Public Service Enterprise Group

PSEG Earnings Conference Call

1st Quarter 2017

April 28, 2017

Forward-Looking Statements

Certain of the matters discussed in this presentation about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC) including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- the impact of pending rate case proceedings;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

All of the forward-looking statements made in this presentation are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this presentation apply only as of the date of this presentation. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this presentation are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

GAAP Disclaimer

PSEG presents Operating Earnings and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings and Adjusted EBITDA are non-GAAP financial measures that differ from Net Income. Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. Non-GAAP Adjusted EBITDA excludes the same items as our non-GAAP Operating Earnings measure as well as income tax expense, interest expense and depreciation and amortization. The last two slides in this presentation (Slides A and B) include a list of items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA with a reference to those slides included on each of the slides where the non-GAAP information appears.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. Management believes non-GAAP Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating operating performance because it provides them with an additional tool to compare business performance across companies and across periods. Management also believes that non-GAAP Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense and depreciation and amortization, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure and whether assets were constructed or acquired. Non-GAAP Adjusted EBITDA also allows investors and other users to assess the underlying financial performance of our fleet before management's decision to deploy capital. The presentation of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA is intended to complement, and should not be considered an alternative to, the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA as presented in this release may not be comparable to similarly titled measures used by other companies.

Due to the forward looking nature of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA guidance, PSEG is unable to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measure. Management is unable to project certain reconciling items, in particular MTM and NDT gains (losses), for future periods due to market volatility.

These materials and other financial releases can be found on the PSEG website at www.pseg.com , under the Investors tab. From time to time, PSEG, PSE&G and PSEG Power release important information via postings on their corporate website at http://investor.pseg.com. Investors and other interested parties are encouraged to visit the corporate website to review new postings. The "email alerts" link at http://investor.pseg.com may be used to enroll to receive automatic email alerts and/or really simple syndication (RSS) feeds regarding new postings at http://investor.pseg.com/rss .

PSEG
2017 Q1 Review

Ralph Izzo

Chairman, President and Chief Executive Officer

PSEG Q1 Results Summary – Solid Results

Quarter ended March 31

$ millions (except EPS)	2017	2016
Net Income	$ 114	$ 471
Reconciling Items	352	(8)
Operating Earnings (non-GAAP)*	$ 466	$ 463
EPS from Net Income	$ 0.22	$ 0.93
EPS from Operating Earnings (non-GAAP)*	$ 0.92	$ 0.91

* See Slide A for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP).

PSEG Q1 2017 – Achieved Solid Financial Results

- **First Quarter Highlights**
  - ✓ Net Income of $0.22 vs. Net Income of $0.93 per share in Q1 2016
  - ✓ Non-GAAP Operating Earnings* of $0.92 vs. $0.91 per share in Q1 2016
  - ✓ Net Income reflects decision to retire Hudson-Mercer in June 2017 and REMA lease reserve
  - ✓ PSE&G achieved 13% growth in Q1 Net Income over Q1 2016, supported by increased investment in transmission and distribution
  - ✓ PSEG Power results aided by continued cost containment

- **Operational Excellence**
  - ✓ Nuclear fleet performance achieved 100% capacity factor for Q1

