2016 Wolfe Research Power & Gas Deep Dive Conference

HOUSTON – APRIL 6, 2016

PSEG

We make things work for you.

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

Forward-Looking Statement

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 and disallowances,
- 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 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 proceeds of insurance 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,
- an extended economic recession,
- 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 in addition to its Income from Continuing Operations/Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings is a non-GAAP financial measure that differs from Net Income because it excludes gains or losses associated with Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting, and other material one-time items. PSEG presents Operating Earnings because management believes that it is appropriate for investors to consider results excluding these items in addition to the results reported in accordance with GAAP. PSEG believes that the non-GAAP financial measure of Operating Earnings provides a consistent and comparable measure of performance of its businesses to help shareholders understand performance trends. This information is not intended to be viewed as an alternative to GAAP information. The last page in this presentation includes a list of items excluded from Income from Continuing Operations/Net Income to reconcile to Operating Earnings, with a reference to that page included on each of the pages where the non-GAAP information appears.

These materials and other financial releases can be found on the pseg.com website under the investor tab, or at http://investor.pseg.com/

PSEG POWER AND ER&T

Shahid Malik

PRESIDENT
ENERGY RESOURCES & TRADE

PSEG
We make things work for you.

Two strong businesses

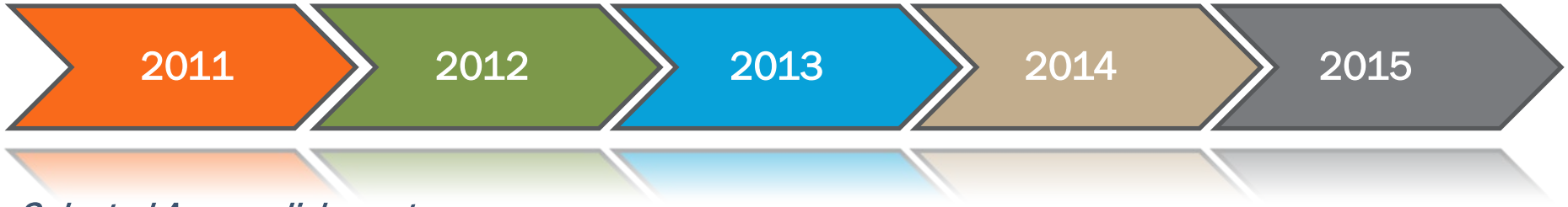
A stable platform, each with growth opportunities

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** **Operating Earnings $787M**	2015 **Assets $12B** **Operating Earnings $653M**

ASSETS AND OPERATING EARNINGS 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 INCOME FROM CONTINUING OPERATIONS/NET INCOME TO RECONCILE TO OPERATING EARNINGS

Focus on transforming Power's portfolio with reliable, efficient, and cleaner energy infrastructure



Selected Accomplishments

2011

- Hope Creek set annual output record
- Nuclear license extensions and uprates achieved

2012

- Peach Bottom 3 set annual output record
- Additional 400 MW of new peaker capacity at Kearny and New Haven
- Superstorm Sandy recovery initiated

2013

- Record annual output from Linden CCGT and Salem 2 Nuclear Unit
- 90% + nuclear capacity factor for 9th straight year
- Bethlehem Energy Center, 2nd gas pipeline connection added

2014

- Record annual output from Bergen CCGT
- PennEast pipeline investment
- CCGT Advanced Gas Path (AGP) uprate investment completed at Linden 1 & 2, 63 MW
- Established PSEG Long Island fuel management operations for 2015 start-up

2015

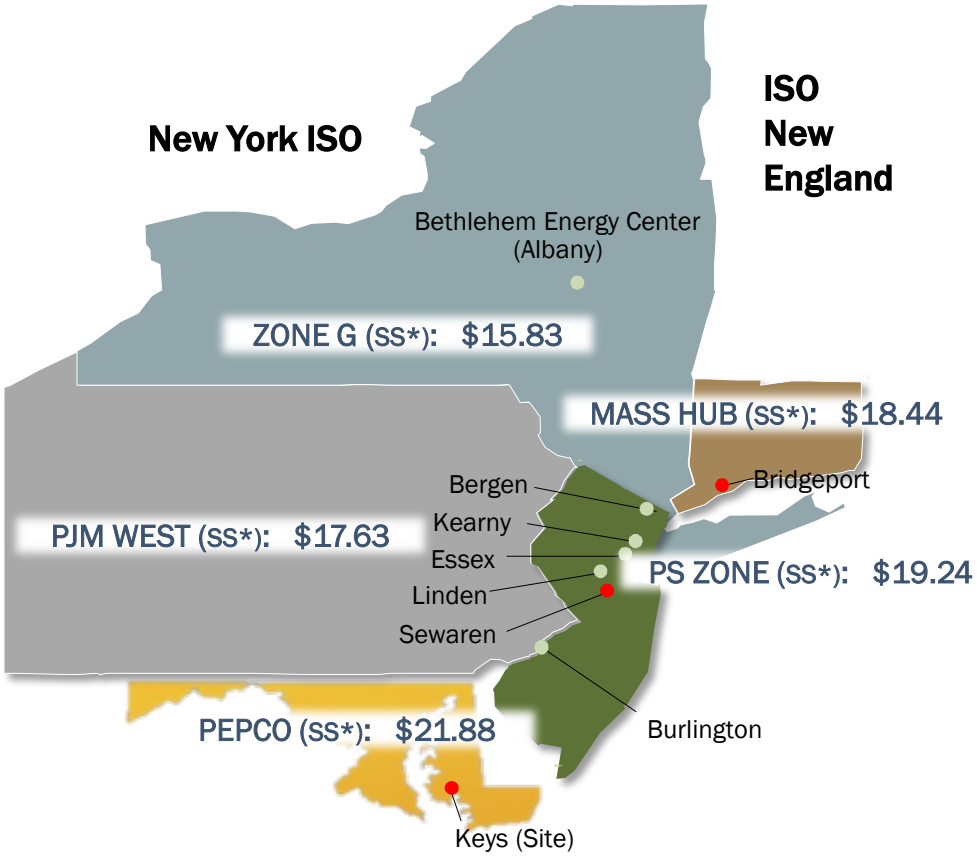
- Record CCGT fleet annual output
- Continued growth in fleet with 1,300 MW new CCGT's announced
  - Keys
  - Sewaren 7
- Prepared successful bid for 485 MW Bridgeport Harbor 5
- Projects Completed:
  - Peach Bottom EPU, 130 MW
  - Bergen 2 AGP uprate, 31 MW
- HEDD retirement
- Solar portfolio reaches 277 MW_{DC} as of March 2016

