Edison Electric Institute 2016 Financial Conference Presentation

NOVEMBER 8, 2016

We have the
energy
to make things better
... for you, for our investors
and for our stakeholders.

PSEG

We make things work for you.

Forward-Looking Statements

Certain of the matters discussed in this report 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 and available on our website: http://www.pseg.com. These factors include, but are not limited to:

- adverse changes in the demand for or ongoing low pricing of the capacity and energy that we sell into wholesale electricity markets,
- adverse changes in energy industry law, policies and regulations, including market structures and transmission planning,
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators, including prudency reviews, disallowances and changes in authorized returns,
- any deterioration in our credit quality or the credit quality of our counterparties,
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations,
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry,
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations or increase the cost of our nuclear generating units,
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,
- any inability to manage our energy obligations, available supply and risks,
- delays or unforeseen cost escalations in our construction and development activities, or the inability to recover the carrying amount of our assets,
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,
- increases in competition in energy supply markets as well as for transmission projects,
- changes in technology, such as distributed generation, storage and micro grids, and greater reliance on these technologies,
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response,
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements,
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover insurance proceeds with respect to such events,
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses,
- delays in receipt of necessary permits and approvals for our construction and development activities,
- any inability to achieve, or continue to sustain, our expected levels of operating performance,
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,
- economic recessions,
- an inability to realize anticipated tax benefits or retain tax credits,
- challenges associated with recruitment and/or retention of a qualified workforce, and
- changes in the credit quality and the ability of lessees to meet their obligations under our domestic leveraged leases.

All of the forward-looking statements made in this report 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 or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws. The forward-looking statements contained in this report 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. Operating Earnings exclude gains or losses associated with Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting, and material one-time items. Adjusted EBITDA excludes the same items as our Operating Earnings measure as well as income tax expense, interest expense, depreciation and amortization and major maintenance expense costs at Power's fossil generation facilities. The last two slides in this presentation (Slides A and B) include a list of items excluded from Net Income to reconcile to Operating Earnings and Adjusted EBITDA with a reference to that slide included on each of the slides where the non-GAAP information appears.

Management uses 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 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 Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense, depreciation and amortization and major maintenance expense at Power's fossil generation facilities, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure, whether assets were constructed or acquired and accounting methods. 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 Operating Earnings and 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, Operating Earnings and 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 Operating Earnings and 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.

From time to time, PSEG, PSE&G and 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. PSEG materials and other financial releases can be found on the www.pseg.com website under the investor tab, or at http://investor.pseg.com.

PSEG OVERVIEW

Ralph Izzo

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

PSEG

We make things work for you.

Two strong businesses

A stable platform, each with growth opportunities

PSEG

PSE&G	PSEG Power LLC
Electric & Gas Delivery and Transmission	**Regional Competitive Generation**
Strategy: Investments aligned with public policy and customer needs **Value Proposition:** A ~$12 billion infrastructure program producing high single digit rate base growth through 2020	**Strategy:** Investment program enhances competitive position with addition of efficient, clean, reliable CCGT capacity **Value Proposition:** Provides substantial free cash flow in current environment and upside from market rule improvements
2015 **Assets $24B** **Net Income $787M** **Operating Earnings* (non-GAAP) $787M**	2015 **Assets $12B** **Net Income $856M** **Operating Earnings* (non-GAAP) $653M**

ASSETS AND NET INCOME ARE FOR THE YEAR ENDED 12/31/2015. PSE&G AND POWER DO NOT ADD TO TOTAL DUE TO PARENT AND PSEG LONG ISLAND ACTIVITY. *SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON-GAAP).

PSEG's Strategy

Investment program delivering results

Operational Excellence: Maintaining reliability and improving performance as we control costs in low price environment

Financial Strength: Strong financial position supports investment program and dividend growth

Disciplined Investment:
- Balanced business mix
- Robust pipeline of opportunities

Results:
- 3rd year of Operating EPS* growth
- Continued dividend growth
- Best in class utility growth rate
- Addition of efficient CCGT capacity enhances market position

