Boston Investor Meetings

SEPTEMBER 15-16, 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 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 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 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 and Adjusted EBITDA 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. 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 meeting 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 STRATEGY: GROWING A HIGH-QUALITY, LOW-RISK ENERGY INFRASTRUCTURE COMPANY

Ralph Izzo

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dan Cregg

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Kathleen Lally

VICE PRESIDENT – INVESTOR RELATIONS



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

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 EPS GROWTH.

Delivering on commitments and realizing growth

Operational Excellence	• PSE&G: ReliabilityOne Mid-Atlantic Region's Most Reliable Electric Utility (14th consecutive year), Electric Light & Power's 2015 Utility of the Year, ReliabilityOne Outstanding Outage Response Time and Outstanding Customer Engagement • PSEG Power: Record output from combined cycle units • PSEG Long Island: Improved customer service and reliability while managing costs • PSEG: Cost-control benefits continue
Financial Strength	• Operating earnings for 2015 of $2.91 per share at upper end of guidance range • Cash flows and business mix support strong credit ratings and ability to fully fund robust investment pipeline without issuing new equity • Increased dividend in 2015
Disciplined Investment	• PSE&G capital program drives continued rate base growth over the 5-year period (2016-2020) with increased investment in Transmission, Energy Strong, Gas System Modernization Program, and Electric and Gas distribution • Power capital program focusing on growth investments including Keys, Sewaren and Bridgeport Harbor, Nuclear and Fossil uprates, PennEast Pipeline, and Solar Source

SEE SLIDE A FOR ITEMS EXCLUDED FROM INCOME FROM CONTINUING OPERATIONS/ NET INCOME TO RECONCILE TO OPERATING EARNINGS.

Focus on building a reliable, efficient, clean energy infrastructure



Selected Accomplishments

2011
- Expanded investment programs focused on infrastructure upgrades, energy efficiency, and major transmission projects*
- Sale of Texas generating assets
- Nuclear license extensions and uprates

2012
- Award winning Superstorm Sandy storm response restoring 2.1M customers
- Final federal approval for Susquehanna-Roseland transmission project
- 400 MW of new peaker capacity**

2013
- Expanded Solar investment
- 90% nuclear capacity factor for 9th straight year
- Record output from Linden CCGT and Salem 2 Nuclear Unit

2014
- Energy Strong program approved
- Advanced Gas Path uprates (through 2018)
- PSEG Long Island management contract effective

2015
- Gas System Modernization Project (GSMP) and Energy Efficiency Extension II approved
- New generation build starts Power fleet transformation
- Solar Source portfolio reaches 277 MW_{DC}***

Cost Control

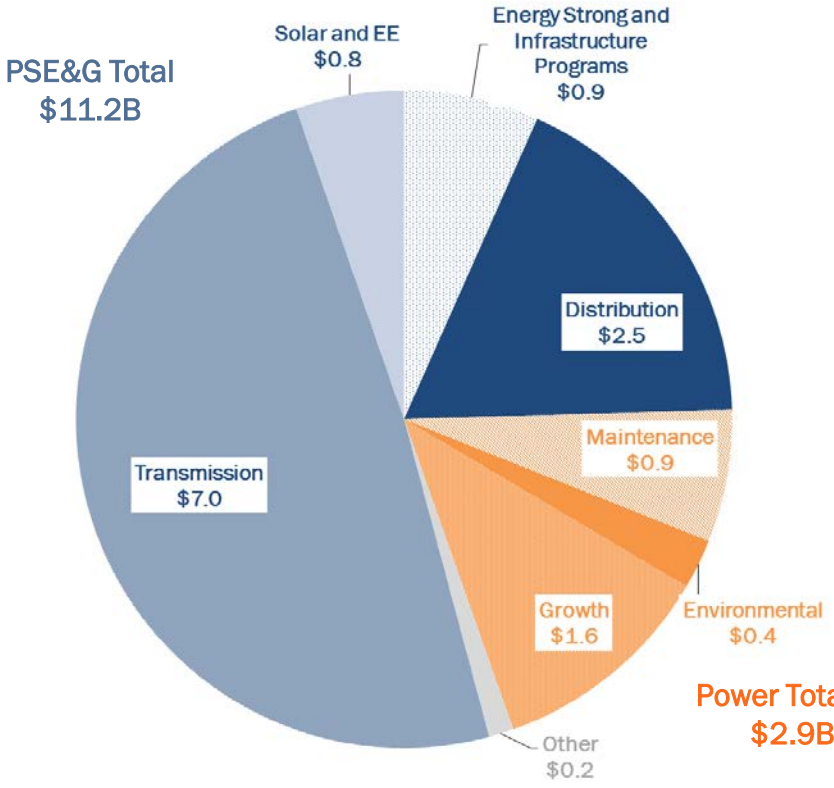
PSEG

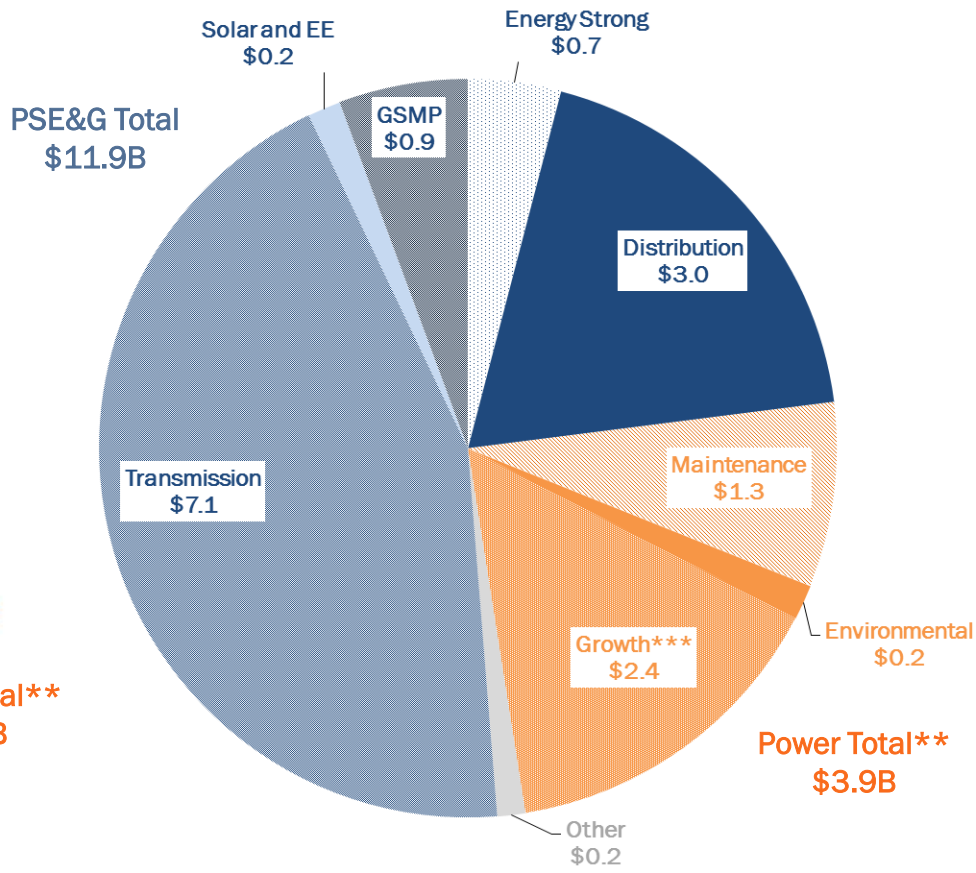
* INVESTMENT CONTINUED FOR SUSQUEHANNA-ROSELAND, BURLINGTON-CAMDEN, NORTH CENTRAL RELIABILITY, AND STARTED FOR NORTHEAST GRID AND MICKLETON-GLOUCESTER. ** KEARNY AND NEW HAVEN. *** AS OF MARCH 2016.

Growth in capital spending aligned with customer needs

PSEG Capital Spending

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





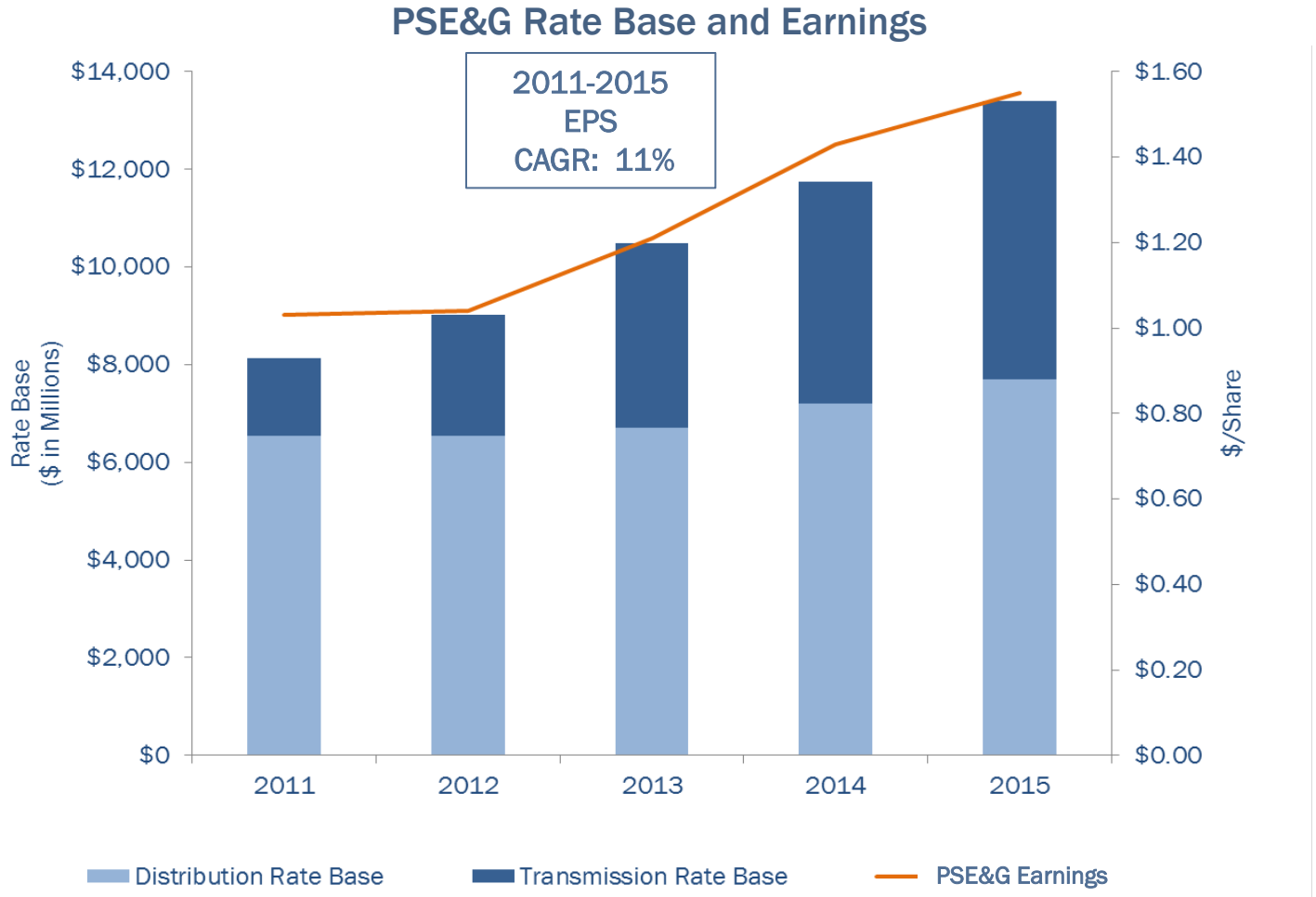
*INCLUDES ALL PLANNED SPENDING. **POWER CAPITAL SPENDING EXCLUDES NUCLEAR FUEL. ***INCLUDES PENNEAST PIPELINE EQUITY INVESTMENT OF $0.1B. E=ESTIMATE.

Building an efficient, clean, reliable energy platform

Timeframe	Actions taken
2011 – 2015: Transformed business mix	• Applied ~$14.3 billion towards investments • Improved credit ratings • Monetized Energy Holdings' portfolio • Strong balance sheet sustained during period of low power prices, while increasing the dividend
2016 – Forward: Strong financial position supports continued growth	• Continued dividend growth in 2016 • ~$16 billion investment program through 2020 • Utility investments focused on improving reliability and replacing aging infrastructure • Continued investment in reliable and efficient energy infrastructure at Power • Financial capability supports further expansion of the current capital plan

PSE&G's investment program

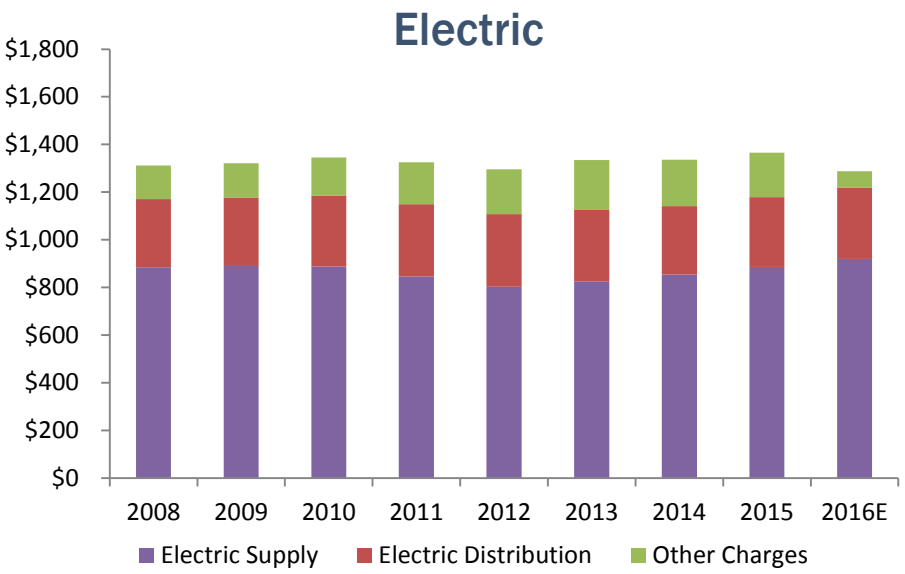
Meeting public policy goals and customer needs

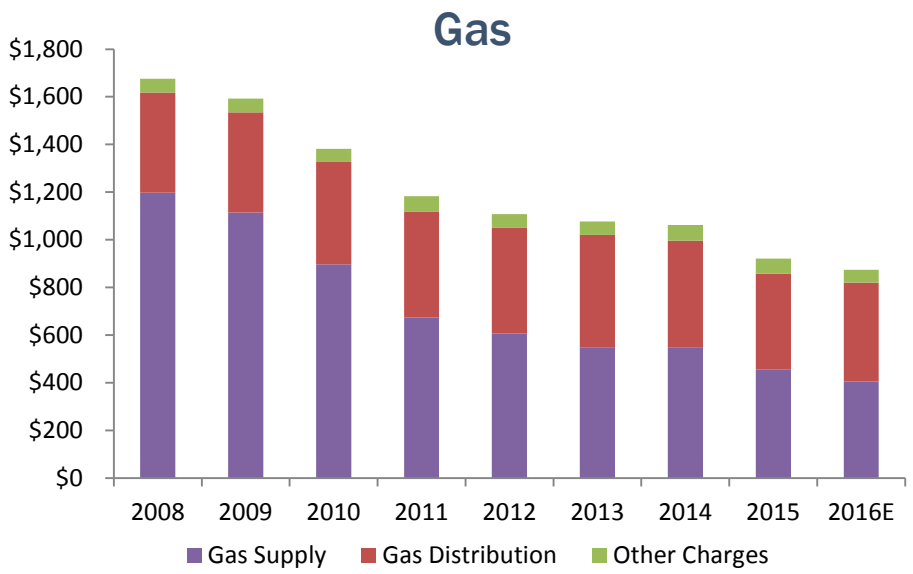


* DISTRIBUTION RATE BASE INCLUDES SOLAR AND ENERGY EFFICIENCY

Managing the total costs to customers while investing in the system

PSE&G Typical Residential Customer Bills*





- PSE&G customers' combined electric and gas bills declined 28% over the period
- Low gas prices and elimination of transition charges drove rate decreases

*FOR ALL YEARS THE BILLING ASSUMES 7,200 KWH FOR ELECTRIC AND 1,010 THERMS FOR GAS ANNUALLY. E = ESTIMATE

Transforming Power's fleet to maintain strong market position

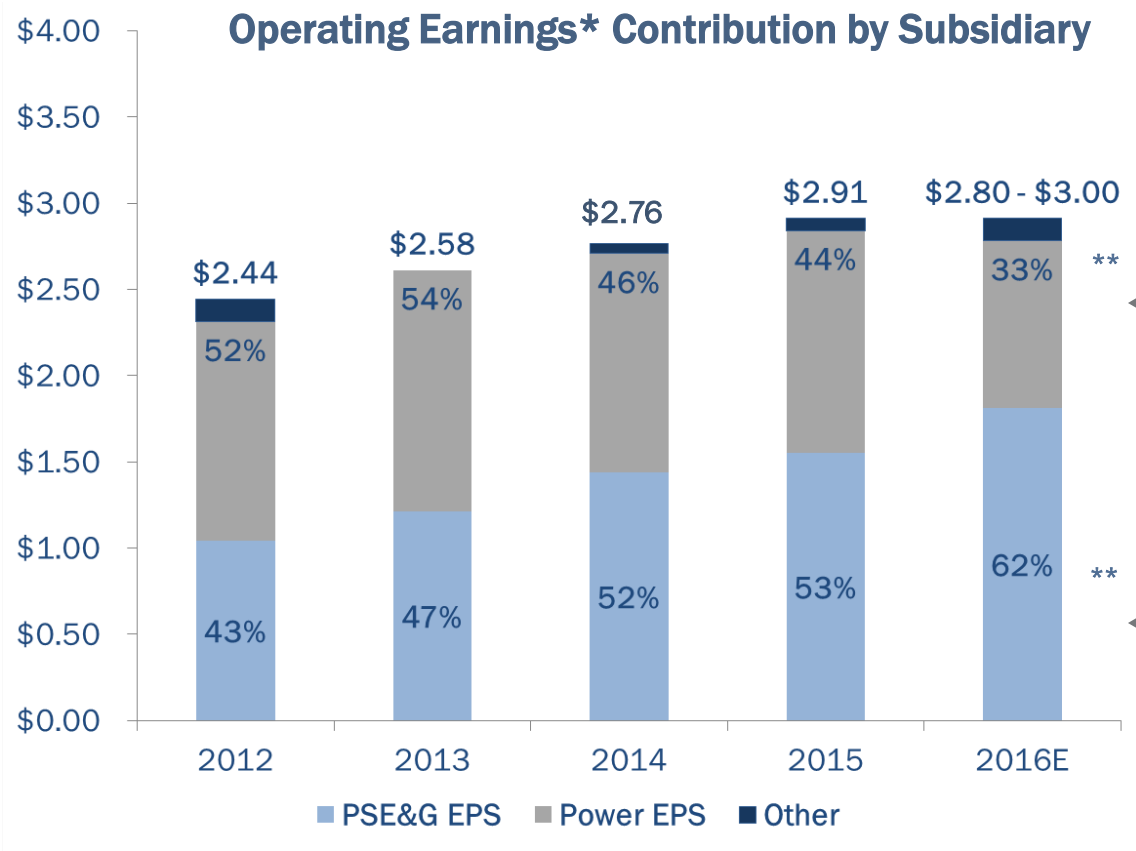
Economic Drivers	Outlook	Combined Cycle	Nuclear	Scrubbed Coal	Peakers	Renewable
Energy Margins	• Low natural gas and energy prices • Robust portfolio of gas pipeline contracts	✓	✓	✓	n/a	n/a
Capacity Markets	• Tightened rules proposed for capacity performance	✓	✓	✓	✓	n/a
Environmental Regulations	• Tighter air emissions standards	✓	✓	✓	✓	✓
Location	• Assets in well-designed markets, premium regions • Opportunities on brownfield sites	✓	✓	✓	✓	n/a
2016 - PSEG Power Total Capacity 11.9 GW		3.3	3.7	2.4	2.3	0.2
2019 - PSEG Power Total Capacity 13.5 GW *		5.3	3.8	2.4	1.8	0.2

- **Largest nuclear site** in the eastern U.S. and ownership in **large, fully scrubbed coal facilities** at Keystone and Conemaugh provide **economies of scale** that enhance energy margins in current low market, and provide for upside potential if prices improve
- **Dual fuel peakers** meet reliability criteria in capacity markets and provide option value in energy market. Opportunity exists to repower peakers that do not meet NJ HEDD environmental regulations
- **Combined cycle units Keys and Sewaren expected to be operational in 2018, and Bridgeport 5 expected to be operational in 2019,** will enhance emissions performance and have a combined average heat rate of approximately 6,600

*AS OF FEBRUARY 2016 APPROXIMATELY 1.8 GW OF CCGT GENERATION UNDER DEVELOPMENT – KEYS, SEWAREN 7 AND BRIDGEPORT HARBOR 5 , WHICH ARE TARGETED TO GO INTO SERVICE IN 2018/2019 ALONG WITH RETIREMENT OF OLDER SEWAREN UNITS.

Operating Earnings

Disciplined investment program and focus on operational excellence have supported growth



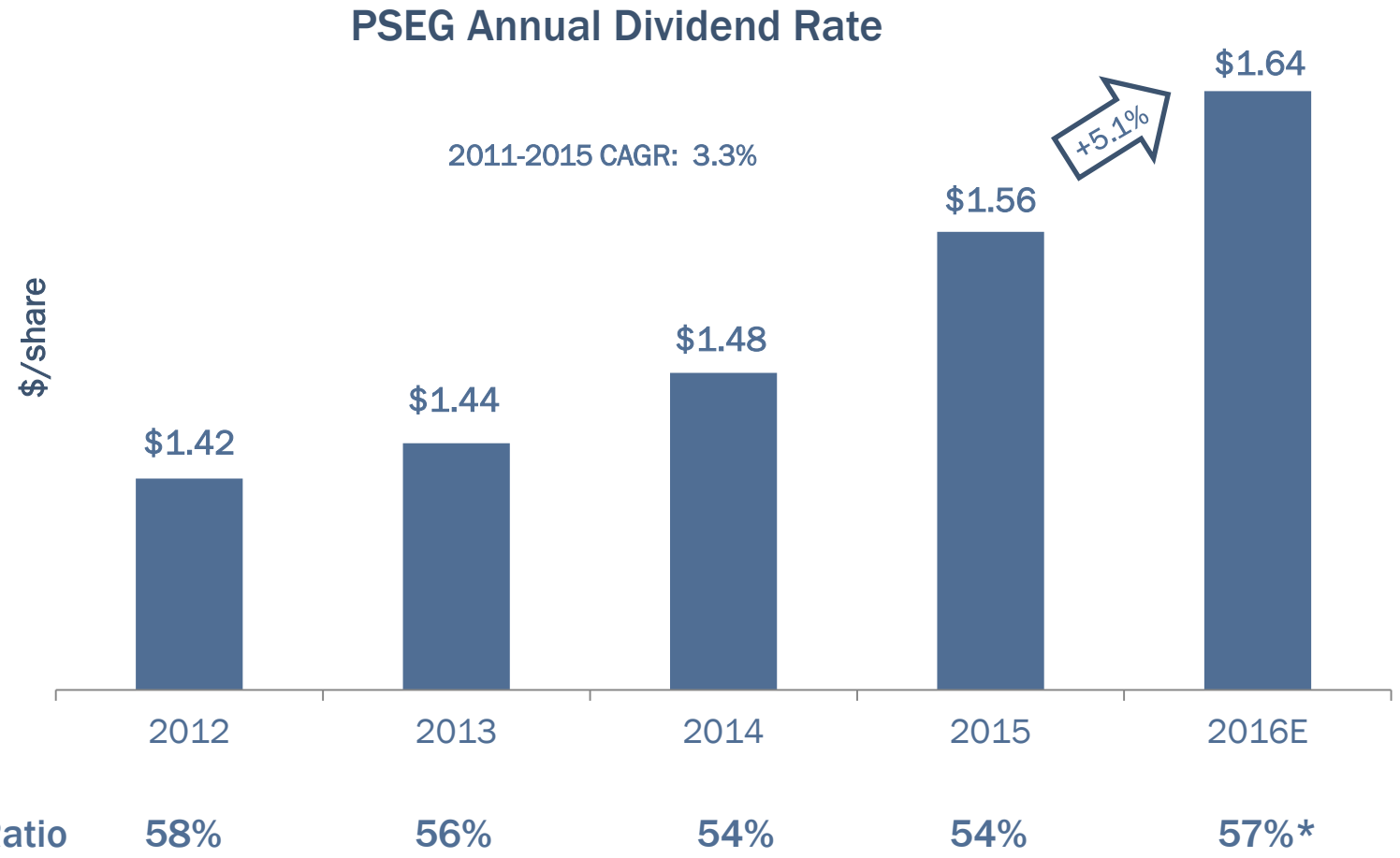
Power's diverse fuel mix and dispatch flexibility continue to generate strong earnings and free cash flow in low price environment

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

*SEE SLIDE A FOR ITEMS EXCLUDED FROM INCOME FROM CONTINUING OPERATIONS/NET INCOME TO RECONCILE TO OPERATING EARNINGS. E=ESTIMATE ** 2016 PERCENTS USE MIDPOINT OF 2016 OPERATING EARNINGS GUIDANCE.