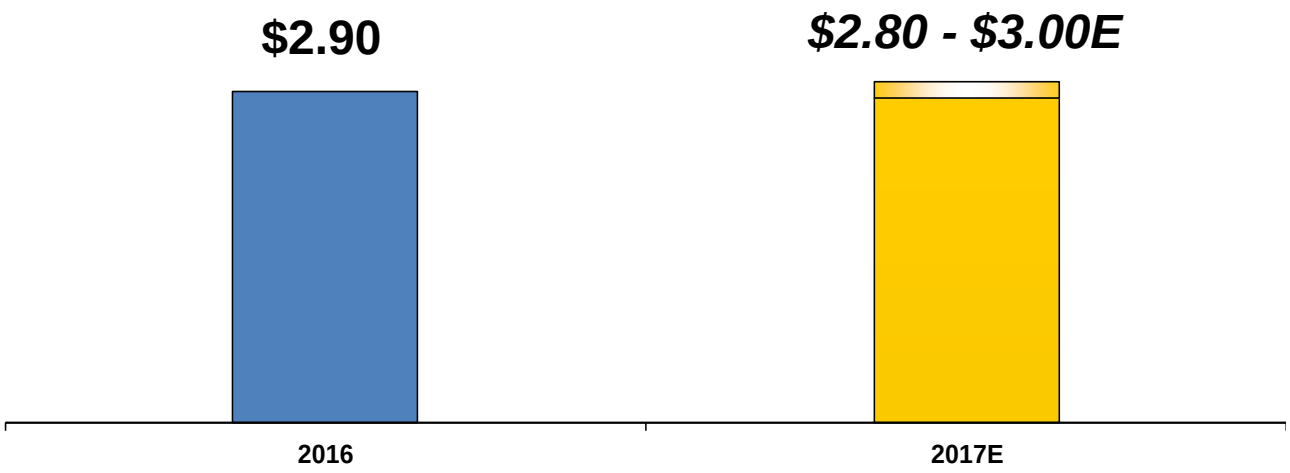
- **Disciplined Capital Investment – Producing Results**
  - ✓ PSEG expected to invest ~$4.7 billion in 2017, consisting primarily of $3.4 billion at PSE&G and $1.2 billion at PSEG Power
  - ✓ Regulatory/Legislative Focus: NJ Needs Nuclear advocacy efforts; Energy Efficiency extension and expansion filing in March
  - ✓ Major capital initiatives on track: Bridgeport Harbor 5 received all needed permits to begin construction phase

* See Slide A for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP).

PSEG Reaffirming 2017 Full-Year Guidance

Growth in utility infrastructure investment continues to drive a higher regulated earnings contribution in 2017

Non-GAAP Operating Earnings* and 2017 Guidance



* See Slide A for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP). E = Estimate.

PSEG
2017 Q1 Operating Company Review

Dan Cregg
EVP and Chief Financial Officer

PSEG – Q1 Results by Subsidiary

PSEG Q1 EPS Summary – Quarter ended March 31

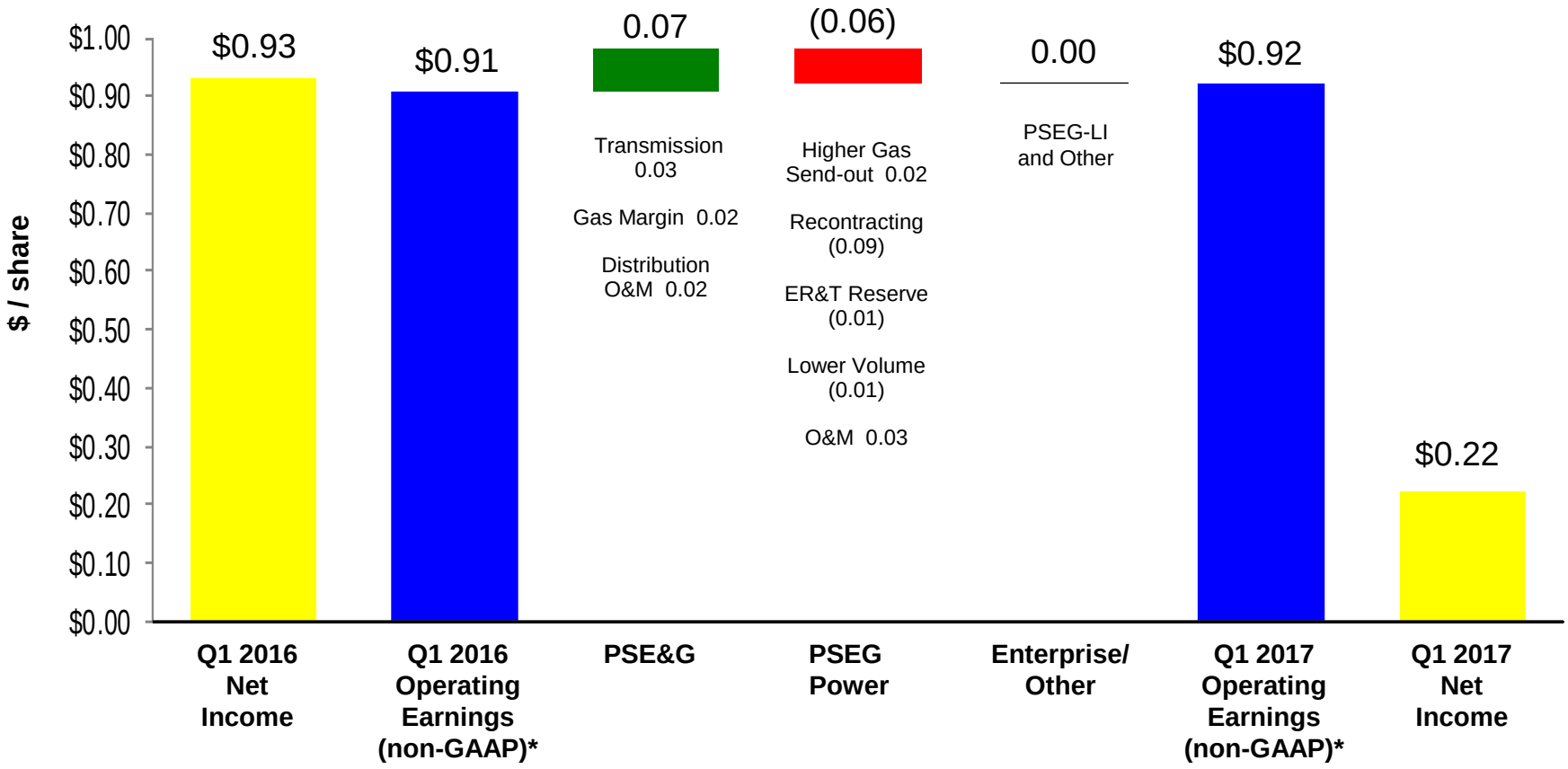
GAAP Net Income/(Loss)	2017	2016	Change
PSE&G	$ 0.59	$ 0.52	$ 0.07
PSEG Power	$ (0.34)	$ 0.38	$ (0.72)
PSEG Enterprise/Other	$ (0.03)	$ 0.03	$ (0.06)
Total PSEG	$ 0.22	$ 0.93	$ (0.71)