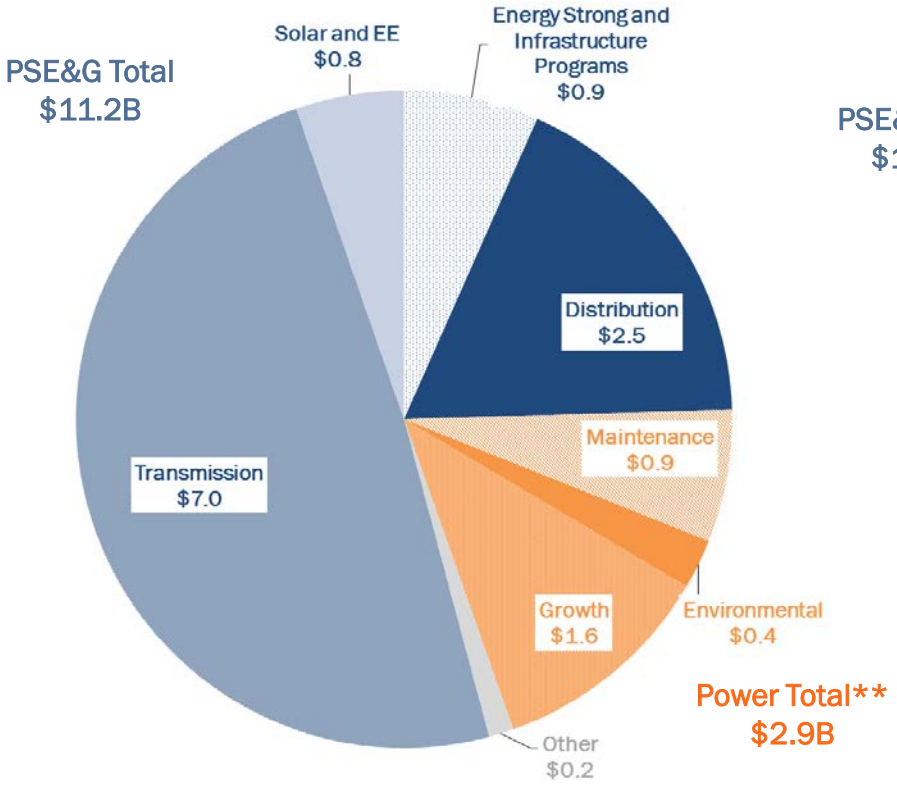


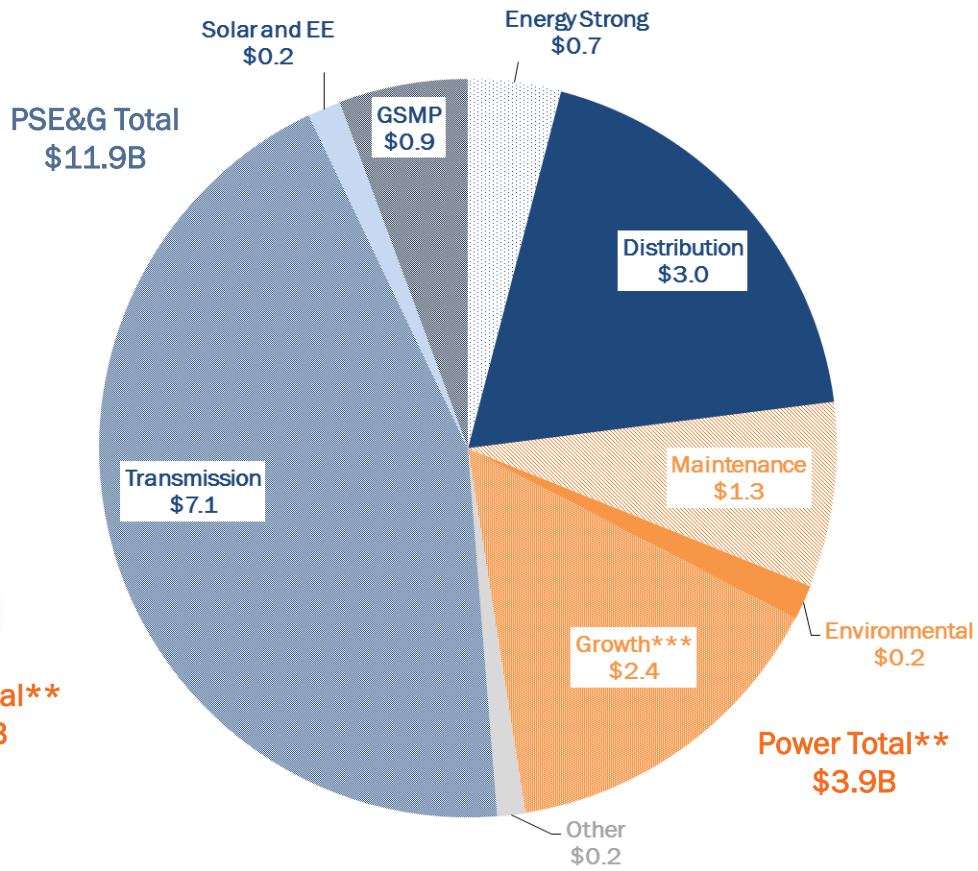
* SECOND YEAR OF NET INCOME EPS GROWTH.

Growth in capital spending aligned with customer needs

PSEG Capital Spending

2011 – 2015: ~$14.3 Billion | **2016E – 2020E*: ~$16.0 Billion**





*INCLUDES ALL PLANNED SPENDING. **POWER CAPITAL SPENDING EXCLUDES NUCLEAR FUEL. ***INCLUDES PENNEAST PIPELINE EQUITY INVESTMENT OF $0.1B. E=ESTIMATE. DOES NOT REFLECT EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017 OR $600M OF RECENT PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

PSE&G increasing investment across the portfolio

Transmission

- Large portfolio of projects to meet ongoing reliability and life-cycle requirements

Electric Distribution

- Base spending
- Infrastructure investment programs with clause recovery
  - Energy Strong (ES) and related programs
  - Electric System Modernization Program (ESMP)
- Proposal filed with the BPU for NJ Transit investment partnership to develop a new $270 million substation