PSEG Annual Dividend

An increased dividend with potential for **consistent** and **sustainable** growth given our business mix and financial position



*2016E PAYOUT RATIO REFLECTS THE MIDPOINT OF 2016 OPERATING EARNINGS GUIDANCE. E = ESTIMATE

Focus areas over the business plan horizon

PSE&G

- **Operational excellence and cost control**
- **Capital program execution** – Transmission, Energy Strong and GSMP program
- **Regulatory framework** – Advocate for regulatory framework that provides support for long-term infrastructure programs
- **Continue to develop incremental growth opportunities**

PSEG Power

- **Operational excellence and cost control**
- **Timely and on budget construction of new growth opportunities –** Keys Energy Center, Sewaren 7 and Bridgeport Harbor
- **Strong performance at Nuclear and Fossil** to maximize fleet value in dynamic markets
- **Advocacy of constructive market rules** - Capacity markets and environmental regulations

PSEG Long Island

- **Continue execution** – Achievement of performance metrics

PSEG's Value Proposition

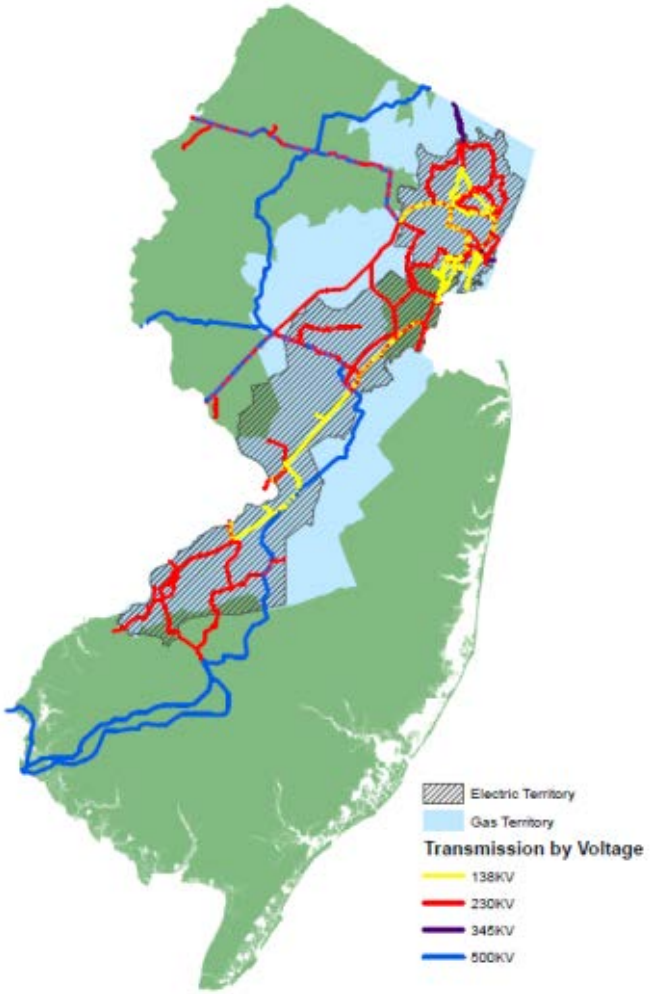
- A stable platform with predictable earnings and a robust investment pipeline
- PSE&G – Best in class utility performance and growth profile
- PSEG Power – Efficient, low-cost, clean fleet advantaged by asset diversity, fuel mix and location
- Strong balance sheet – Supports stable credit rating, growth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

PSE&G

PSEG

We make things work for you.

PSE&G is the largest electric and gas distribution and transmission utility, the largest investor in renewable and energy efficiency, and the largest HVAC and service contract provider in New Jersey



	Electric	Gas
Customers Growth (2011 – 2015)	2.2 Million 0.4%	1.8 Million 0.4%
2015 Electric Sales and Gas Sold and Transported	41,715 GWh	2,523M Therms*
Projected Annual Load Growth (2016 – 2018)**	0.2%	0.3%
PJM Projected Annual Load Growth Transmission (2016 – 2018) **	0.7%	
Sales Mix		
Residential	33%	59%
Commercial	57%	37%
Industrial	10%	4%

	Transmission	Electric	Gas
Approved Rate of Return***	11.68% ROE	10.3% ROE	10.3% ROE

Renewables & Energy Efficiency Approved Programs	Inception to date	Total Program Plan	Total Investment thru Dec 2015
Solar Loan Capacity	86 MW	178.5 MW	$252M
Solar 4 All Capacity	114 MW	125 MW	$566M
EE Annual Electric savings	214 GWh	~250 GWh	$337M
EE Annual Gas savings	~7 M Therms	~10 M Therms	

* GAS FIRM ONLY SALES.
** ESTIMATED ANNUAL GROWTH PER YEAR, ASSUMES NORMAL WEATHER.
*** SOME PROJECTS APPROVED FOR SPECIFIC ROE.

PSE&G strategy

Building a sustainable platform that balances reliability, customer rates and public policy to ensure growth at reasonable returns



PSE&G's focus on meeting customer reliability and policy objectives are key to our investment strategy



Selected Accomplishments

2011

- NJ Capital Infrastructure Program 2
- Energy Efficiency extension
- Major Transmission capital projects*
- Hurricane Irene/ October Snowstorm
- Mid-Atlantic ReliabilityOne Award

2012

- Hurricane Sandy storm response (2.1M customers restored)
- Transmission: Final federal approval for Susquehanna-Roseland (S-R) project
- National ReliabilityOne Excellence Award
- Mid-Atlantic ReliabilityOne Award
- EEI's Emergency Response Award

2013

- Solar Loan III
- Solar 4 All Extension
- Energy Strong program filed
- Mid-Atlantic ReliabilityOne Award
- Award for Outstanding Response to a Major Event

2014

- Energy Strong approved
- Transmission: North Central Reliability and Burlington-Camden projects placed in-service
- Bergen-Linden Corridor Upgrade project investment started
- Mid-Atlantic ReliabilityOne Award

2015

- Gas System Modernization Project (GSMP)
- Energy Efficiency Extension II
- Transmission: S-R and Mickleton-Gloucester projects placed in-service
- Mid-Atlantic ReliabilityOne Award
- Recognized for customer satisfaction by J.D. Power for both large electric and gas business service in the East

Cost Control

* INVESTMENT CONTINUED FOR SUSQUEHANNA-ROSELAND, BURLINGTON-CAMDEN, NORTH CENTRAL RELIABILITY, AND STARTED FOR NORTHEAST GRID AND MICKLETON-GLOUCESTER

Building on our track record

Operational Excellence

- Strong reliability record, with plans for further improvement
- Cost control efforts

Financial Strength

- Meeting or exceeding earnings targets
- Maintain solid investment grade credit ratings

Disciplined Investment

- 14 investment programs approved over past seven years
  - ✓ Infrastructure focused
  - ✓ Policy alignment – across administrations – Solar, EE and other
- Win-Win: Job creation, environment benefits, low commodity prices, low interest costs, labor availability, federal tax benefits

Operational Excellence

Reliability and Customer Service

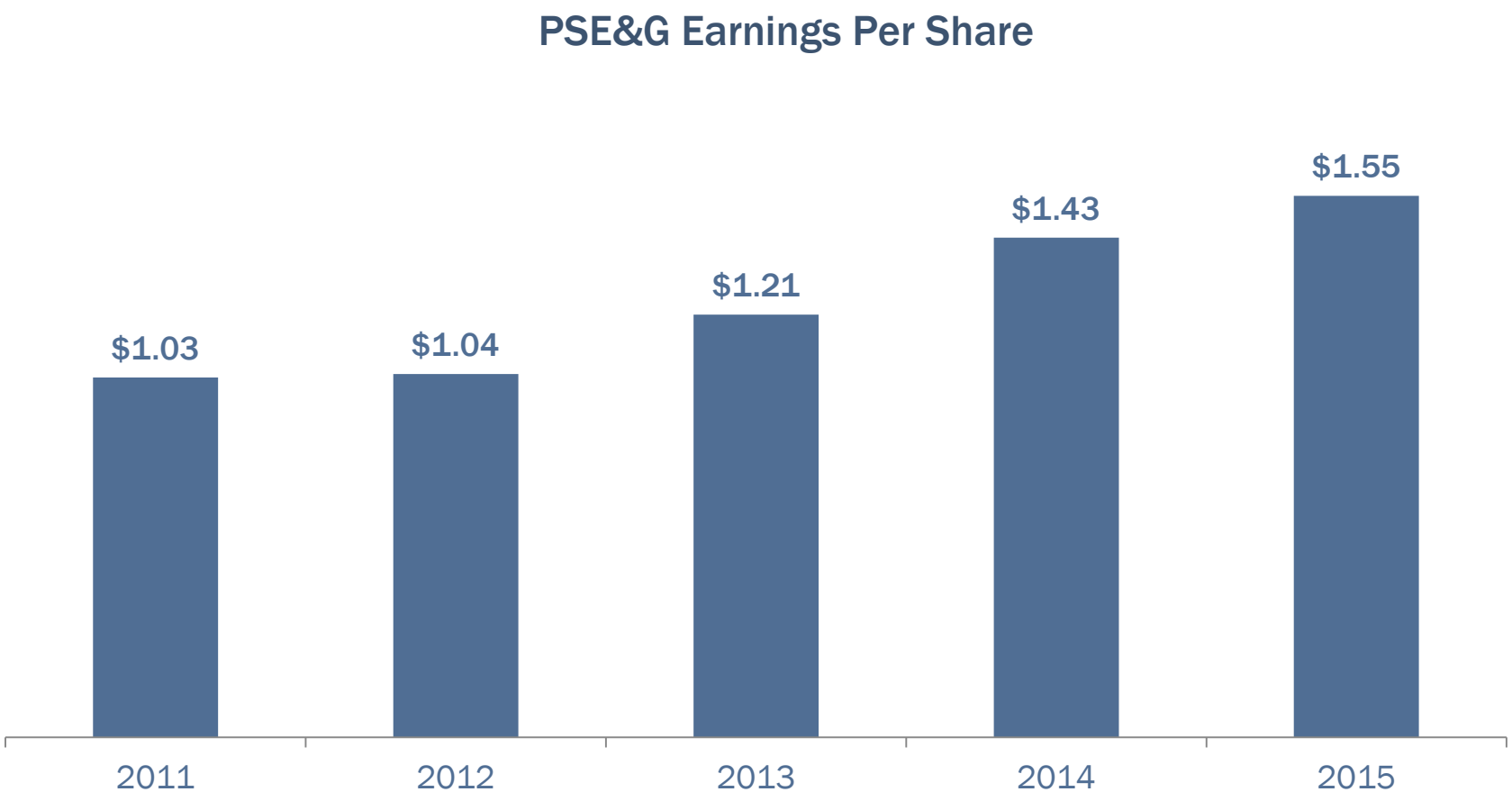
- Named most reliable electric utility in the Mid-Atlantic region for 14th consecutive year
- Recognized by PA Consulting with the Outstanding Customer Engagement and Outstanding Outage Response Time awards
- Named 2015 Utility of the Year by Electric Light & Power Magazine
- Received Star of Energy Efficiency Award





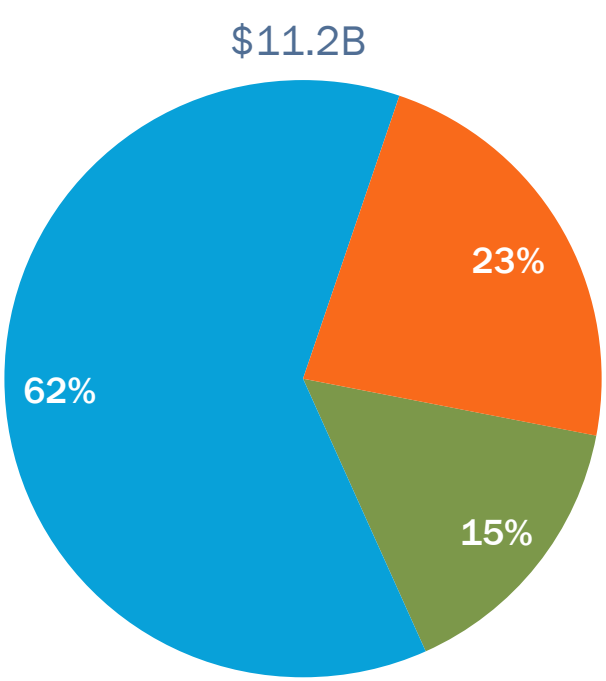
Achieved ~11% annual earnings growth

over the past four years through implementation of supportive rate mechanisms on our expanded capital program and cost control

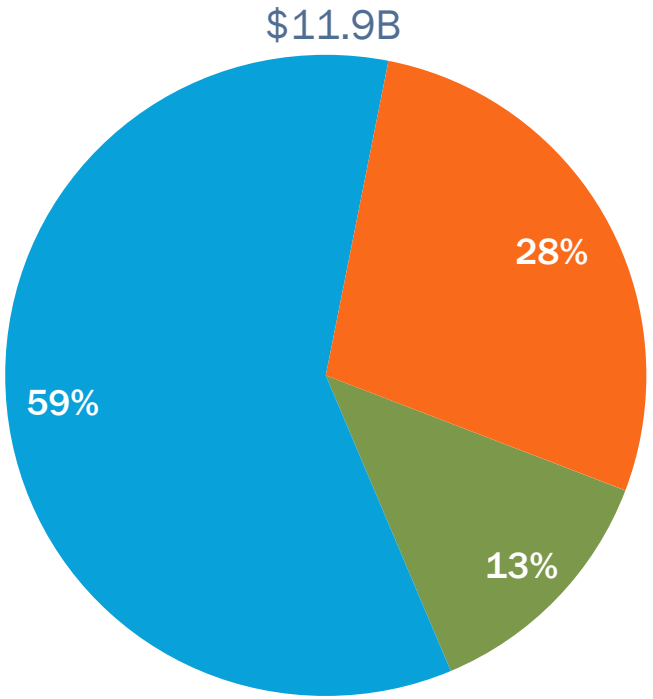


Receive contemporaneous recovery on over 70% of our investments

2011-2015 PSE&G Capital Spending by Recovery Method



2016-2020E PSE&G Capital Spending by Recovery Method



FERC Formula Rates
- Transmission

Traditional Recovery Mechanisms
- Distribution Base Rates

Clause Recovery Mechanisms
- Infrastructure/ Solar/Energy Efficiency

PSEG DEFINES CONTEMPORANEOUS RECOVERY TO MEAN EITHER A FORWARD LOOKING FORMULA RATE OR A RATE THAT PROVIDES FOR CLAUSE BASED RECOVERY IN A DEFINED PERIOD PRIOR TO A BASE RATE CASE. E = ESTIMATE. INCLUDES AFUDC

Increasing investment across our 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)

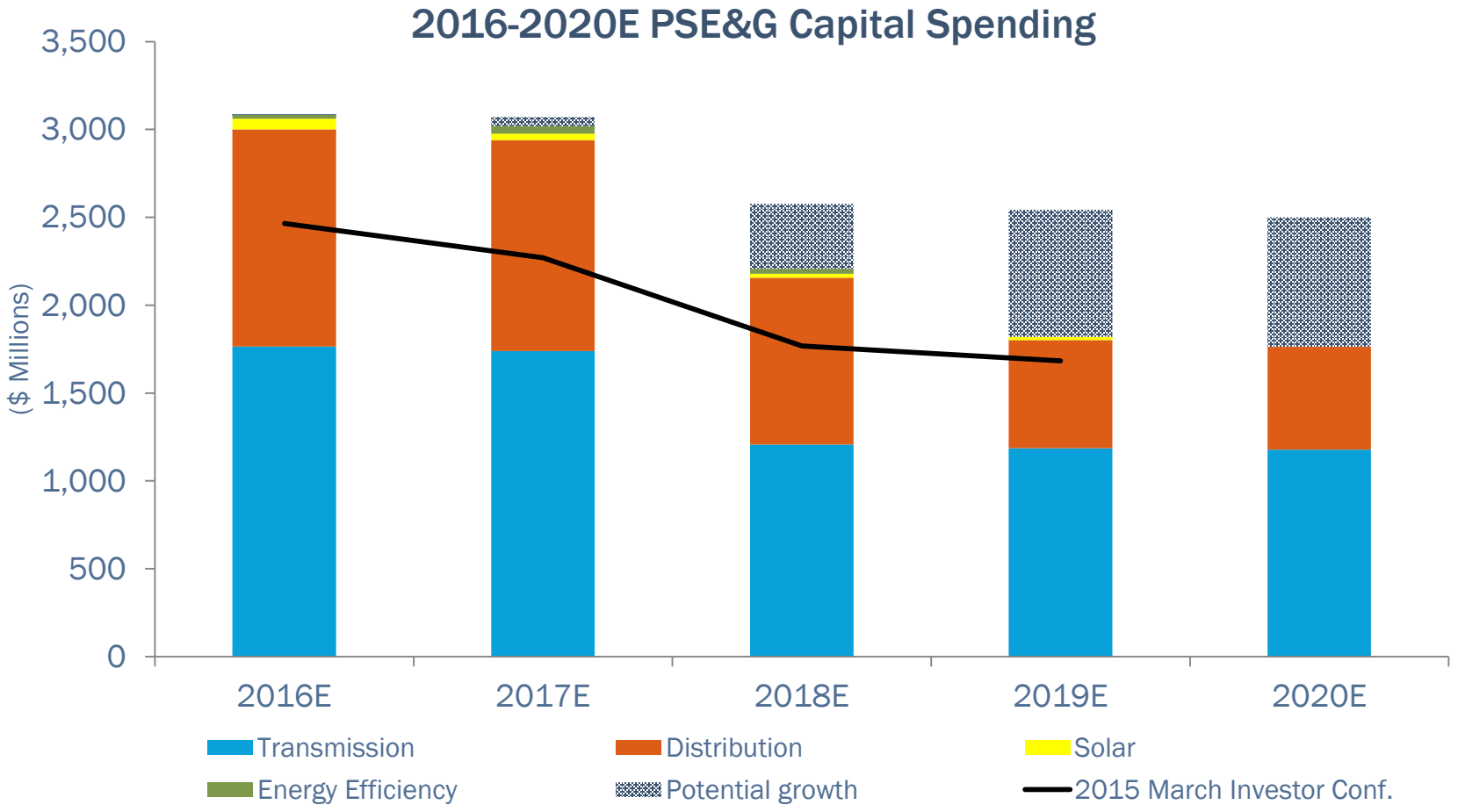
Gas Distribution

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

Solar and Energy Efficiency

- Recently filed with NJBPU to extend our successful Solar 4 All program, with a request to invest an additional ~$240 million to develop an additional 100 MW_{dc} of grid-connected solar capacity on landfills and brownfields by year-end 2021

Continued identification of investment opportunities focused on improving reliability for our customers



Transmission investment – Focused on replacing aging infrastructure and improving reliability

	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Major Incentive RTEP projects	• Bergen Linden Corridor project • Hardening • RTEP System Reinforcements • Lifecycle Replacements • 69kV Upgrades	• FERC 1000 / competitive growth opportunities
Investment	~$7.0B	~$7.1B	TBD
ROE / Recovery mechanism	11.68%-12.93% Formula Rates	11.68%* Formula Rates	11.68%* Formula Rates

*CURRENTLY APPROVED ROE.