Cost Control

PSEG Power's Portfolio: Our fleet is well positioned in key markets

Right Location

with robust spark spreads



Right Technology

Plant	Heat Rate	Capacity
BERGEN 1	8.3	638
BERGEN 2	7.3	591
LINDEN 1	7.3	621
LINDEN 2	7.3	621
BEC	7.3	757
KEYS NEW	6.9	755
BRIDGEPORT HARBOR NEW	6.5	485
SEWAREN NEW	6.5	540
TOTAL COMBINED CYCLE	7.2	5,008

*ON PEAK SPARK SPREADS FOR CALENDAR YEAR 2018 CALCULATED WITH 7.5 HEAT RATE USING FOLLOWING GAS SOURCES: PJM WEST = HH, PEPCO = TRANSCO Z6 NON-NY, MASS HUB AND ZONE G = ALGONQUIN, PS ZONE = LEIDY. FORWARDS AS OF JANUARY 18, 2016. CAPACITY IN MEGAWATTS

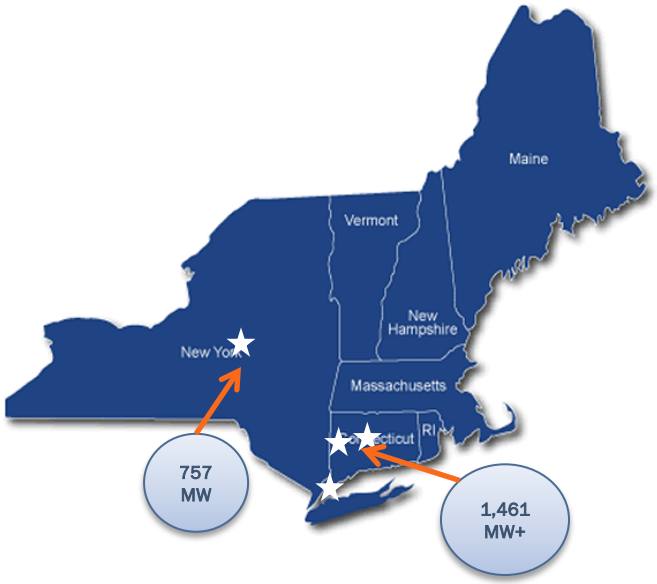
PSEG Power's Portfolio: New York and New England

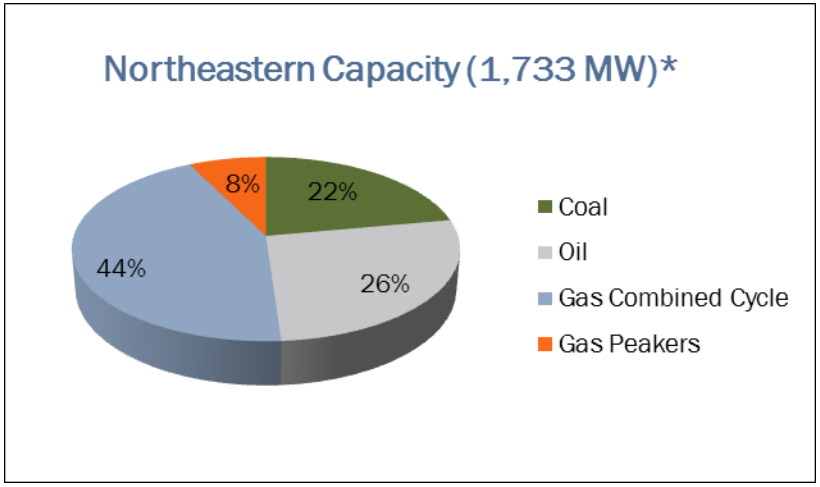
New York (757 MW)

- Single state ISO
- Multiple gas supplies to BEC gives fuel flexibility and access to Marcellus
- Long Island Power Authority Management Contract

New England (976 MW plus 485 MW new build)

