
NYSE:
PEG
PSEG Investor Update
•
September 28, 2018
PSEG

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, and PSE&G's ability to recover costs and earn returns on authorized investments;
- the impact of pending and any future 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 recover the carrying amount of our long-lived assets and leveraged leases;
- 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 in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). 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.

Operating Earnings is a 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. The last two slides in this presentation (Slides A and B) include lists of items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings with a reference to those slides included on each of the slides where the non-GAAP information appears.

Due to the forward looking nature of non-GAAP Operating Earnings 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 https://investor.pseg.com. From time to time, PSEG, PSE&G and PSEG Power release important information via postings on their corporate website at https://investor.pseg.com. Investors and other interested parties are encouraged to visit the corporate website to review new postings. The "email alerts" link at https://investor.pseg.com may be used to enroll to receive automatic email alerts and/or really simple syndication (RSS) feeds regarding new postings at https://investor.pseg.com/rss.

PSEG STRATEGY: BUILDING A SUSTAINABLE, FINANCIALLY SOUND ENERGY INFRASTRUCTURE COMPANY

Ralph Izzo

CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Dan Cregg

EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

PSEG

We make things work for you.


PSE&G Represents 65% of Non-GAAP Operating Earnings
4.7% Increase in 2018 Common Dividend
Promoting Sound Energy Policy
115 Years Investing in NJ's Critical Infrastructure
5–Year Investment Program Provides Opportunity for 8%-10% CAGR in PSE&G Rate Base
PSEG

Two strong businesses with a track record of success



Electric & Gas Distribution and Transmission

Strategy: Investments aligned with public policy and customer needs

Value Proposition: A $12 Billion - $16 Billion infrastructure program expected to produce 8%-10% annual rate base growth through 2022

2017	Assets $29B Net Income $973M Non-GAAP Operating Earnings* $963M

Regional Competitive Generation

Strategy: Investment program enhances competitive position with addition of efficient, clean, reliable CCGT capacity

Value Proposition: Provides substantial free cash flow and upside from market rule improvements

2017	Assets $12B Net Income $479M Non-GAAP Operating Earnings* $505M

ASSETS AND NET INCOME ARE FOR THE YEAR ENDED 12/31/2017. PSE&G AND POWER DO NOT ADD TO TOTAL DUE TO ENTERPRISE / OTHER ACTIVITY. PSE&G 5 YEAR CAPITAL SPEND FORECAST UPDATED FOR CLEAN ENERGY FUTURE PROGRAM FILED SEPTEMBER 26, 2018

*SEE SLIDE A FOR A RECONCILIATION OF NET INCOME TO NON-GAAP OPERATING EARNINGS AND SLIDE B FOR RECONCILIATIONS FOR PSE&G AND PSEG POWER.

Strategic focus produced growth in non-GAAP Operating Earnings as regulated business contribution grew to ~65%

2012	PSEG 5-Year Capital Investment Program of $18 Billion*	2017

- ✓ Regulated annual Rate Base growth of 13% to $17 Billion
- ✓ Transmission has grown to 46% of Rate Base
- ✓ Efficient growth: O&M held flat
- ✓ Overall customer bill is down

$2.44	Non-GAAP Operating Earnings +4% per year	$2.93
43%	Regulated Net Income Contribution Increased	65%
$1.42	Common Dividend Per Share +4% per year	$1.72

*CAPITAL INCLUDES YEARS 2013-2017.

Next Steps: Building on a successful and sustainable platform that meets the needs of customers and shareholders

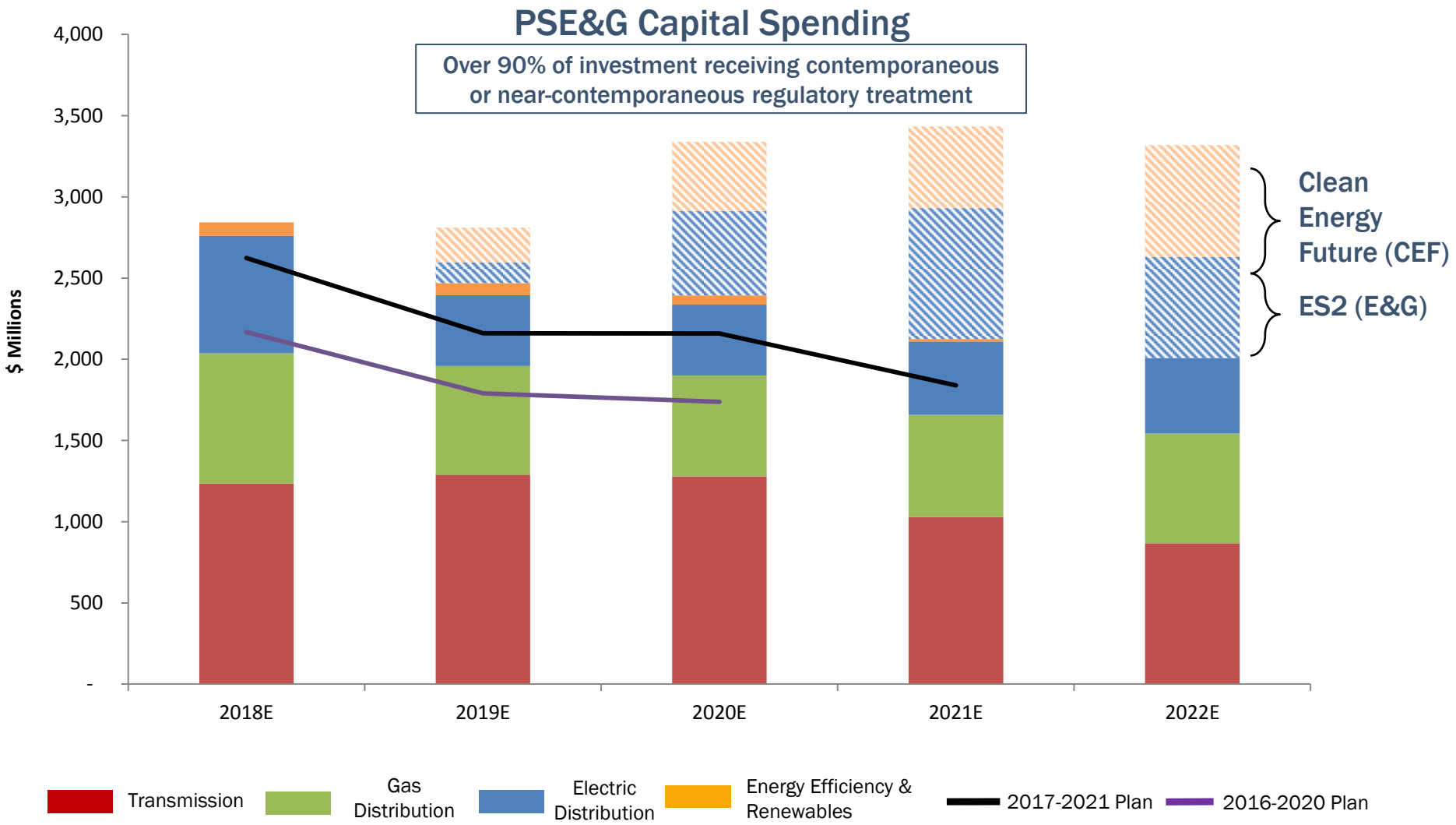
2018 — PSEG 5-Year Capital Investment Program $14B - $17.5B

- ✓ Investing $12 Billion-$16 Billion to upgrade New Jersey infrastructure and meet NJ's Clean Energy goals
- ✓ Minimizing risk/volatility of merchant generation
- ✓ Continued cost discipline in operations
- ✓ Maintaining high customer satisfaction levels
- ✓ Tax reform benefits customers and shareholders
- ✓ Financial strength remains a core operating principle

