pursuant to the change of control double trigger (change of control and involuntary termination) in the executive's Employment Continuation Agreement.
- (3) For column (c) amounts payable pursuant to the Non-qualified Deferred Compensation Plan follow the terms of the most recently completed Payment Election Form completed by Mr. Lockwood. For purposes of columns (b), (d), (e) and (f), it is assumed that the plan administrator would use its discretion under the plan to pay Mr. Lockwood or his beneficiary in a single lump sum of shares of Common Stock irrespective of any elections made by Mr. Lockwood. Distribution of compensation deferred after December 31, 2004, is subject to Section 409A of the Internal Revenue Code. The amounts listed in this row represent amounts previously earned by Mr. Lockwood and reported in the Summary Compensation Table for previous years but were deferred by Mr. Lockwood and do not represent any additional contributions by us.
- (4) All of Mr. Lockwood's stock options were vested as of September 30, 2011. Shares of restricted stock vest subject to certain conditions and are paid in shares of Common Stock at the time of the events specified in the table for which amounts are shown. Amounts for restricted stock represent the value of Common Stock as of September 30, 2011. The 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares (collectively, Performance Shares) vest subject to certain conditions and are paid in the form of shares of Common Stock on a one-for-one basis. Amounts for Performance Shares represent the value of Common Stock as of September 30, 2011. The amounts in column (c) for the 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares reflect an estimated pro-rata payout of the target amount of shares based upon the number of days of the performance cycle the executive was still employed by us and do not reflect the actual payout which would be determined at the end of the performance cycles as of September 30, 2012, September 30, 2013 and September 30, 2012, respectively.
- (5) For all columns except columns (b) and (c), amounts represent a monthly payment to the executive commencing at age 60, the earliest age at which unreduced benefits are available, assuming the triggering event occurred as of





September 30, 2011, payable for the life of the executive, assuming with respect to columns (d), (e) and (f), the executive elects the 50 percent joint and survivor annuity option, which is the default option under the Pension Plan. For column (b), the amount represents a monthly payment to the executive's survivor at September 30, 2011, payable for the life of the survivor. For column (c), the monthly payment is assumed to commence immediately and assumes the executive elects the straight life annuity option. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans. The portion of the PEP benefit treated as deferred after December 31, 2004, is subject to Section 409A of the Internal Revenue Code.

- (6) The amounts represented in all columns would be payable within 30 days following the end of the calendar quarter in which the triggering event occurs. These payments are subject to Section 409A of the Internal Revenue Code.
- (7) The figures in columns (b) and (f) represent the amount payable to Mr. Lockwood or his beneficiary, as applicable, in 60 monthly installments of \$2,083.33 beginning on the first day of the calendar month commencing with the month following the date of termination or death. For columns (c), (d) and (e), the amounts represent the cumulative termination benefit under the SERP Agreement as of September 30, 2011, payable in 60 equal monthly installments beginning at the later of Mr. Lockwood attaining the age of 65 or the date of his separation of service (as defined in the SERP Agreement). These amounts are subject to Section 409A of the Internal Revenue Code. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.
- (8) The amount in columns (b) and (c) are payable to the beneficiary only if the death or dismemberment is deemed to be accidental. The amount listed in column (c) assumes the maximum payout in the case of dismemberment.
- (9) The amount listed in column (b) is payable to the beneficiary only if the death occurs during travel or is deemed accidental.
- (10) Amounts reflected in this row represent payment to Mr. Lockwood for his unused earned vacation time as of September 30, 2011.
- (11) The amount listed in column (b) represents six months of COBRA medical and dental coverage premiums to be paid by us. The amount listed in column (c) represents (i) a life expectancy for both Mr. Lockwood and his spouse of 85 years and (ii) an eight percent annual increase in coverage rates and represents the annual average medical premium payable by us. The amount listed in column (c) represents the total premium minus a retiree contribution of 10 percent of the premium. The amount listed in column (f) represents the present value as of September 30, 2011, of COBRA payments to be made by us.
- (12) The amount listed in column (c) represents the total maximum benefit payable to Mr. Lockwood in the event of a disability and represents the aggregate payments of his base salary, as of September 30, 2011, for 18 months.
- (13) The amount listed in column (f) represents the maximum outplacement services reimbursement payable by us.