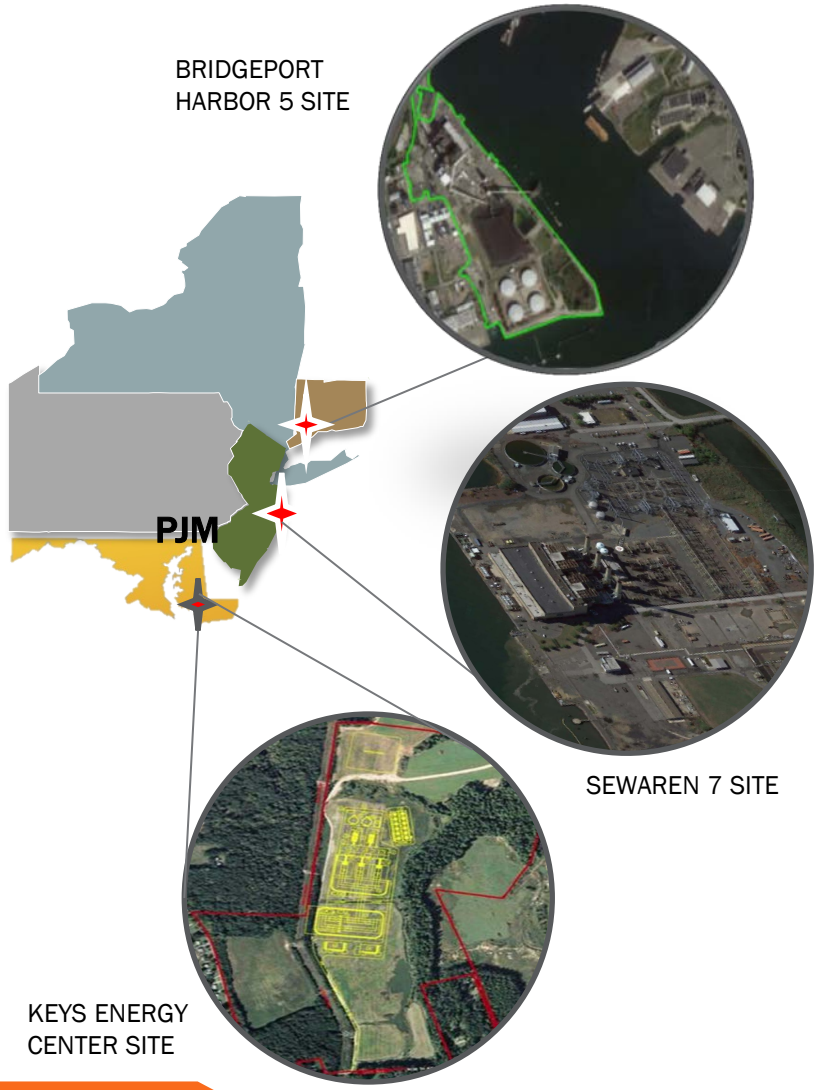
- Small but dynamic market
- Significant improvement in market construct
- Ongoing potential for volatility in extreme (winter) weather conditions
- PSEG Bridgeport Coal plant retirement in 2021
- Gas pipeline infrastructure poses supply challenges/opportunity





+INCLUDES 485 MW NEW BUILD
*SUMMER INSTALLED GENERATING CAPACITY AS OF DECEMBER 31,2015

Power to invest $2 billion of capital in 1,800 MW of new, efficient CCGT capacity in MD, NJ and CT