Rate Base — Expected 8%-10% Compound Annual Growth in Rate Base through 2022

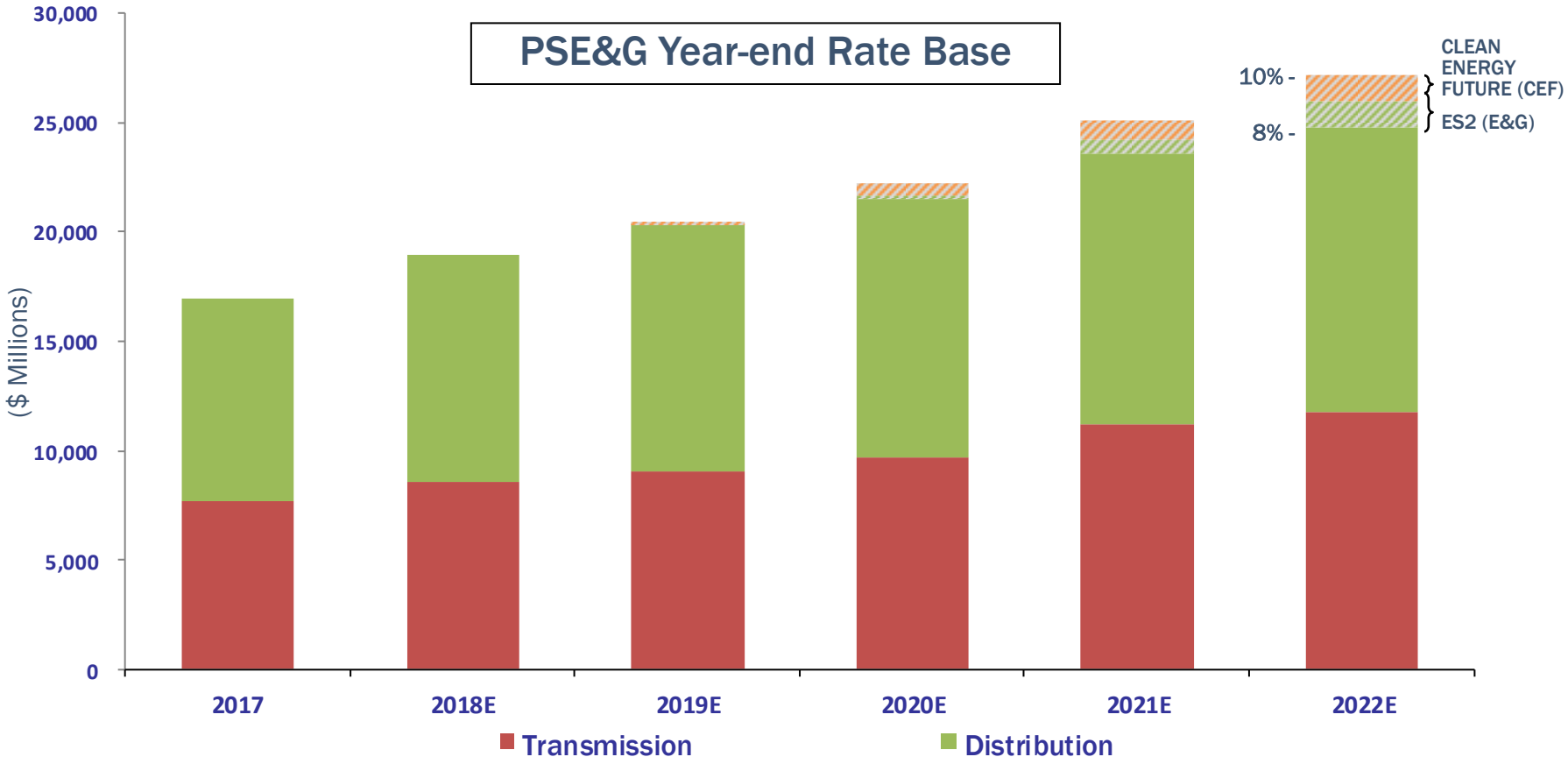
$1.80 — Opportunity for Consistent and Sustainable Growth in Common Dividend

$12B-$16B investment program focused on grid modernization, reliability and clean energy



HASHED PORTION OF THE CHART REPRESENTS EXTENSION OF ENERGY STRONG (ES2) AND CLEAN ENERGY FUTURE (CEF) FILINGS
5 YEAR CAPITAL SPEND FORECAST UPDATED FOR CLEAN ENERGY FUTURE PROGRAM FILED SEPTEMBER 26, 2018 E = ESTIMATE.

Expanded utility investment program of $12B - $16B provides opportunity for rate base growth of 8% - 10%



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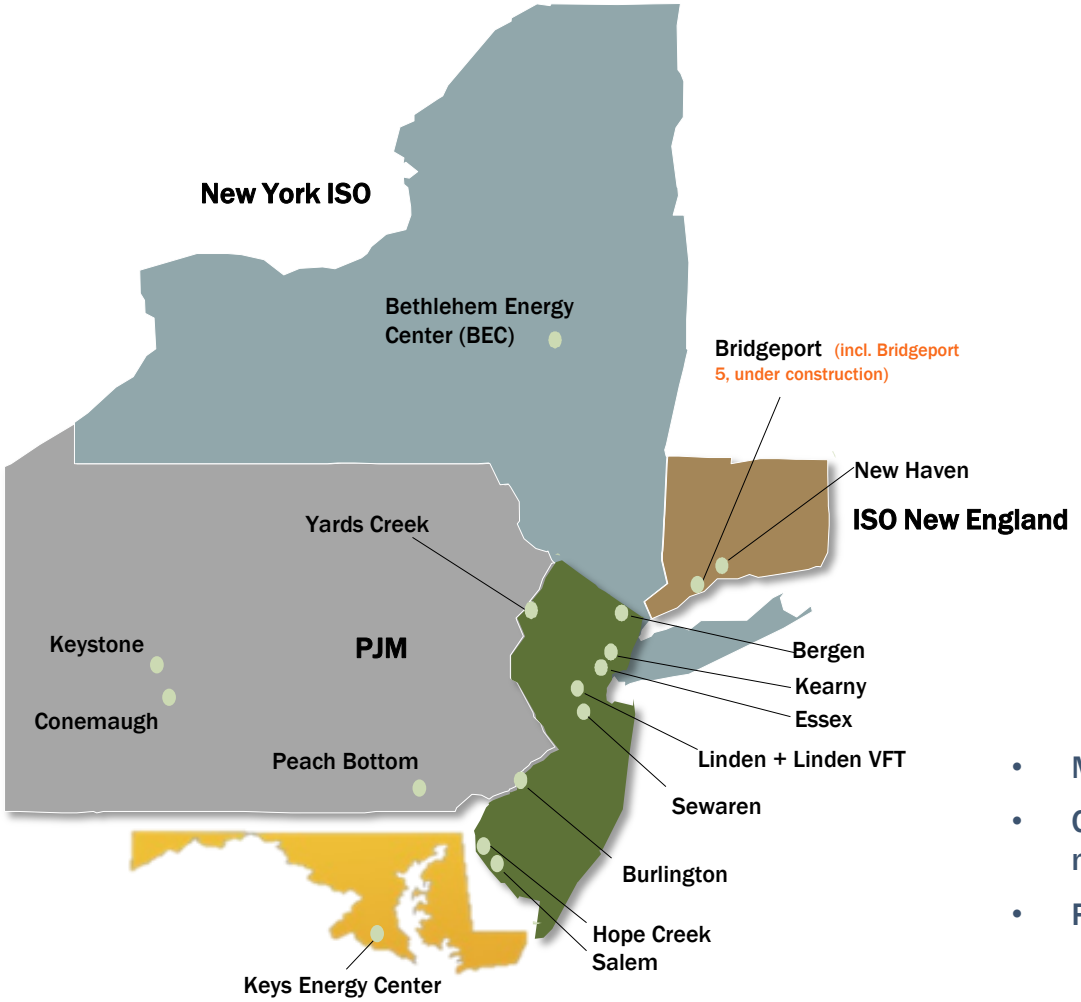
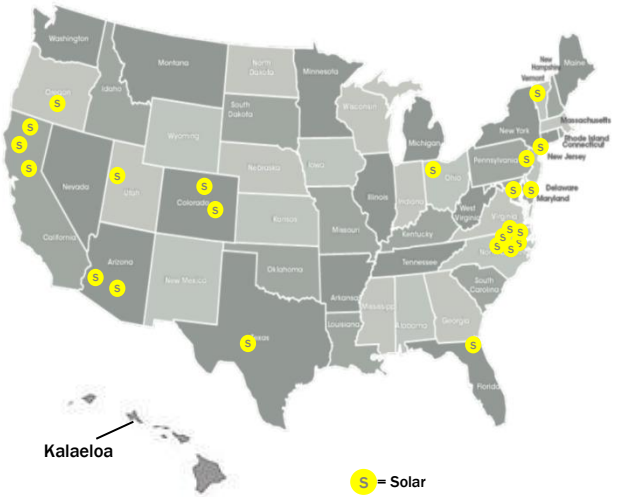
Power's generating assets mainly located in three competitive markets