Executive Officer: Kathleen T. Ellis

Benefit	Retirement <sup>(1)</sup>		Termination Other than Retirement, Death, or Disability		Termination for Cause		Involuntary Termination Following a Change in Control
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
	(a)	(b)	(c)	(d)	(e)	(f)	(f)
<b>Cash Severance<sup>(2)</sup></b>							954,333
<b>Acceleration of Equity Awards</b>							
Stock Options <sup>(3)</sup>							
Restricted Stock <sup>(3)</sup>		72,654	72,654				116,301
2009 TSR Performance Shares <sup>(3)</sup>		48,760	48,760				74,966
2010 TSR Performance Shares <sup>(3)</sup>		37,149	37,149				122,814
NFE Performance Shares <sup>(3)</sup>		35,608	35,608				54,745
Deferred Stock Units <sup>(3)</sup>		210,594	210,594	210,594			210,594
<b>Qualified Retirement Benefits</b>							
Non-Represented Plan <sup>(4)</sup>		896	1,962	1,792	1,792		1,792
<b>Non-Qualified Retirement Benefits</b>							
PEP <sup>(4)</sup>		884	1,935	1,767	1,767		1,767
SEP <sup>(5)</sup>		3,231	3,231	3,231	3,231		3,231
SERP <sup>(6)</sup>		125,000	15,625	15,625	15,625		125,000
<b>Other Benefits</b>							
Life Insurance		310,000					
Accidental Death & Dismemberment Insurance <sup>(7)</sup>		310,000	310,000				
Travel & Accident Insurance <sup>(8)</sup>		250,000					
Vacation <sup>(9)</sup>		5,663		5,663	5,663		5,663
Medical <sup>(10)</sup>		8,927	79,063				38,384
Salary Continuation Benefit <sup>(11)</sup>			465,000				
Outplacement Benefit <sup>(12)</sup>							25,000

(1) Ms. Ellis was not eligible to retire under our retirement policy as of September 30, 2011. Her retirement as of that date would be considered a voluntary termination and the only amounts payable to her in that case are listed under column (d).

(2) Amount represents cash payment due to the named executive officer pursuant to the change of control double trigger (change of control and involuntary termination) in the executive's Employment Continuation Agreement. The payments include a tax gross-up amount as set forth in the Employment Continuation Agreement.

(3) All of Ms. Ellis' stock options were vested as of September 30, 2011. Shares of restricted stock vest subject to certain conditions and are paid in shares of Common Stock at the time of the events specified in the table for which amounts are shown. Amounts for restricted stock represent the value of Common Stock as of September 30, 2011. The 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares (collectively, Performance Shares) vest subject to certain conditions and are paid in the form of shares of Common Stock on a one-for-one basis. Amounts for Performance Shares represent the value of Common Stock as of September 30, 2011. The amounts in column (c) for the 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares reflect an estimated pro-rata payout of the target amount of shares based upon the number of days of the performance cycle the executive was still employed by us and do not reflect the actual payout which would be determined at the end of the performance cycles as of September 30, 2012, September 30, 2013 and September 30, 2012, respectively.

(4) For all columns except columns (b) and (c), amounts represent a monthly payment to the executive commencing at age 65, the earliest age at which unreduced benefits are available, assuming the triggering event occurred as of September 30, 2011, payable for the life of the executive, assuming with respect to columns (d), (e) and (f), the executive elects the 50 percent joint and survivor annuity option, which is the default option under the Pension Plan. For column (b), the amount represents a monthly payment to the executive's survivor at September 30, 2011, payable for the life of the survivor. For column (c), the monthly payment is assumed to commence immediately and assumes the executive elects the straight life annuity option. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans. The PEP benefit is subject to Section 409A of the Internal Revenue Code.

(5)

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The amounts represented in all columns would be payable within 30 days following the end of the calendar quarter in which the triggering event occurs. These payments are subject to Section 409A of the Internal Revenue Code.