Electric Distribution – Infrastructure investment focused on reliability and resiliency

	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Capital Infrastructure Program (CIP) 1 • CIP 2 ←	• Energy Strong	• Electric System Modernization Program (ESMP) • Life cycle replacements
Investment*	~$525M	~$560M	~$300M/year
ROE / Recovery mechanism	9.75% - 10.3% Clause recovery	9.75% Clause recovery	TBD Clause recovery

*INVESTMENT SHOWN IS FOR CLAUSE PROGRAMS WHICH ARE INCREMENTAL TO BASE INVESTMENT

Gas Distribution – Investment program focused on modernizing and upgrading 4,800 miles of cast iron and unprotected steel main

	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Capital Infrastructure Program (CIP) 1 • CIP 2	• GSMP • Energy Strong (ES)	• GSMP extension
Investment*	~$425M	ES = $82M GSMP = $905M	~$300M/year
ROE / Recovery mechanism	9.75% - 10.3% Clause recovery	GSMP: 9.75% ROE, $215M/year via clause, $85M/year via next rate case	TBD Clause recovery

*INVESTMENT SHOWN IS FOR CLAUSE PROGRAMS WHICH ARE INCREMENTAL TO BASE INVESTMENT

Solar – Investment supports New Jersey policy objectives which have evolved with focus on utility-scale landfill solar

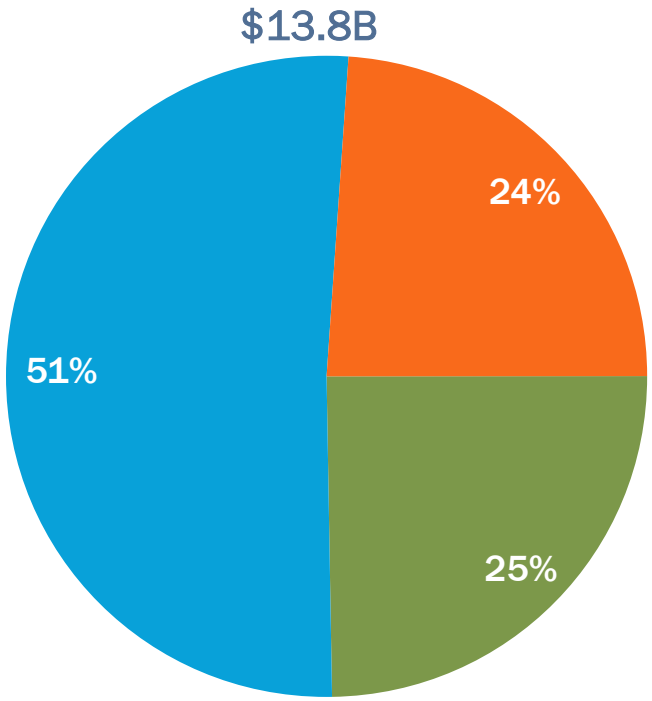
	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Solar Loan I, II & III • Solar 4 All (S4A) • S4A Extension	• Solar Loan III • S4A Extension	Requested S4A Extension (for additional 100 MW_{dc}) focused on landfill and brownfield sites
Investment	~$545M	~$140M	May 2016 request to invest ~$240M in a multi-year program
ROE / Recovery mechanism	9.75% - 10.3% Clause recovery	9.75% Clause recovery	TBD Clause recovery

Energy Efficiency – Helping customers manage their energy costs and achieving New Jersey's Energy Master Plan goals

	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Carbon Abatement • Demand Response • Energy Efficiency (EE) • EE Extension I & II	• EE Extension II	• Extension of EE
Investment	~$215M	~$95M	TBD
ROE / Recovery mechanism	9.75% - 10.3% Clause recovery	9.75% Clause recovery	TBD Clause recovery

Develop investment opportunities with near-contemporaneous recovery mechanisms

2016-2020E PSE&G Capital with Potential Upside by Recovery Method



Potential to increase current five year, $11.9B investment plan with ~$2B of incremental investments:

- ESMP
- GSMP extension
- Continuation of Solar and Energy Efficiency programs
- Large customer needs

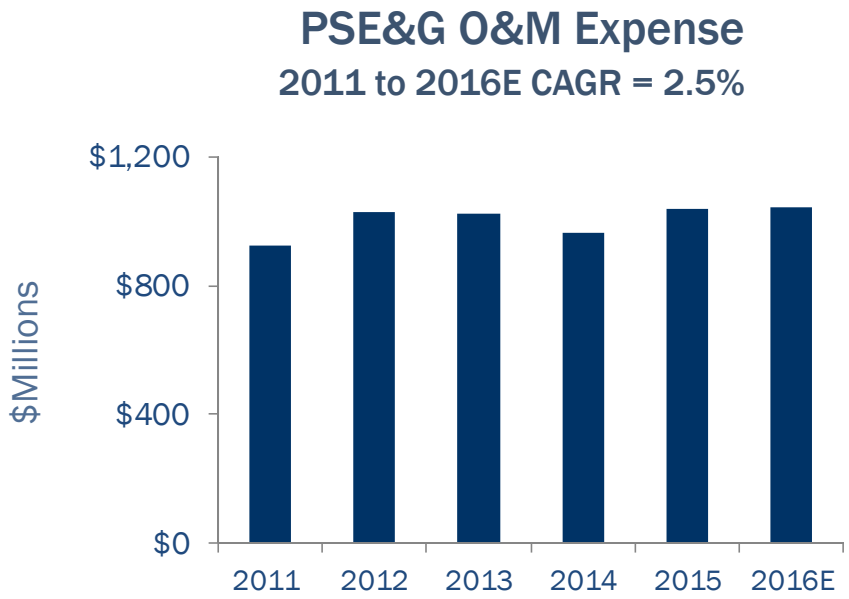
FERC 1000 and competitive growth opportunities

FERC Formula Rates
- Transmission

Traditional Recovery Mechanisms
- Distribution Base Rates

Clause Recovery Mechanisms
- Infrastructure / Solar / Energy Efficiency

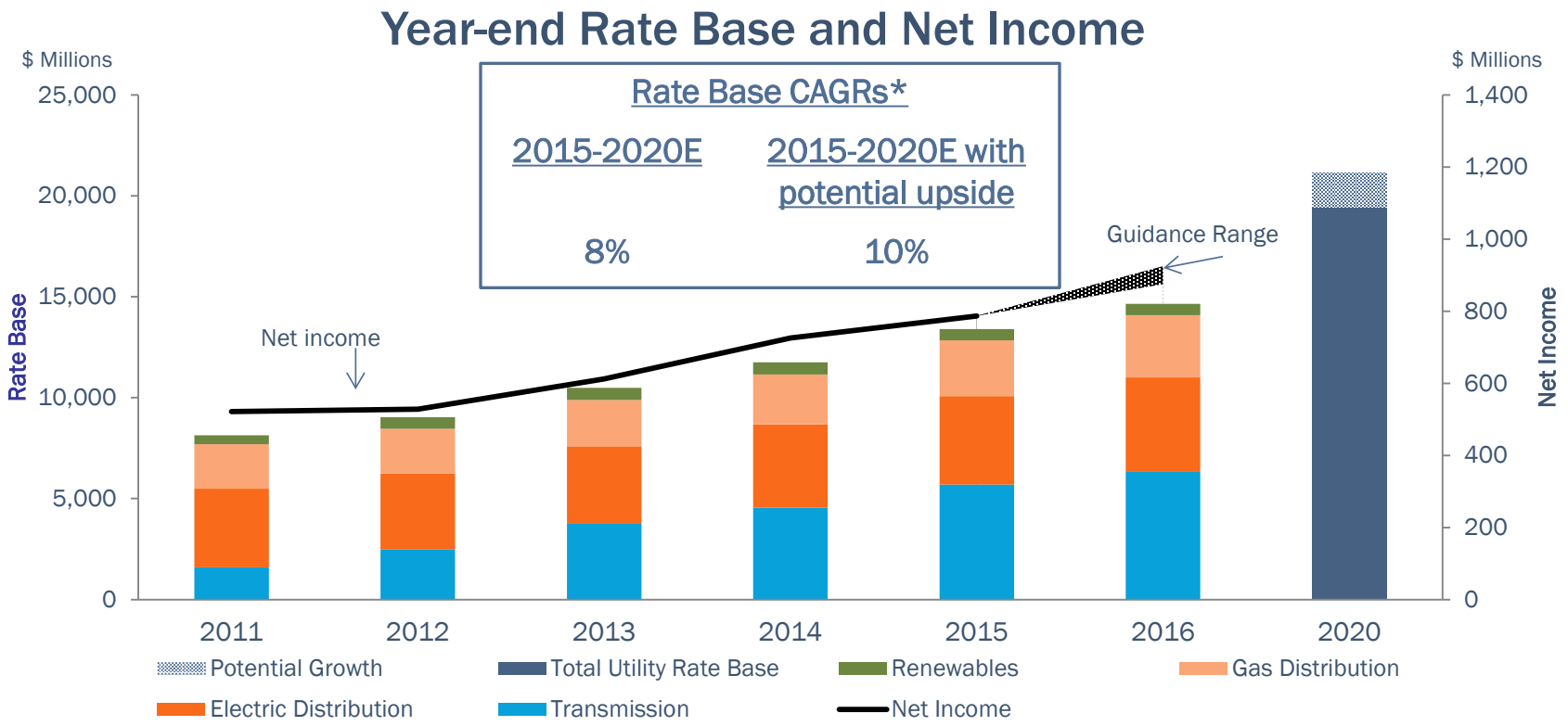
Demonstrated ability to control O&M and plan to drive future efficiencies



Cost control actions:

- PSE&G is utilizing the Lean Six Sigma discipline to achieve costs savings and process improvements
- Conducting organizational reviews resulting in streamlining of processes through restructuring
- Continued focus on vendor and inventory practices ensuring maximum value
- Successful management of pension

Investment program combined with cost control drives growth in earnings



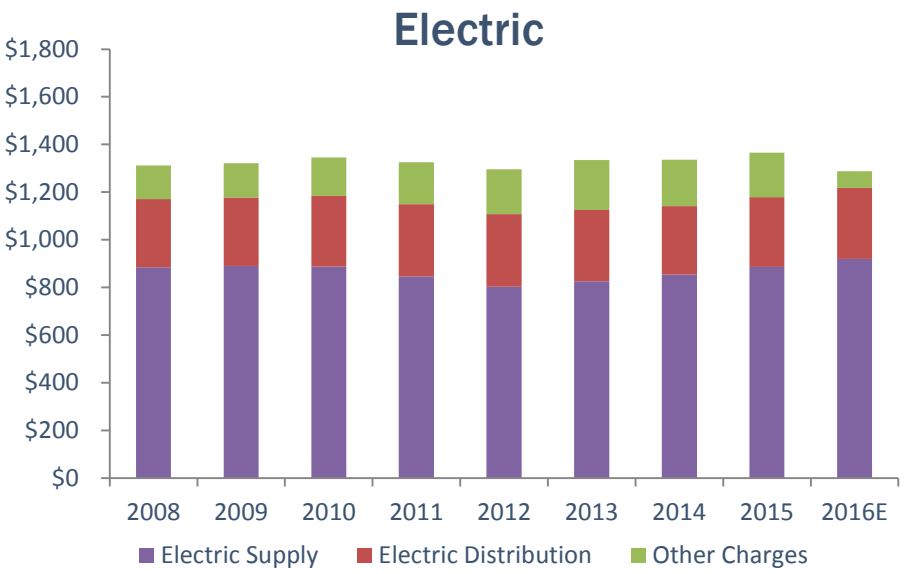
Bonus depreciation

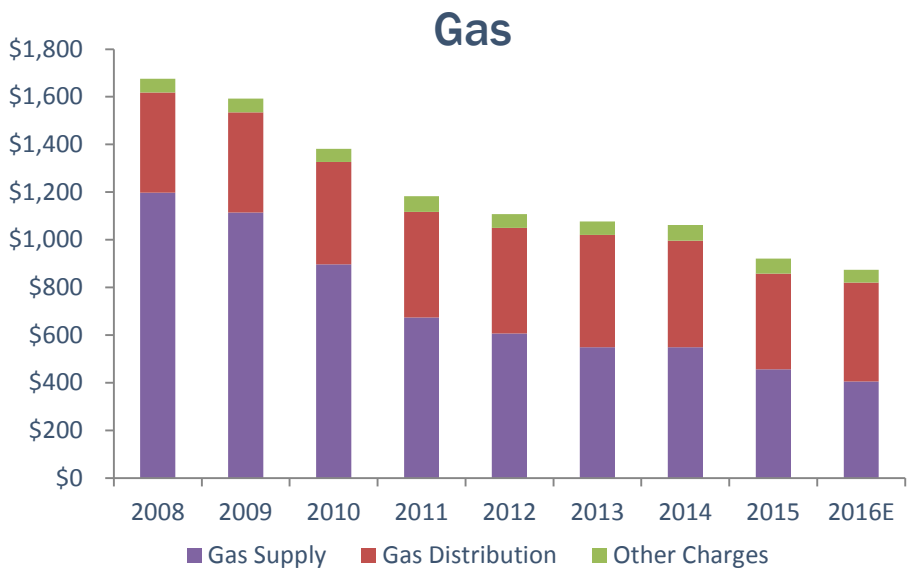
- Lowered rate base and growth rate but growth still remains strong
- Investments are less expensive for customers, providing an opportunity for incremental cost-effective system improvements

* INCLUDES IMPACTS OF BONUS DEPRECIATION. E = ESTIMATE.

Managing the total costs to customers while investing in the system

PSE&G Typical Residential Customer Bills*

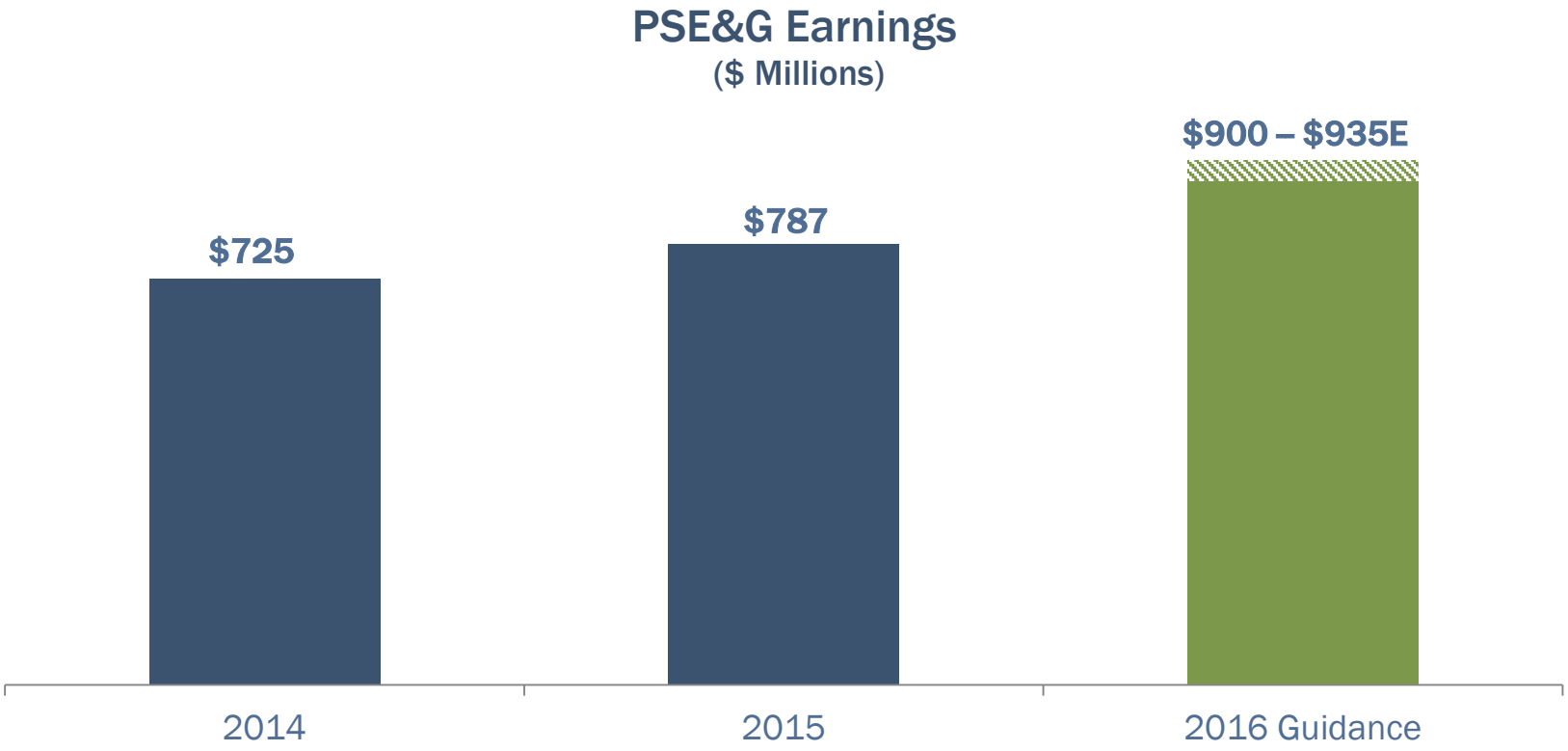




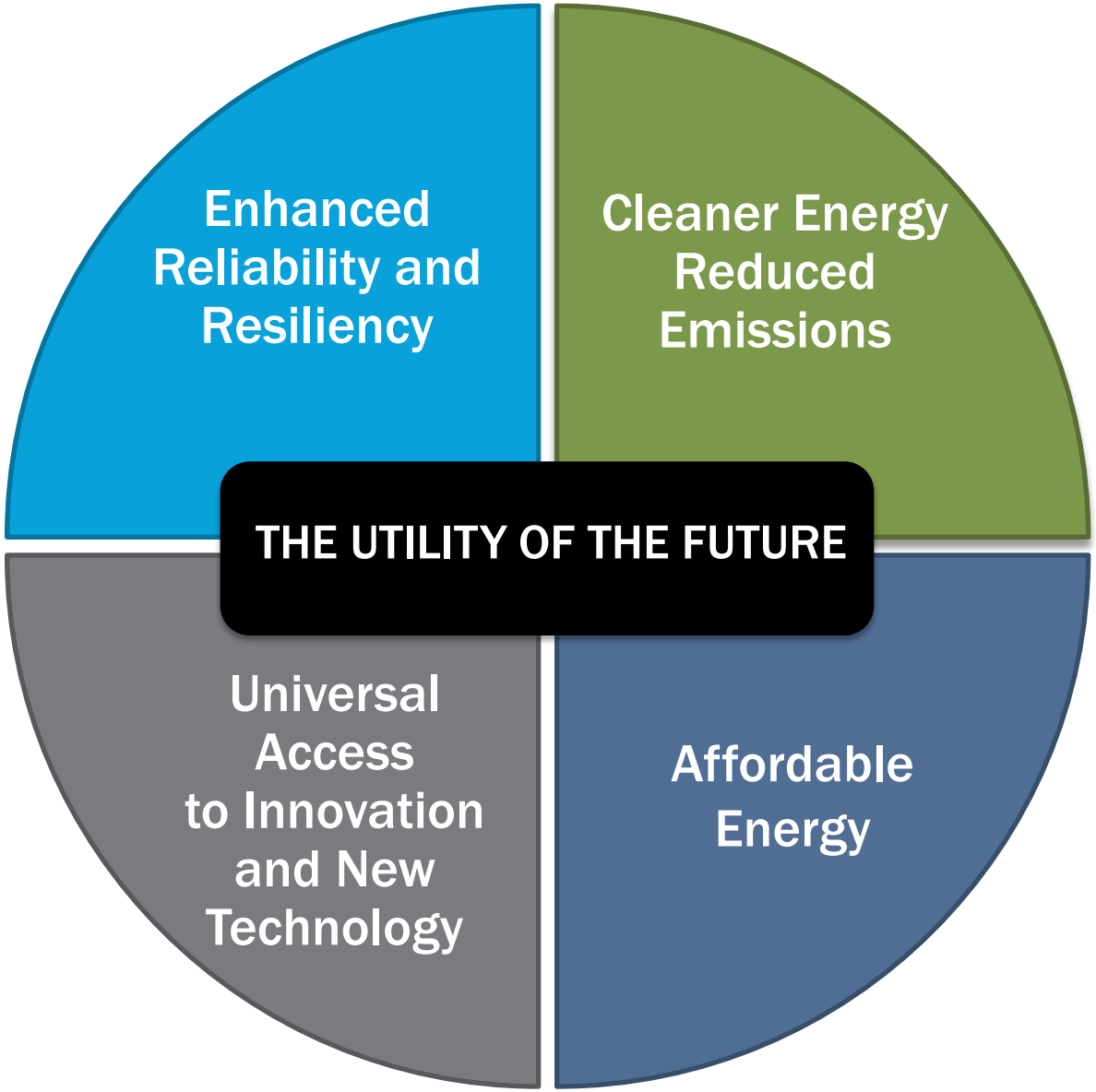
- PSE&G customers' combined electric and gas bills declined 28% over the period
- Low gas prices and elimination of transition charges drove rate decreases

*FOR ALL YEARS THE BILLING ASSUMES 7,200 KWH FOR ELECTRIC AND 1,010 THERMS FOR GAS ANNUALLY. E = ESTIMATE

PSE&G's 2016 earnings updated to reflect first-half 2016 results, expanded investment programs and cost control over the balance of the year



E =ESTIMATE. UPDATED AS OF JULY 29, 2016.


Enhanced Reliability and Resiliency
Cleaner Energy Reduced Emissions
THE UTILITY OF THE FUTURE
Universal Access to Innovation and New Technology
Affordable Energy

PSEG LONG ISLAND

PSEG

We make things work for you.

PSEG Long Island - Focused on improving

customer service and reliability while managing costs

- Earned $0.03* per share in 2015 as expected
  - Realized 18/21 metrics in 2014 and 2015
    - Customer service
    - Reliability
    - Economic
    - Green
    - Safety



- A contracted increase in revenues expected to bring contribution to earnings to $0.07* per share

* INCLUDES IMPACT OF ENERGY RESOURCES & TRADE CONTRACT.

PSEG POWER

PSEG

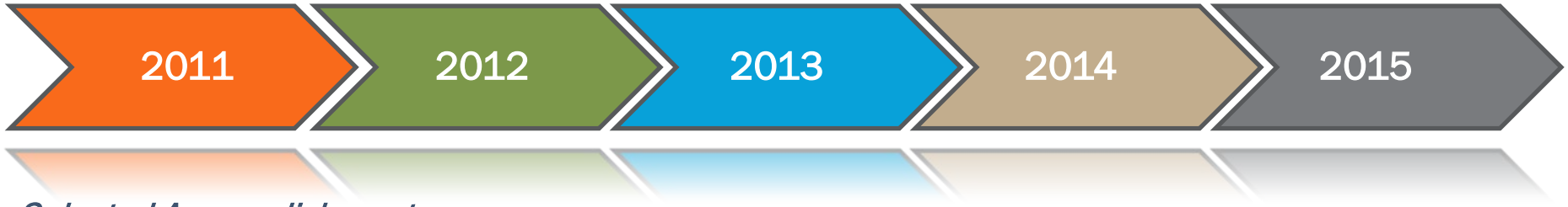
We make things work for you.

PSEG Power strategy

Excellence in operating our units safely, reliably, cost-competitively and in an environmentally, responsible manner