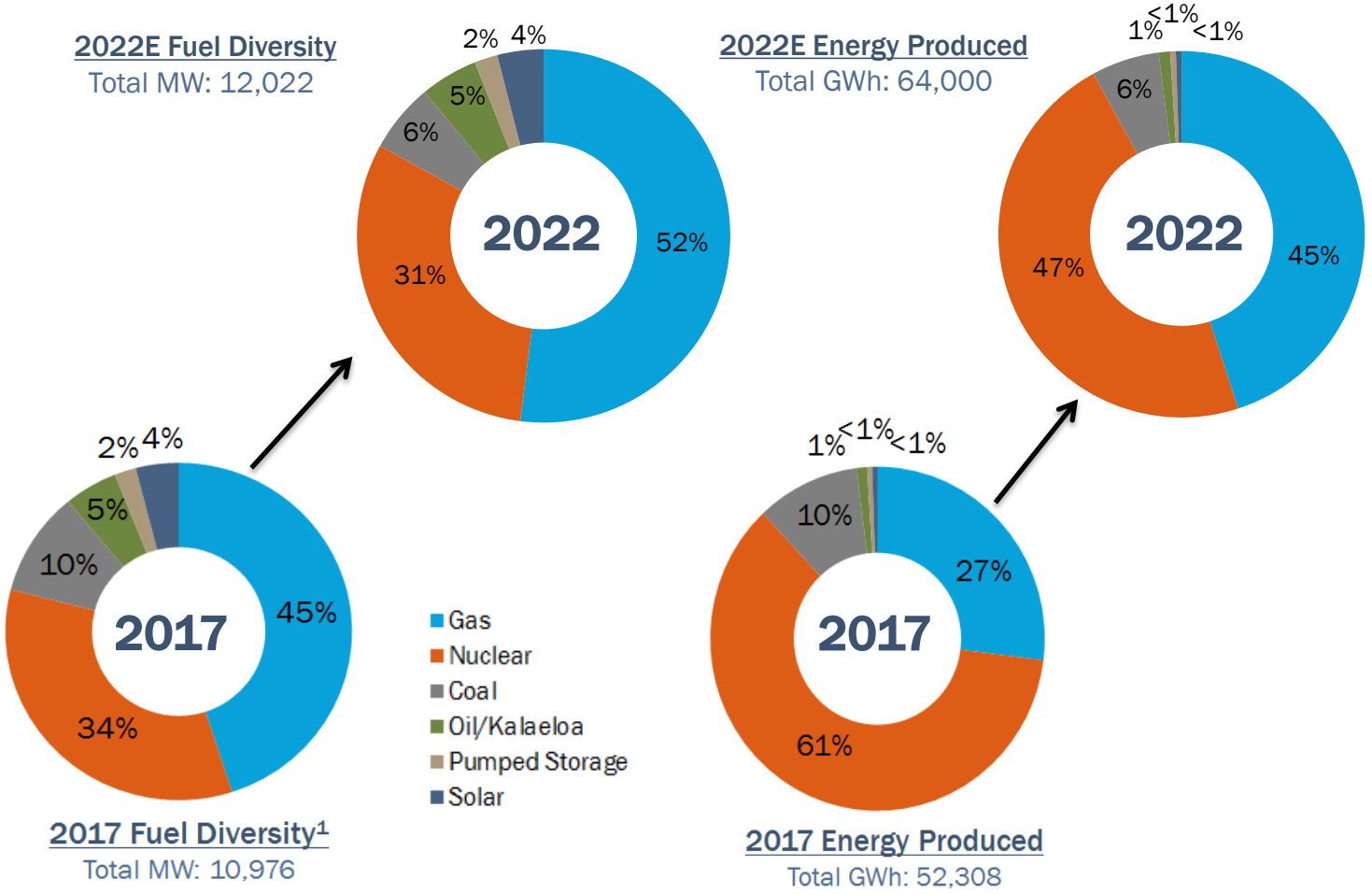
Power Ventures assets:

- Solar (414 MW_{DC}/325 MW_{AC})
- Kalaeloa, HI (104 MW)

- Major assets located near key load centers
- Completing construction program of three new, highly efficient combined-cycle units
- Positioned to benefit from market volatility

Power's fleet transformed with focus on improvement in efficiency

Projected Fleet Comparison 2017 to 2022E



[1] REFLECTS RETIREMENT OF HUDSON AND MERCER UNITS IN JUNE 2017
E=ESTIMATE

Regulatory/legislative policy initiatives strengthen foundation for providing clean, affordable and resilient energy supply

Base Rate Case Provides Opportunity for Long-Term Rate Stability

- Decision expected in Q4 2018

NJ regulators endorse streamlined process supporting long-term investment

- GSMP II Approved; ES II Filed in June 2018

NJ Advances Clean Energy Future

- PSEG Power will request NJBPU determination of eligibility for our NJ nuclear plants to receive Zero Emission Certificates
- PSE&G plans to accelerate investment in Energy Efficiency, Energy Storage, EVs and Energy Cloud - AMI