- (6) The figures in columns (b) and (f) represent the amount payable to Ms. Ellis or her beneficiary, as applicable, in 60 monthly installments of \$2,083.33 beginning on the first day of the calendar month commencing with the month following the date of termination or death. For columns (c), (d) and (e), the amounts represent the cumulative termination benefit under the SERP Agreement as of September 30, 2011, payable in 60 equal monthly installments beginning at the later of Ms. Ellis attaining the age of 65 or the date of her separation of service (as defined in the SERP Agreement). These amounts are subject to Section 409A of the Internal Revenue Code. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.
- (7) The amount in columns (b) and (c) are payable to the beneficiary only if the death or dismemberment is deemed to be accidental. The amount listed in column (c) assumes the maximum payout in the case of dismemberment.
- (8) The amount listed in column (b) is payable to the beneficiary only if the death occurs during travel or is deemed accidental.
- (9) Amounts reflected in this row represent payment to Ms. Ellis for her unused earned vacation time as of September 30, 2011.
- (10) The amount listed in column (b) represents six months of COBRA medical and dental coverage premiums to be paid by us. The amount listed in column (c) represents (i) a life expectancy for both Ms. Ellis and her spouse of 85 years and (ii) an eight percent annual increase in coverage rates and represents the annual average medical premium payable by us. The amount listed in column (c) represents the total premium minus a retiree contribution of 10 percent of the premium. The amount listed in column (f) represents the present value as of September 30, 2011, of COBRA payments to be made by us.
- (11) The amount listed in column (c) represents the total maximum benefit payable to Ms. Ellis in the event of a disability and represents the aggregate payment of her base salary, as of September 30, 2011, for 18 months.
- (12) The amount listed in column (f) represents the maximum outplacement services reimbursement payable by us.

**Executive Officer: Mariellen Dugan**

Benefit	Retirement <sup>(1)</sup>		Termination Other than Retirement, Death, or Disability		Involuntary Termination Following a Change in Control	
	(\$) (a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
<b>Cash Severance<sup>(2)</sup></b>						841,667
<b>Acceleration of Equity Awards</b>						
Stock Options <sup>(3)</sup>						
Restricted Stock <sup>(3)</sup>		64,120	64,120			102,423
2009 TSR Performance Shares <sup>(3)</sup>		43,721	43,721			67,218
2010 TSR Performance Shares <sup>(3)</sup>		32,436	32,436			107,234
NFE Performance Shares <sup>(3)</sup>		31,897	31,897			49,040
<b>Qualified Retirement Benefits</b>						
Non-Represented Plan <sup>(4)</sup>			1,638	1,638	1,638	1,638
<b>Non-Qualified Retirement Benefits</b>						
PEP <sup>(4)</sup>			96	96	96	96
SEP <sup>(5)</sup>		919	919	919	919	919
SERP <sup>(6)</sup>		125,000	5,952	5,952	5,952	125,000
<b>Other Benefits</b>						
Life Insurance		275,000				
Accidental Death & Dismemberment Insurance <sup>(7)</sup>		275,000	275,000			
Travel & Accident Insurance <sup>(8)</sup>		250,000				
Vacation <sup>(9)</sup>		10,313		10,313	10,313	10,313
Medical <sup>(10)</sup>			90,605			18,830
Salary Continuation Benefit <sup>(11)</sup>			412,500			
Outplacement Benefit <sup>(12)</sup>						25,000

- (1) Ms. Dugan was not eligible to retire under our retirement policy as of September 30, 2011. Her retirement as of that date would be considered a voluntary termination and the only amounts payable to her in that case are listed under column (d).
- (2) Amount represents cash payment due to the named executive officer pursuant to the change of control double trigger (change of control and involuntary termination) in the executive's Employment Continuation Agreement. The payments include a tax gross-up amount as set forth in the Employment Continuation Agreement.
- (3) All of Ms. Dugan's stock options were vested as of September 30, 2011. Shares of restricted stock vest subject to certain conditions and are paid in shares of Common Stock at the time of the events specified in the table for which amounts are shown. Amounts for restricted stock represent the value of Common Stock as of September 30, 2011. The 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares (collectively, Performance Shares) vest subject to certain conditions and are paid in the form of shares of Common Stock on a one-for-one basis. Amounts for Performance Shares represent the value of Common Stock as of September 30, 2011. The amounts in column (c) for the 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares reflect an estimated pro-rata payout of the target amount of shares based upon the number of days of the performance cycle the executive was still employed by us and do not reflect the actual payout which would be determined at the end of the performance cycles as of September 30, 2012, September 30, 2013 and September 30, 2012, respectively.
- (4) For all columns except columns (b), amounts represent a monthly payment to the executive commencing at age 65, the earliest age at which unreduced benefits are available, assuming the triggering event occurred as of September 30, 2011, payable for the life of the executive, assuming with respect to columns (d), (e) and (f), the executive elects a life annuity option, which is the default option under the Pension Plan. For column (c), the monthly payment is assumed to commence immediately and assumes the executive elects the straight life annuity option. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans. The PEP benefit is subject to Section 409A of the Internal Revenue Code.
- (5) The amounts represented in all columns would be payable within 30 days following the end of the calendar quarter in which the triggering event occurs. These payments are subject to Section 409A of the Internal Revenue Code.
- (6) The figures in columns (b) and (f) represent the amount payable to Ms. Dugan or her beneficiary, as applicable, in 60 monthly installments of \$2,083.33 beginning on the first day of the calendar month commencing with the month