Non-GAAP Operating Earnings*	2017	2016	Change
PSE&G	$ 0.59	$ 0.52	$ 0.07
PSEG Power	$ 0.30	$ 0.36	$ (0.06)
PSEG Enterprise/Other	$ 0.03	$ 0.03	$ -
Total PSEG	$ 0.92	$ 0.91	$ 0.01

*See Slide B for Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) for PSEG Power and PSEG Enterprise/Other.

PSEG EPS Reconciliation – Q1 2017 versus Q1 2016

Utility investment and cost control drove Q1 results



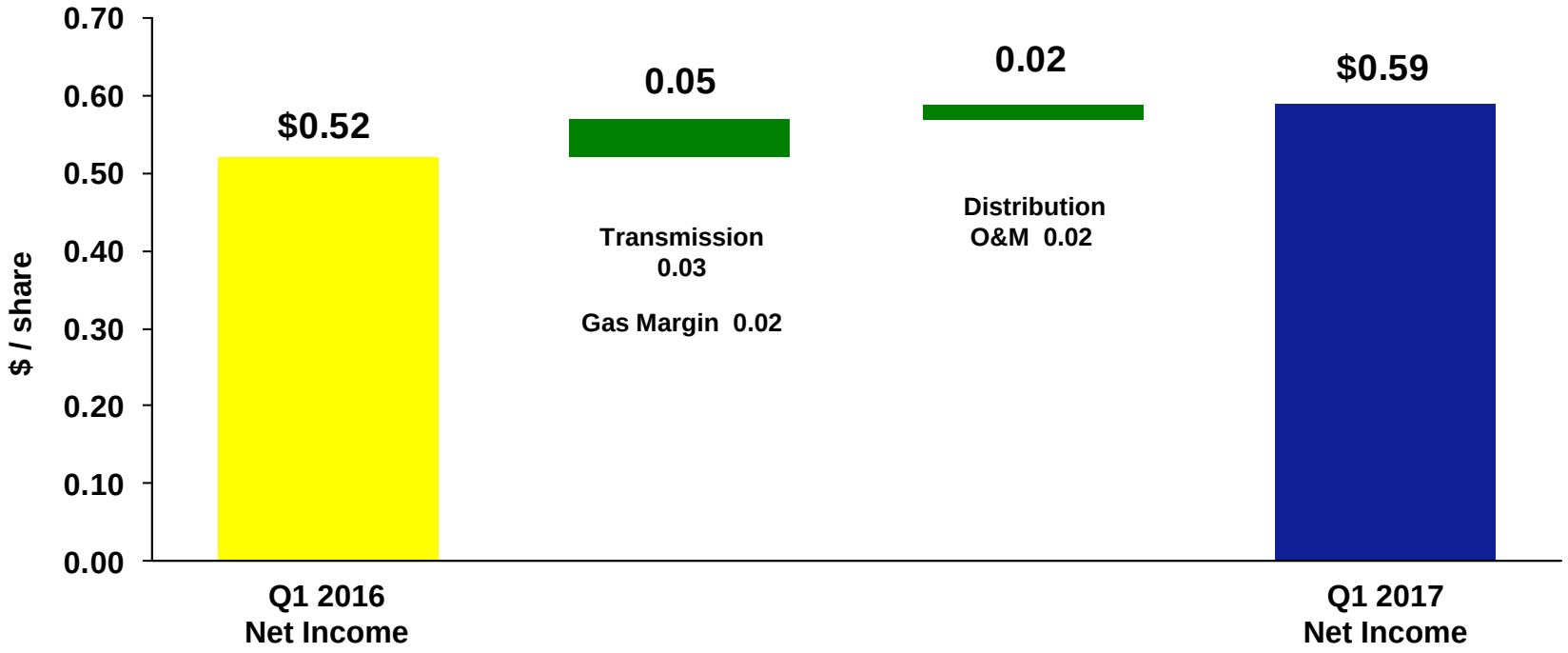
* See Slide A for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP).