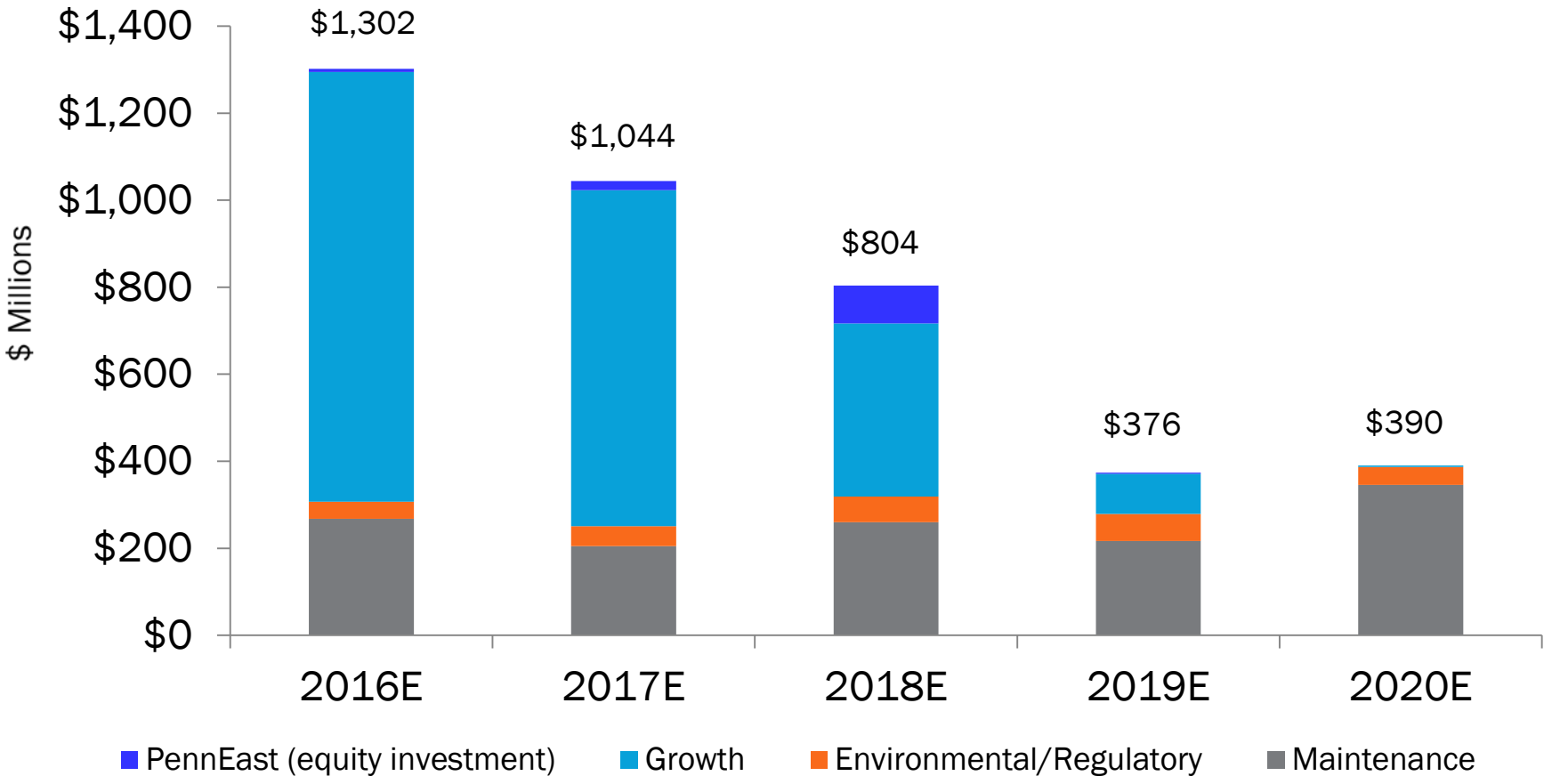
Gas Distribution

- Base spending
- Infrastructure investment programs with clause recovery
  - Energy Strong (ES) and related programs
  - Gas System Modernization Program (GSMP)