following the date of termination or death. For columns (c), (d) and (e), the amounts represent the cumulative termination benefit under the SERP Agreement as of September 30, 2011, payable in 60 equal monthly installments beginning at the later of Ms. Dugan attaining the age of 65 or the date of her separation of service (as defined in the SERP Agreement). These amounts are subject to Section 409A of the Internal Revenue Code. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.

- (7) The amount in columns (b) and (c) are payable to the beneficiary only if the death or dismemberment is deemed to be accidental. The amount listed in column (c) assumes the maximum payout in the case of dismemberment.
- (8) The amount listed in column (b) is payable to the beneficiary only if the death occurs during travel or is deemed accidental.
- (9) Amounts listed in this row represent payment to Ms. Dugan for her unused earned vacation time as of September 30, 2011.
- (10) The amount listed in column (c) represents (i) a life expectancy for Ms. Dugan of 85 years and (ii) an eight percent annual increase in coverage rates and represents the annual average medical premium payable by us. The amount listed in column (c) represents the total premium minus a retiree contribution of 10 percent of the premium. The amount listed in column (f) represents the present value as of September 30, 2011, of COBRA payments to be made by us.
- (11) The amount listed in column (c) represents the total maximum benefit payable to Ms. Dugan in the event of a disability and represents the aggregate payment of her base salary, as of September 30, 2011, for 18 months.
- (12) The amount listed in column (f) represents the maximum outplacement services reimbursement payable by us.

**Executive Officer: Stephen D. Westhoven**

Benefit	Retirement <sup>(1)</sup>	Death	Disability	Termination Other than Retirement, Death, or Disability	Termination for Cause	Involuntary Termination Following a Change in Control
	(\$) (a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)
<b>Cash Severance<sup>(2)</sup></b>						1,501,667
<b>Acceleration of Equity Awards</b>						
Stock Options <sup>(3)</sup>						
Restricted Stock <sup>(3)</sup>		110,429	110,429			269,979
Deferred Stock Units <sup>(3)</sup>		535,360	535,360	535,360		535,360
2009 TSR Performance Shares <sup>(3)</sup>		36,078	36,078			55,469
2010 TSR Performance Shares <sup>(3)</sup>		34,046	34,046			112,555
NFE Performance Shares <sup>(3)</sup>		26,332	26,332			40,484
<b>Qualified Retirement Benefits</b>						
Non-Represented Plan <sup>(4)</sup>		2,608	5,640	5,301	5,301	5,301
<b>Non-Qualified Retirement Benefits</b>						
PEP <sup>(4)</sup>		98	212	199	199	199
SEP <sup>(5)</sup>		415	415	415	415	415
SERP <sup>(6)</sup>		125,000	39,062	39,062	39,062	125,000
<b>Other Benefits</b>						
Life Insurance		280,000				
Accidental Death & Dismemberment Insurance <sup>(7)</sup>		280,000	280,000			
Travel & Accident Insurance <sup>(8)</sup>		250,000				
Vacation <sup>(9)</sup>		21,538		21,538	21,538	21,538
Medical <sup>(10)</sup>		10,965	224,266			38,384
Salary Continuation Benefit <sup>(11)</sup>			420,000			
Outplacement Benefit <sup>(12)</sup>						25,000

(1) Mr. Westhoven was not eligible to retire under our retirement policy as of September 30, 2011. His retirement as of that date would be considered a voluntary termination and the only amounts payable to him in that case are listed under column (d).

(2) Amount represents cash payment due to the named executive officer pursuant to the change of control double trigger (change of control and involuntary termination) in the executive's Employment Continuation Agreement.