PSE&G
2017 Q1 Review

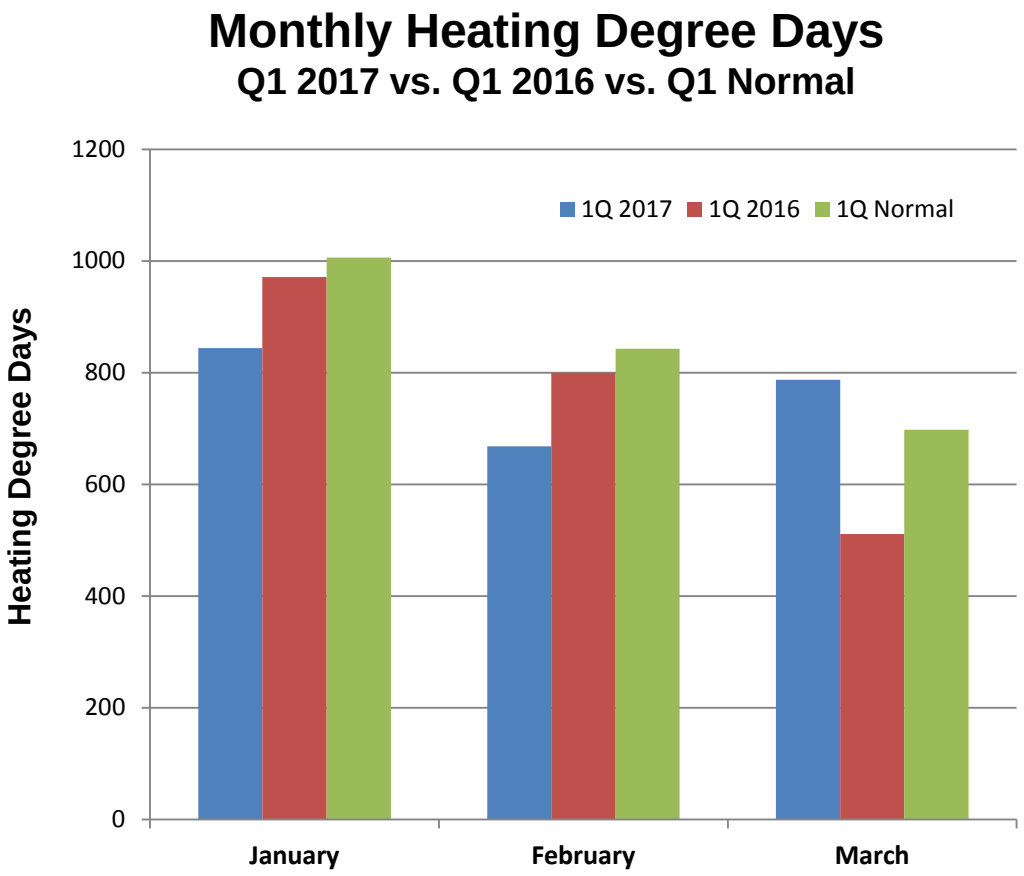
PSE&G – Q1 Summary of Results

$ millions (except EPS)	Q1 2017	Q1 2016	Variance
Operating Revenues	$ 1,812	$ 1,712	$ 100
Operating Expenses			
Energy Costs	753	729	24
Operation & Maintenance	367	382	(15)
Depreciation & Amortization	171	139	32
Total Operating Expenses	1,291	1,250	41
Net Income	$ 299	$ 262	$ 37
EPS from Net Income	$ 0.59	$ 0.52	$ 0.07