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

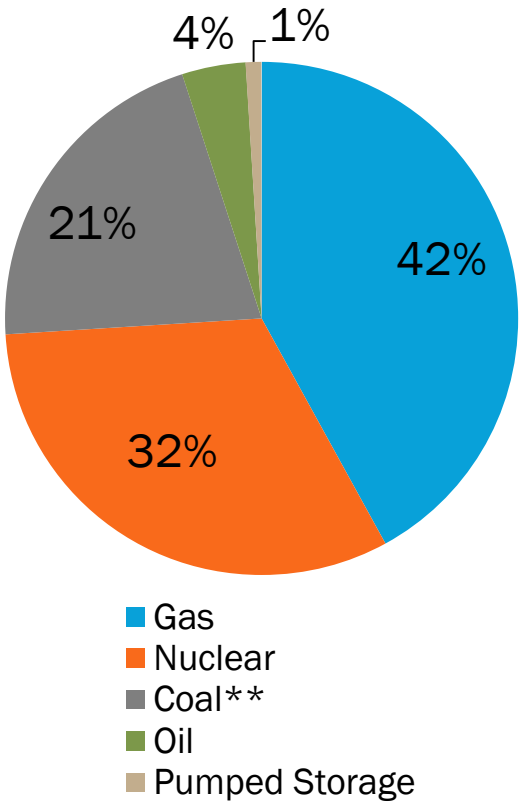
PSEG Power's value is advantaged

by asset diversity, fuel flexibility and location

2015 Actual

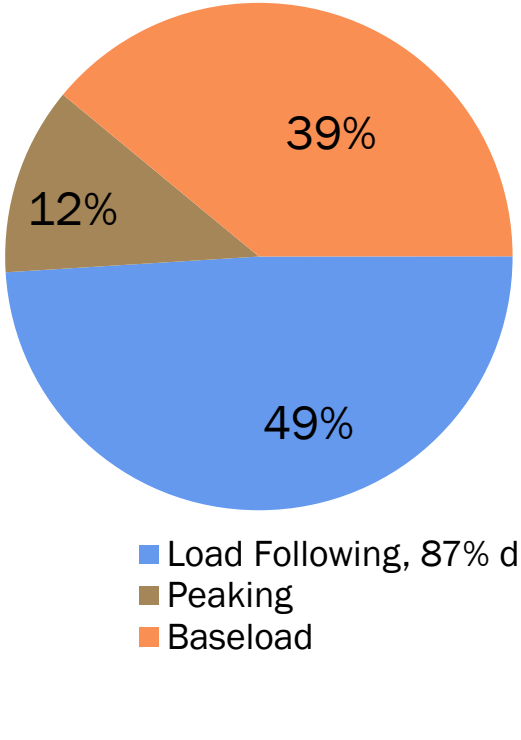
Fuel Diversity*

Total MW: 11,678



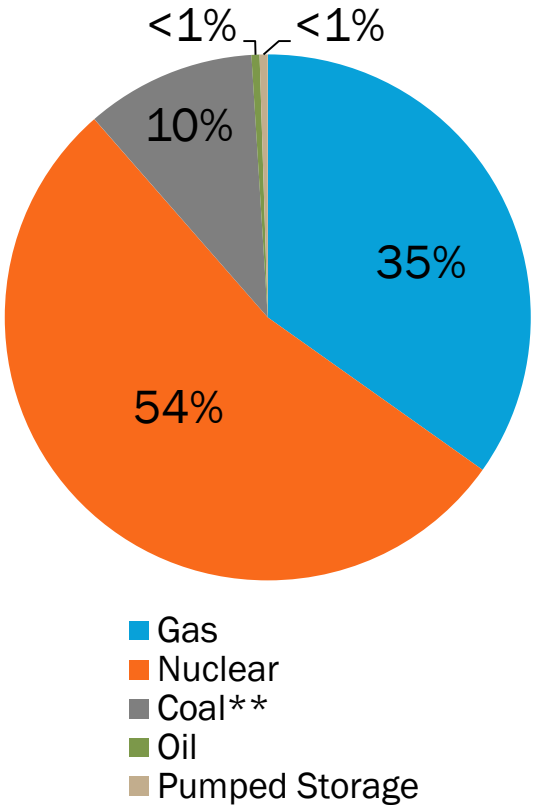
Energy Market Served*

Total MW: 11,678



Energy Produced*

Total GWh: 55,213

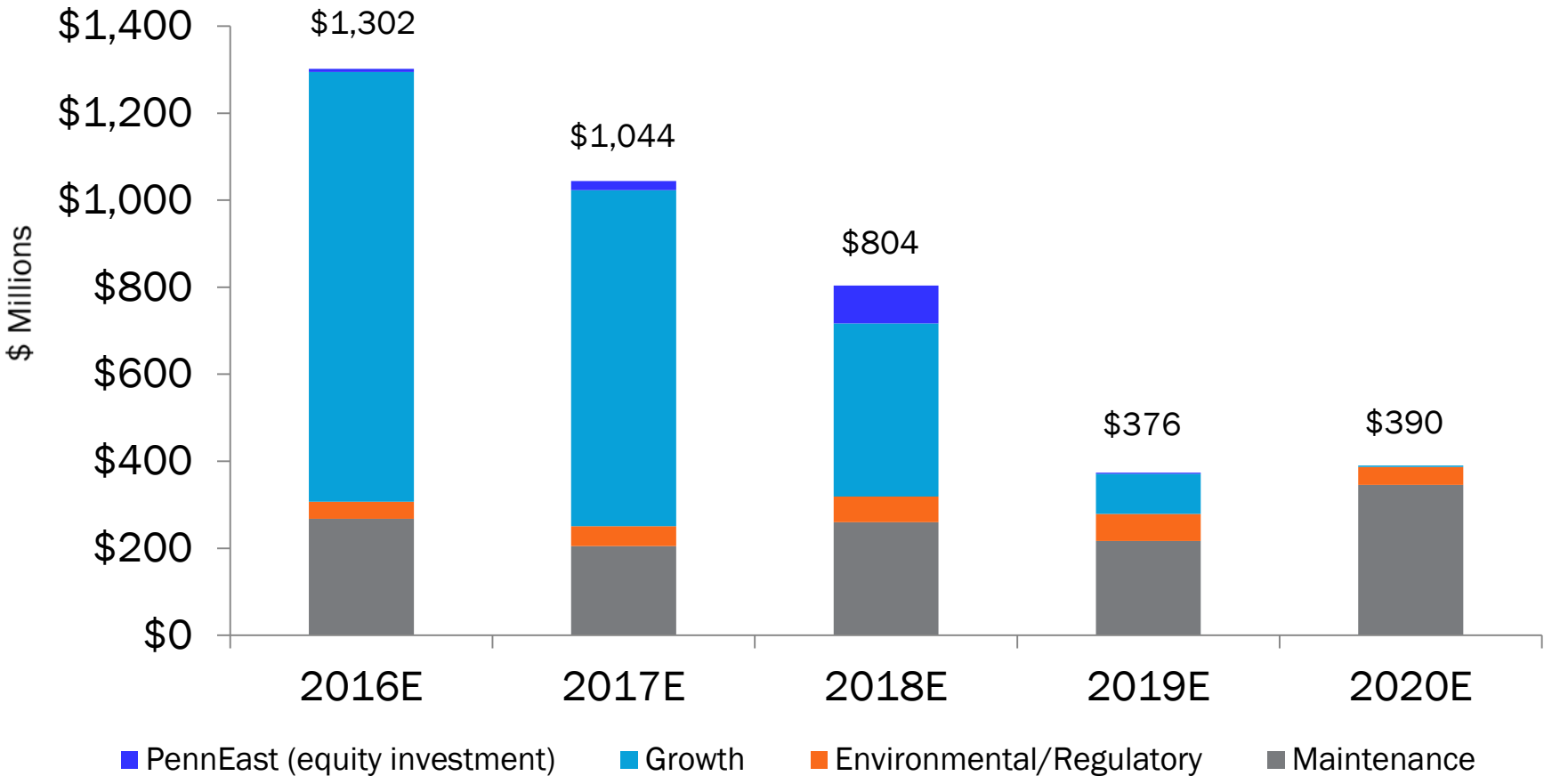


PSEG

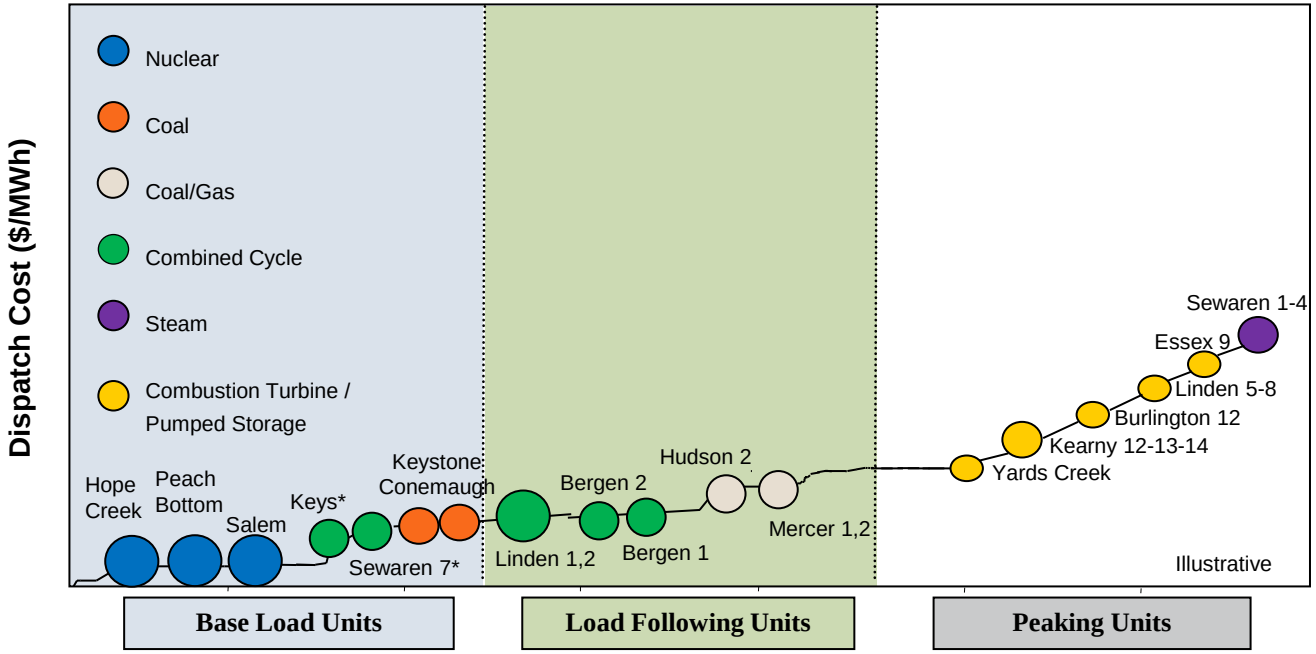
* EXCLUDES SOLAR AND KALAELOA.

**INCLUDES NEW JERSEY UNITS THAT FUEL SWITCH TO GAS.

Power investing $2 billion of capital in new capacity



Power's PJM assets are becoming more efficient



Energy Revenue	X	X	X
Capacity Revenue	X	X	X
Ancillary Revenue		X	X
Dual Fuel		X	X

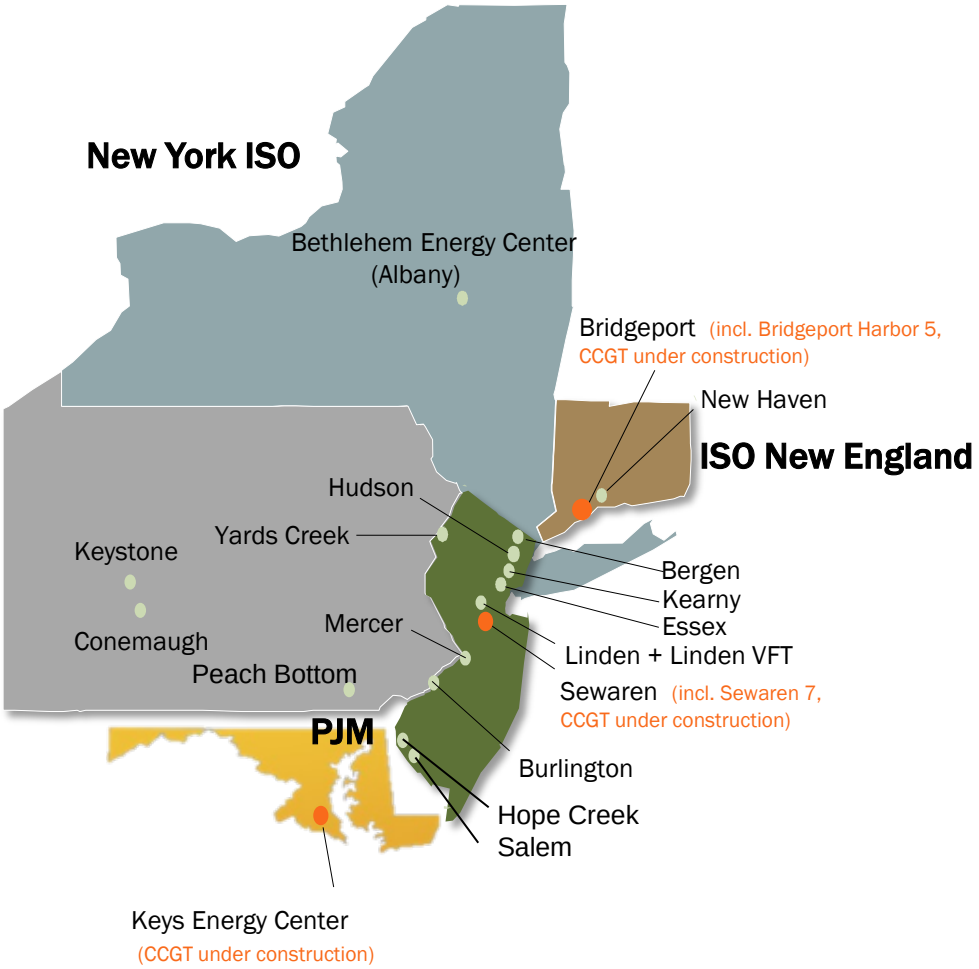
- Base Load ensures cash flow certainty
- Load Following provides ability to serve load shape
- Readiness for Capacity Performance (CP), successful in CP auction

- Peaking takes advantage of real-time prices and reduces operational risk
- Dual fuel capability at 87% of load following and peaking units

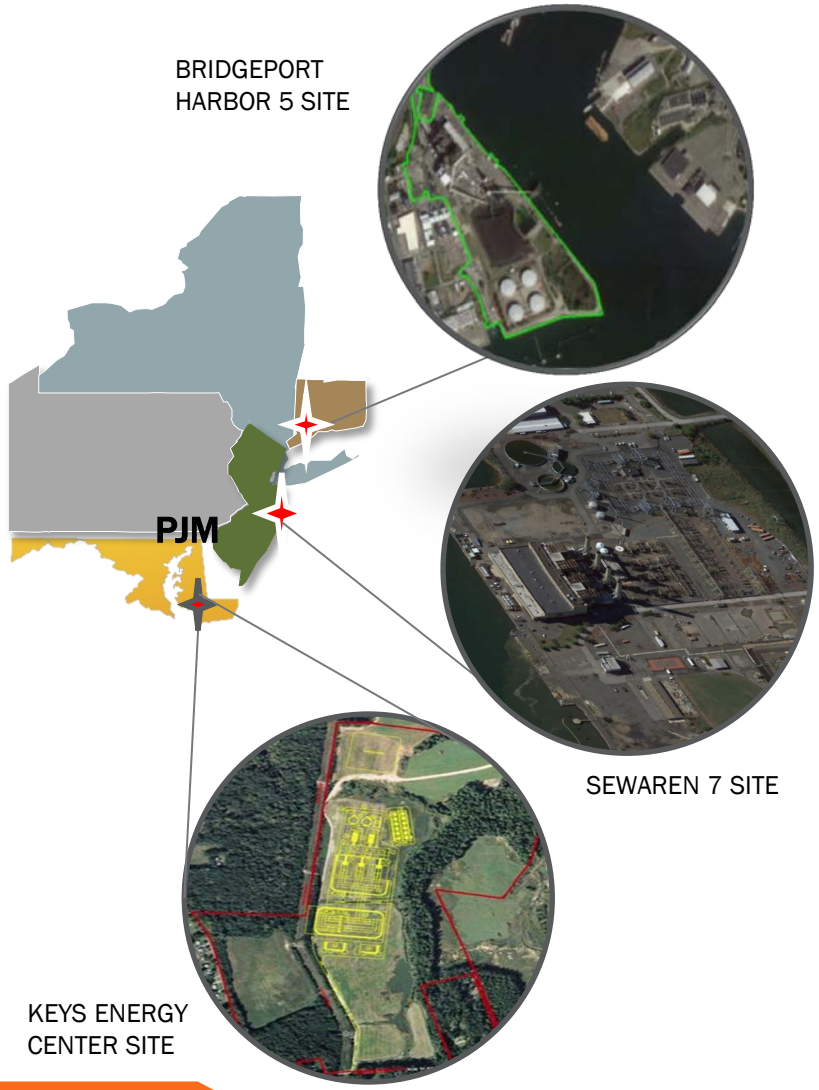
* KEYS & SEWAREN 7 TO BE ADDED TO DISPATCH IN 2018E AND SEWAREN 1-4 WILL RETIRE.

PSEG Power has generating assets in three competitive markets

- Assets located near load
- Low cost portfolio with gas cost advantage
- Positioned to benefit from volatility in real-time markets
- Fleet meets new capacity performance standards
- 1,800 MW of new CCGT capacity under construction in PJM and ISO-NE



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



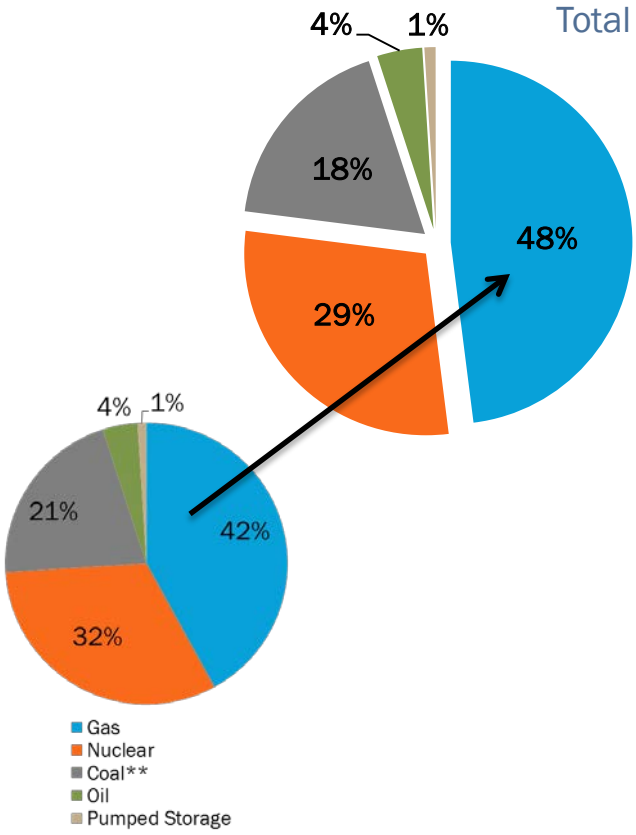
- Constructing the 755 MW CCGT Keys Energy Center in Maryland (SWMAAC*) at an estimated cost of $825 to $875 million
- Constructing a new 540 MW CCGT unit, Sewaren in New Jersey (EMAAC*) at a cost of $625 to $675 million which will replace older Sewaren units
- Constructing a new 485 MW CCGT unit, Bridgeport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

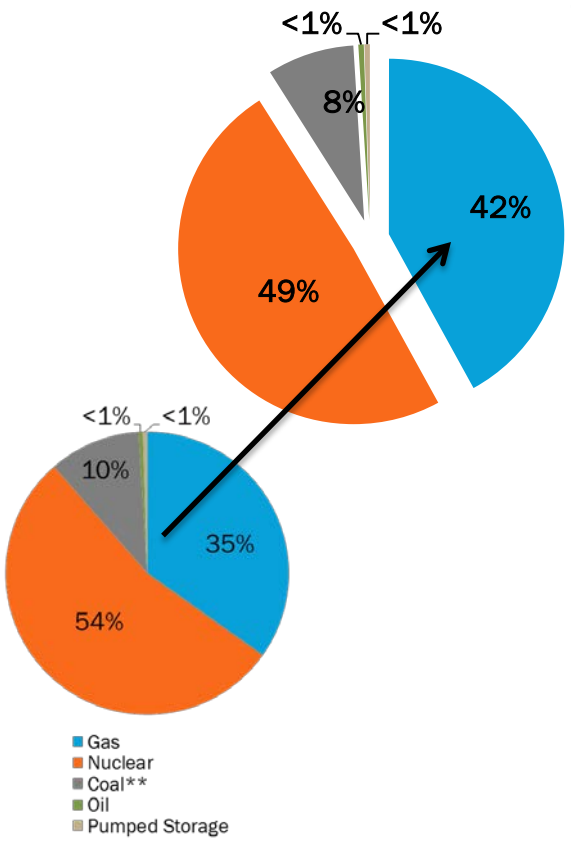
Projected Fleet Comparison 2015 to 2020E

2020E Fuel Diversity*
Total MW: 13,100



2015 Fuel Diversity*
Total MW: 11,678

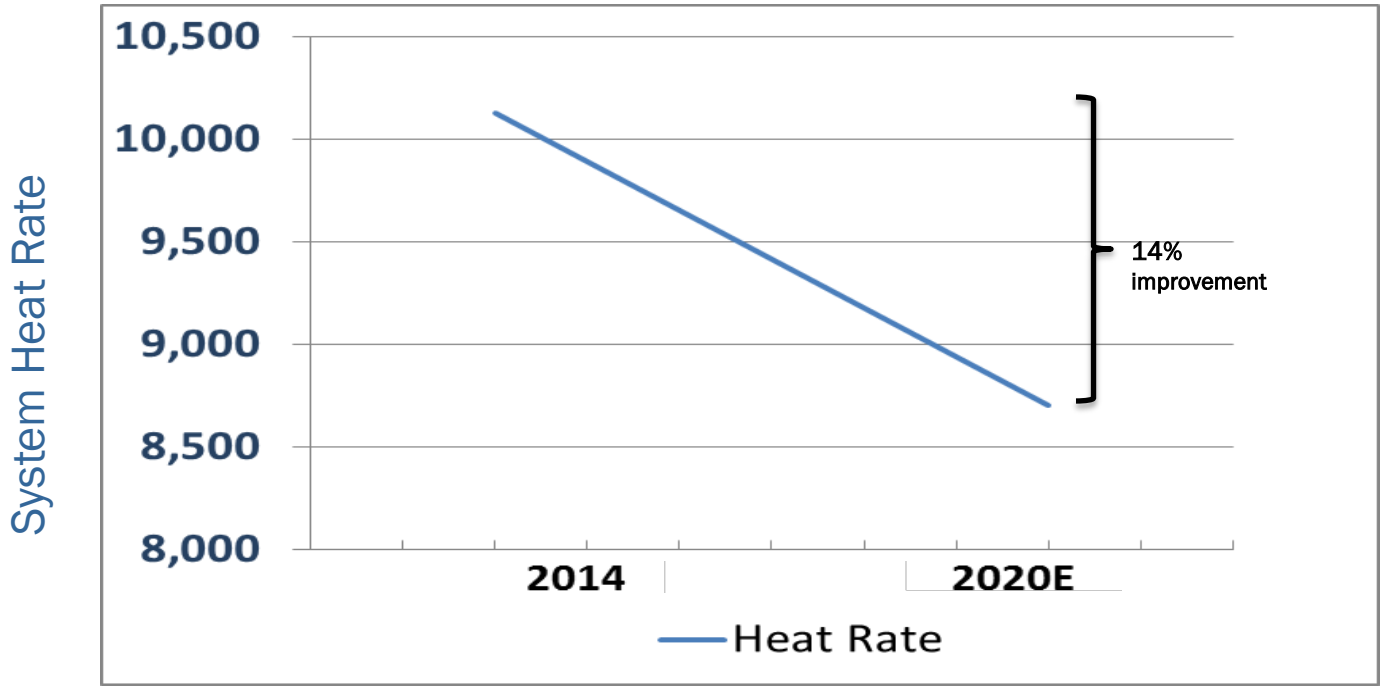
2020E Energy Produced*
Total GWh: 65,000



2015 Energy Produced*
Total GWh: 55,213

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

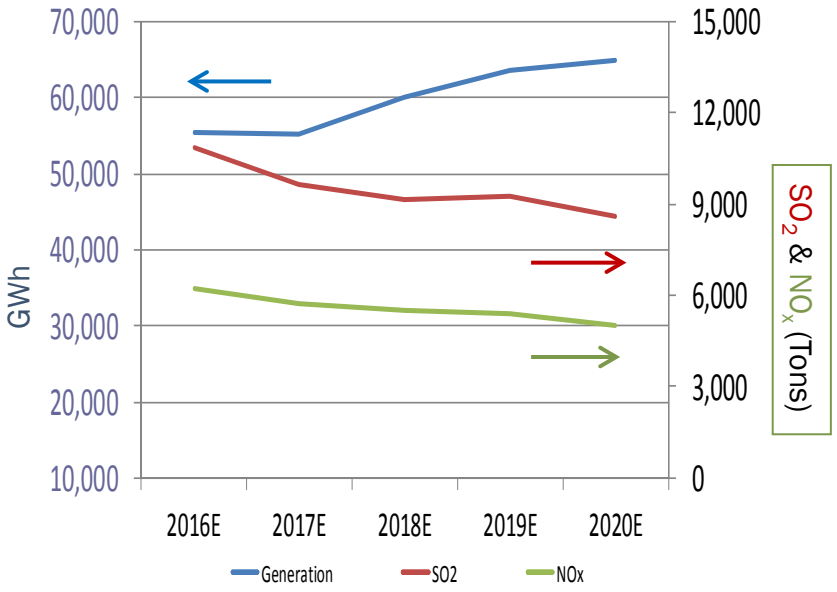
PSEG Power's fossil fleet expected to see improvements in efficiency



- 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)

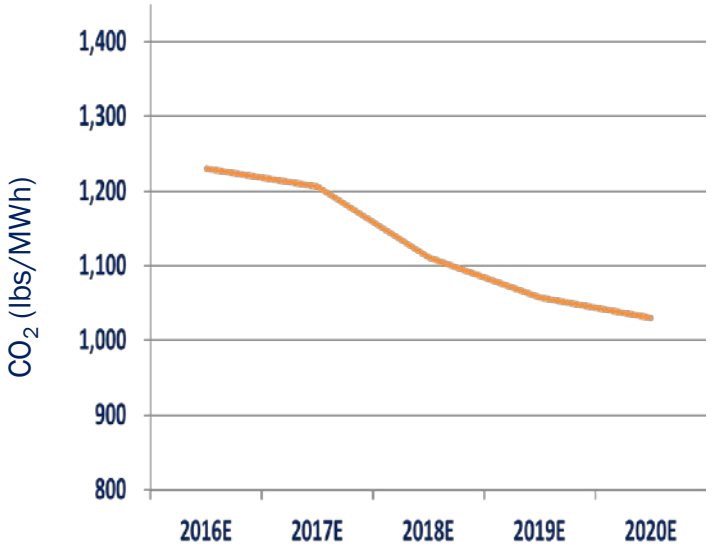
PSEG Power's fossil fleet …

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

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 Scheduled 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 Scheduled Refueling
  - Unit 1 – Fall 2017
  - 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 Scheduled Refueling
  - Unit 2 – Fall 2016
  - Unit 3 – Fall 2017
- Uprate: 130 MW (PS Share)
  - Unit 2 – March 2015
  - Unit 3 – December 2015

PSEG Power's Growth Investments

Site	Project	Estimate ($ Millions)	Benefits	Status
Peach Bottom	Peach Bottom EPU (2014 – 2015)	$403	Increased capacity: 130 MW	PB2 & PB3 completed in 2015
Linden/ Bergen/ BEC	Advanced Gas Path Uprates (AGP): Linden -- 63 MW Bergen -- 31 MW BEC -- 58 MW	$120	Increased capacity and improved heat rate: ~152 MW capacity increase ~1.2% heat rate improvement	Completed: Linden (2014) Bergen (2015) Planned: BEC 2017/2018E
Kearny 13 & 14	LM6000 Engine Throttle Push	--	Increased capacity: 14.5 MW	2016E
Maryland	Keys, 755 MW CCGT	$825 - $875	Geographic diversity within PJM; highly efficient gas fired unit in SWMAAC	2018E
Sewaren	Sewaren Unit 7, 540 MW CCGT	$625 - $675	Improved efficiency and reliability; replaces Sewaren 1-4 steam units	2018E
Bridgeport, CT	Bridgeport Harbor 5, 485 MW CCGT	$525 - $575	Highly efficient gas fired unit in ISO-NE	2019E
Eastern PA to Mercer, NJ	PennEast Pipeline	$123	Estimated Earnings in 2019: $13 million	Underway
Various	6 Solar Projects	$241	2016/2017E increase renewable capacity by 136 MW_{DC}/105 MW_{AC}	2016/2017E

Total New Capacity – 2,200 MW

E = ESTIMATE.