(3) All of Mr. Westhoven's stock options were vested as of September 30, 2011. Shares of restricted stock vest subject to certain conditions and are paid in shares of Common Stock at the time of the events specified in the table for which amounts are shown. Amounts for restricted stock represent the value of Common Stock as of September 30, 2011. The 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares (collectively, Performance Shares) vest subject to certain conditions and are paid in the form of shares of Common Stock on a one-for-one basis. Amounts for Performance Shares represent the value of Common Stock as of September 30, 2011. The amounts in column (c) for the 2009 TSR Performance Shares, 2010 TSR Performance Shares and NFE Performance Shares reflect an estimated pro-rata payout of the target amount of shares based upon the number of days of the performance cycle the executive was still employed by us and do not reflect the actual payout which would be determined at the end of the performance cycles as of September 30, 2012, September 30, 2013 and September 30, 2012, respectively.

(4) For all columns except columns (b) and (c), amounts represent a monthly payment to the executive commencing at age 60, the earliest age at which unreduced benefits are available, assuming the triggering event occurred as of September 30, 2011, payable for the life of the executive, assuming with respect to columns (d), (e) and (f), the executive elects the 50 percent joint and survivor annuity option, which is the default option under the Pension Plan. For column (b), the amount represents a monthly payment to the executive's survivor at September 30, 2011, payable for the life of the survivor. For column (c), the monthly payment is assumed to commence immediately and assumes the executive elects the straight life annuity option. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.

(5) The amounts represented in all columns would be payable within 30 days following the end of the calendar quarter in which the triggering event occurs. These payments are subject to Section 409A of the Internal Revenue Code.





- (6) The figures in columns (b) and (f) represent the amount payable to Mr. Westhoven or his beneficiary, as applicable, in 60 monthly installments of \$2,083.33 beginning on the first day of the calendar month commencing with the month following the date of termination or death. For columns (c), (d) and (e), the amounts represent the cumulative termination benefit under the SERP Agreement as of September 30, 2011, payable in 60 equal monthly installments beginning at the later of the Mr. Westhoven attaining the age of 65 or the date of his separation of service (as defined in the SERP Agreement). These amounts are subject to Section 409A of the Internal Revenue Code. Note for column (f) that Pension and SERP benefits are not enhanced on a change in control. The only benefits payable in such event are those regularly provided by the plans.
- (7) The amount in columns (b) and (c) are payable to the beneficiary only if the death or dismemberment is deemed to be accidental. The amount listed in column (c) assumes the maximum payout in the case of dismemberment.
- (8) The amount listed in column (b) is payable to the beneficiary only if the death occurs during travel or is deemed accidental.
- (9) Amounts reflected in this row represent payment to Mr. Westhoven for his unused earned vacation time as of September 30, 2011.
- (10) The amount listed in column (b) represents six months of COBRA medical and dental coverage premiums to be paid by us. The amount listed in column (c) represents (i) a life expectancy for both Mr. Westhoven and his spouse of 85 years and (ii) an eight percent annual increase in coverage rates and represents the annual average medical premium payable by us. The amount listed in column (c) represents the total premium minus a retiree contribution of 10 percent of the premium. The amount listed in column (f) represents the present value as of September 30, 2011, of COBRA payments to be made by us.
- (11) The amount listed in column (c) represents the total maximum benefit payable to Mr. Westhoven in the event of a disability and represents the aggregate payment of his base salary, as of September 30, 2010, for 18 months.
- (12) The amount listed in column (f) represents the maximum outplacement services reimbursement payable by us.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Our Board has adopted a written related person transaction policy that governs the review, approval or ratification of covered related person transactions. Our Audit Committee manages this policy. The policy generally provides that we may enter into a related person transaction only if:

the Audit Committee approves or ratifies such transaction in accordance with the guidelines set forth in the policy,

the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party,

the transaction is approved by the disinterested members of the Board, or

the transaction involves compensation approved by the LDCC.

In the event our management determines to recommend a related person transaction to the Audit Committee, such transaction must be presented to the Audit Committee for approval. After review, the Audit Committee will approve or disapprove such transaction and at each subsequently scheduled Audit Committee meeting, our management will update the Audit Committee as to any material change to the proposed related person transaction. When our General Counsel, in consultation with our Chief Executive Officer or our Chief Financial Officer, determines that it is not practicable or desirable for us to wait until the Audit Committee meeting, the Chairman of the Audit Committee possesses delegated authority to act on behalf of the Audit Committee. The Audit Committee (or the Chairman) approves only those related person transactions that are in, or not inconsistent with, our best interests and the best interests of our shareholders, as the Audit Committee (or the Chairman) determines in good faith.