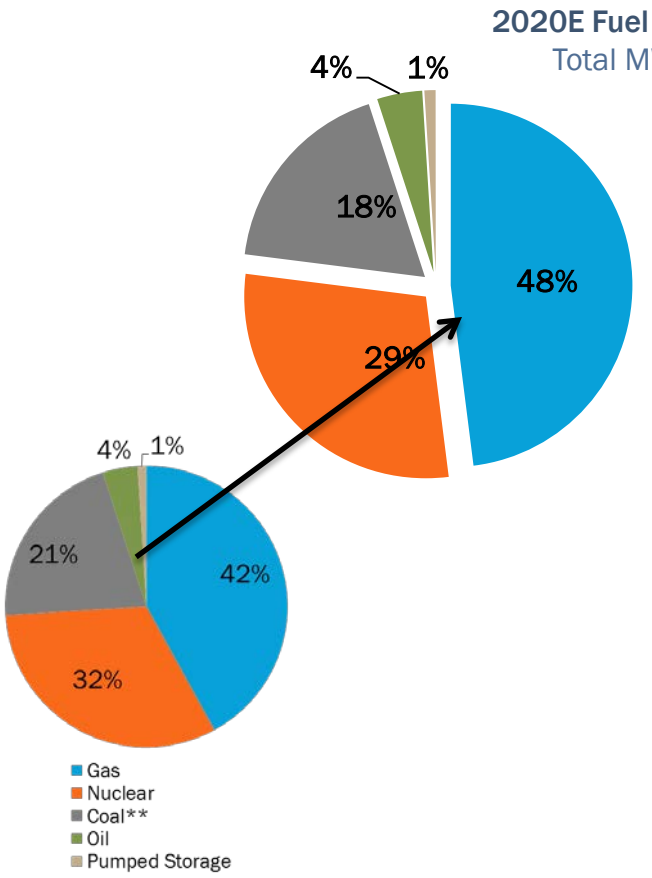


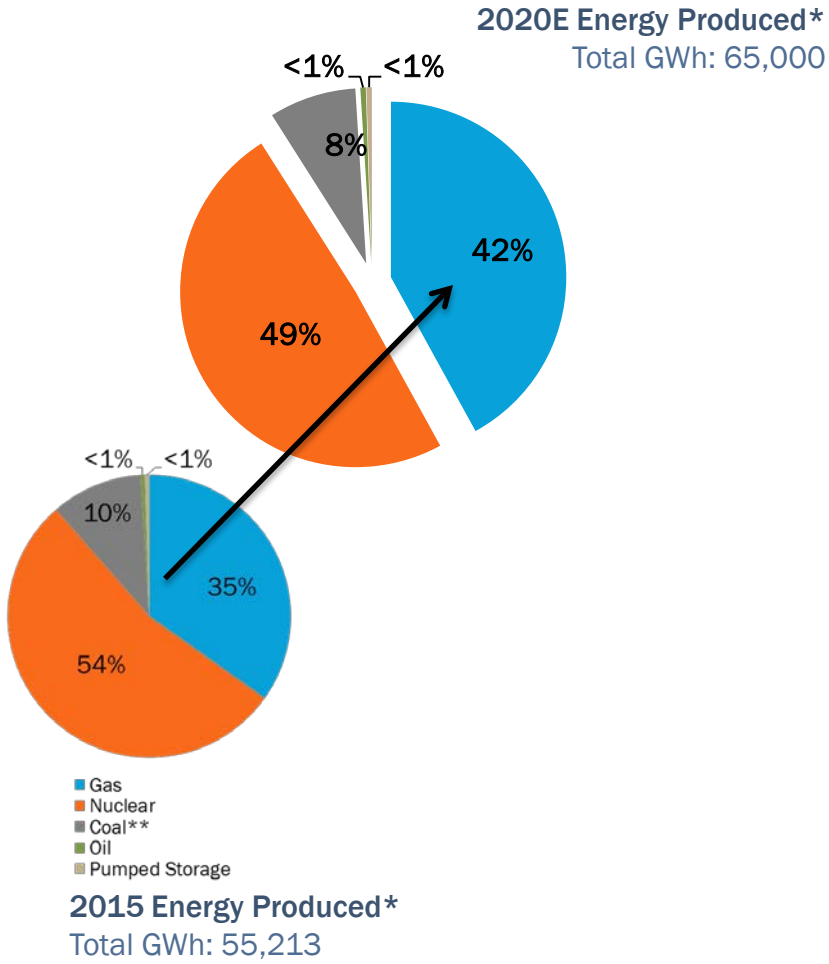
- Constructing the 755 MW CCGT Keys Energy Center in Maryland (SWMAAC*) at an estimated cost of $825 to $875 million
- Constructing a new 540 MW CCGT unit, Sewaren in New Jersey (EMAAC*) at a cost of $625 to $675 million which will replace older Sewaren units
- Constructing a new 485 MW CCGT unit, Bridgeport 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 addition of Keys, Sewaren 7 and Bridgeport Harbor in 2018-2019

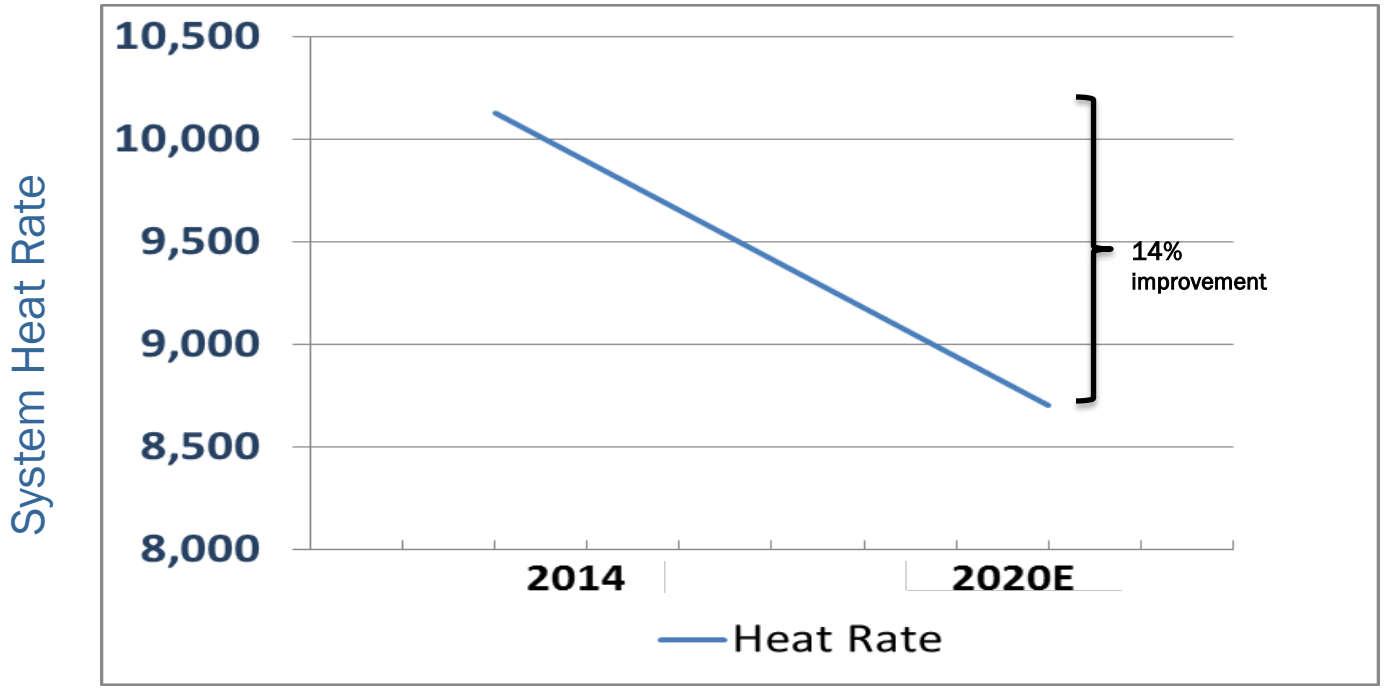
Projected Fleet Comparison 2015 to 2020E





*EXCLUDES SOLAR AND KALAELOA E = ESTIMATE CCGT = COMBINED CYCLE GAS TURBINE
**INCLUDES NEW JERSEY UNITS THAT FUEL SWITCH TO GAS.