A position in renewable energy – Power's Solar Source

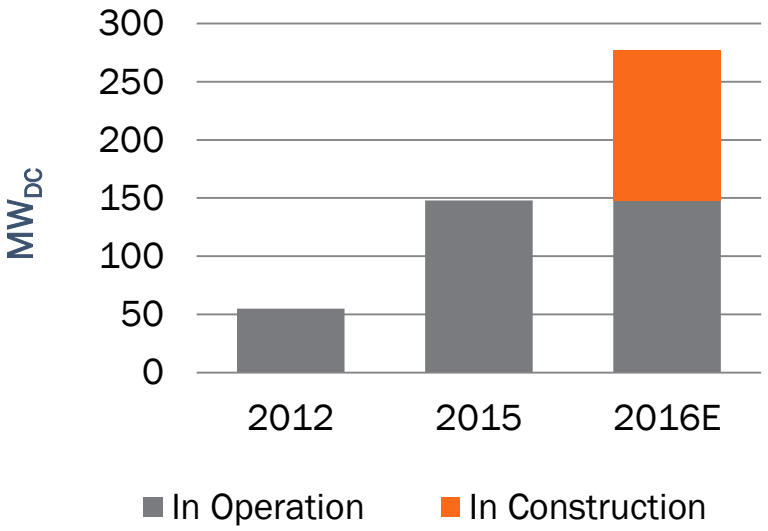
Solar Source portfolio

- Utility scale solar projects in 12 states in operation or under construction
- Long-term PPA's with creditworthy counterparties
- Lump sum, full wrap EPC* agreements

Asset Optimization

- Maintain high equipment availability
- Minimize operating expenses
- Seek additional revenue streams

PSEG Solar Source Portfolio



* EPC = ENGINEERING PROCUREMENT & CONSTRUCTION. E = ESTIMATE.

PSEG Power has other attractive sources of revenues to round out a robust portfolio

Gas Asset Optimization

- Large wholesale provider to PSE&G and others
  - Storage capacity of approximately 75 Bcf (in the Gulf and market regions)
  - Firm transportation of 1.3 Bcf/day on seven pipelines
- Off-system sales margins shared with residential customers
- Commercial & Industrial gas sales

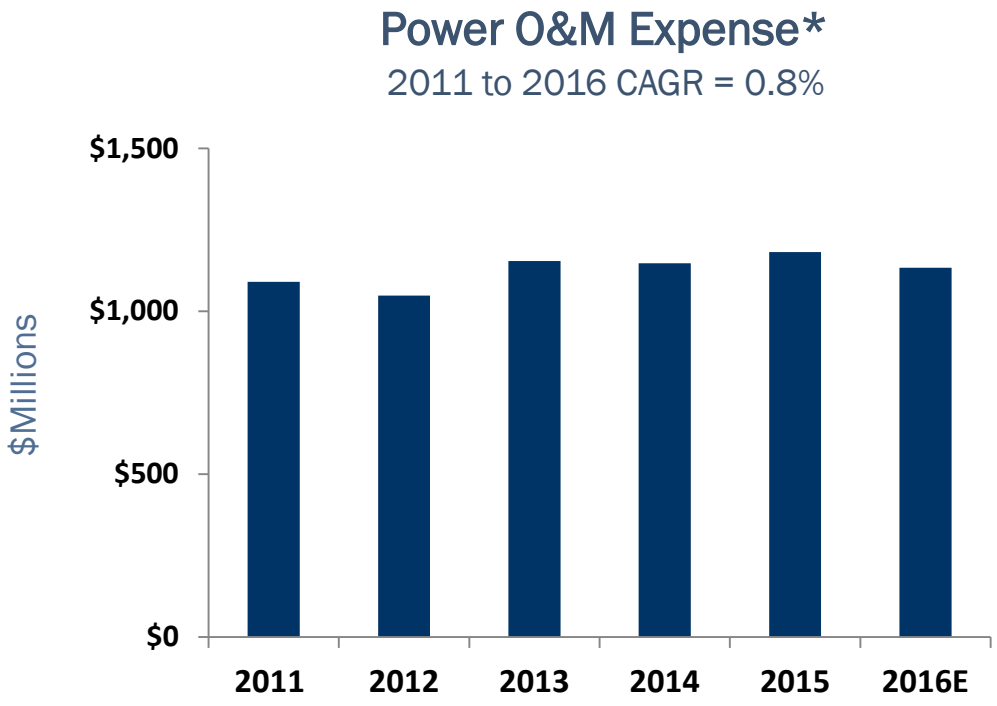
Ancillary Services – Black start, reactive power, area regulation

LIPA fuel and energy dispatch management – Began management of 10-year contract in 2015

Kalaeloa, HI – 50% equity interest in a 208 MW combined cycle oil unit

New Haven Peakers – 129 MW, rate based contract with ISO-NE

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

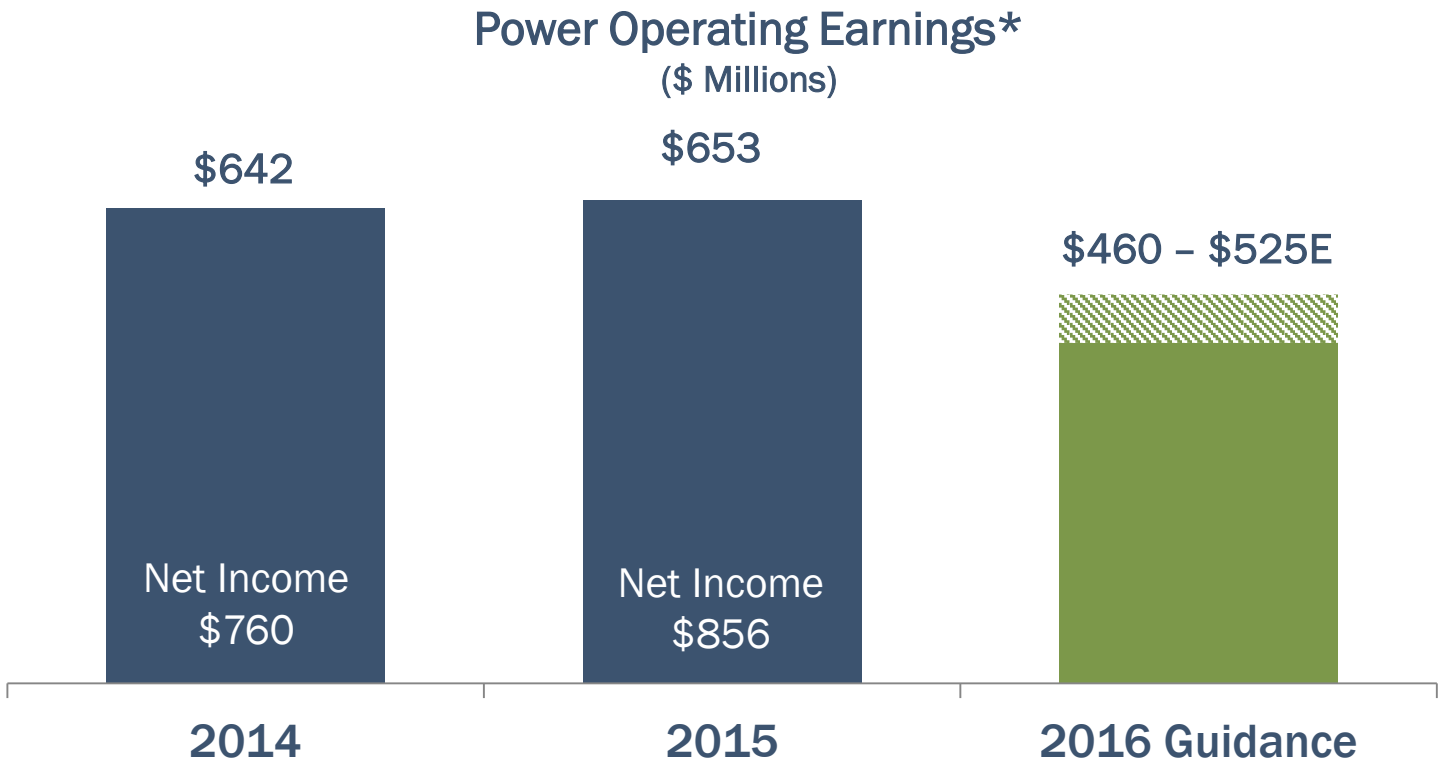
*EXCLUDES IMPACTS FROM STORM RECOVERY COSTS. E=ESTIMATE

During volatile market conditions, Power has delivered on earnings

	2011	2012	2013	2014	2015
Cooling Degree Days % to average, Higher/(Lower)	26%	13%	7%	(5%)	25%
Heating Degree Days % to average, Higher/(Lower)	(11%)	(17%)	(1%)	5%	(4%)
# Days over 90 degrees	29	29	21	12	27
# Days below 20 degrees	13	7	13	33	41
Gas Volatility (Transco Z6)	Min $3.38 Max $18.93	Min $2.40 Max $12.43	Min $3.10 Max $39.43	Min $1.39 Max $115.00	Min $0.90 Max $40.00
LMP Volatility (PS Zone Day Ahead)	Min $15 Max $417	Min $5 Max $370	Min $10 Max $335	Min $5 Max $1,021	Min $1 Max $439
Basis Volatility (PS Zone Day Ahead vs. PJM Western Hub)	Min ($40) Max $116	Min ($49) Max $97	Min ($28) Max $79	Min ($131) Max $455	Min ($40) Max $128
Power Earnings Actual vs. Guidance	High End	Above Guidance	High End	High End	Met Guidance

Power's 2016 operating earnings range

adjusted to incorporate results from the first half of 2016



*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS. E = ESTIMATE.
UPDATED AS OF JULY 29, 2016.

PSEG Power – Delivering on priorities

Operational Excellence

- Fuel and technology-diverse fleet produced 55 TWh, 2% higher than 2014
- Nuclear capacity factor exceeded 90%; output of 30 TWh, close to 30.3 TWh is third best ever, record set in 2009
- Production records set at BEC, Linden and the CCGT fleet in total; Kearny 13 & 14 CTs
- Successful implementation of LIPA contract for fuel / generation dispatch.

Financial Strength

- Achieved earnings guidance in 2015
- Cost control programs held O&M to a 0.8% CAGR between 2011 and 2016
- Successful ongoing effort to influence outcomes in key markets showing success, e.g., price formation

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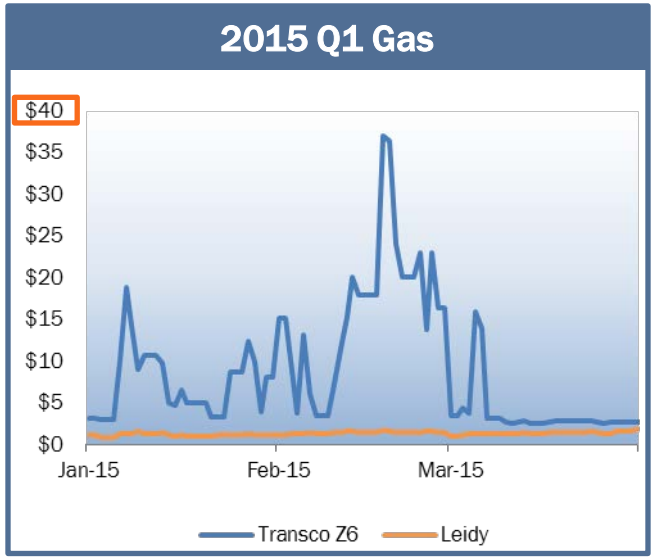
Disciplined Investment

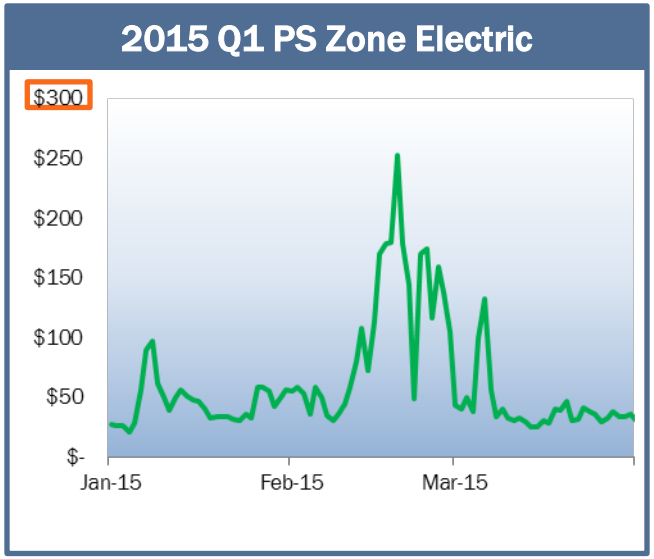
- Completed Peach Bottom EPU and AGP at Bergen 2; AGP planned for BEC in 2017/2018
- Repositioning the fleet with three new CCGTs:
  - Keys (2018)
  - Sewaren 7 (2018)
  - Bridgeport Harbor 5 (2019)
- Solar Source's portfolio is 277 MW_{DC}

PSEG POWER
ER&T

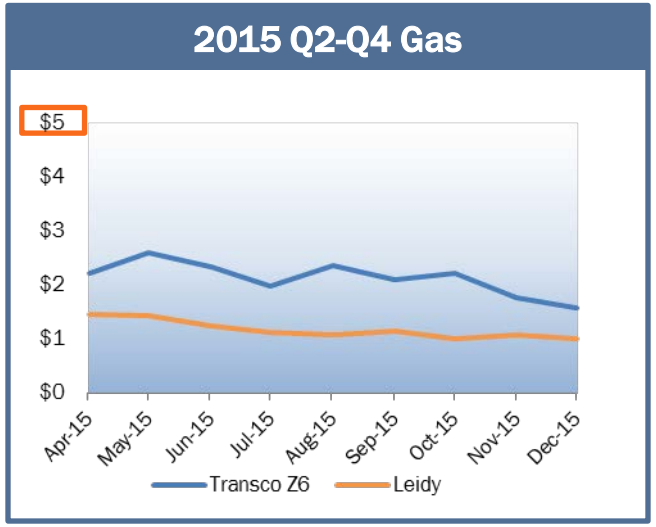
PSEG
We make things work for you.

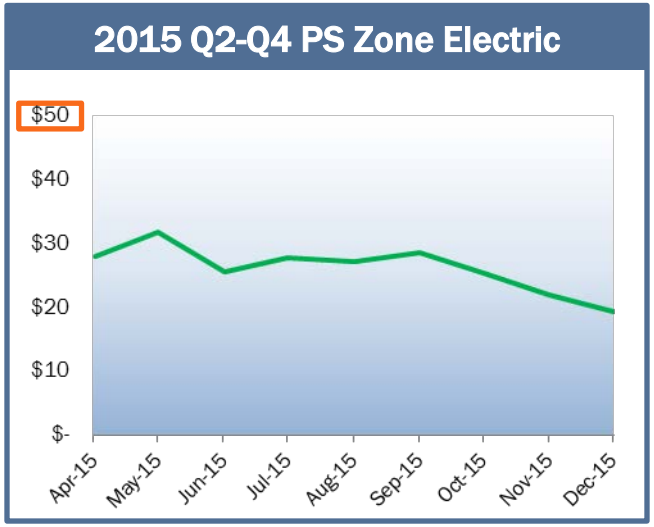
Market Review: Markets in 2015 were affected by abnormal weather conditions





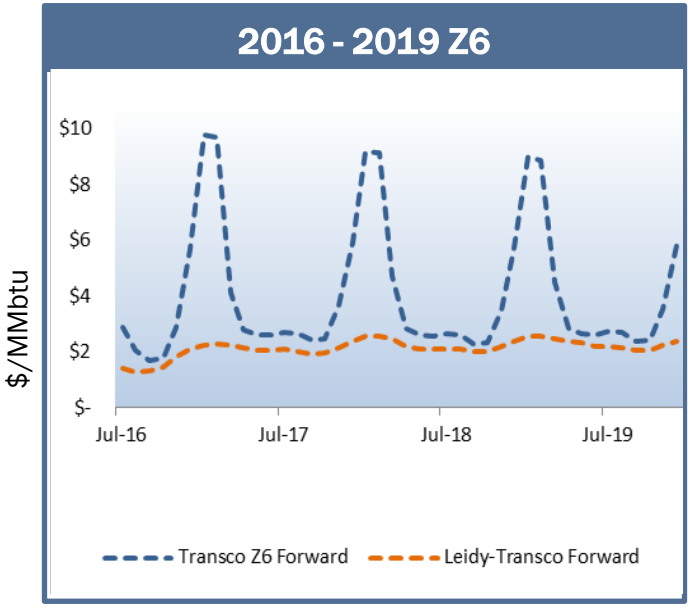
Q1: Periods of extremely cold temperatures resulted in high gas prices, significant basis differentials, and higher energy demand

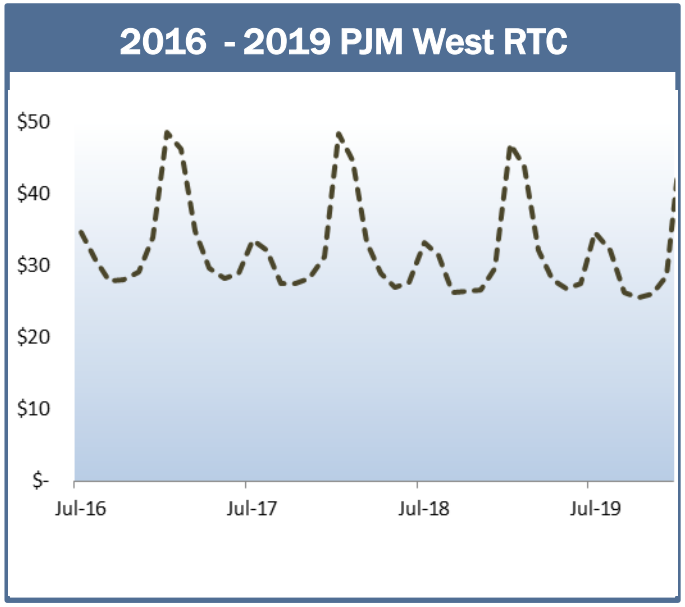


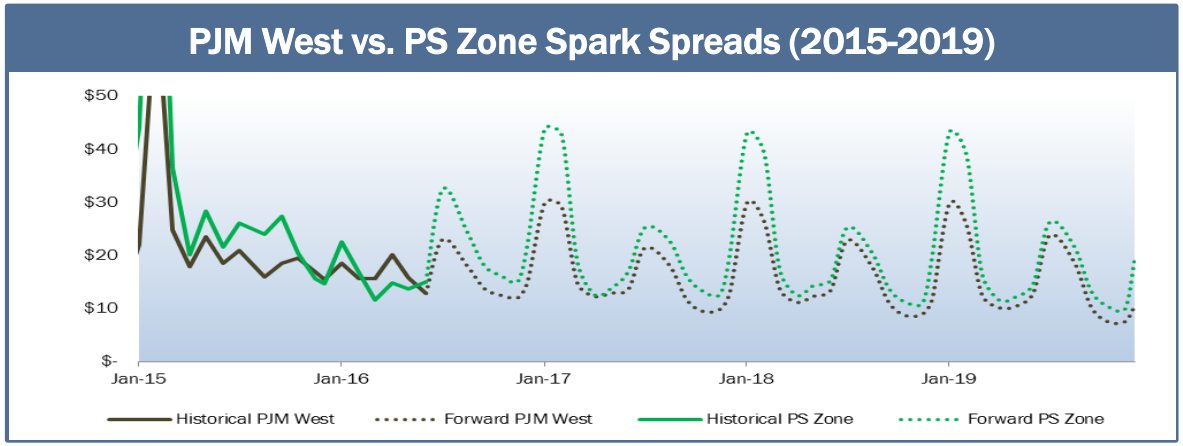


Q2-Q4: A normal summer and mild December, combined with increased supply of gas, reduced energy prices and basis

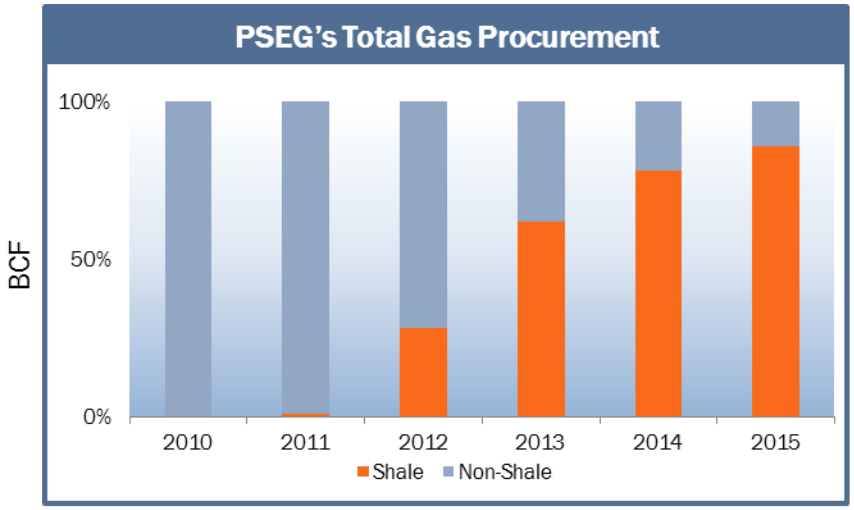
Market Review: YTD 2016 impacted by weather but forward gas and electric prices retain seasonal volatility

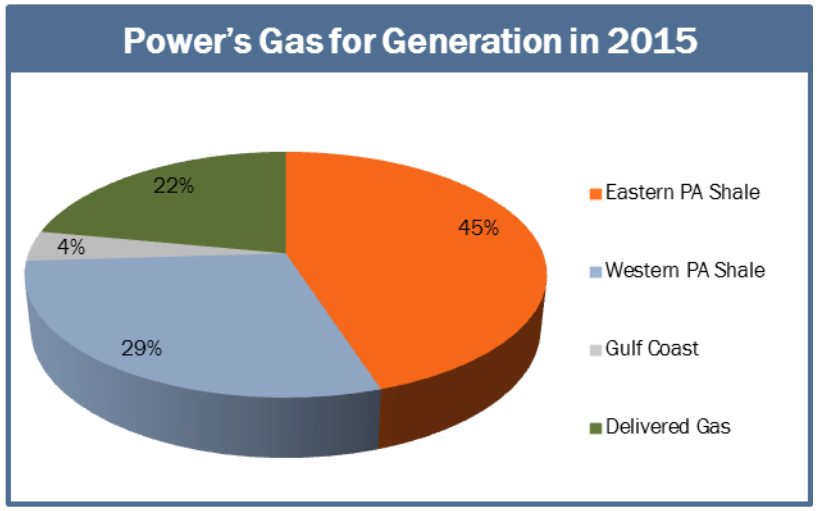






Market Review: PSEG's extensive gas asset portfolio provides unparalleled access to Marcellus Shale gas