FERC/PJM Wholesale Market Reforms Underway

- Fast start pricing reform at PJM expected in 2019

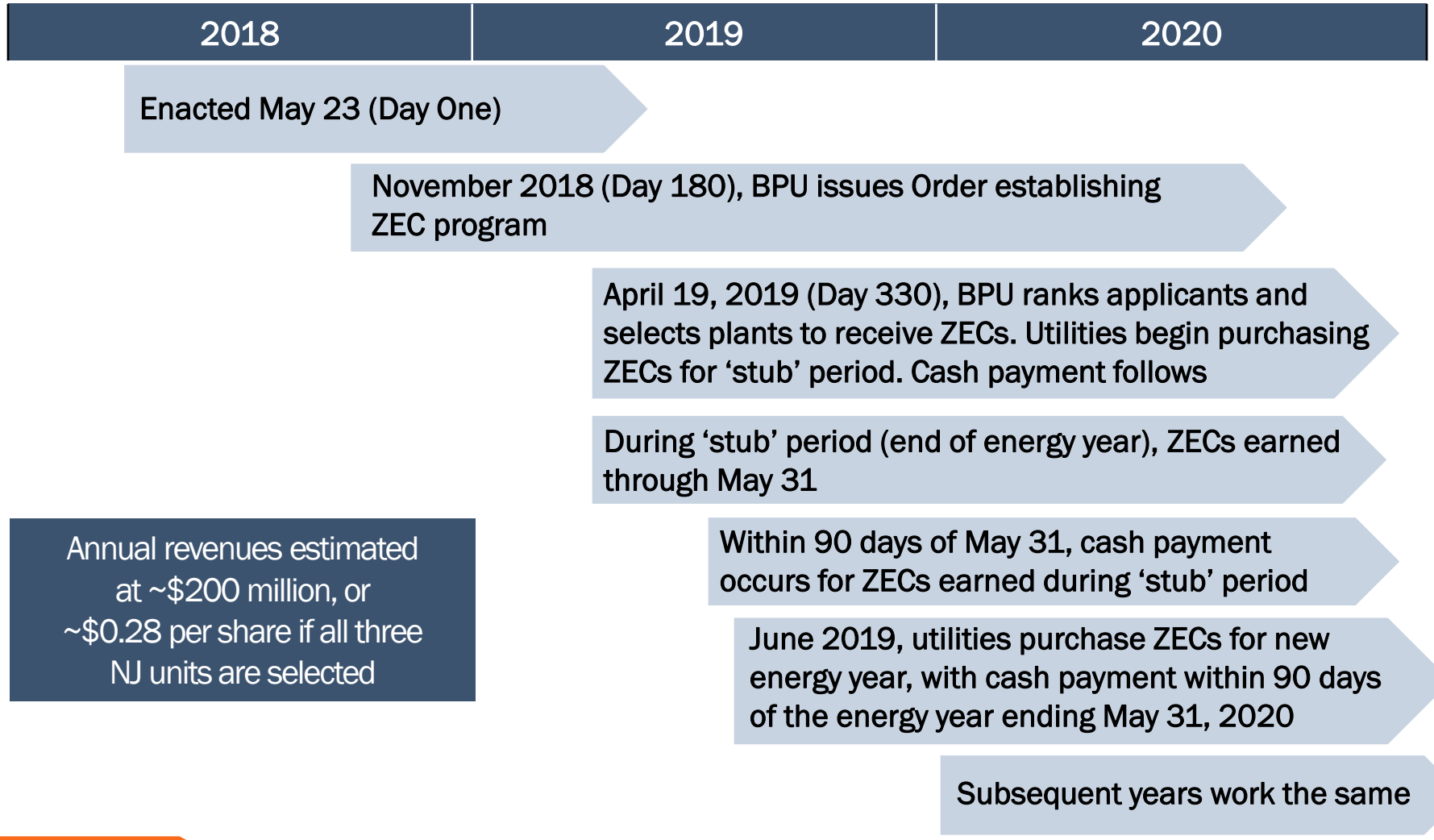
AMI = ADVANCED METERING INFRASTRUCTURE.

NJ Zero Emission Certificates (ZEC) support carbon free nuclear generation



- ✓ Legislation signed by New Jersey Governor Murphy on May 23
- ✓ 330-Day process underway – NJ Board of Public Utilities expected to determine eligibility and select nuclear plants to receive ZECs by mid-April 2019
- ✓ Hope Creek and Salem produce >90% of NJ's carbon free generation, support ~6,000 jobs, and benefit fuel diversity and grid reliability

Zero Emission Certificate (ZEC) Process



PSEG's future direction aligned with customer needs and NJ's Clean Energy agenda

2012-2017	2018 – 2022	Utility of the Future
Transmission expansion	Upgrade aging infrastructure and Transmission	Clean Energy Legislation • Expanded Energy Efficiency • EV infrastructure • Battery storage
Storm hardening and resiliency	Storm hardening and resiliency	Greater use of technology to enhance 2-way customer communication
New peaking generation and generation uprates	New, efficient CCGTs	Regulated Renewables
Regulated & Unregulated Renewables	Clean Energy Legislation • Expanded Energy Efficiency • EV Infrastructure • Energy Storage • Energy Cloud – AMI	
	Regulated & Unregulated Renewables	

AMI = ADVANCED METERING INFRASTRUCTURE.

NJ has advanced a new Clean Energy agenda

Energy Policy	Description	Investment Opportunity for PSEG
Energy Efficiency (EE)	• Requires electric utilities to reduce energy consumption by 2% and gas utilities to reduce energy consumption by 0.75% from average annual usage over prior 3-year period within 5 years • Allows utilities to recover "reasonable and prudent costs" including return of and on capital and revenue impact of lost sales	☑
Renewable Portfolio Standard (RPS)	• Increases percentage of energy to be supplied from renewable energy resources to 50% by 2030	☑
Solar	• Annual solar requirement increases to 4.8% in 2025 before declining to 4.5% in 2026 and 1.1% in 2033 as net metering cap increased to 5.8% from 2.9% • BPU must complete a study on how to modify/replace SREC program by 24 months after enactment	☑
Community Solar	• BPU must develop rules and regulations establishing a "Community Solar Energy Pilot Program"	☑
Offshore Wind (OSW)	• BPU to establish Offshore Renewable Energy Certificate (OREC) to support 3,500 MW by 2030 • Allows OSW projects to receive tax credits from the Energy Development Agency (EDA) • NJ Dept. of Labor directed to develop job training programs to support OSW development	☑
Energy Storage	• BPU to provide Governor and Legislature with analysis of "energy storage needs and opportunities" • BPU to initiate process within six months of delivering report that establishes a process and mechanism for achieving 600 MW of energy storage by 2021 and 2,000 MW by 2030	☑
EV Infrastructure	• Charging stations and related infrastructure for workplace, multi-family and travel corridors	☑

Partnership for a Clean Energy Future:

~$3.6 Billion investment program to provide cost-effective and innovative solutions supporting NJ's clean energy goals

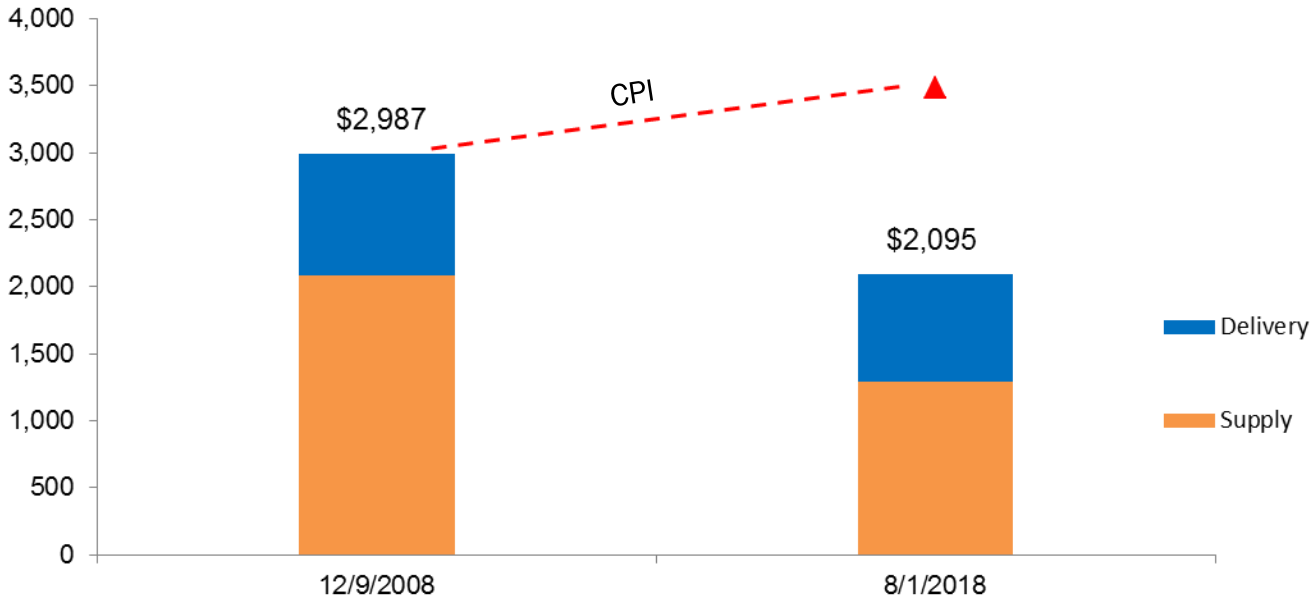
- **Energy Efficiency:** Residential and C&I programs to lower energy bills and combat climate change
  - Savings targeting 2% electric and 0.75% gas savings consistent with NJ Clean Energy Legislation
  - Customer benefits exceed costs
- **Electric Vehicles:** "Smart" electric vehicle infrastructure: residential, workplace, multi-family, travel corridors
- **Energy Storage:** Utility-scale systems to defer traditional distribution investment, enable additional solar, and enhance critical infrastructure resiliency
- **Energy Cloud: Advanced Metering Infrastructure (AMI):** Accelerated roll-out of 2.2 million electric meters and supporting infrastructure. Compelling customer benefits