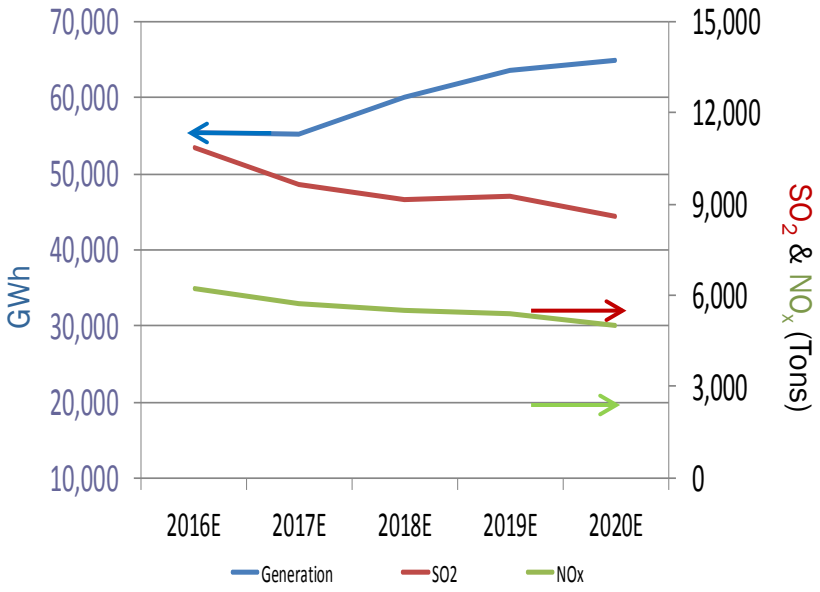
PSEG Power's fossil fleet expected to see improvements in efficiency



- AGP (Advanced Gas Path) investments
- CCGT material condition assessment
- Unit testing and testing coordination initiatives
- HEDD retirements
- Keys/Sewaren Combined Cycle Development (2018)
- Bridgeport Harbor 5 Combined Cycle Development (2019)
- Heat Rate Improvement converts to potential savings of $60-$65M in fuel expense (assuming $3/MB gas price)

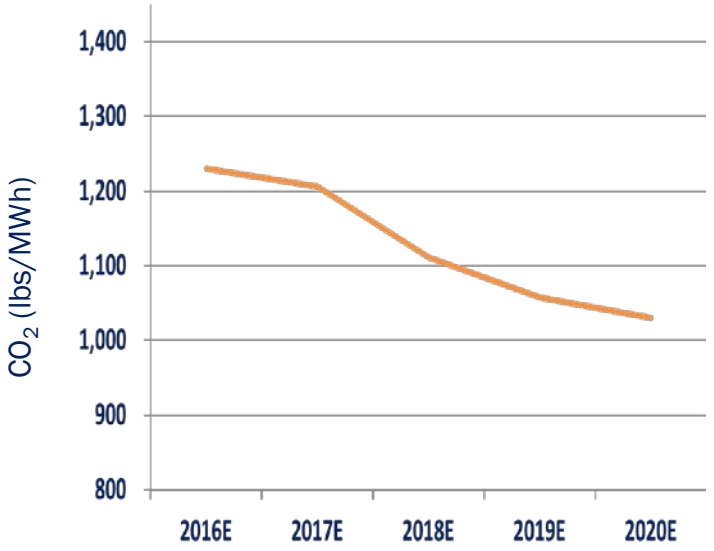
PSEG Power's fossil fleet …

Among the lowest emitting in the industry



- More efficient testing and improved operational flexibility through utilization of Continuous Emission Monitoring System testing
- With the addition of new units, emissions continue to improve

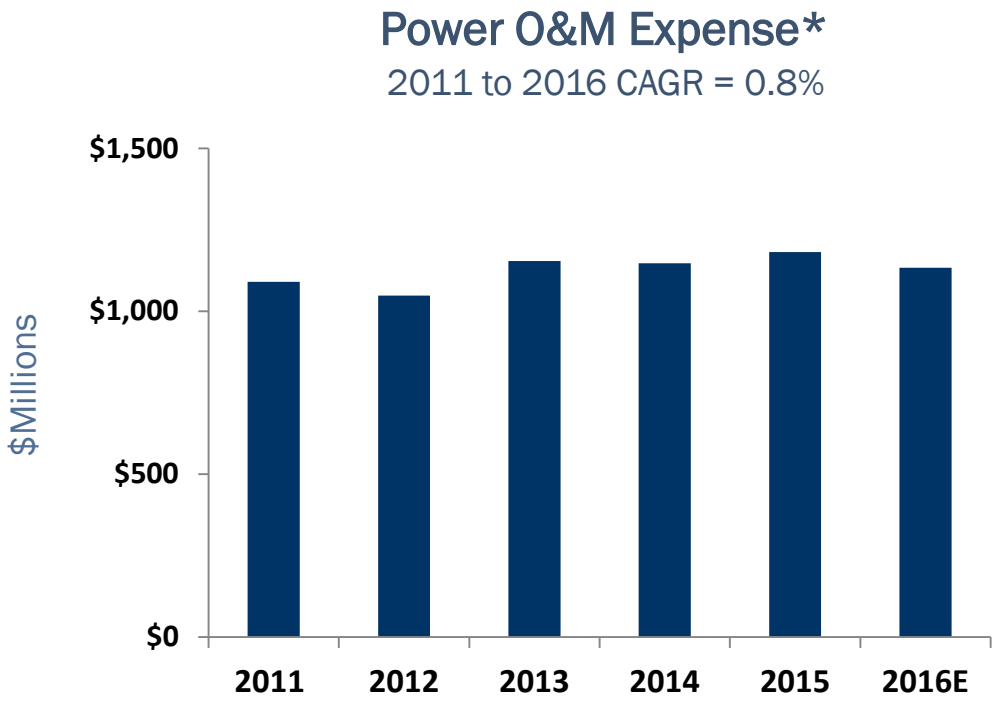
Expected to reduce its carbon footprint



- Carbon emission rates projected to steadily approach EPA national pollution standards for New and Reconstructed Natural Gas Combined Cycle (1,000 lbs CO_2/MWh-gross)