PSE&G EPS Reconciliation – Q1 2017 versus Q1 2016



PSE&G – Monthly Heating Degree Days



1Q 2017 winter weather, as defined by heating degree days, was ~10% warmer than normal; a colder than normal March offset a mild January and the warmest February on record to make 1Q 2017 weather about the same as experienced in 1Q 2016.

PSE&G – Q1 Operating Highlights

Operations

- ✓ Residential electric sales were flat on an actual and weather-normalized basis; industrial and commercial electric sales increased by 2.5% due to a one time event and is not indicative of ongoing C&I demand growth
- ✓ Total firm gas sales rose by 3% on a weather-normalized basis, due to variability versus normal
- ✓ Winter weather was warmer than normal in Q1 due to a warm January and the warmest February on record, offset by colder than normal March weather

Regulatory and Market Environment

- ✓ FERC formula rate revenue increase of $121 million implemented on January 1
- ✓ In March, PSE&G filed an extension and expansion of its award-winning Energy Efficiency programs; the total filing proposes a ~$74 million investment in EE; the filing has been deemed complete and a decision is expected from the NJBPU in Q3 2017
- ✓ PSE&G will file its distribution base rate case with the NJBPU no later than November 1, 2017

Financial

- ✓ PSE&G invested $752 million in capital expenditures in Q1 to upgrade and expand T&D infrastructure and reliability as part of its planned $3.4 billion full-year capital program
- ✓ PSE&G's Q1 2017 earnings increased by $0.07 or ~13% to $0.59 per share
- ✓ PSE&G's 2017 Net Income guidance range remains unchanged at $945 - $985 million