Program Investment	$ Billion
Energy Efficiency	$2.5
Electric Vehicles	$0.3
Energy Storage	$0.1
Energy Cloud – AMI	$0.7
Investment Total	$3.6

- 6-year investment program starting in 2019
- Seeking contemporaneous recovery
- Contingent on approval of lost revenue recovery mechanism

Customer's bills are materially lower, supporting needed investment in the system

PSE&G Combined Typical Annual Residential Customer Bills*



- Combined, typical residential electric and gas customer bills are ~30% lower since the highpoint in 2008 and >40% lower when adjusted for inflation
- Also provided BGSS bill credits totaling ~$680 per customer since 2012

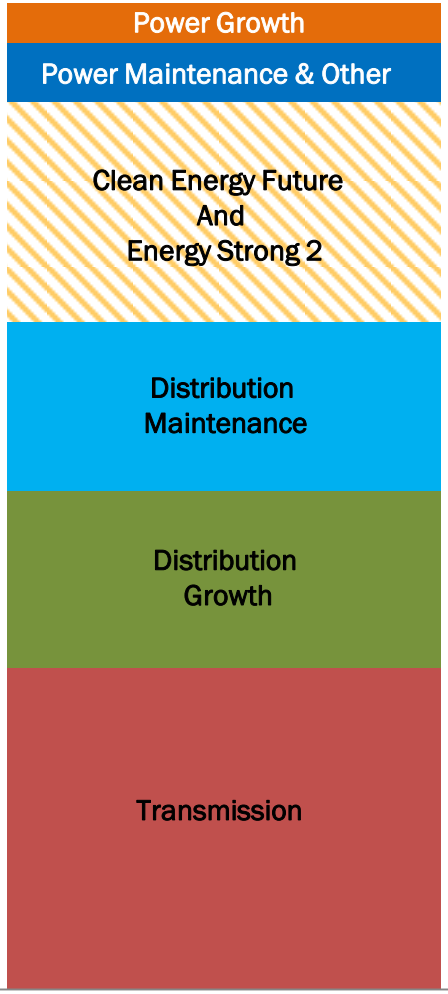
- Regional price comparison** - Gas is 2nd lowest and Electric is lower than average
- Delivery revenue component is the lowest in the state for Gas and second lowest for Electric
- PSE&G's infrastructure and clean energy investment programs would increase rates by approximately 2% - 3% annually, aligned with inflation

*FOR ALL YEARS THE BILLING ASSUMES 7,200 KWH FOR ELECTRIC AND 1,010 THERMS FOR GAS ANNUALLY.
** COMPARED AGAINST 12 REGIONAL UTILITIES AS OF DECEMBER 1, 2017, FOR A CUSTOMER THAT USES 500 KILOWATT-HOURS AND 100 THERMS IN A MONTH.

Capital spending focused on regulated growth

PSEG
2018E – 2022E Capital Spending

$14B to $17.5B

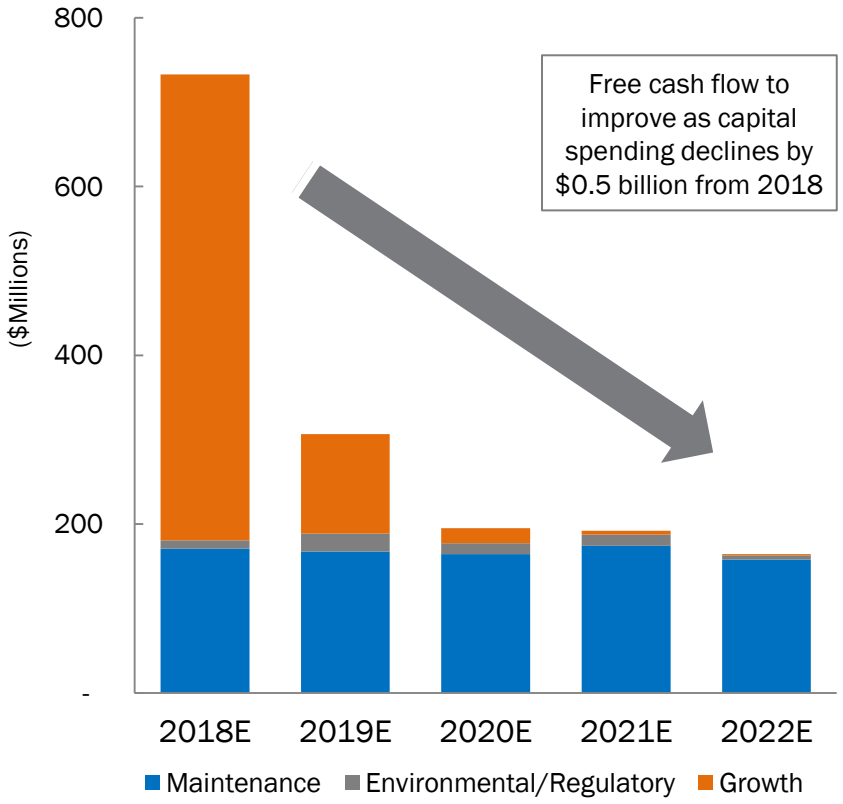


Investment in regulated business represents ~90% of capital program

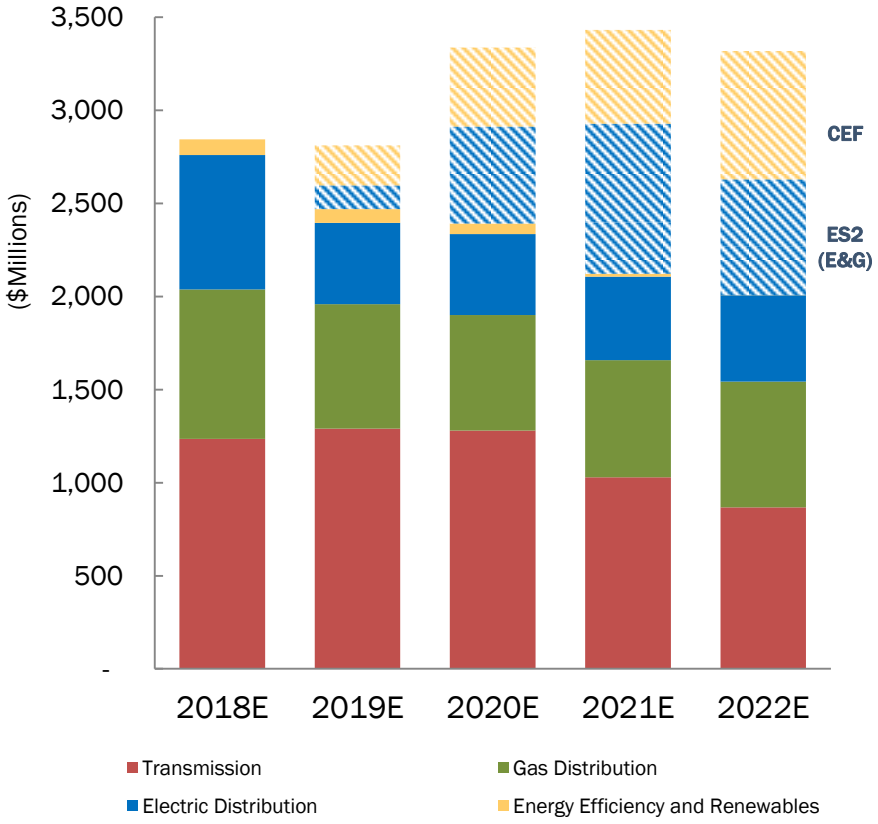
.HASHED PORTION OF THE CHART REPRESENTS EXTENSION OF ENERGY STRONG (ES2) AND CLEAN ENERGY FUTURE (CEF) FILING.
5 YEAR CAPITAL SPEND FORECAST UPDATED FOR CLEAN ENERGY FUTURE PROGRAM FILED SEPTEMBER 26, 2018
CAPITAL INCLUDES IDC AND AFUDC E=ESTIMATE