E = ESTIMATE

PSEG Power has demonstrated ability to control O&M



Cost control actions taken:

- Fossil plant assessment
- CCGT material condition assessment
- Vendor contract renegotiations
- Nuclear security services brought in-house to control costs
- Nuclear maintenance productivity study
- Nuclear outage efficiency initiative
- Materials management
- Nuclear excellence initiative
- Nuclear staff – Right sizing

*EXCLUDES IMPACTS FROM STORM RECOVERY COSTS. E=ESTIMATE

Nuclear is a critical element of our success

Hope Creek

- Operated by PSEG Nuclear
- PSEG Ownership: 100%
- Technology: Boiling Water Reactor
- Total Capacity: 1,176 MW
- Owned Capacity: 1,176 MW
- License Expiration: 2046
- Next Refueling
  - Fall 2016
- Uprate 18MW Spring 2018

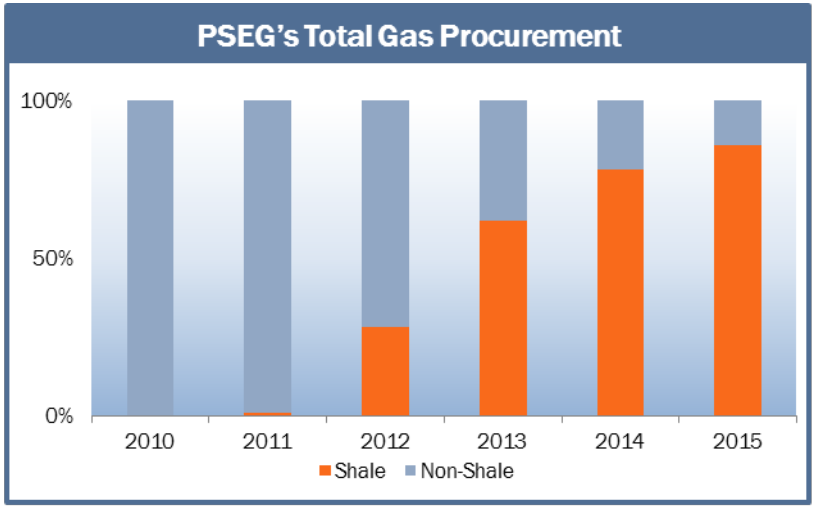
Salem Units 1 and 2

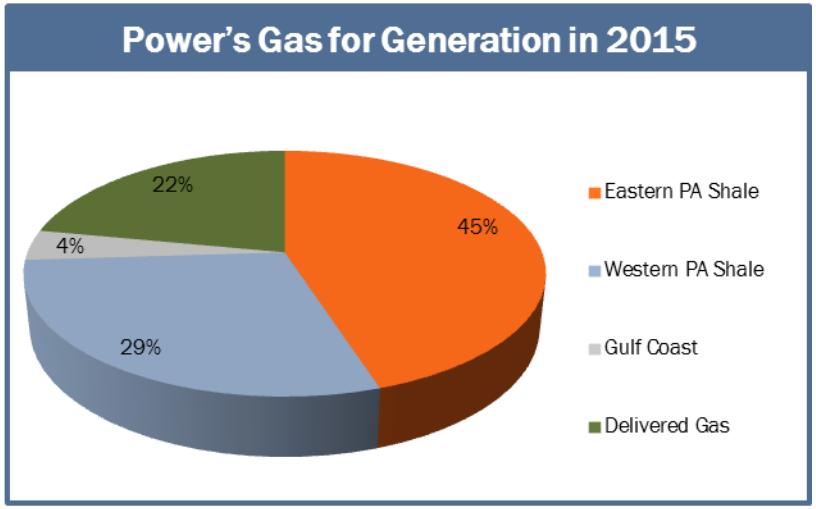
- Operated by PSEG Nuclear
- PSEG Ownership: 57%
- Technology: Pressurized Water Reactor
- Total Capacity: 2,294 MW
- Owned Capacity: 1,317 MW
- License Expiration: 2036 and 2040
- Next Refueling
  - Unit 1 – Spring 2016
  - Unit 2 – Spring 2017

Peach Bottom Units 2 and 3

- Operated by Exelon
- PSEG Ownership: 50%
- Technology: Boiling Water Reactor
- Total Capacity: 2,502 MW
- Owned Capacity: 1,251 MW
- License Expiration: 2033 and 2034
- Next Refueling
  - Unit 2 - Fall 2016
  - Unit 3 - Fall 2017
- Uprate: 130 MW (PS Share)
  - Unit 2 - March 2015
  - Unit 3 – December 2015

Market Review: PSEG's extensive gas asset portfolio provides unparalleled access to Marcellus Shale gas