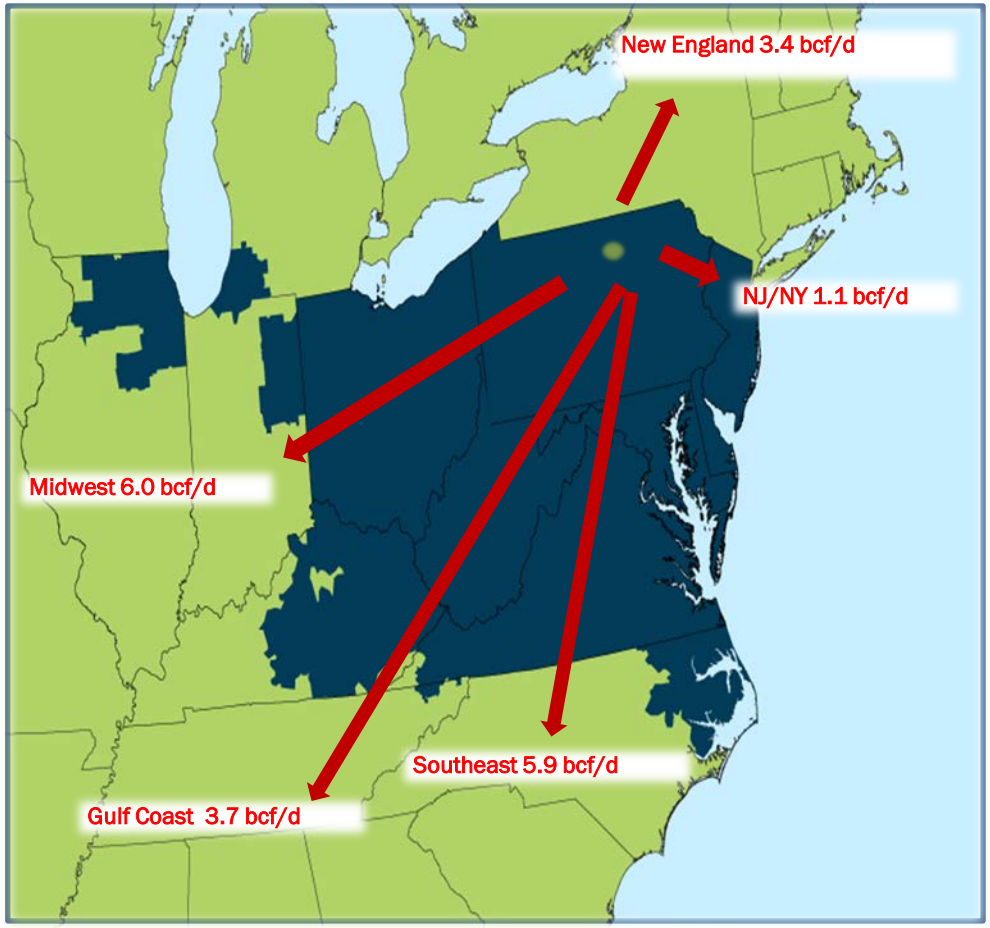




- PSEG Power maintains a robust portfolio of pipeline and storage assets in the Mid-Atlantic
- Marcellus Shale gas production reached 18.8 BCF/day in 2015
- PSEG Power procured over 423 BCF in 2015 with approximately 50% going to PSE&G's utility gas customers
- PSEG Power's gas for generation was 150 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

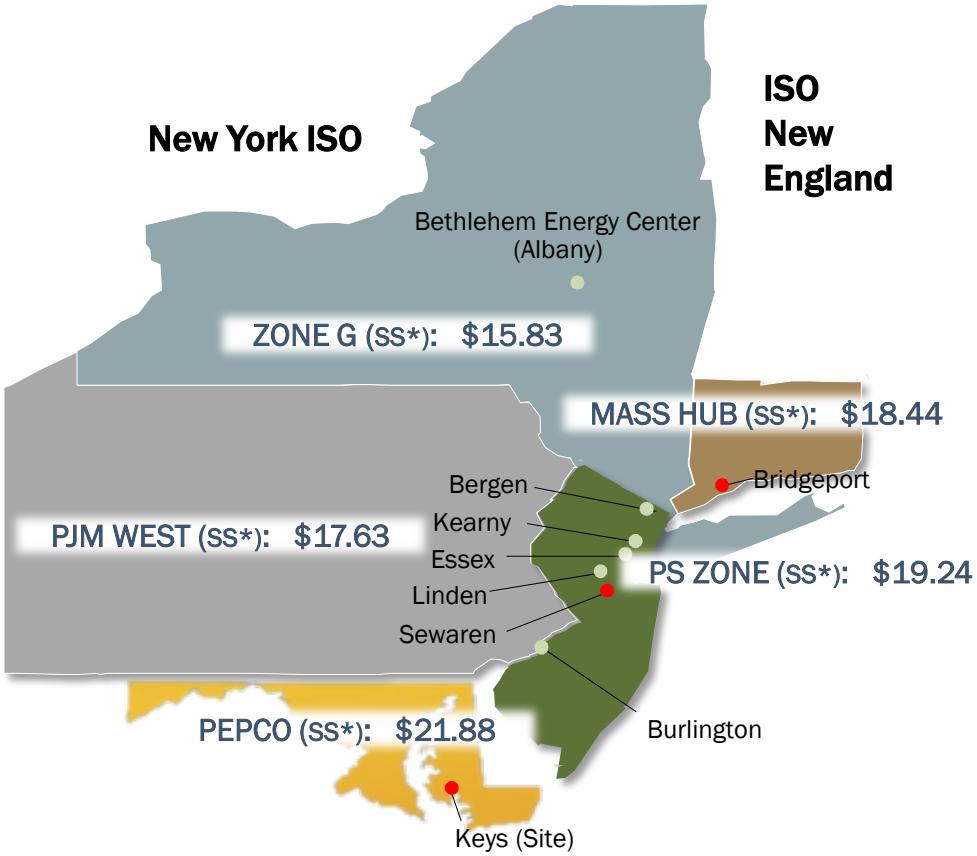
Regulatory Framework: New capacity and energy market designs in PSEG's core markets will better reward reliable generation units

	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 and RTO reports addressing critical price formation issues
	DEMAND RESPONSE RULES	• Stricter rules for eligibility and deployment; focus returns to wholesale reliability/comparability after U.S. Supreme Court (SCOTUS) ruling
	STATE INTERVENTION	• SCOTUS dismissed the Maryland and New Jersey appeals in April 2016 • Ohio PPAs: FERC rescinded the previously approved waivers of the affiliate transaction standards and will review the PPAs under the affiliate abuse standards
ISO-NE	CAPACITY	• Continued tightness in capacity markets • Zonal demand curves submitted for FERC approval (FCA 11) • 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 • New PJM DR rules requiring that BTM diesel-fired generation employ environmental controls

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

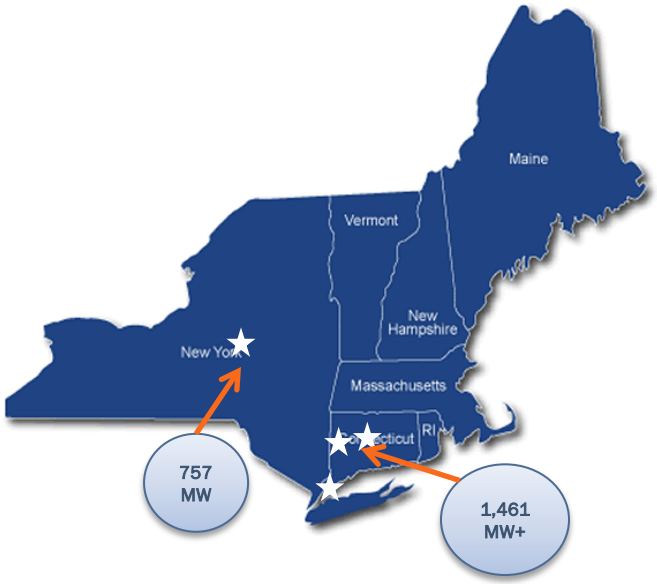
PSEG Power's Portfolio: New York and New England

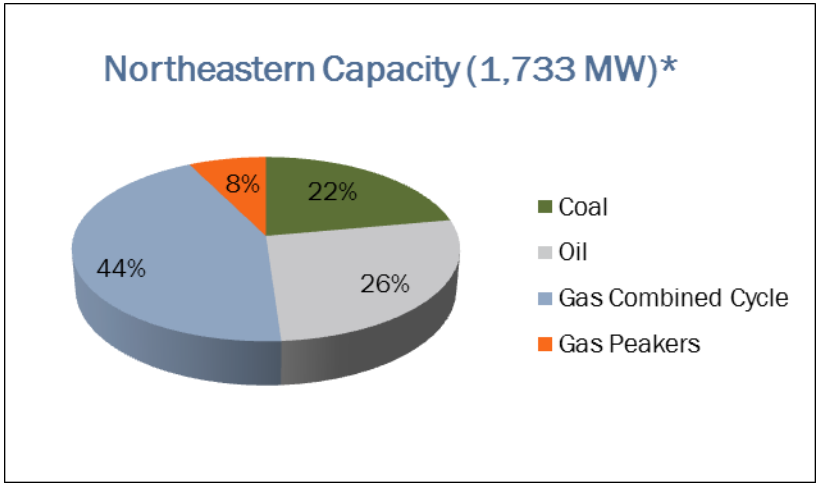
New York (757 MW)

- 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

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

PJM's RPM Auction Results					
Delivery Year	**2015/2016**	**2016/2017**	**2017/2018*+**	**2018/2019+**	**2019/2020**
Power's Average Prices ($/MW-day)	$168	$172	$177	$215	$116
Rest of Pool Prices ($/MW-day)	$136	$59	$120	$165/$150 (CP/Base)	$100/$80 (CP/Base)
Power's Cleared Capacity (MW)	8,750	8,700	8,700	8,650	8,900

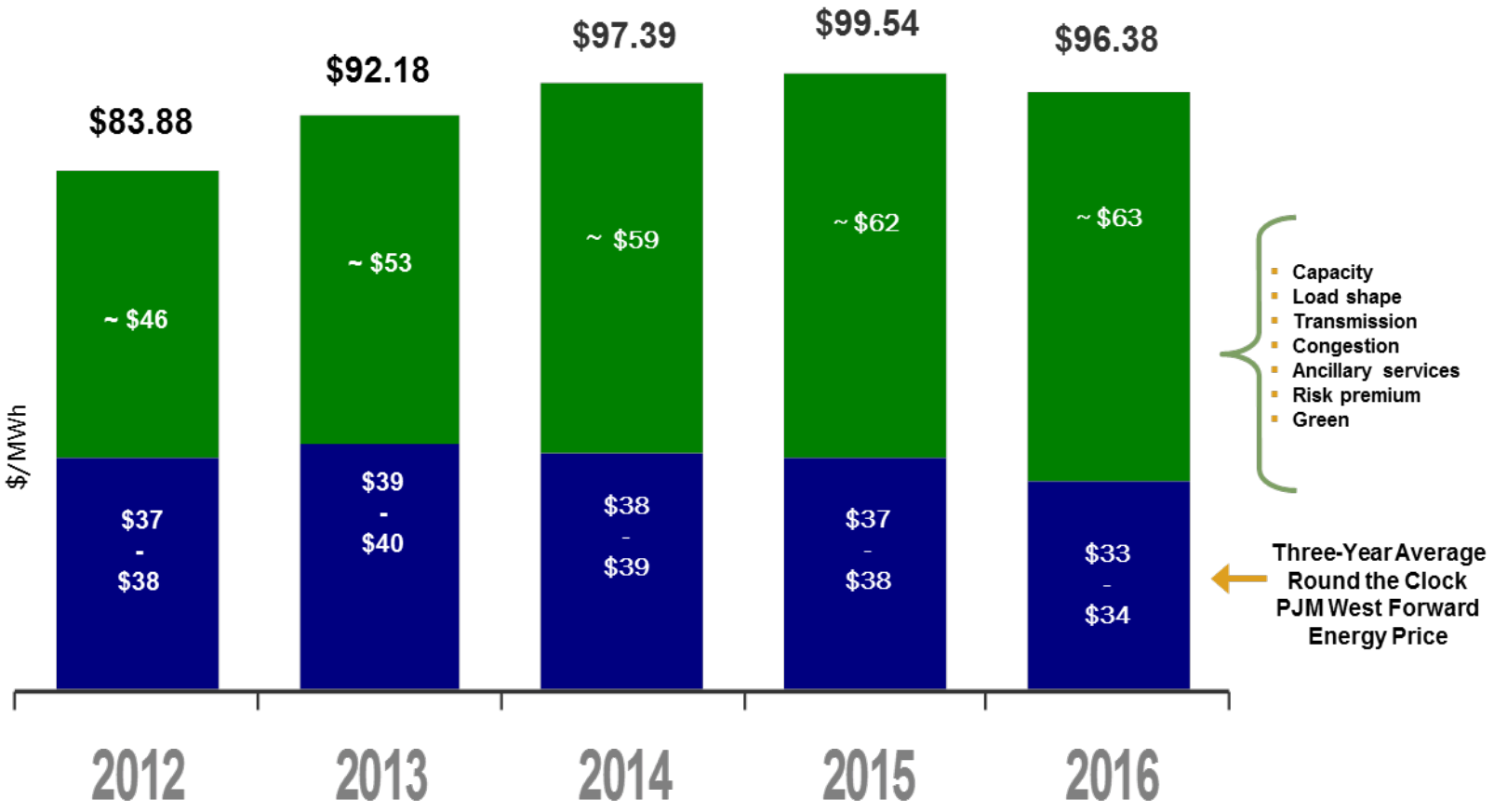
2020 Onwards RPM Auction Impacted By:

- 100% Capacity Performance
- Change in Net CONE
- Change in PJM Parameters
- Demand Response Rules
- Reduction in Load Forecast
- Environmental Retirement

ISO New England's Forward Capacity Market Auction Results					
Delivery Year	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019+**	**2019/2020**
Power's Average Prices ($/MW-day)	$113	$104	$232	$315	$231
Power's Cleared Capacity (MW)	773	777	848	831	1,333

*PSEG POWER'S AVERAGE PRICES AND CLEARED CAPACITY (MW) REFLECT BASE AND INCREMENTAL AUCTIONS. DELIVERY YEARS RUN 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.

Hedging Strategy: 2016 BGS Auction Results



Latest auction reflects a decline in energy prices and increase in cost of transmission, capacity and renewables

NOTE: BGS PRICES ARE QUOTED IN $/MWH AND REFLECT PSE&G ZONE; RESULTS FROM THE 2014-2016 AUCTIONS WILL BE THE NEW BLENDED PRICES BEGINNING JUNE 1, 2016.

Hedging Strategy: Designed to protect gross margin while leveraging the portfolio

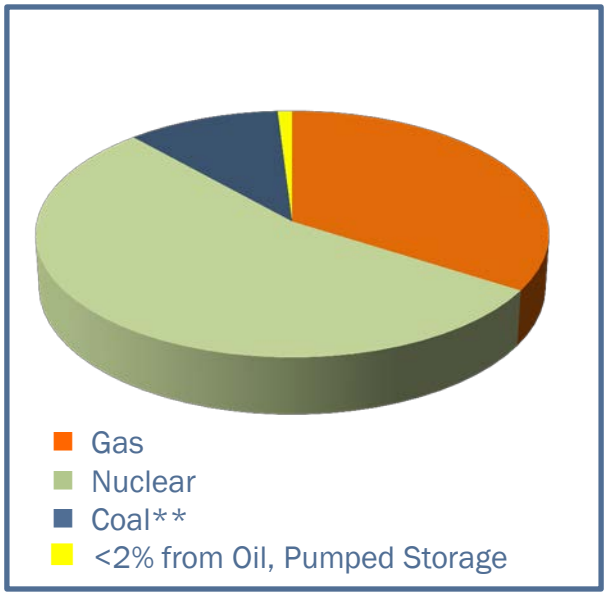
		Jul-Dec 2016	2017	2018
Base Load (Nuclear and Base Load Coal)	Volume TWh	17	36	36
	% Hedged	100%	80-85%	40-45%
	Price $/MWh	$50	$48	$46
Intermediate Coal, Combined Cycle, Peaking	Volume TWh	8	18	23
	% Hedged	30-35%	0%	0%
	Price $/MWh	$50	-	-
Total	Volume TWh	25-26	53-55	58-60
	% Hedged	75-80%	55-60%	25-30%
	Price $/MWh	$50	$48	$46

HEDGE PERCENTAGES AND PRICES AS OF JUNE 30, 2016. UPDATED WITH 2016 BGS AUCTION RESULTS. 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.

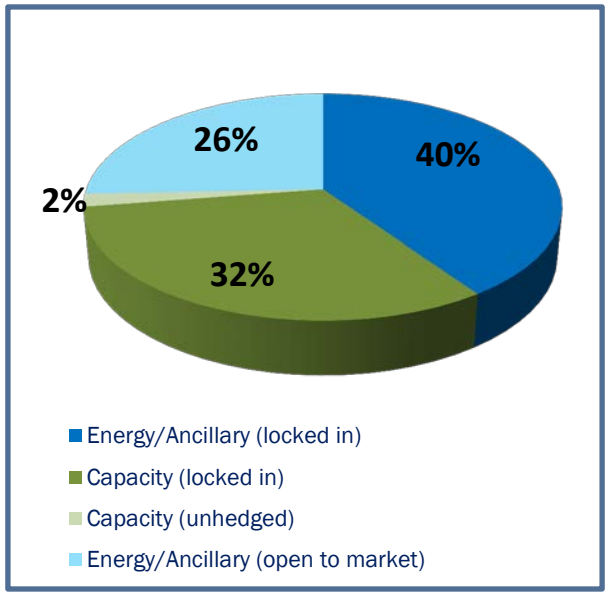
PSEG Power's revenue stream is secured with over 70% of the portfolio hedged through 2018

Energy Produced in 2015

55,213 GWH



Average 3 Year Forward Revenue 2016-2018*



**INCLUDES NJ UNITS THAT CAN FUEL SWITCH TO GAS.

*FOR THREE YEARS ENDED INCLUDES SIX MONTHS HISTORICAL 2016 DATA.

PSEG Power's Value Proposition



- Well-positioned fleet of merchant generating assets in attractive markets
- Portfolio transformed with addition of 1,800 MWs of new efficient CCGT
- Low capital requirements to meet capacity performance standards
- Growth in fast-growing DC area
- Hedging strategy has capably protected value of assets in declining price environment providing attractive returns and free cash flow


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

PSEG FINANCIAL REVIEW & OUTLOOK

Dan Cregg

EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

PSEG

We make things work for you.

Strong financial position demonstrated by 2015 results

	2015 Financial Position
Earnings	✓ Delivered strong 2015 earnings ✓ Increased regulated earnings mix
Investment	✓ Executed major PSE&G capital program ✓ Added new Power growth investments
Cash Flow and Credit Metrics	✓ Produced growing PSE&G cash from operations ✓ Generated significant Power free cash flow ✓ Maintained strong credit metrics
Dividends	✓ Provided a 5% or $0.08 per share dividend increase

2015 earnings increased 5.4% to upper end of guidance highlighting our consistent delivery of results

PSEG Operating Earnings				
$ Millions (except EPS)	2012	2013	2014	2015
Initial Earnings Guidance	$2.25 – $2.50	$2.25 – $2.50	$2.55 – $2.75	$2.75 – $2.95
*Operating EPS**	$2.44	$2.58	$2.76	$2.91
	Upper End of Guidance	Exceeded Guidance	Exceeded Guidance	Upper End of Guidance
% YOY Increase		5.7%	7.0%	5.4%

*SEE SLIDE A FOR ITEMS EXCLUDED FROM INCOME FROM CONTINUING OPERATIONS/NET INCOME TO RECONCILE TO OPERATING EARNINGS.

A higher regulated earnings mix due to growth in PSE&G earnings with a significant contribution from Power

PSEG Operating Results					
$ Millions (except EPS)	2012	2013	2014	2015	2016E Guidance
PSE&G	$528	$612	$725	$787	$900 - $935
PSEG Power*	$663	$710	$642	$653	$460 - $525
Enterprise/Other	$45	($13)	$33	$36	$65
Operating Earnings*	$1,236	$1,309	$1,400	$1,476	$1,425 - $1,525
*Operating EPS**	$2.44	$2.58	$2.76	$2.91	$2.80 - $3.00E
Net Income	$1,275	$1,243	$1,518	$1,679	
EPS	$2.51	$2.45	$2.99	$3.30	

% YOY Increase – PSE&G		15.9%	18.5%	8.6%	16.6%[1]
% Regulated Earnings	43%	47%	52%	53%	62%[1]

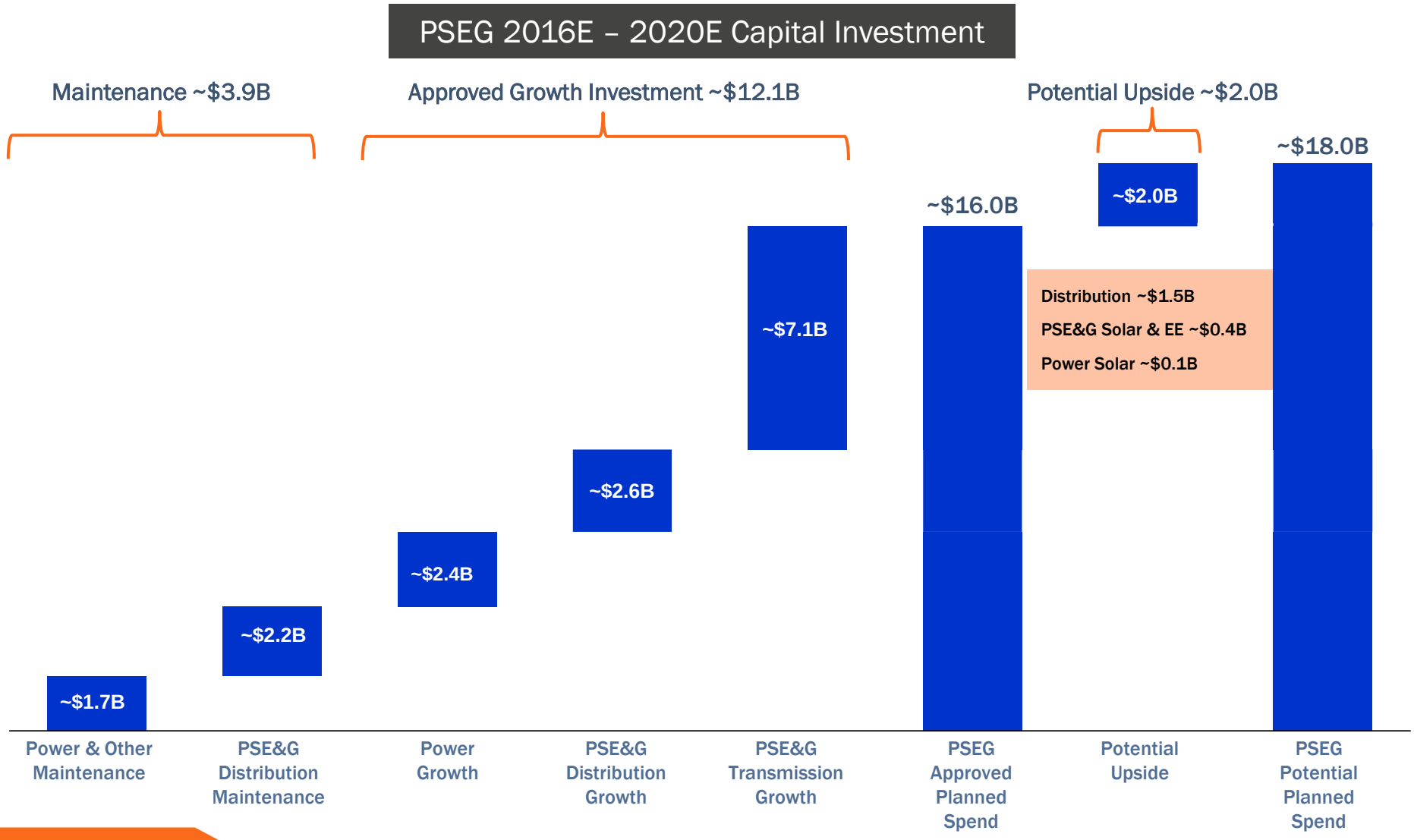
*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS.