Solar and Energy Efficiency

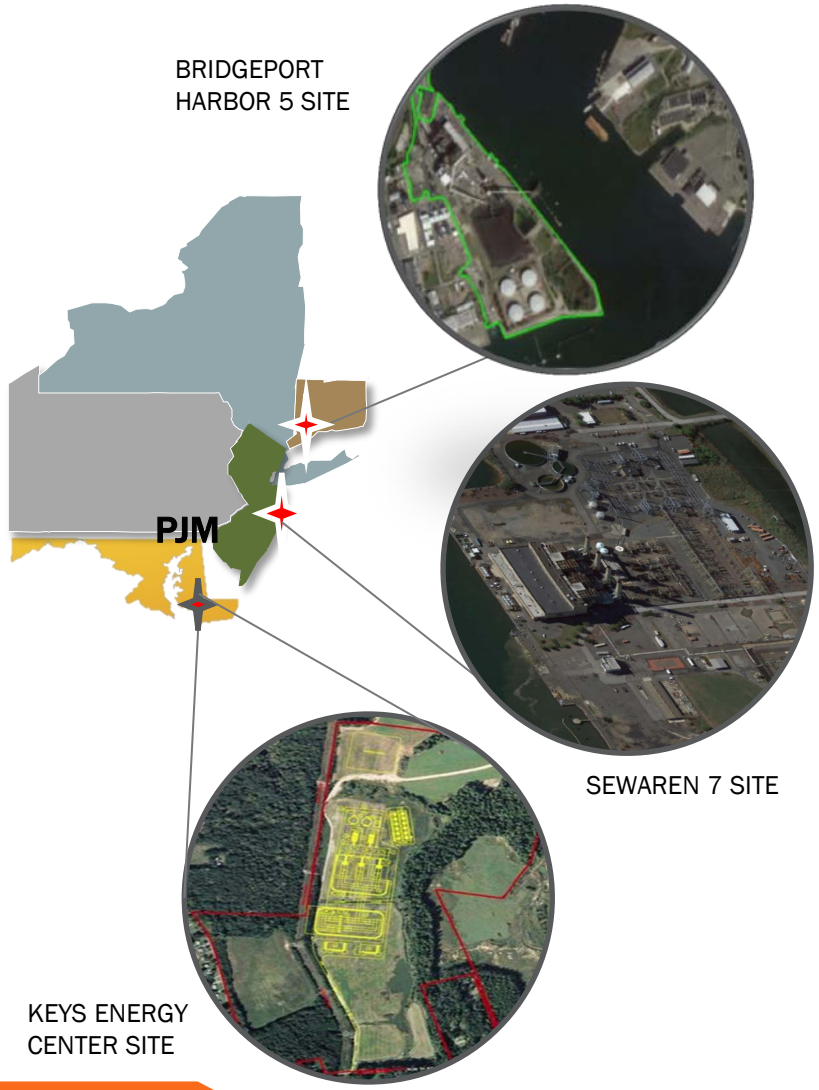
- Recent settlement reached to extend our successful Solar 4 All program, supporting an additional ~$80 million investment over 3 years to develop 33MW_{DC} of grid-connected solar on landfills and brownfields awaiting final approval at NJBPU

Power investing $2 billion of capital in new capacity



E=ESTIMATE. DATA AS OF MARCH 2016. DOES NOT REFLECT CAPITAL SPENDING REDUCTION OF ~$200 MILLION OVER THE PERIOD RELATED TO ANNOUNCED EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017.