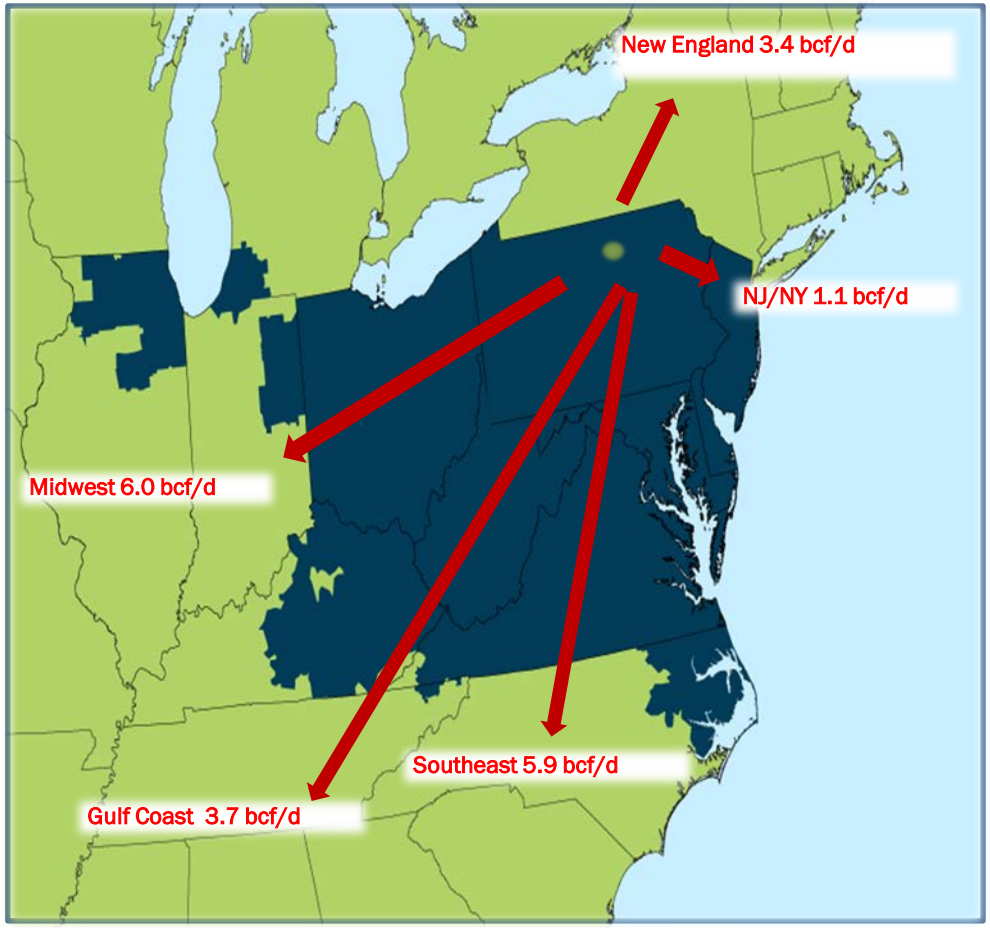




- PSEG Power maintains a robust portfolio of pipeline and storage assets in the Mid-Atlantic
- Marcellus Shale gas production reached 18.8 BCF/day in 2015
- PSEG Power procured over 423 BCF in 2015 with approximately 50% going to PSE&G's utility gas customers
- PSEG Power's gas for generation was 150 BCF in 2015, of which >75% was supplied by Northeast Shale gas
- Severe financial stress among the natural gas producer industry is expected to reduce production growth until gas prices rebalance to higher levels
- Investment in the PennEast pipeline expected to provide more access to Marcellus for PSEG

Market Review: Completion of new pipeline infrastructure expected to move significant quantities of Marcellus gas out of the region by 2018

Pipeline capacity grows significantly by 2018



- Significant amount of new pipelines have already been built and more are in the advanced planning and development stage through 2018
- Gas production and pipeline takeaway capacity estimated to reach equilibrium in 2018 timeframe based on new pipeline development

Regulatory Framework: New capacity and energy market designs in PSEG's core markets (PJM and New England) will better reward reliable generation units

	ISSUE /POLICY	OUTCOME
PJM	CAPACITY	• Higher payments for enhanced reliability (Capacity Performance) and lower energy revenues have raised absolute and relative value of capacity
	ENERGY PRICE FORMATION	• FERC is driving ISO's to improve their pricing constructs and rules – NOPRs addressing critical RTO issues
	DEMAND RESPONSE RULES	• Stricter rules for eligibility and deployment; focus returns to wholesale reliability/comparability after SCOTUS ruling
	STATE INTERVENTION	• LCAPP: Awaiting Supreme Court decision • Ohio PPA: Challenged at the local level by the IPP industry, PJM and FERC
ISO-NE	CAPACITY	• Continued tightness in capacity markets • Zonal demand curves ordered for FCA 11 (2021) • Nuclear and coal units under pressure; closure of Pilgrim nuclear plant
	ENERGY	• Proposed gas pipelines are receiving regulatory approvals slowly • 5 minute interval LMP settlements and fast start pricing expected Q2 2017
NYISO	CAPACITY	• Retirement of Fitzpatrick and Ginna and Western steam plants tighten market, but NYPSC directed to develop a clean energy standard that recognizes the value of nuclear
	ENERGY	• Improvement in price formation during reserve shortage conditions
FEDERAL	ENVIRONMENTAL REGULATIONS	• CPP rules stayed by SCOTUS • Some states will still prepare implementation plans for 2020+ timeframe

Capacity Market Pricing: PJM's capacity market is transitioning to recognize operating performance as well as locational value

PJM's RPM Auction Results				
($/MW-day)	2015 / 2016*	2016 / 2017*+	2017 / 2018+	2018 /2019
Power's Average Prices	$168	$172	$177	$215
Rest of Pool Prices	$136	$59	$120	$165/$150 (CP/Base)
Power's Cleared Capacity (MW)	8,750	8,700	8,700	8,650
PJM Capacity Revenues ($M)	$537	$546	$562	$679

2019 Onwards RPM Auction Impacted By:

- Capacity Performance
- Convex Demand Curve
- Change in Net CONE
- Change in PJM Parameters
- Demand response rules
- Elimination of 2.5% Holdback
- Reduction in Load Forecast
- Environmental Retirement

ISO New England's FCA Auction Results				
($/MW-day)	2015 / 2016	2016 / 2017	2017 / 2018	2018 / 2019
Power's Average Prices	$113	$104	$232	$315
Power's Cleared Capacity (MW)	773	777	848	831
NEPOOL Capacity Revenues ($M)	$32	$29	$72	$96