1 - BASED ON MID-POINT OF 2016 OPERATING EARNINGS GUIDANCE. E= ESTIMATE UPDATED AS OF JULY 29, 2016.

Strong financial position to support our business initiatives in 2016 and beyond

	2016 and Beyond
Earnings	✓ Continuing strong earnings trend in 2016 with guidance of $2.80 to $3.00 per share
Investment	✓ Deploying significant capital at PSE&G for projects with contemporaneous returns ✓ Pursuing Power projects that satisfy risk adjusted return targets
Cash Flow and Credit Metrics	✓ Continuing strong internal cash flow aided by bonus depreciation ✓ Funding investment program without equity issuance
Dividends	✓ Providing $0.08 per share dividend increase in 2016 with opportunity for consistent and sustainable growth

Growth spend represents ~75% of total investment with new investment opportunities of ~$2.0B

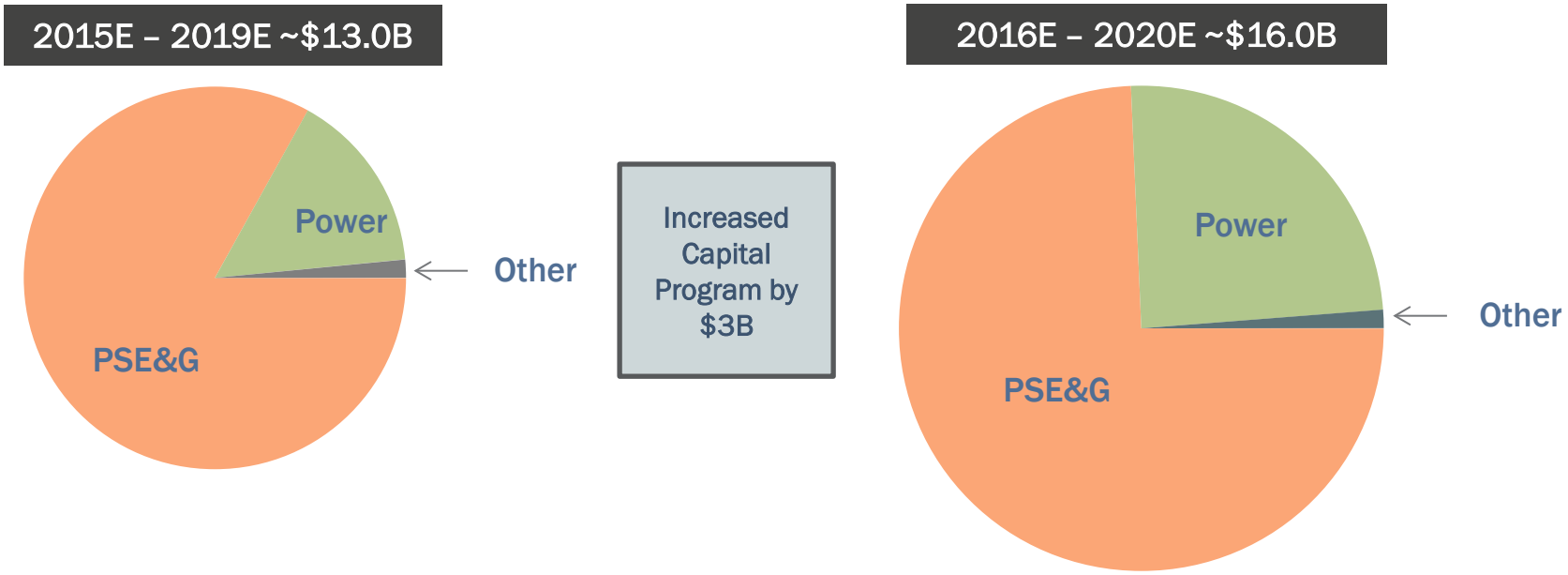


E = ESTIMATE; CAPITAL INCLUDES AFUDC AND IDC

We increased our Capital Program by $3B

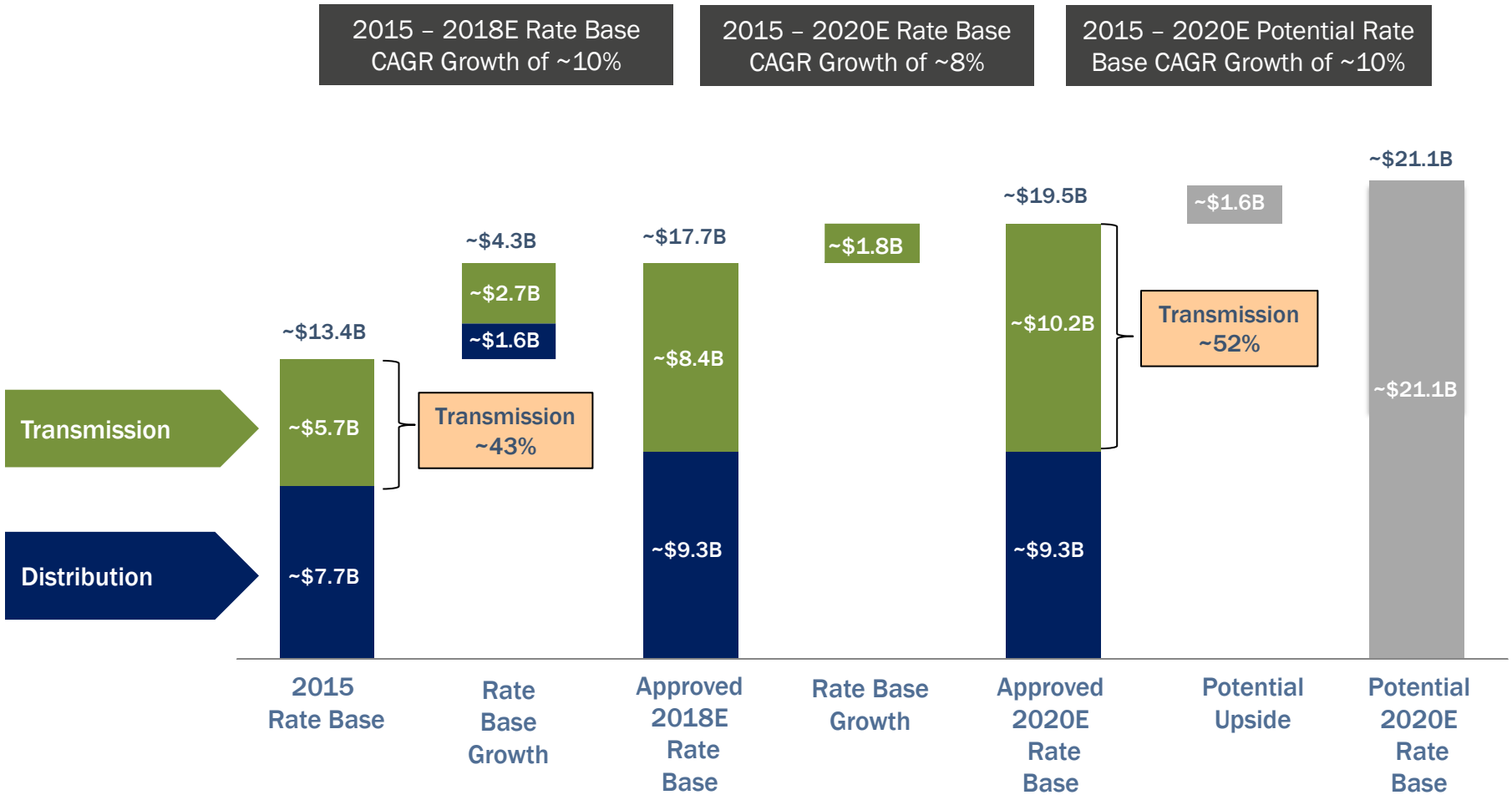
since last year

PSEG 5-Year Capital Spending Forecast



- During the common 4-year forecast period of 2016 to 2019, our capital spend forecast increased by $4.1B

PSE&G's spending drives high single-digit growth in rate base through 2020 with known investments



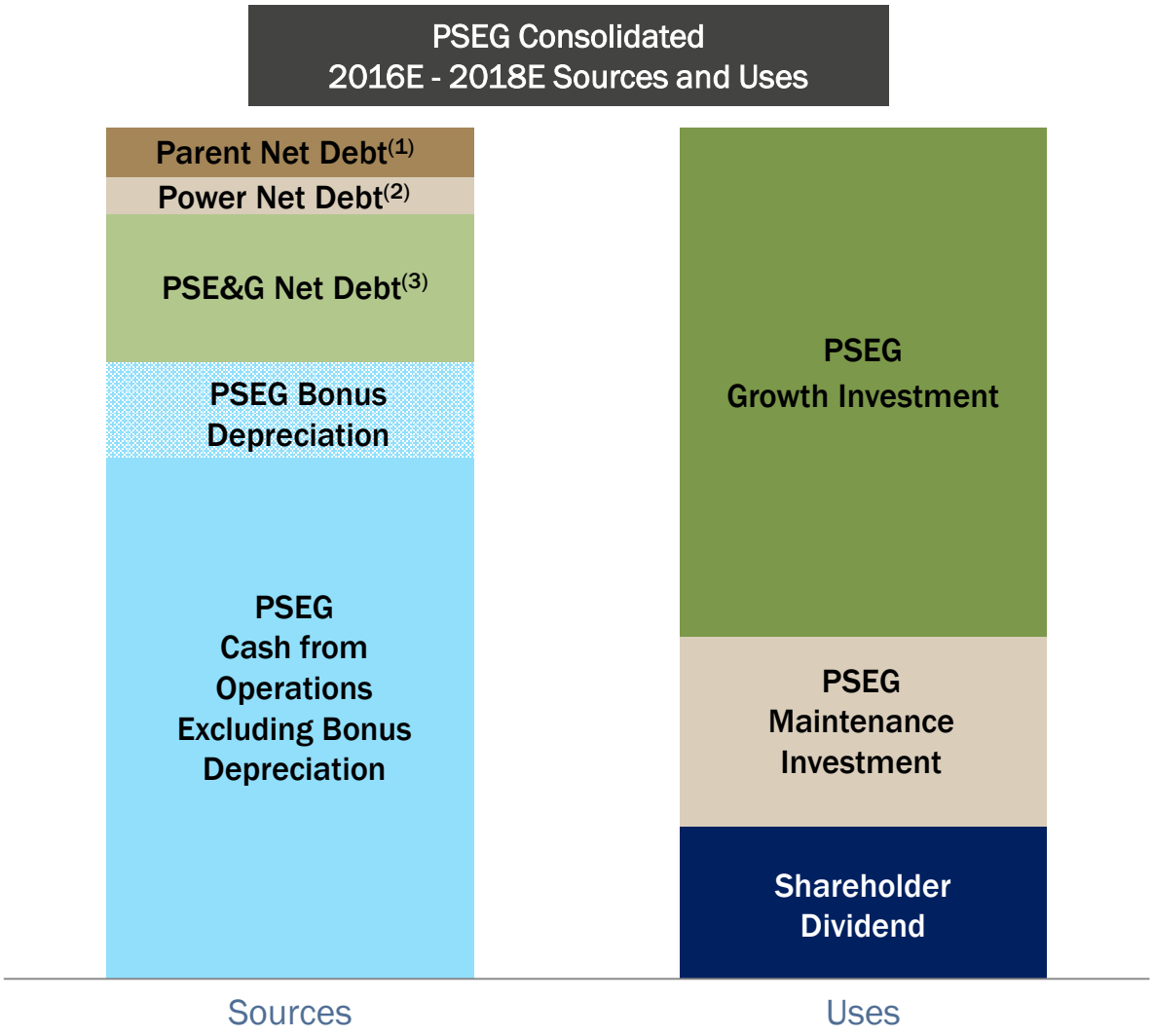
E = ESTIMATE.

Bonus Depreciation adds $1.7B cash
through 2019

- **PSE&G cash benefit of $1.2B**
  - Identified additional growth opportunities to offset rate base decrease
- **PSEG Power cash benefit of $0.5B**
  - Power's strong financial profile allows monetization of tax benefits to more efficiently invest in new generation

Utilizing our Strong Balance Sheet

and Cash Flow to support current capital program and new potential opportunities without the need for equity



1) INCLUDES FINANCING COST, TREASURY SHARES, AND SHORT TERM DEBT POSITION
2) INCLUDES FINANCING COST
3) INCLUDES FINANCING COST AND SHORT TERM INVESTMENTS E = ESTIMATE

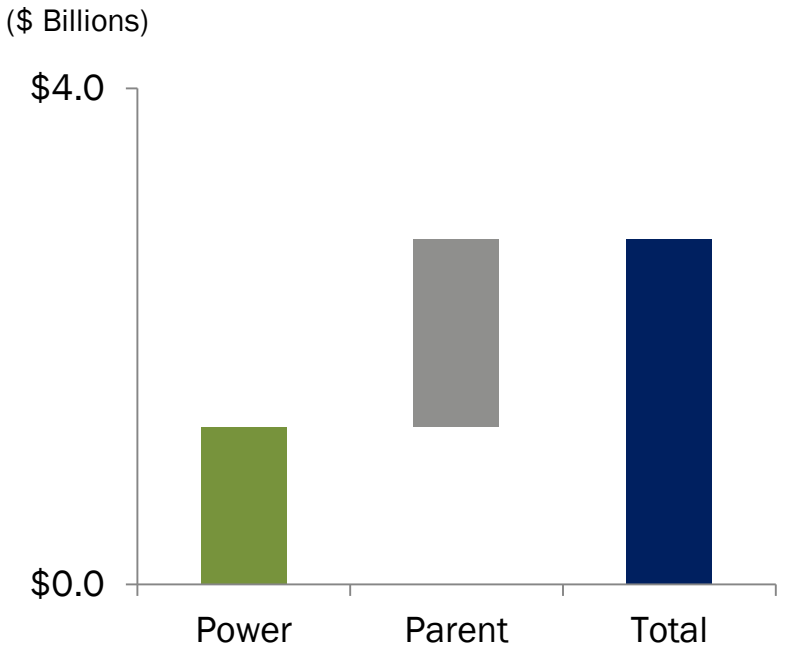
PSEG's credit metrics remain strong

providing substantial investment capacity to pursue additional growth opportunities

Minimum Funds From Operations / Debt
2016E – 2018E

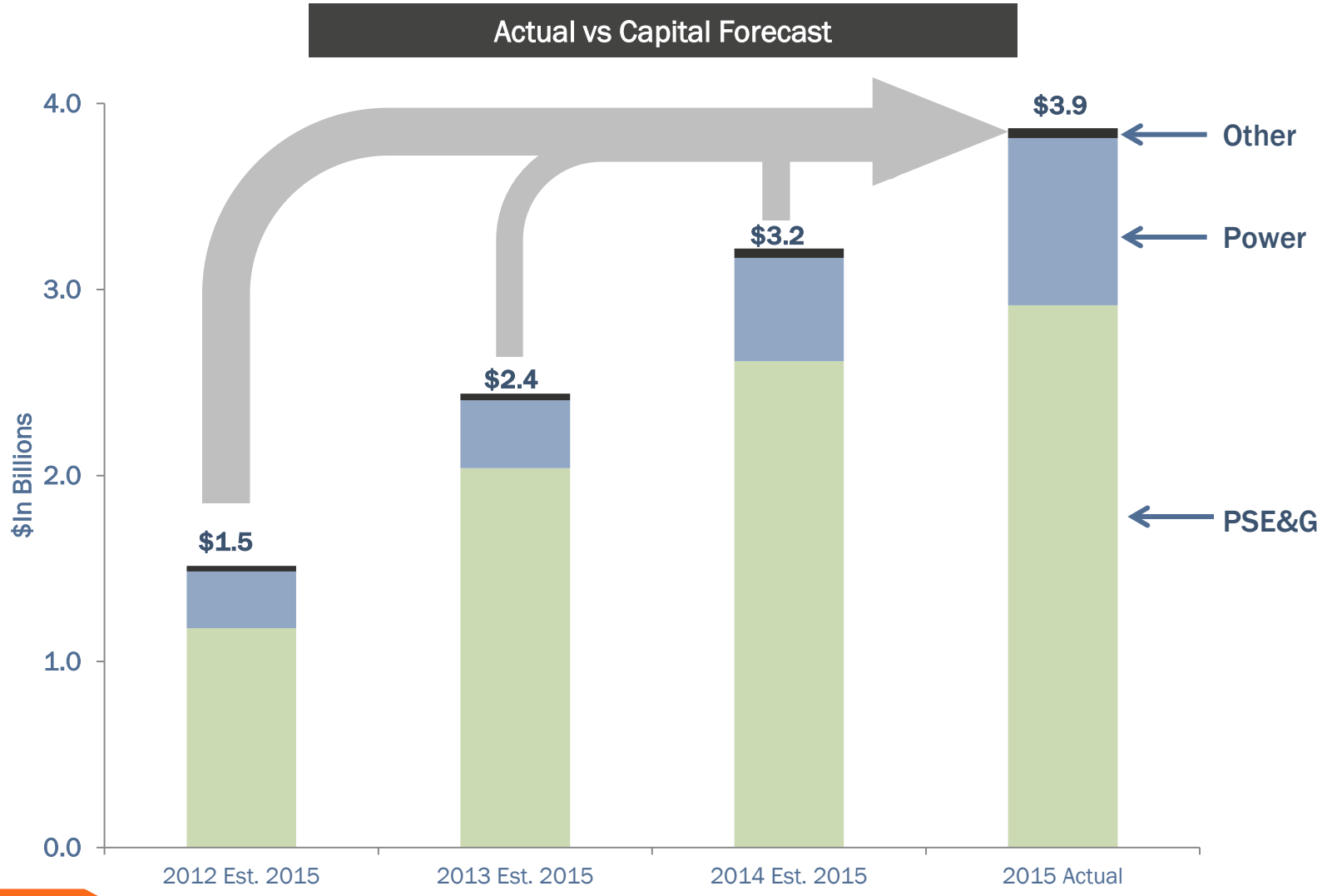
	Power	PSEG
Estimate	Mid – 40's	Low – 20's
Minimum Threshold	30%	High - teens

Total Incremental Investment Capacity
through 2018E



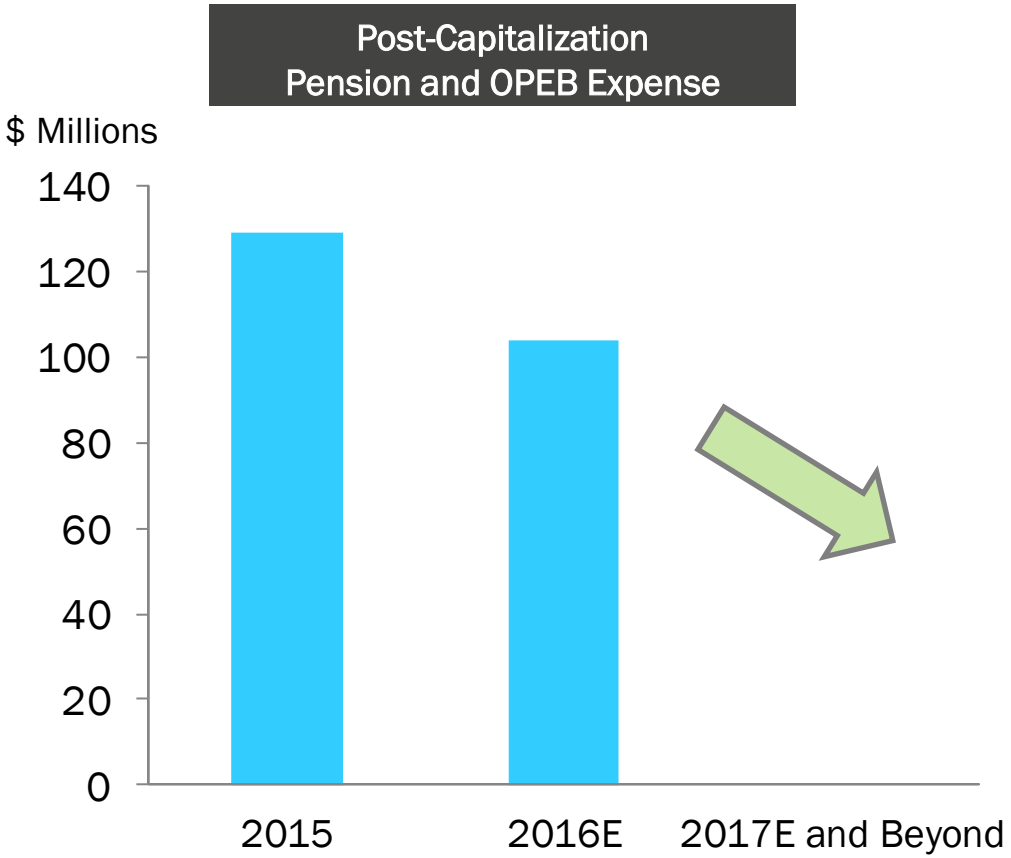
- We have flexibility between Power and Parent for utilization of our Investment Capacity

We have consistently identified investment opportunities beyond our approved forecasted expenditures



Manageable Pension and OPEB Expense

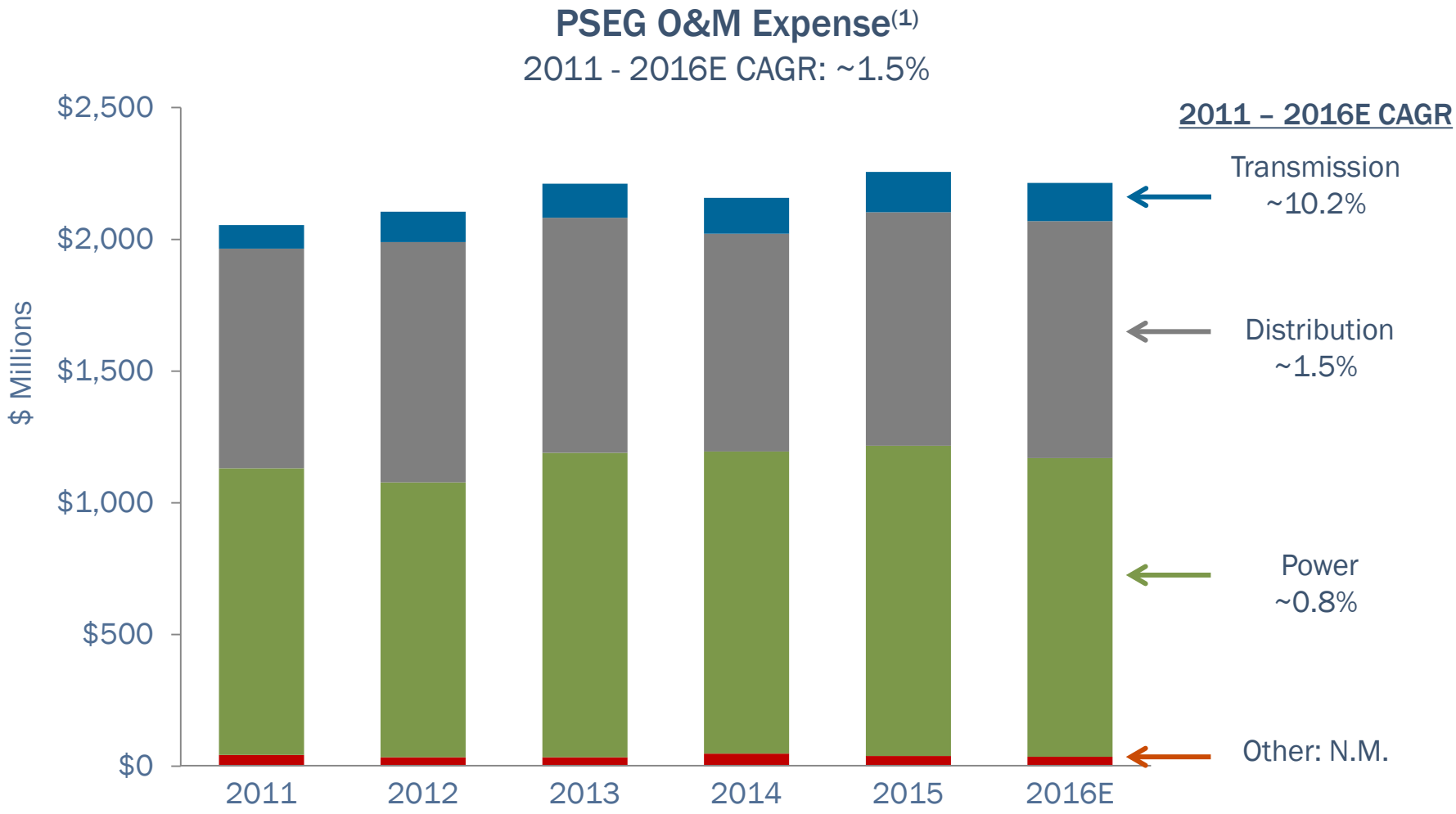
with a reduction of $25 million in 2016



- Adopted the Yield curve (Spot rate) methodology for calculating 2016 pension expense
  - reduces Pension expense by $34 million
  - reduces OPEB expense by $13 million
- Historical 3-year and 5-year annualized Pension returns each exceeded 9%
- 2015 Pension funded ratio ~91%
- Annual Pension contributions ~$30M

E = ESTIMATE.