PSEG Power developing 1,800 MW of new, efficient CCGT capacity in MD, NJ and CT

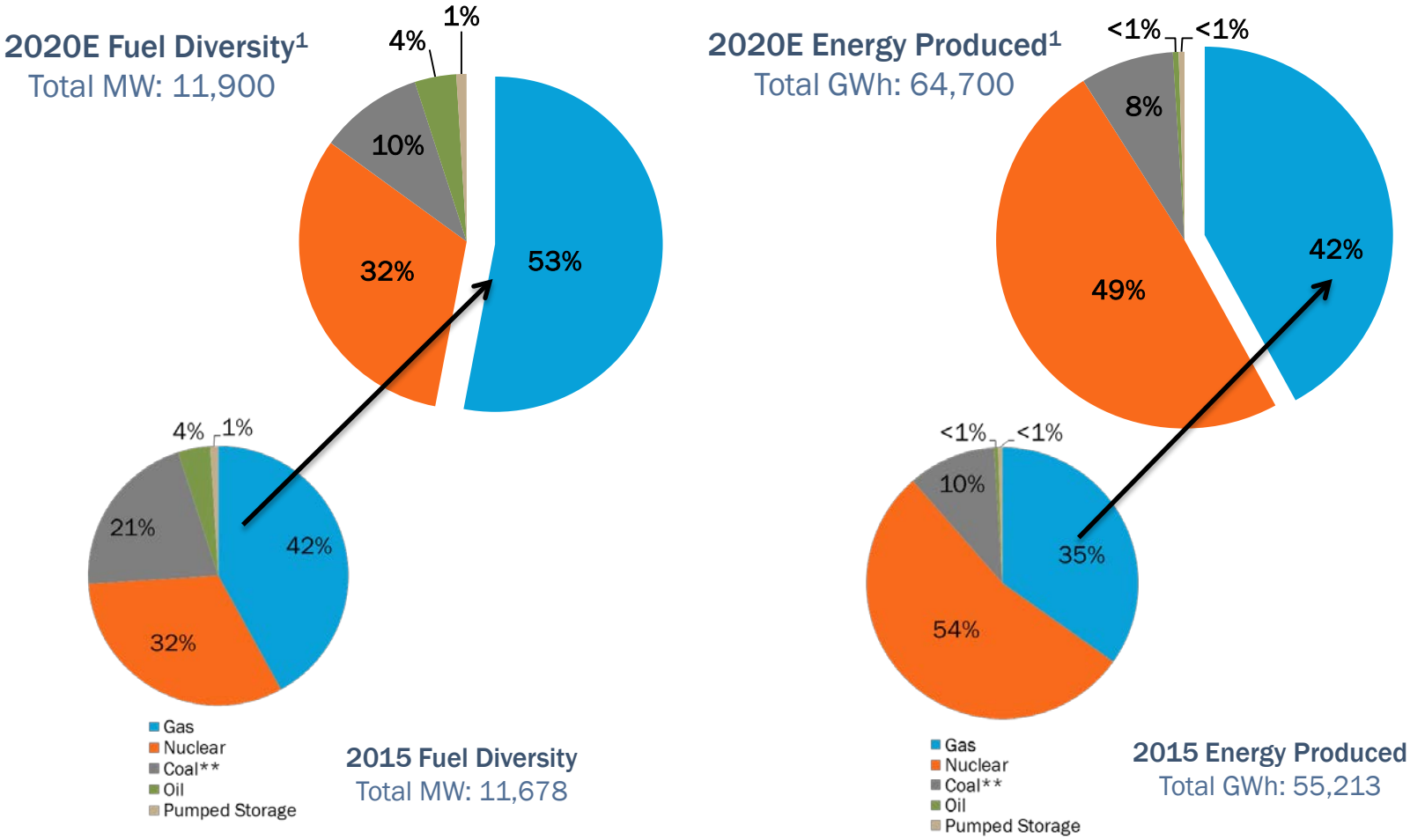


- Constructing the 755 MW CCGT Keys Energy Center in Maryland (SWMAAC*) at an estimated cost of $825 to $875 million
- Constructing a new 540 MW CCGT unit, Sewaren in New Jersey (EMAAC*) at a cost of $625 to $675 million which will replace older Sewaren units
- Constructing a new 485 MW CCGT unit, Bridgeport Harbor 5 (ISO NE), at a cost of $525 to $575 million
- Both Keys and Sewaren 7 are targeted to be in-service in 2018 and Bridgeport Harbor 5 in 2019
- Expanding civic stewardship roles and programs in neighboring communities

*SWMAAC = SOUTHWEST/EMAAC = EASTERN MID-ATLANTIC AREA COUNCIL LOCATIONAL DELIVERABILITY AREA WITHIN PJM.

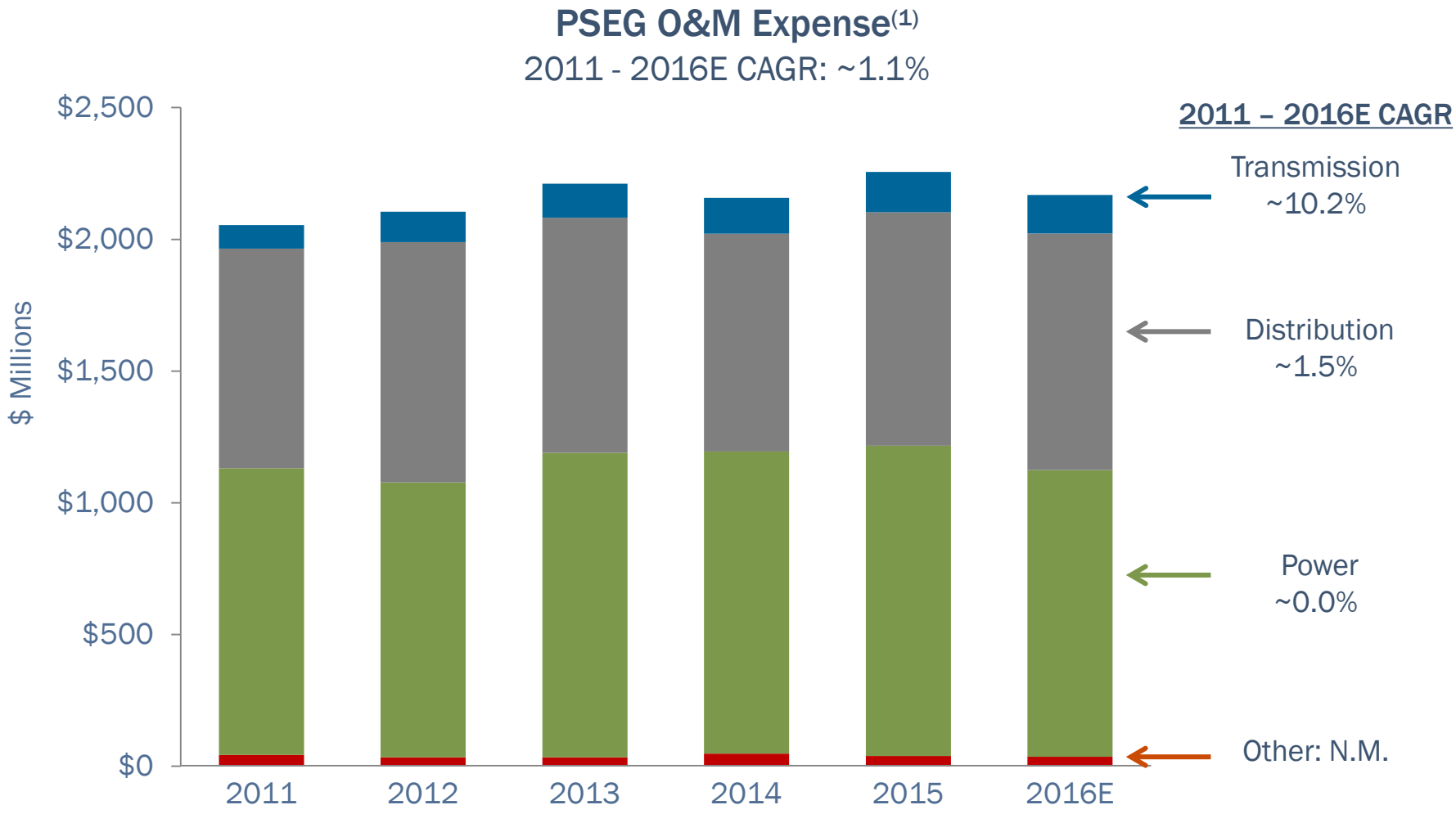
Power's fleet to be transformed with focus on new investment and improvement in efficiency