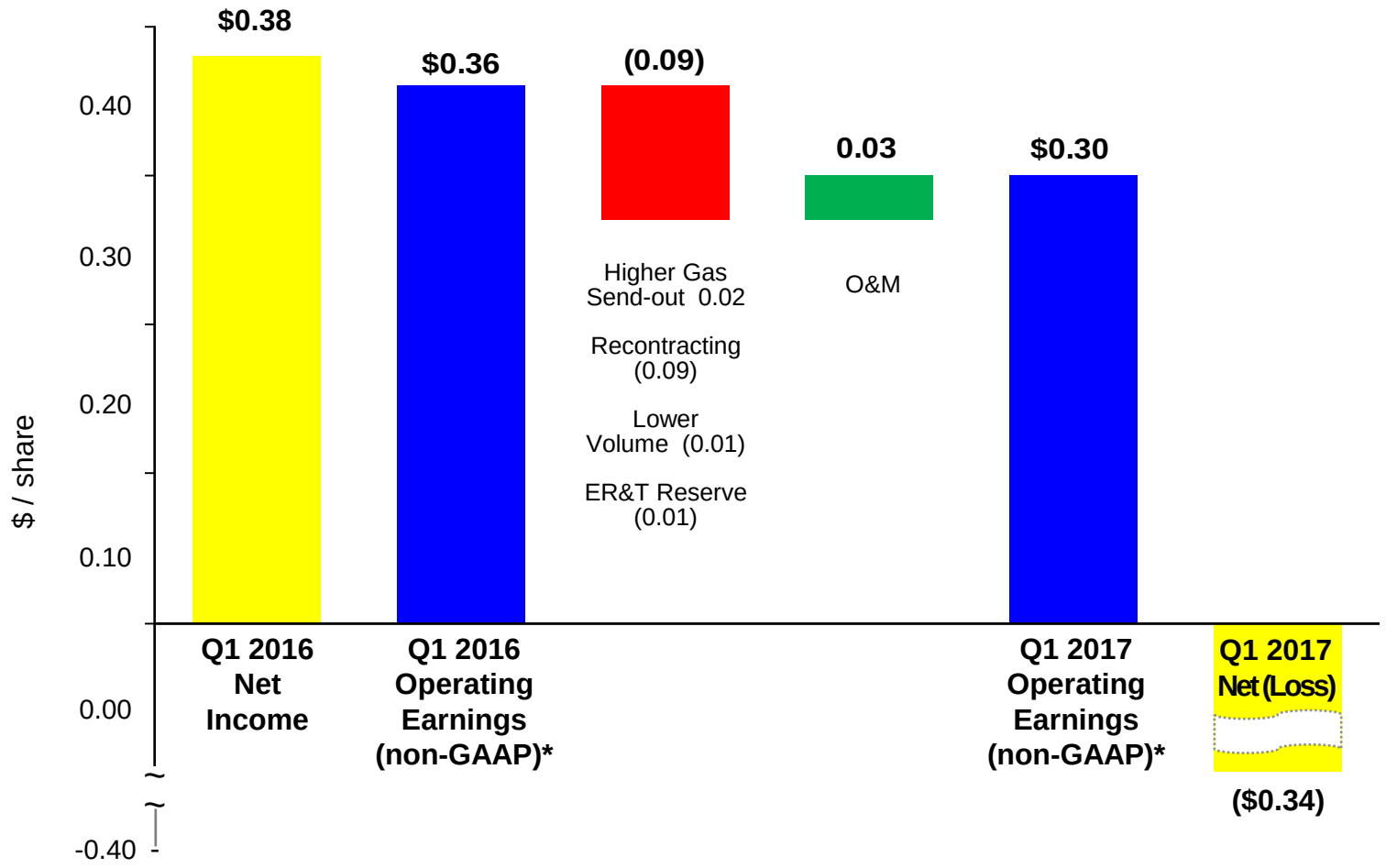
PSEG Power
2017 Q1 Review

PSEG Power – Q1 Summary of Results

$ millions (except EPS)	Q1 2017	Q1 2016	Variance
Operating Revenues	$1,284	$ 1,313	$ (29)
Net Income/(Loss)	(170)	192	(362)
Reconciling Items	320	(8)	328
Operating Earnings (non-GAAP)*	$ 150	$ 184	$ (34)
EPS from Net Income/(Loss)	$ (0.34)	$ 0.38	$ (0.72)
EPS from Operating Earnings (non-GAAP)*	$ 0.30	$ 0.36	$ (0.06)
Adjusted EBITDA (non-GAAP)*	$ 359	$ 409	$ (50)

*See Slide B for Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) and Adjusted EBITDA (non-GAAP) for PSEG Power.

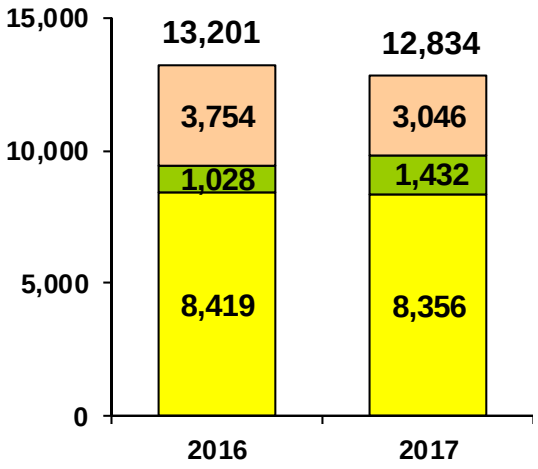
PSEG Power EPS Reconciliation – Q1 2017 versus Q1 2016



* See Slide B for Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) for PSEG Power.

PSEG Power – Q1 Generation Measures

PSEG Power – Generation (GWh)*



PSEG Power – Capacity Factors (%)

	Quarter ended March 31	
	2016	2017
Combined Cycle		
PJM and NY	51.7%	41.8%
Coal**		
NJ (Coal/Gas)	0.4%	0.0%
PA	58.9%	83.5%
CT	6.7%	9.6%
Nuclear	99.7%	100%

PSEG Power – Fuel Costs

	Quarter ended March 31	
($ millions)	2016	2017
Gas	$ 66	$ 78
Coal	$ 27	$ 35
Total Fossil	$ 93	$ 113
Nuclear	58	54
Total Fuel Cost	$ 151	$ 167
Total Generation (GWh)	13,201	12,834
$ / MWh	11.44	13.01

Total Nuclear Total Coal** Natural Gas

* Excludes solar and Kalaeloa. ** Includes figures for Pumped Storage. Includes Hudson and Mercer when run on gas.