Power's free cash flow improves as construction program ends

PSEG Power
2018E – 2022E Capital Spending (1)



PSE&G
2018E – 2022E Capital Spending (1) (2)



1)CAPITAL INCLUDES IDC AND AFUDC.
2)HASHED PORTION OF THE CHART REPRESENTS EXTENSION OF ENERGY STRONG (ES2) AND CLEAN ENERGY FUTURE (CEF) FILINGS.
E = ESTIMATE

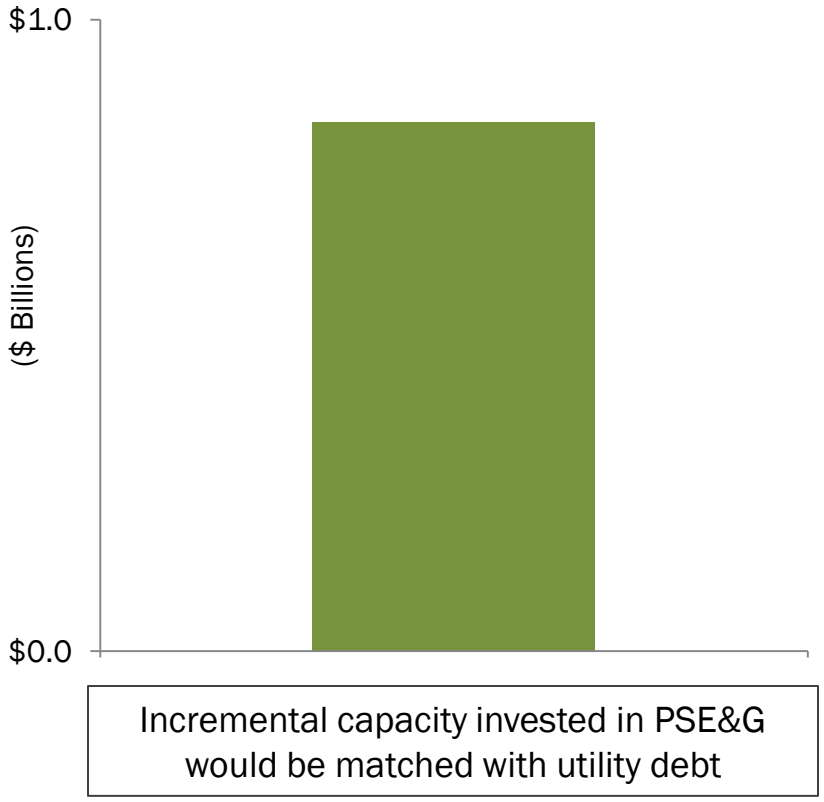
Solid credit metrics support additional investment capacity

Average Funds From Operations/Debt* 2018E – 2020E

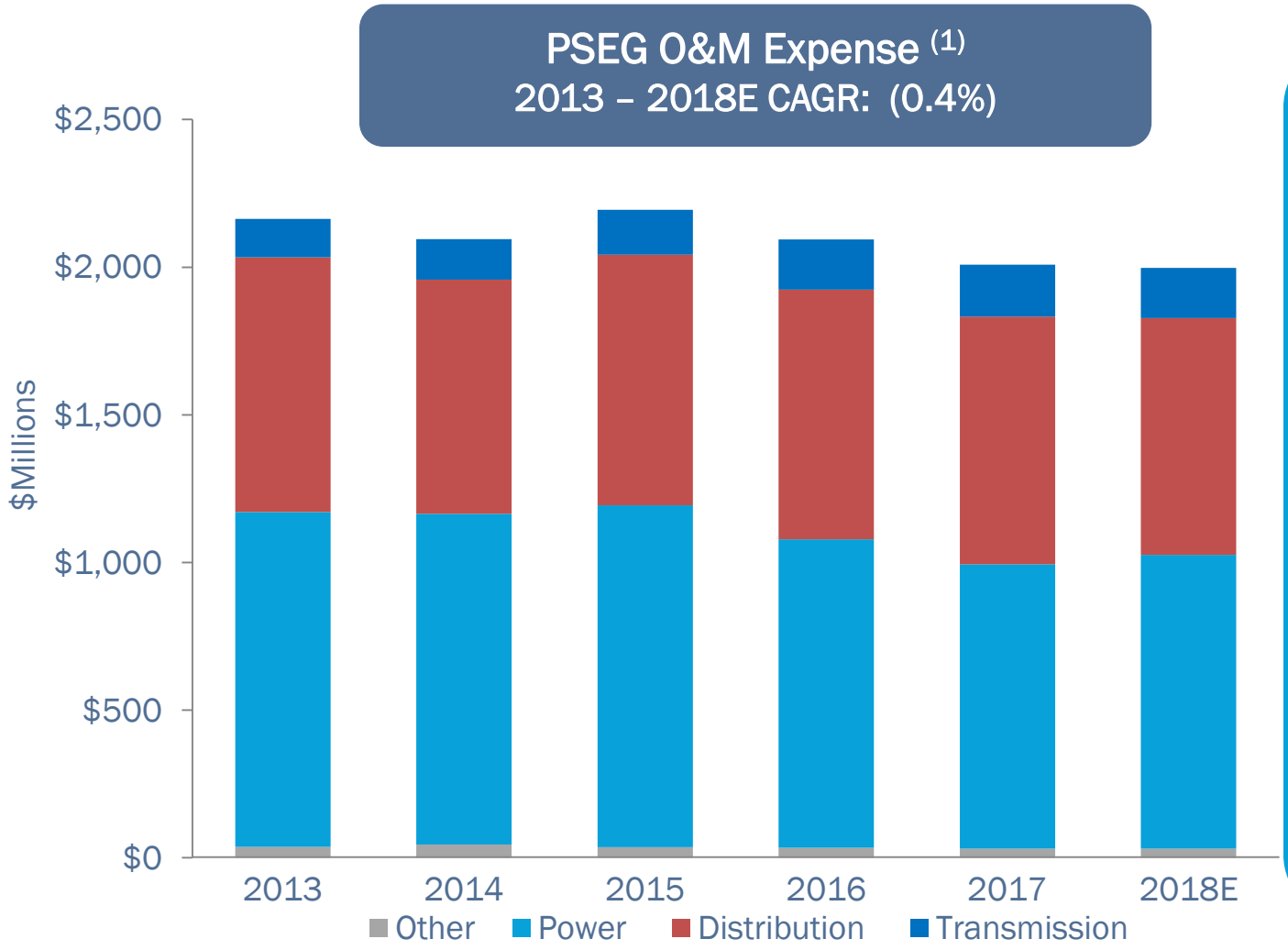
	Power	PSEG
Estimate	Low - Forties	~20%
Minimum Threshold	30%	High - Teens

* Does not consider potential ZEC impact on estimated FFO/Debt

Total Incremental Investment Capacity 2018E – 2020E (PSEG and Power)