Projected Fleet Comparison 2015 to 2020E



1 REFLECTS ANNOUNCED EARLY RETIREMENT OF HUDSON AND MERCER UNITS IN MID-2017.
**2015 COAL INCLUDES NEW JERSEY UNITS THAT FUEL SWITCH TO GAS.
ALL PERIODS EXCLUDE SOLAR AND KALAELOA E= ESTIMATE.

PSEG has demonstrated ability to control O&M, with plans to keep O&M flat through 2018



(1) POWER EXCLUDES IMPACTS FROM STORM RECOVERY COSTS AND RELATED INSURANCE PROCEEDS AS WELL AS IMPAIRMENTS RELATED TO HUDSON/MERCER RETIREMENTS. NM = NOT MATERIAL E = ESTIMATE

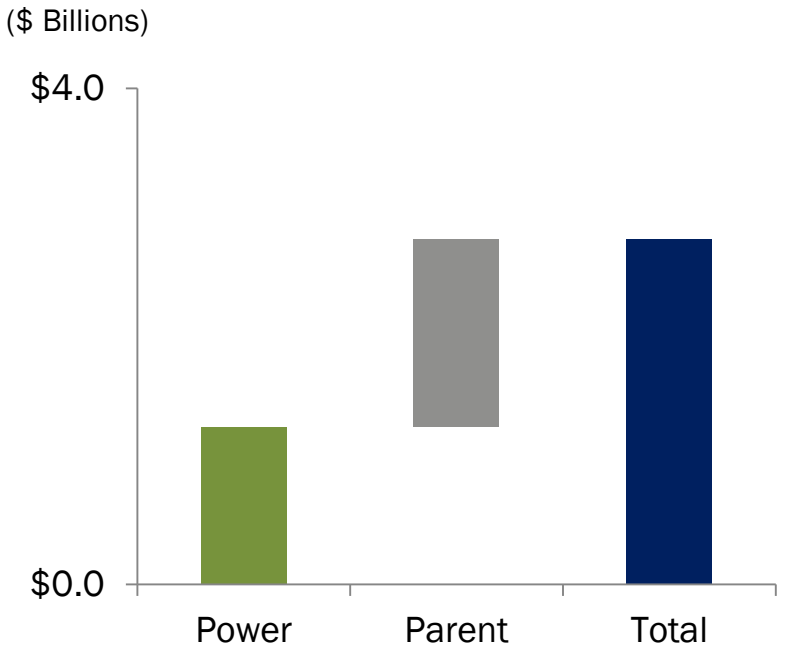
PSEG's credit metrics remain strong

providing substantial investment capacity to pursue additional growth opportunities

Minimum Funds From Operations / Debt*
2016E – 2018E

	Power	PSEG
Estimate	Mid – 40's	Low – 20's
Minimum Threshold	30%	High - teens

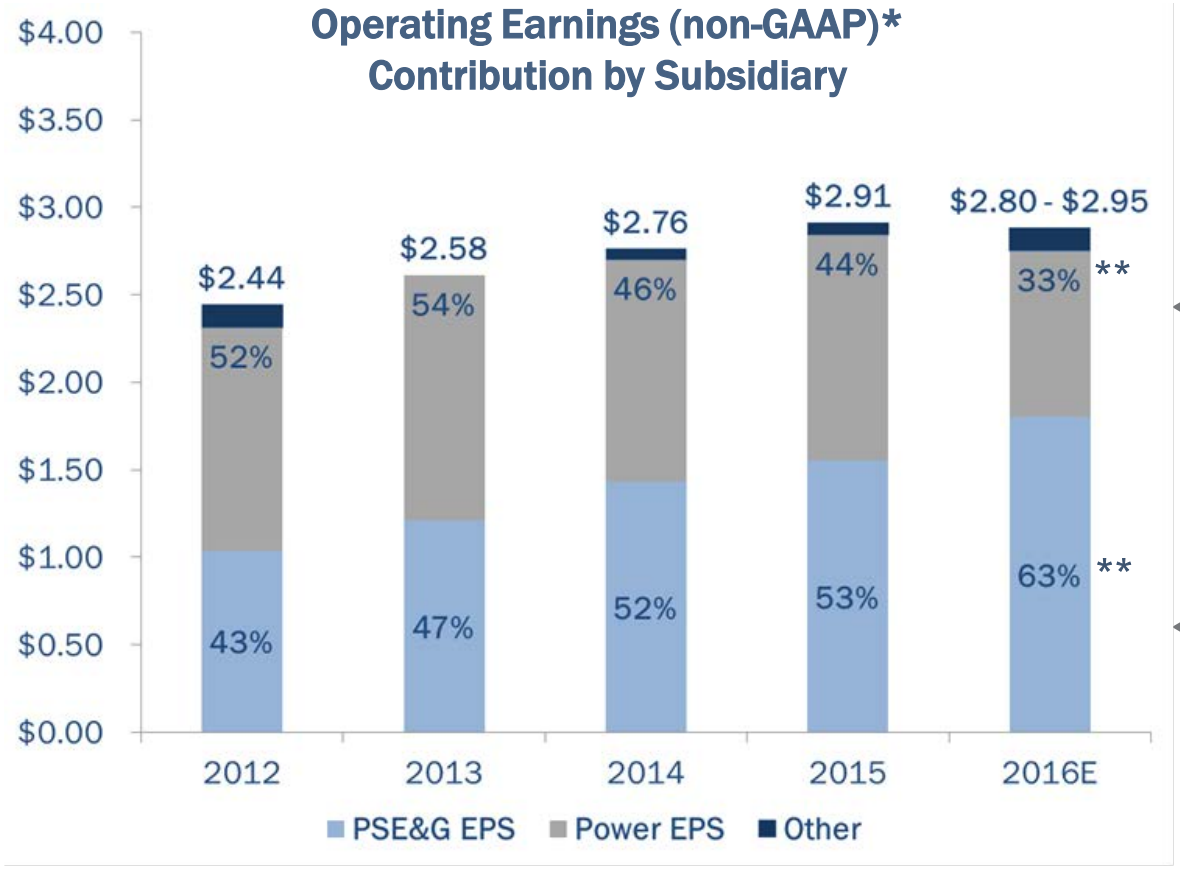
Total Incremental Investment Capacity
through 2018E