PSEG Power – Gross Margin Performance

- ✓ Lower hedge prices and decline in generation (1 fewer day of operation)
- ✓ Capacity revenues were flat vs. Q1 2016
- ✓ Regional spark spread compressed in the quarter

PSEG Power Gross Margin ($/MWh)

Quarter ended March 31



Regional Performance		
Region	**Q1 Gross Margin ($M)**	**Q1 2017 Performance**
PJM	$440	Recontracting at lower prices and lower volumes
New England	$32	Higher generation offset by lower hedges
New York	$8	Higher prices offset by lower generation

Hedging Update…

Contracted Energy*

		Apr-Dec 2017	2018	2019
Base Load (Nuclear and Base Load Coal)	Volume TWh	25	34	34
	% Hedged	100%	90-95%	35-40%
	Price $/MWh	$46	$41	$42
Intermediate, Combined Cycle, Peaking	Volume TWh	10	19	26
	% Hedged	65-70%	0%	0%
	Price $/MWh	$46	$ -	$ -
Total	Volume TWh	35-37	52-54	58-60
	% Hedged	85-90%	55-60%	20-25%
	Price $/MWh	$46	$41	$42

* HEDGE PERCENTAGES AND PRICES AS OF MARCH 31, 2017. REVENUES OF FULL REQUIREMENT LOAD DEALS BASED ON CONTRACT PRICE, INCLUDING RENEWABLE ENERGY CREDITS, ANCILLARY, AND TRANSMISSION COMPONENTS BUT EXCLUDING CAPACITY. HEDGES INCLUDE POSITIONS WITH MTM ACCOUNTING TREATMENT AND OPTIONS.

PSEG Power – Q1 Operating Highlights

Operations

- ✓ Q1 output down 2.8% as low energy prices and mild weather impacted economic dispatch
- ✓ Nuclear fleet achieved average capacity factor of 100%, producing 8.4 TWhs of energy
- ✓ CCGT fleet had a capacity factor of 42% versus 52% in Q1 2016 as high availability remained strong at >90% and produced 3 TWh of energy; Coal fleet produced 1.4 TWh of energy

Regulatory and Market Environment

- ✓ 2017 expected generation output 49-50 TWh; BGS load projected at 11 TWhs
- ✓ Power has begun construction at Bridgeport Harbor 5, obtained all needed permits in early April; target completion remains mid-2019
- ✓ Construction on schedule and on budget at Keys and Sewaren 7 for targeted 2018 in-service

Financial

- ✓ Power's total debt as a percentage of capitalization at March 31 was 30%
- ✓ Power's 2017 non-GAAP Operating Earnings guidance range remains unchanged at $435 - $510 million; non-GAAP Adjusted EBITDA guidance for 2017 remains unchanged at $1,080 to $1,210 million

PSEG

PSEG Financial Highlights

- **Reiterating 2017 non-GAAP Operating Earnings guidance of $2.80 - $3.00 per share**
  - ✓ PSE&G earnings forecast to grow 8.5% to comprise 66% of PSEG's 2017 non-GAAP Operating Earnings
  - ✓ Focused on maintaining operating efficiency and customer reliability
- **PSEG's 5-Year capital spending forecast of $15 billion over 2017-2021 to be invested in PSE&G (82%) and Power (18%)**
- **PSE&G infrastructure investment in reliability/resiliency/replacement remains on track**
- **PSEG Power's $2 billion investment in new generation, in PJM and New England, will improve fleet efficiency and geographic diversity**
- **Increased 2017 indicative common dividend by 4.9% to $1.72 per share**
- **Financial position remains strong:**
  - ✓Positive cash from Power and increasing cash flow from operations at PSE&G supports dividend growth and funds capital spending program without the need to issue equity
  - ✓Debt as a percentage of capitalization was 47% at March 31

PSEG 2017 Guidance - By Subsidiary

Segment Operating Earnings Guidance and Prior Results (non-GAAP, except as noted)*

$ millions (except EPS)	2017E	2016
PSE&G (Net Income)	$945 - $985	$889
PSEG Power	$435 - $510	$514
PSEG Enterprise/Other	$35 - $35	$72
Operating Earnings (non-GAAP)*	$1,415 - $1,530	$1,475
Operating EPS (non-GAAP)*	**$2.80 - $3.00E**	**$2.90**

PSEG Power Adjusted EBITDA (non-GAAP)*

$ millions	2017E	2016
PSEG Power	$1,080 - $1,210	$1,201

* See Slide A for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP) and Slide B for Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) and Adjusted EBITDA (non-GAAP). E = Estimate.