PSEG has controlled O&M



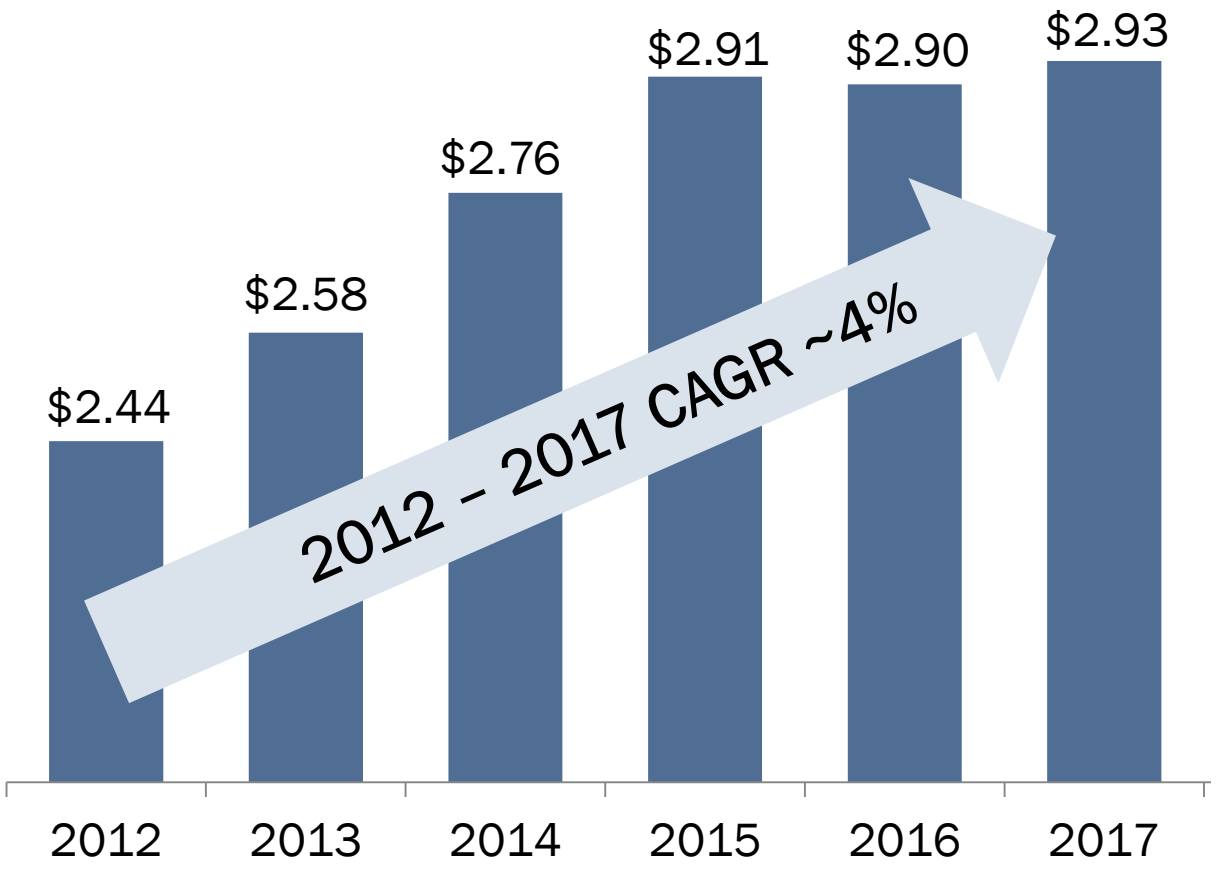
Cost Control Actions

- Continued focus on vendors to ensure maximum value
- Regular organizational refinement to streamline processes
- Managed Pension & OPEB Expense
- Retirement of un-economic generating plants
- 'Best practices' teams focused on improving performance while managing costs

1) EXCLUDES REGULATORY BALANCING ACCOUNT ITEMS AND NUCLEAR ARO ACCRETION EXPENSE ; INCLUDES THE IMPACT OF THE CHANGE IN PENSION ACCOUNTING STANDARDS. E = ESTIMATE.

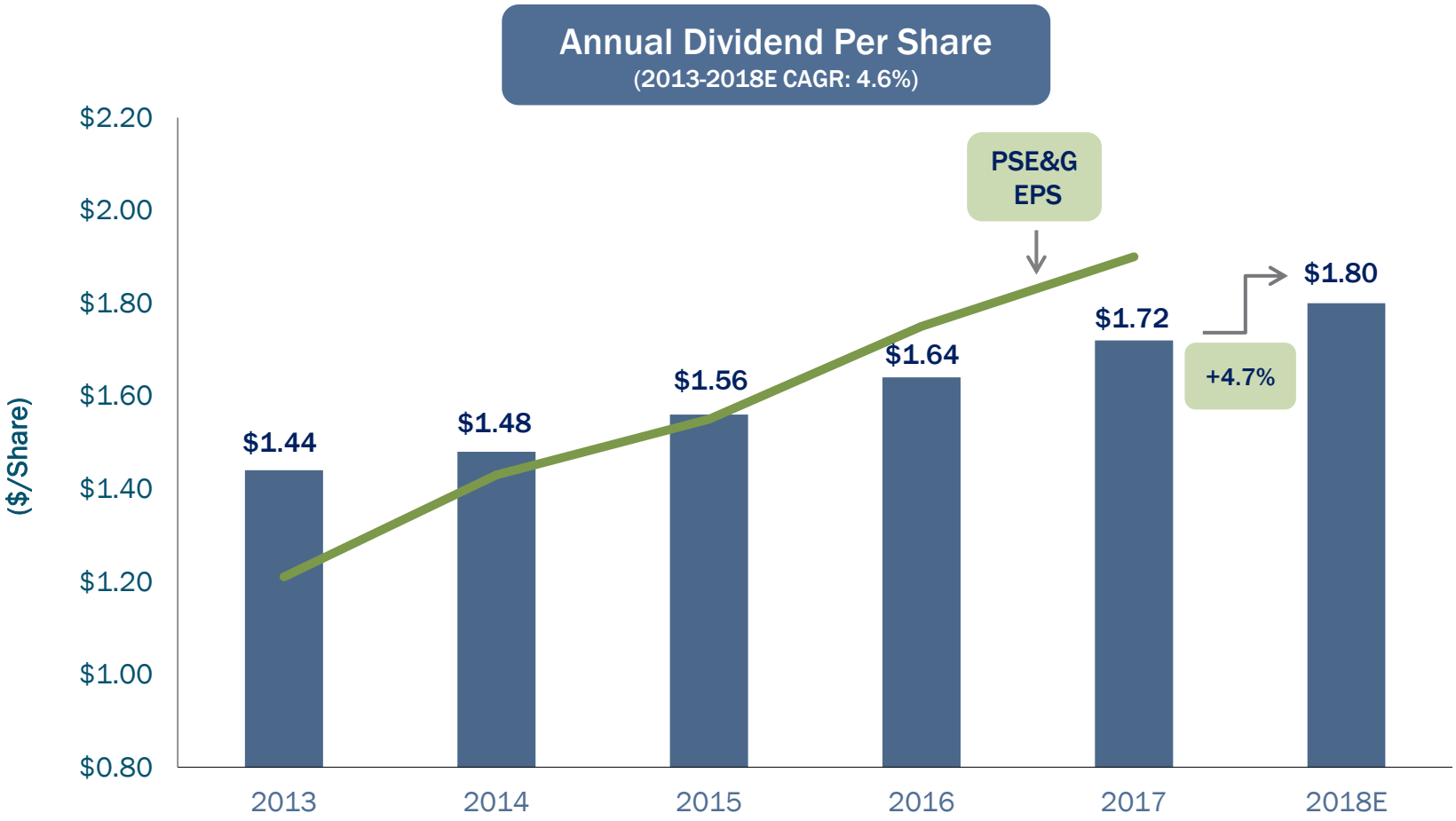
Strategic focus continues to deliver solid results

PSEG non-GAAP Operating Earnings per Share*



*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO NON-GAAP OPERATING EARNINGS.
E = ESTIMATE.