- We have flexibility between Power and Parent for utilization of our Investment Capacity

*FUNDS FROM OPERATIONS PRIMARILY REFLECTS CASH FROM OPERATIONS EXCLUDING WORKING CAPITAL IMPACTS AND CERTAIN OTHER ADJUSTMENTS FOR OPERATING CASH ITEMS. DEBT INCLUDES RECOURSE LONG-TERM DEBT, SHORT-TERM DEBT, SHORT-TERM INVESTMENTS AND ADJUSTMENTS FOR OTHER OBLIGATIONS. E = ESTIMATE.

Disciplined investment program and focus on operational excellence have supported growth



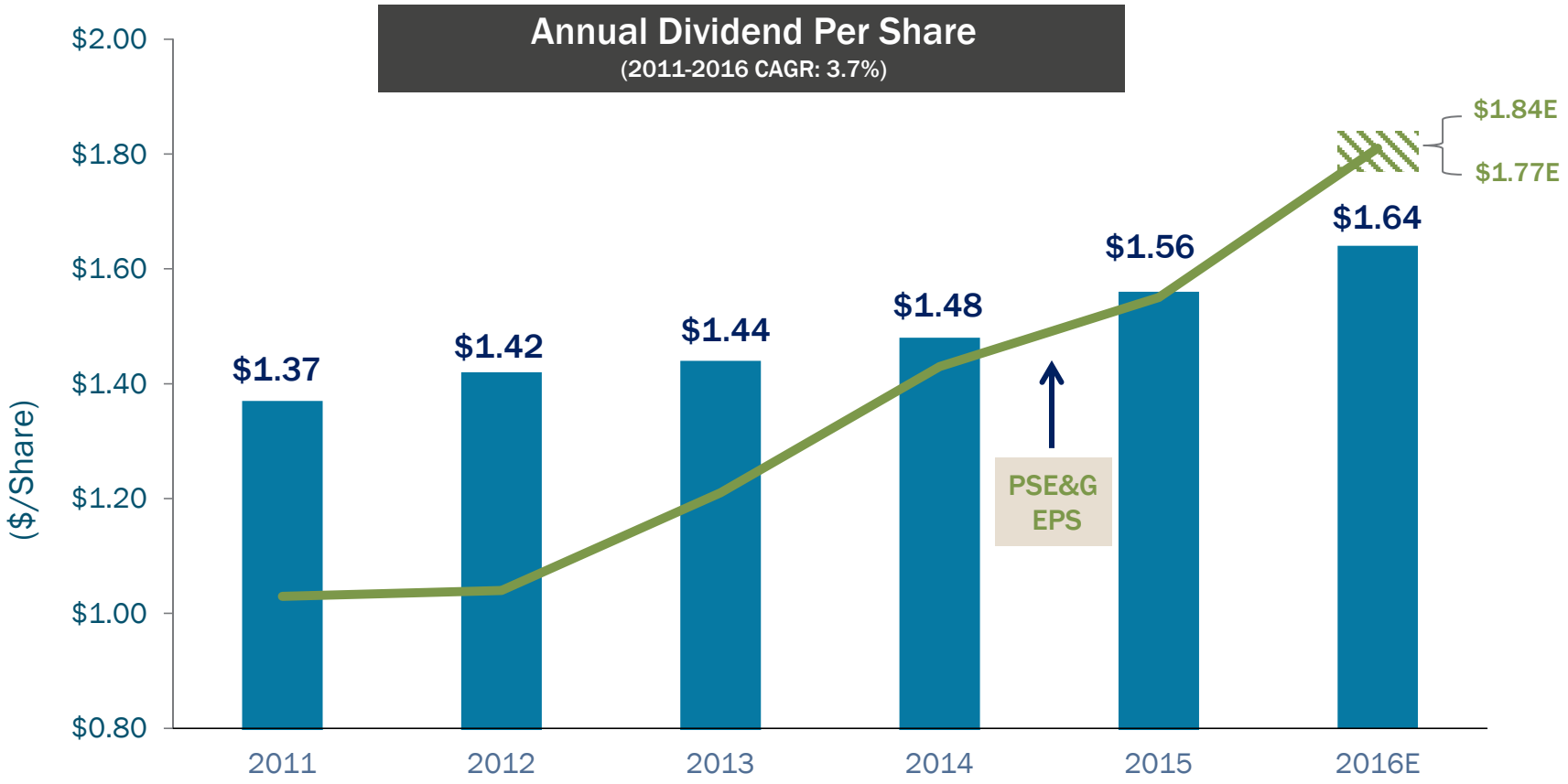
Power's diverse fuel mix and dispatch flexibility continue to generate strong earnings and free cash flow in low price environment