PSEG Liquidity as of March 31, 2017

Company	Facility	Expiration Date	Total Facility	Usage	Available Liquidity
				($ Millions)	
PSE&G	5-year Credit Facility	Mar-22	$600	$14	$586
PSEG Money Pool					
PSEG / Power	5-year Credit Facilities (PSEG)	Mar-22	$1,500	$332	$1,168
	5-Year Credit Facilities (Power)	Mar-22	$1,900	$98	$1,802
	3-year LC Facilities (Power)	Mar-20	$200	$137	$63
	Total Money Pool		$3,600	$567	$3,033
	Total		$4,200	$581	$3,619
				PSEG Money Pool ST Investment	$0
				PSE&G ST Investment	$125
				Total Liquidity Available	**$3,744**

Reconciliation of Non-GAAP Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Consolidated Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	*Three Months Ended March 31,*		*Year Ended December 31,*
	2017	*2016*	*2016*
	($ millions, Unaudited)		
Net Income	**$ 114**	**$ 471**	**$ 887**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(17)	8	(5)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[(a)] (PSEG Power)	(10)	(22)	168
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	564	-	669
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	55	-	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(b)]	(240)	6	(391)
Operating Earnings (non-GAAP)	**$ 466**	**$ 463**	**$ 1,475**
PSEG Fully Diluted Average Shares Outstanding (in millions)	**508**	**508**	**508**
	($ Per Share Impact - Diluted, Unaudited)		
Net Income	**$ 0.22**	**$ 0.93**	**$ 1.75**
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.03)	0.02	(0.01)
(Gain) Loss on MTM, pre-tax[(a)] (PSEG Power)	(0.02)	(0.05)	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.10	-	1.32
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.11	-	0.29
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(b)]	(0.46)	0.01	(0.78)
Operating Earnings (non-GAAP)	**$ 0.92**	**$ 0.91**	**$ 2.90**

(a) Includes the financial impact from positions with forward delivery months.
(b) Income tax effect calculated at 40.85% statutory rate, except for lease related activity which is calculated at a combined leveraged lease effective tax rate and NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

Please see Slide 2 for an explanation of PSEG's use of Operating Earnings as a non-GAAP financial measure and how it differs from Net Income.

Reconciliation of Non-GAAP Operating Earnings and Non-GAAP Adjusted EBITDA

PSEG Power Operating Earnings (non-GAAP) and Adjusted EBITDA (non-GAAP) Reconciliation

Reconciling Items	*Three Months Ended March 31,*		*Year Ended December 31,*
	2017	*2016*	*2016*
	($ millions, Unaudited)		
Net Income (Loss)	**$ (170)**	**$ 192**	**$ 18**
(Gain) Loss on NDT Fund Related Activity, pre-tax	(17)	8	(5)
(Gain) Loss on MTM, pre-tax [(a)]	(10)	(22)	168
Hudson/Mercer Early Retirement, pre-tax	564	-	669
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(b)]	(217)	6	(336)
Operating Earnings (non-GAAP)	**$ 150**	**$ 184**	**$ 514**
Depreciation and Amortization, pre-tax [(c)]	92	80	329
Interest Expense, pre-tax [(c) (d)]	16	22	83
Income Taxes [(c)]	101	123	275
Adjusted EBITDA (non-GAAP)	**$ 359**	**$ 409**	**$ 1,201**
PSEG Fully Diluted Average Shares Outstanding (in millions)	**508**	**508**	**508**

(a) Includes the financial impact from positions with forward delivery months.
(b) Income tax effect calculated at 40.85% statutory rate, except for NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.
(c) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.
(d) Net of capitalized interest.

PSEG Enterprise/Other
Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	*Three Months Ended March 31,*		*Year-Ended December 31,*
	2017	*2016*	*2016*
	($ millions, Unaudited)		
Net Income (Loss)	**$ (15)**	**$ 17**	**$ (20)**
Lease Related Activity, pre-tax	55	-	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(a)]	(23)	-	(55)
Operating Earnings (non-GAAP)	**$ 17**	**$ 17**	**$ 72**
PSEG Fully Diluted Average Shares Outstanding (in millions)	**508**	**508**	**508**

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.

B

Please see Slide 2 for an explanation of PSEG's use of Operating Earnings and Adjusted EBITDA as non-GAAP financial measures and how they differ from Net Income.