For purposes of this policy, related person transaction is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we (or any of our subsidiaries) were, are or will be a participant, and the amount involved exceeds \$120,000 and in which any related person had, has or will have a direct or indirect interest. For purposes of determining whether a transaction is a related person transaction, the Audit Committee relies upon Item 404 of Regulation S-K, promulgated under the Securities Exchange Act of 1934, as amended.

A related person is defined as:

Any person who is, or at any time since the beginning of our last fiscal year was, one of our directors or executive officers or a nominee to become one of our directors

Any person who is known to be the beneficial owner of more than five percent of any class of our voting securities

Any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of the director, executive officer, nominee or more than five percent beneficial owner and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than five percent beneficial owner

Any firm, corporation, or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a five percent or greater beneficial ownership interest

Apart from the delivery of regulated natural gas service to any director or executive officer living in our service territory, there have been no related person transactions or proposed transactions since the beginning of fiscal year 2011 between our directors or executive officers, either directly or indirectly, and us. Additionally, there are no legal proceedings to which any director, officer, principal shareholder, or any affiliate thereof, is a party that would be material and adverse to us.



**NON-BINDING PROPOSAL TO APPROVE THE COMPENSATION OF OUR EXECUTIVE OFFICERS**

**[Item 2 on proxy card]**

**Item 2**

The compensation of our named executive officers is described in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative on pages 26 to 67 of this Proxy Statement.

The LDCC designs our named executive officers' compensation program to reward the achievement of our short-term and long-term objectives and relates the compensation to the value created for our shareholders. Our compensation program also reflects competition and best practices in the marketplace. The mix of compensation components is competitive with that of other companies of similar size and operational characteristics, links compensation to individual and corporate performance and encourages stock ownership by senior management. Based on its review of the total compensation of our named executive officers for fiscal year 2011, the LDCC believes that the total compensation for each of the named executive officers is reasonable and effectively achieves the objectives of aligning compensation with performance measures directly related to our financial goals and creation of shareholder value without encouraging our named executive officers to take unnecessary or excessive risks.

The Compensation Discussion and Analysis section of this Proxy Statement and the accompanying tables and narrative provide a comprehensive review of our named executive officer compensation objectives, program and rationale. We urge you to read this disclosure before voting on this proposal.

For the reasons stated above, we are requesting your non-binding approval of the following resolution:

**RESOLVED, that the shareholders approve, on a non-binding advisory basis, the compensation of the named executive officers, as disclosed in the Proxy Statement for the 2012 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2011 Summary Compensation Table, the other related tables and the accompanying narrative.**

Your vote on this proposal will be non-binding on us and the Board and will not be construed as overruling a decision by us or the Board. Your vote will not create or imply any change to our fiduciary duties or create or imply any additional fiduciary duties for us or the Board. However, the Board values the opinions that our shareholders express in their votes and will consider the outcome of the vote when making future executive compensation decisions as it deems appropriate.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE TO APPROVE THE NON-BINDING ADVISORY PROPOSAL APPROVING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**[Item 3 on proxy card]**

**Item 3**

The shares represented by the proxies will be voted for approval of the ratification of the appointment of Deloitte & Touche LLP (unless otherwise indicated on proxy) as our independent registered public accounting firm (the auditors) to report to the shareholders on our financial statements for the fiscal year ending September 30, 2012. The Audit Committee approved in advance each professional service performed by Deloitte & Touche LLP during fiscal year 2011 and considered the possible effect on the auditors' independence. Information relating to fees paid to Deloitte & Touche LLP over the past two years is set forth below.

The Audit Committee has retained Deloitte & Touche LLP to report to the shareholders our financial statements for the fiscal year ending September 30, 2012. Although submission of the appointment of an independent registered public accounting firm to shareholders for ratification is not required by law, the Board, consistent with its past policy, considers it appropriate to submit the selection of an independent registered public accounting firm for shareholder approval. Under the Sarbanes-Oxley Act of 2002 and the rules of the SEC promulgated thereunder, the Audit Committee is solely responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. Representatives of Deloitte & Touche LLP are expected to be present at the Meeting with the opportunity to make a statement if they so desire and to be available to respond to appropriate questions.