PSE&G's investment program has resulted in an increased contribution to PSEG's results

*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON-GAAP). E=ESTIMATE
** 2016 PERCENTS USE MID-POINT OF 2016 OPERATING EARNINGS (NON-GAAP) GUIDANCE AS OF OCTOBER 31, 2016.

Opportunity for meaningful and sustainable

dividend growth given significant contribution from PSE&G earnings and Power's strong financial profile



Payout Ratio	50%	58%	56%	54%	54%	57% (1)

(1) THE 2016 PAYOUT RATIO IS BASED ON THE MIDPOINT OF PSEG'S 2016 OPERATING EARNING (NON-GAAP) GUIDANCE OF $2.80-$2.95E PER SHARE. E=ESTIMATE

PSEG's Value Proposition

- A stable platform with predictable earnings and a robust investment pipeline
- PSE&G – Top tier utility performance and growth profile
- PSEG Power – Efficient, low-cost, clean fleet advantaged by asset diversity, fuel mix and location
- Strong balance sheet – Supports stable credit rating, growth objectives and the potential for consistent and sustainable dividend growth

APPENDIX

Items Excluded from Net Income to Reconcile to Operating Earnings (non-GAAP)

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

Reconciling Items	*For the Nine Months Ended September 30,*		*For the Year Ended December 31,*			
	2016	2015	2015	*2014*	*2013*	*2012*
	($ millions, Unaudited)					
Net Income	**$ 985**	**$ 1,370**	**$ 1,679**	**$ 1,518**	**$ 1,243**	**$ 1,275**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	4	14	(24)	(138)	(86)	(104)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[a] (PSEG Power)	91	(98)	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	(172)	(172)	27	54	66
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	114	-	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	137	-	-	-	-	(61)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[b]	(135)	107	150	104	(27)	42
Operating Earnings (non-GAAP)	**$ 1,196**	**$ 1,221**	**$ 1,476**	**$ 1,400**	**$ 1,309**	**$ 1,236**
Fully Diluted Average Shares Outstanding (in millions)	**508**	**508**	**508**	**508**	**508**	**507**
	($ Per Share Impact - Diluted, Unaudited)					
Net Income	**$ 1.94**	**$ 2.70**	**$ 3.30**	**$ 2.99**	**$ 2.45**	**$ 2.51**
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	0.01	0.03	(0.05)	(0.27)	(0.17)	(0.21)
(Gain) Loss on MTM, pre-tax[a] (PSEG Power)	0.18	(0.19)	(0.31)	(0.22)	0.25	0.04
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	(0.34)	(0.34)	0.05	0.11	0.13
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	0.22	-	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.27	-	-	-	-	(0.12)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[b]	(0.26)	0.21	0.31	0.21	(0.06)	0.09
Operating Earnings (non-GAAP)	**$ 2.36**	**$ 2.41**	**$ 2.91**	**$ 2.76**	**$ 2.58**	**$ 2.44**

(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.

Items Excluded from Net Income to Reconcile to Operating Earnings (non-GAAP)

PSEG Power
Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	For the Year Ended December 31, 2015	2014	2013	2012
	($ millions, Unaudited)			
Net Income	**$ 856**	**$ 760**	**$ 644**	**$ 666**
(Gain) Loss on NDT Fund Related Activity, pre-tax	(24)	(138)	(86)	(104)
(Gain) Loss on MTM, pre-tax [(a)]	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax	(172)	27	54	66
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(b)]	150	104	(27)	17
Operating Earnings (non-GAAP)	**$ 653**	**$ 642**	**$ 710**	**$ 663**

(a) Includes the financial impact from positions with forward delivery months.
(b) Income tax effect calculated at 40.85% statutory rate, plus a 20% tax on income (losses) from qualified NDT funds.

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

Reconciling Items	For the Year Ended December 31, 2015	2014	2013	2012
	($ millions, Unaudited)			
Net Income (Loss)	**$ 36**	**$ 33**	**$ (13)**	**$ 81**
Lease Related Activity, pre-tax	-	-	-	(61)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items[(a)]	-	-	-	25
Operating Earnings (non-GAAP)	**$ 36**	**$ 33**	**$ (13)**	**$ 45**

(a) Income tax effect calculated at 40.85% statutory rate.