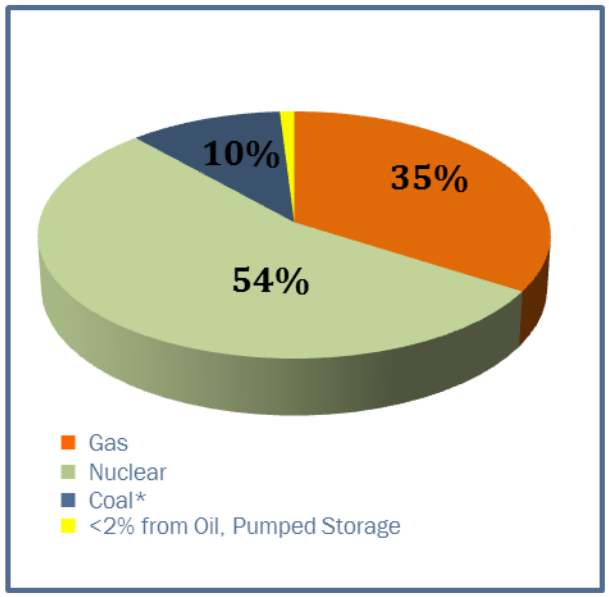
2019/2020 FCA auction cleared at $231/MW-day resulting in $112M in capacity revenues for 1,333 MW

*PSEG POWER'S AVERAGE PRICES AND CLEARED CAPACITY (MW) REFLECT BASE AND INCREMENTAL AUCTIONS. DELIVERY YEAR RUNS FROM JUNE 1 TO MAY 31 OF THE NEXT CALENDAR YEAR.
+ INCLUDES CP TRANSITION AUCTION RESULTS FOR '16/'17 AND '17/'18 AS OF SEPTEMBER 10, 2015.

PSEG Power's revenue stream is secured with approximately 60% of the portfolio hedged for next 3 years

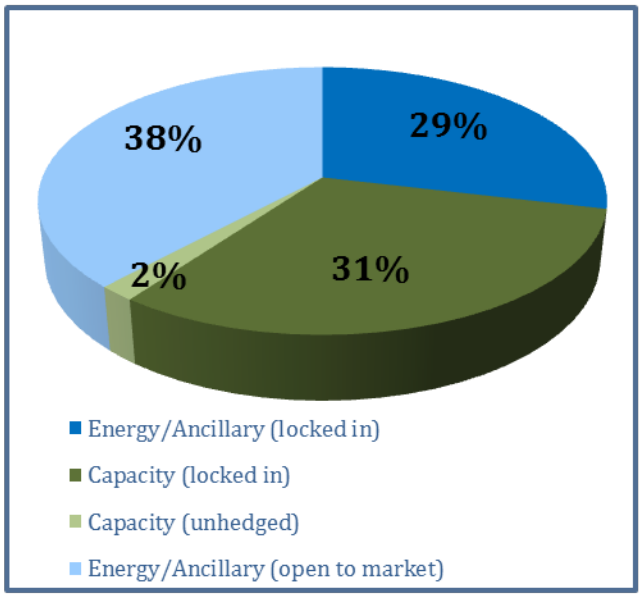
Energy Produced in 2015

55,213 GWh



Average 3 Year Forward Revenue (%)

2016E-2018E



*INCLUDES NJ UNITS THAT CAN FUEL SWITCH TO GAS.

. E = ESTIMATE.


Increasingly Reliable
An Environmental Steward
A Successful Power Company in the Future
Cost Competitive
Flexible

Items Excluded from Income from Continuing Operations/Net Income to Reconcile to Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Reconciling Items, net of tax	For the Year Ended December 31, 2015	2014	2013	2012	2011
Earnings Impact ($ Millions)			(Unaudited)		
Operating Earnings	$ 1,476	$ 1,400	$ 1,309	$ 1,236	$ 1,389
Gain (Loss) on Nuclear Decommissioning Trust (NDT) Fund Related Activity (PSEG Power)	8	68	40	52	50
Gain (Loss) on Mark-to-Market (MTM)[a] (PSEG Power)	93	66	(74)	(10)	107
Lease Transaction Activity (PSEG Enterprise/Other)	-	-	-	36	(173)
Storm O&M (PSEG Power)	102	(16)	(32)	(39)	-
Gain (Loss) on Asset Sales and Impairments (PSEG Enterprise/Other)	-	-	-	-	34
Income from Continuing Operations	$ 1,679	$ 1,518	$ 1,243	$ 1,275	$ 1,407
Discontinued Operations	-	-	-	-	96
Net Income	$ 1,679	$ 1,518	$ 1,243	$ 1,275	$ 1,503
Fully Diluted Average Shares Outstanding (in Millions)	508	508	508	507	507
Per Share Impact (Diluted)					
Operating Earnings	$ 2.91	$ 2.76	$ 2.58	$ 2.44	$ 2.74
Gain (Loss) on NDT Fund Related Activity (PSEG Power)	0.01	0.13	0.08	0.10	0.10
Gain (Loss) on MTM[a] (PSEG Power)	0.18	0.13	(0.14)	(0.02)	0.21
Lease Transaction Activity (PSEG Enterprise/Other)	-	-	-	0.07	(0.34)
Storm O&M (PSEG Power)	0.20	(0.03)	(0.07)	(0.08)	-
Gain (Loss) on Asset Sales and Impairments (PSEG Enterprise/Other)	-	-	-	-	0.06
Income from Continuing Operations	$ 3.30	$ 2.99	$ 2.45	$ 2.51	$ 2.77
Discontinued Operations	-	-	-	-	0.19
Net Income	$ 3.30	$ 2.99	$ 2.45	$ 2.51	$ 2.96

[a] Includes the financial impact from positions with forward delivery months.