The affirmative vote of the holders of a majority of the shares of our Common Stock present, or represented by proxy, and voted at the Meeting is required for the approval of this item. The Board has not determined what action it would take if the shareholders do not approve the selection of Deloitte & Touche LLP, but may reconsider its selection if the shareholders' action so warrants. Even if the selection is ratified, the Audit Committee, exercising its own discretion, may select different auditors at any time during the year if it determines that such a change would be in our best interests and in the best interests of our shareholders.

**Independent Registered Public Accounting Firm Fees**

Aggregate fees billed to us for the fiscal years ended September 30, 2011 and 2010, by our principal accounting firm, Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte & Touche LLP) are shown in the following table:

	<b>Fiscal Year Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
Audit Fees	\$ 1,312,475	\$ 1,621,000
Audit-related Fees	50,700	
<b>Total Audit and Audit-related Fees</b>	<b>\$ 1,363,175</b>	<b>\$ 1,621,000</b>
Tax Fees	102,000	55,000
All Other Fees		
<b>Total Fees</b>	<b>\$ 1,465,175</b>	<b>\$ 1,676,000</b>

*Audit Fees.* Audit fees include professional services rendered by Deloitte & Touche LLP for the audit of our annual financial statements, including its assessment of our internal controls over financial reporting and the reviews of the financial statements included in our quarterly reports on Form 10-Q. This category also includes fees for audits provided in connection with statutory filings or services that generally only the principal auditor can reasonably provide to a client and consents and assistance with and review of documents filed with the SEC.

*Audit-Related Fees.* Audit-related fees consist of amounts for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements that are not reported under Audit Fees. For fiscal year 2011, amounts billed to us were primarily related to certain attest services. Deloitte & Touche LLP did not provide any audit-related services during fiscal year 2010.



*Tax Fees.* Tax fees include original and amended tax returns, studies supporting tax return amounts as may be required by Internal Revenue Service regulations, claims for refunds, assistance with tax audits and other work directly affecting or supporting the payment of taxes, planning, research and advice supporting our efforts to maximize the tax efficiency of our operations for fiscal year 2011 and 2010.

*All Other Fees.* All other fees are fees for products or services other than those in the above three categories. Deloitte & Touche LLP did not provide any services other than those described above.

**THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP.**



**CERTAIN MATTERS RELATING TO PROXY MATERIALS AND ANNUAL REPORTS**

**Electronic Access of Proxy Materials and Annual Reports**

Our Proxy Statement and Annual Report are available on our website at <http://investor.njresources.com>. Paper copies of these documents may be requested by contacting our Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

**Householding of Proxy Materials and Annual Reports for Record Owners**

The SEC rules permit us, with your permission, to deliver a single proxy statement and annual report to any household at which two or more shareholders of record reside at the same address. Each shareholder will continue to receive a separate proxy card. This procedure, known as householding, reduces the volume of duplicate information you receive and reduces our expenses. Shareholders of record voting by mail can choose this option by marking the appropriate box on the proxy card included with this Proxy Statement and shareholders of record voting via telephone or over the Internet can choose this option by following the instructions provided by telephone or over the Internet, as applicable. Once given, a shareholder's consent will remain in effect until he or she revokes it by notifying our Corporate Secretary as described above. If you revoke your consent, we will begin sending you individual copies of future mailings of these documents within 30 days after we receive your revocation notice. Shareholders of record who elect to participate in householding may also request a separate copy of future proxy statements and annual reports by contacting our Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

**Separate Copies for Beneficial Owners**

Institutions that hold shares in street name for two or more beneficial owners with the same address are permitted to deliver a single proxy statement and annual report to that address. Any such beneficial owner can request a separate copy of this Proxy Statement or the Annual Report on Form 10-K by contacting our investor relations department as described above. Beneficial owners with the same address who receive more than one Proxy Statement and Annual Report on Form 10-K may request delivery of a single Proxy Statement and Annual Report on Form 10-K by contacting our Corporate Secretary in writing at Office of the Corporate Secretary, New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

**Incorporation by Reference**

Notes 9 and 10 to our Consolidated Financial Statements set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, and Notes 10 and 11 to our Consolidated Financial Statements set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2010, are hereby incorporated by reference into this Proxy Statement.

**OTHER MATTERS**

The Board is not aware of any matters to be presented for action at the Meeting other than as set forth in this Proxy Statement. However, if any other matters properly come before the Meeting, or any adjournment or postponement thereof, the person or persons voting the proxies will vote them in accordance with their best judgment.

By Order of the Board of Directors

RHONDA M. FIGUEROA

*Corporate Secretary*

Dated: December 15, 2011