Opportunity for consistent and sustainable dividend growth



E=ESTIMATE; INDICATIVE ANNUAL RATE.

PSEG Value Proposition



- PSE&G – Delivering on promise for rate base growth through disciplined investment, customer satisfaction and safety
- PSEG Power – Efficient, low-cost, clean fleet advantaged by asset diversity, fuel mix and location
- Focus on providing strong, sustainable returns of invested capital through operational excellence, regulatory and legislative mechanisms
- 111-year record of paying common dividends with opportunity for consistent, sustainable growth

Sustainability is the hallmark of our 115 years of Public Service

- ✓ PSEG's climate goal is to eliminate 13 million tons of CO_2 equivalent emissions by 2030 from 2005 levels
- ✓ Named to the Dow Jones North America Sustainability Index for the 11th year in 2018
- ✓ Working to secure the economic viability of PSEG Power's nuclear fleet, which generates >90% of New Jersey's carbon free energy
- ✓ Invested approximately $1.7 Billion in the development of solar energy
- ✓ Proud sponsor of several sustainability and STEM programs including Montclair State's Institute for Sustainability Studies; the Andlinger Center for Energy & the Environment at Princeton; and the Stevens Institute of Technology's SURE House



PSEG EXECUTIVE PROFILES

PSEG

We make things work for you.



Ralph Izzo

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Ralph Izzo was elected chairman and chief executive officer of Public Service Enterprise Group Incorporated (PSEG) in April 2007. He was named as the company's president and chief operating officer and a member of the board of directors of PSEG in October 2006. Previously, Mr. Izzo was president and chief operating officer of Public Service Electric and Gas Company (PSE&G).

Since joining PSE&G in 1992 Mr. Izzo was elected to several executive positions within PSEG's family of companies, including PSE&G senior vice president – utility operations; PSE&G vice president – appliance service; PSEG vice president - corporate planning; and PSE&G vice president - electric ventures. In these capacities he broadened his experience in the areas of general management, strategic planning and finance.

Mr. Izzo is a well-known leader within the utility industry, as well as the public policy arena. He is frequently asked to testify before Congress and speak to organizations on matters pertaining to national energy policy.

Mr. Izzo's career began as a research scientist at the Princeton Plasma Physics Laboratory, performing numerical simulations of fusion energy experiments. He has published or presented over 35 papers on magnetohydrodynamic modeling. Mr. Izzo received his Bachelor of Science and Master of Science degrees in mechanical engineering and his Doctor of Philosophy degree in applied physics from Columbia University.

He also received a Master of Business Administration degree, with a concentration in finance from the Rutgers Graduate School of Management. He is listed in numerous editions of Who's Who and has been the recipient of national fellowships and awards. Mr. Izzo has received honorary degrees from the New Jersey Institute of Technology (Doctor of Science), Thomas Edison State University (Doctor of Humane Letters), Bloomfield College (Doctor of Humane Letters), Rutgers University (Doctor of Humane Letters), and Raritan Valley Community College (Associate of Science).

Mr. Izzo is on the board of directors for the New Jersey Chamber of Commerce, the Edison Electric Institute (EEI), the Nuclear Energy Institute (NEI) and the New Jersey Performing Arts Center. He is also a member of the Board of Trustees of Peddie School and the Princeton University Andlinger Center for Energy and the Environment Advisory Council, as well as a member of the Visiting Committee for the Department of Nuclear Engineering at MIT. Mr. Izzo is a former member of the Columbia University School of Engineering Board of Visitors. In addition, he is a former chair of the Rutgers University Board of Governors and the New Jersey Chamber of Commerce.



Daniel J. Cregg

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED, PUBLIC SERVICE ELECTRIC AND GAS COMPANY, PSEG POWER LLC AND PSEG SERVICES CORPORATION

Daniel J. Cregg was named executive vice president and chief financial officer for Public Service Enterprise Group Incorporated (PSEG) and its subsidiaries in October 2015.

Mr. Cregg is responsible for all financial functions, including Internal Audit Services, Investor Relations and Corporate Development. Given the array of financial instruments which serve as the primary means of selling wholesale energy to customers, Mr. Cregg also has responsibility for the Risk Management function, which provides independent oversight of the PSEG Power trading organization. In addition to finance, Mr. Cregg is responsible for the Strategy and Planning function. He is a member of PSEG's Executive Officer Group.

Prior to his current position, Mr. Cregg was vice president – finance for PSE&G, a role he assumed in June 2013. In 2006, Mr. Cregg was named vice president – finance for PSEG Power. In that capacity and in previous financial roles for Power, Mr. Cregg held leadership positions related to financial reporting and forecasting, investor communications, financings, rating agency interactions, external reporting, cash forecasting, financial valuations, competitive intelligence, and fundamental market modeling, with critical responsibilities in Power's development and strategic planning activities.

Previously, Mr. Cregg was director of PSEG corporate development. He joined PSEG in 1991 with overall responsibility for tax planning, strategy and compliance for PSEG Energy Holdings, including domestic and international tax structuring work for PSEG Global and PSEG Resources.

Before joining PSEG, Mr. Cregg spent five years with the accounting and consulting firm of Deloitte and Touche, providing consulting services to a wide range of clients with an emphasis on the energy industry.

Mr. Cregg holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania and is a graduate of Lehigh University, where he received a bachelor's degree in accounting.

Reconciliation of Non-GAAP Operating Earnings

Public Service Enterprise Group Incorporated - Consolidated Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,					
	2017	2016	2015	2014	2013	2012
	($ millions, Unaudited)					
Net Income (Loss)	$ 1,574	$ 887	$ 1,679	$ 1,518	$ 1,243	$ 1,275
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)	(138)	(86)	(104)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[a] (PSEG Power)	167	168	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)	27	54	66
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	77	147	-	-	-	(61)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[b]	(427)	(391)	150	104	(27)	42
Tax Reform	(745)	-	-	-	-	-
Operating Earnings (non-GAAP)	$ 1,488	$ 1,475	$ 1,476	$ 1,400	$ 1,309	$ 1,236
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	508	508	508	507
	($ Per Share Impact - Diluted, Unaudited)					
Net Income (Loss)	$ 3.10	$ 1.75	$ 3.30	$ 2.99	$ 2.45	$ 2.51
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.26)	(0.01)	(0.05)	(0.27)	(0.17)	(0.21)
(Gain) Loss on MTM, pre-tax[a] (PSEG Power)	0.33	0.33	(0.31)	(0.22)	0.25	0.04
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(0.34)	0.05	0.11	0.13
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.92	1.32	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.15	0.29	-	-	-	(0.12)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[b]	(0.84)	(0.78)	0.31	0.21	(0.06)	0.09
Tax Reform	(1.47)	-	-	-	-	-
Operating Earnings (non-GAAP)	$ 2.93	$ 2.90	$ 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.

Reconciliation of non-GAAP Operating Earnings for Public Service Electric & Gas and PSEG Power

PSE&G Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,					
	2017	2016	2015	2014	2013	2012
	($ millions, Unaudited)					
Net Income (Loss)	$ 973	$ 889	$ 787	$ 725	$ 612	$ 528
Tax Reform	(10)	-	-	-	-	-
Operating Earnings (non-GAAP)	$ 963	$ 889	$ 787	$ 725	$ 612	$ 528
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	508	508	508	507

PSEG Power LLC - Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,					
	2017	2016	2015	2014	2013	2012
	($ millions, Unaudited)					
Net Income (Loss)	$ 479	$ 18	$ 856	$ 760	$ 644	$ 666
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)	(138)	(86)	(104)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[(a)] (PSEG Power)	167	168	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)	27	54	66
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[(b)]	(395)	(336)	150	104	(27)	17
Tax Reform	(588)	-	-	-	-	-
Operating Earnings (non-GAAP)	$ 505	$ 514	$ 653	$ 642	$ 710	$ 663
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	508	508	508	507

(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.