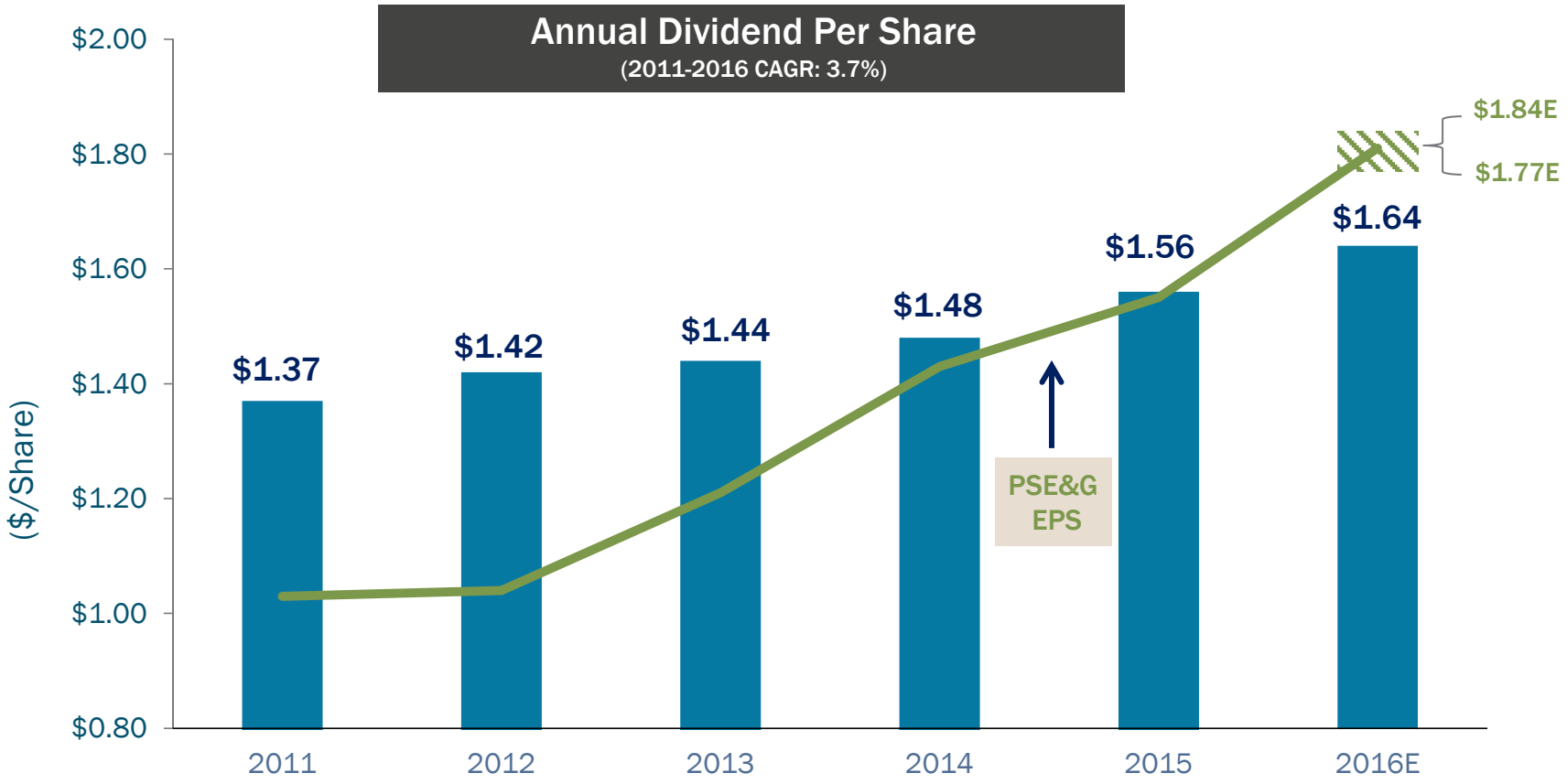
PSEG has demonstrated ability to control O&M, with plans to keep O&M flat through 2018



(1) POWER EXCLUDES IMPACTS FROM STORM RECOVERY COSTS AND RELATED INSURANCE PROCEEDS. NM = NOT MATERIAL
E = ESTIMATE

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 EARNINGS GUIDANCE OF $2.80-$3.00E PER SHARE. E=ESTIMATE

PSEG's longer-term outlook is influenced by Power's hedge position and increased investment at PSE&G

PSEG Power LLC

Segment EPS Drivers

Sensitivities derived from typical annual market variability*	2016E	2017E	2018E
Each $0.75/mcf Change in Natural Gas	$0.00-$0.01	$0.02-$0.05	$0.10-$0.14
Each $2/MWh Change in Spark Spread	$0.02	$0.04	$0.05
Each $5/MWh Change in Dark Spread	$0.01	$0.03	$0.03
Each 1% Change in Nuclear Capacity Factor	$0.01	$0.01	$0.01

* Estimated annual variability approximating one standard deviation based on historical data and forward curve estimates applied to PSEG Power open positions.

PSE&G

Each $100 Million of Incremental Investment	$0.01	$0.01	$0.01
Each 1% Change in Sales			
Electric	$0.01	$0.01	$0.01
Gas	$0.01	$0.01	$0.01
Each 1% Change in O&M	$0.01	$0.01	$0.01
Each 20 basis point Change in Distribution ROE	$0.01	$0.01	$0.01
Each 20 basis point Change in Transmission ROE	$0.01	$0.01	$0.02

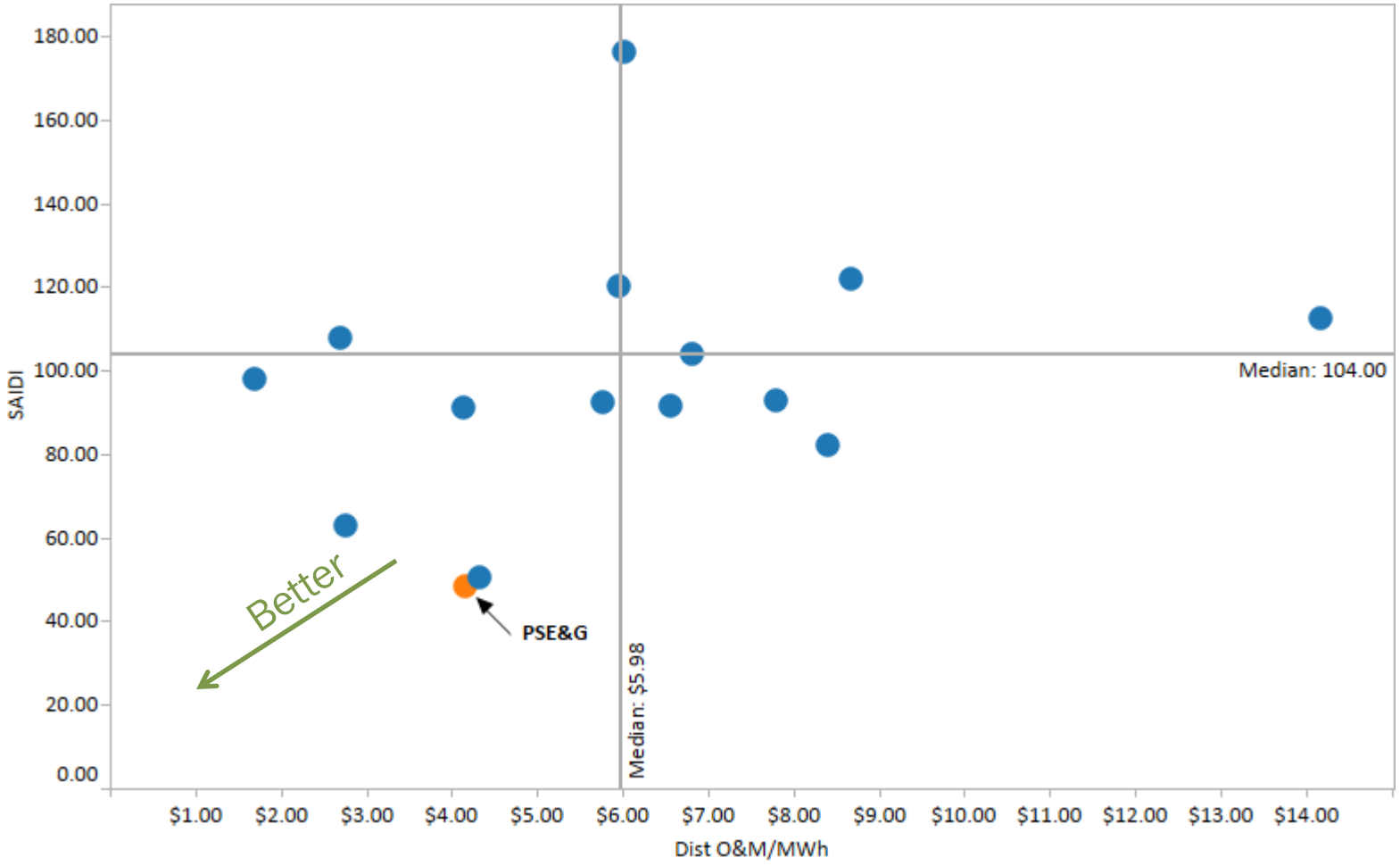
E = ESTIMATE. POWER EARNINGS SENSITIVITIES UPDATED FOR DECEMBER 31, 2015 PRICE CURVES.
PSE&G DISTRIBUTION ROE SENSITIVITIES EXCLUDE ENERGY STRONG AND GSMP.

PSEG Summary

- 2015 Operating Earnings of $2.91 were at the upper end of our upwardly revised guidance of $2.85 - $2.95 per share
- Forecast high single-digit rate base growth at PSE&G on five year basis from 2015 to 2020, driven by investment in transmission and approved programs
- Power's investment program and continued focus on operational excellence with financial strength delivers value in current price environment
- Strong Balance Sheet and Cash Flow support current capital program and investment in new opportunities without the need for equity
- Our indicative $0.08 dividend per share increase for 2016 is consistent with our long history of returning cash to the shareholder through the common dividend, with opportunity for consistent and sustainable growth

PSE&G APPENDIX

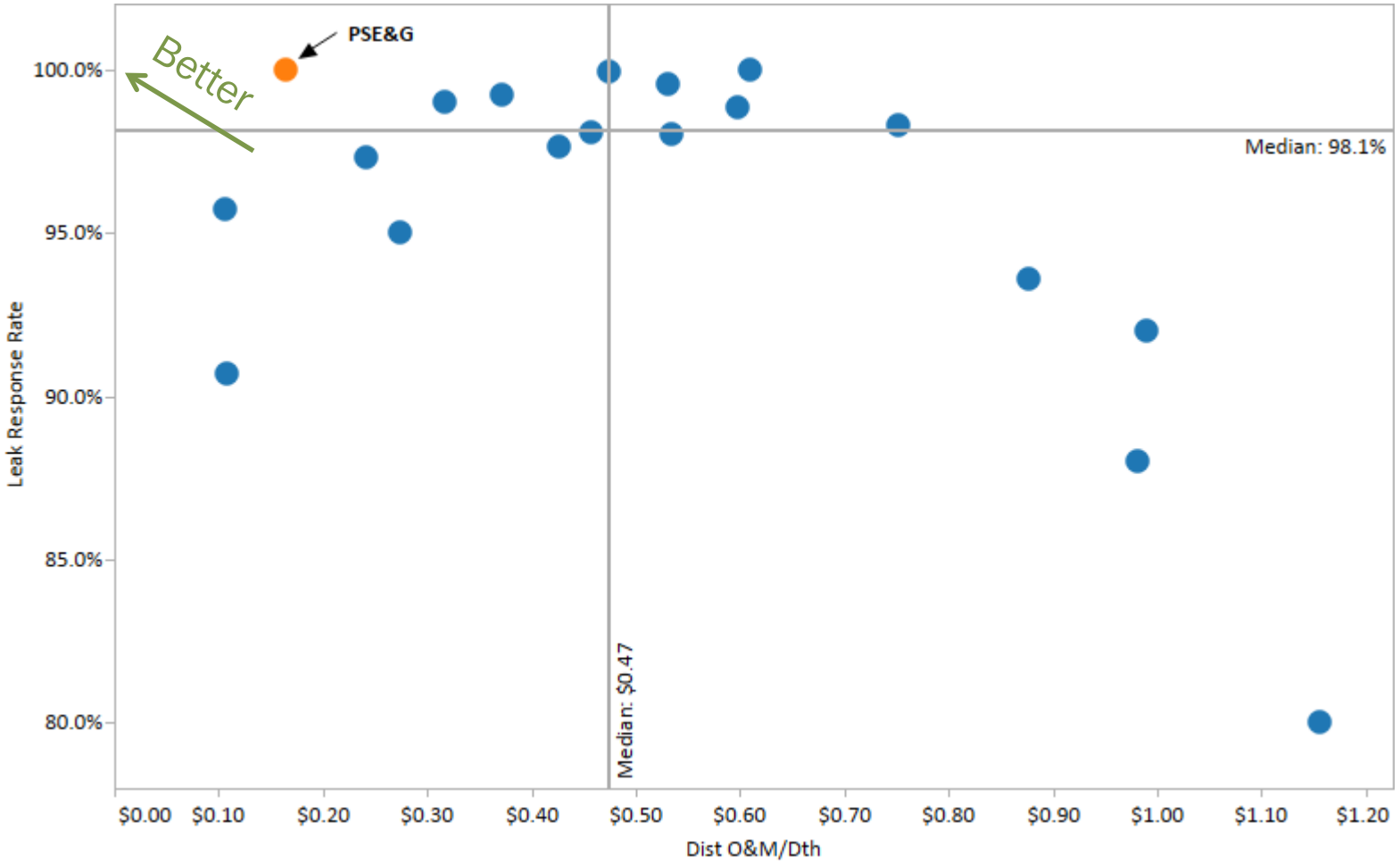
PSE&G provides high reliability at below average cost which creates superior value for customers



SAIDI = SYSTEM AVERAGE INTERRUPTION DURATION INDEX, A MEASURE OF AVERAGE OUTAGE DURATION FOR ALL CUSTOMERS SERVED, EXCLUDING MAJOR EVENTS.

PSE&G prioritizes public safety

while maintaining value for customers



LEAK RESPONSE RATE = PERCENTAGE OF UTILITY RESPONSES TO REPORTED LEAKS WITHIN ONE HOUR.

PSEG POWER AND ER&T APPENDIX

PSEG Power's fleet transformation-

clean natural gas & increasingly more fuel-efficient

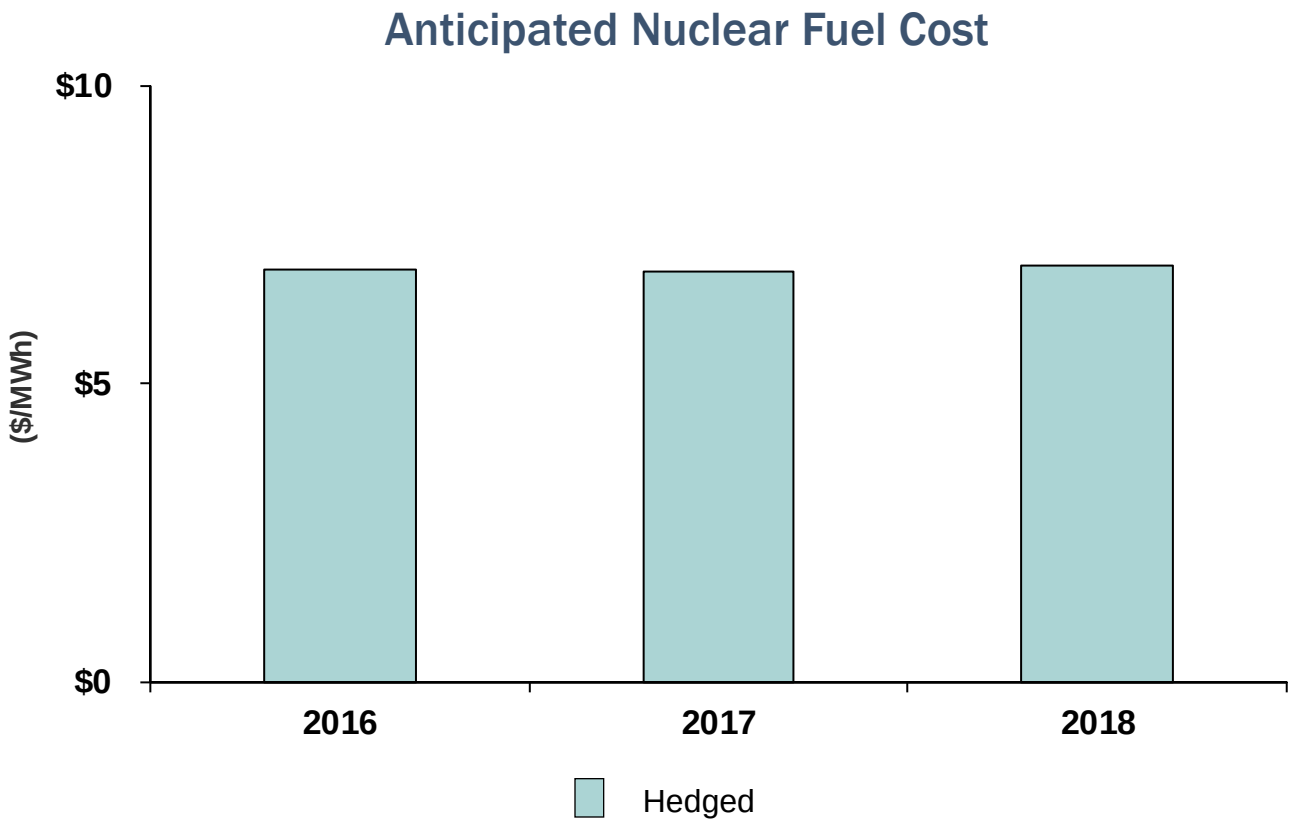
Unit	Technology	Capacity	Operating Heat Rate	In Service
Bergen 1CC	Siemens	638	8.3	6/1995
Bergen 2CC	GE FA	591	7.3	6/2002
BEC	GE FA	757	7.3	7/2005
Linden 1CC	GE FA	621	7.3	4/2006
Linden 2CC	GE FA	621	7.3	4/2006
Keys Energy Center	Siemens	755	6.9	4/2018
Sewaren 7	GE HA	540	6.5	6/2018
Bridgeport Harbor 5	GE HA	485	6.5	6/2019
Combined Cycle		5,008	7.2	
Essex 9	GE EA	81	11.8	7/1990
Linden 7	GE EA	84	11.8	6/1995
Linden 8	GE EA	80	11.8	6/1995
Linden 5	GE EA	86	11.8	6/2000
Linden 6	GE EA	86	11.8	6/2000
Burlington 12	LM 6000	168	9.6	6/2000
Kearny 12	LM 6000	175	9.6	8/2001
Kearny 13	LM 6000	187	9.6	6/2012
Kearny 14	LM 6000	94	9.6	6/2012
New Haven 2	LM 6000	43	9.6	6/2012
New Haven 3	LM 6000	43	9.6	6/2012
New Haven 4	LM 6000	43	9.6	6/2012
Peaking		1,170	10.4	
Total		6,178	7.8	

NJ Coal-Fired Plant Details

	Hudson	Mercer
Capacity (MW)	620	632
Capacity Factor (%)		
2015	6	5
2014	20	9
Fuel	Coal/Gas	Coal/Gas
Start of Operations	1968	1960/1961

On September 1, 2016, PSEG Power submitted to the PJM Independent Market Monitor and the PJM Office of Interconnection a preliminary request for an exception to PJM's Reliability Pricing Model must-offer requirement for the Hudson and Mercer generating stations in connection with the 2020-2021 capacity auction to be held in May 2017. The two stations have not cleared the PJM capacity auction for the prior two years, and would need significant investment to achieve the performance standards associated with PJM's Capacity Performance construct. The submission provides PSEG Power the opportunity to fully analyze the market conditions and economics, among other factors, associated with maintaining station operations, including any necessary capital improvements, prior to making a final determination whether or not to bid in the 2020-2021 capacity auction by December 1, 2016.

Nuclear fuel needs have been hedged through 2018



The full requirements BGS rate

recognizes the forward PJM capacity market price

Capacity Price per RPM Auction for PSEG Zone		
2016-2017	$	219
2017-2018	$	206
2018-2019	$	216
Average Capacity Price ($/MW-day)	**$**	**213**

Capacity Price per BGS Tranche	
Three Year Average ($/MW-day)	$213
Average MW per Tranche (varies by EDC)	109
Days per Year	365
Average Capacity Cost per Tranche	**$ 8,455,372**

MWh per Tranche		
Average MW per Tranche (varies by EDC)		109
Hours per Year		8,760
Load Factor (varies by EDC)		~37%
MWh per Tranche, approx.		355,857
Capacity Cost per MWh	**$**	**24**

PSEG FINANCIAL APPENDIX

PSEG Financial Highlights

Maintaining full-year 2016 Operating Earnings guidance of $2.80 - $3.00 per share*

- ✓ Reaching the upper end of our guidance range in 2016 will be difficult even with improvements seen in the power markets, expectations for warm summer weather, normal operations and management of O&M
- ✓ Focused on meeting customer needs for clean, reliable, efficient delivery of energy

Infrastructure Spend

- ✓ PSE&G capital spending on T&D for 2016 expected to top $3 billion
- ✓ PSE&G's Gas System Modernization Program (GSMP) and Energy Strong continue
- ✓ Keys and Sewaren CCGTs construction is on schedule and on budget
- ✓ PSE&G has identified more than $500 million of additional infrastructure spend over the current capital spending plan of $12 billion in the 2016-2020 period

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 45% at June 30

* SEE SLIDE B FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS.

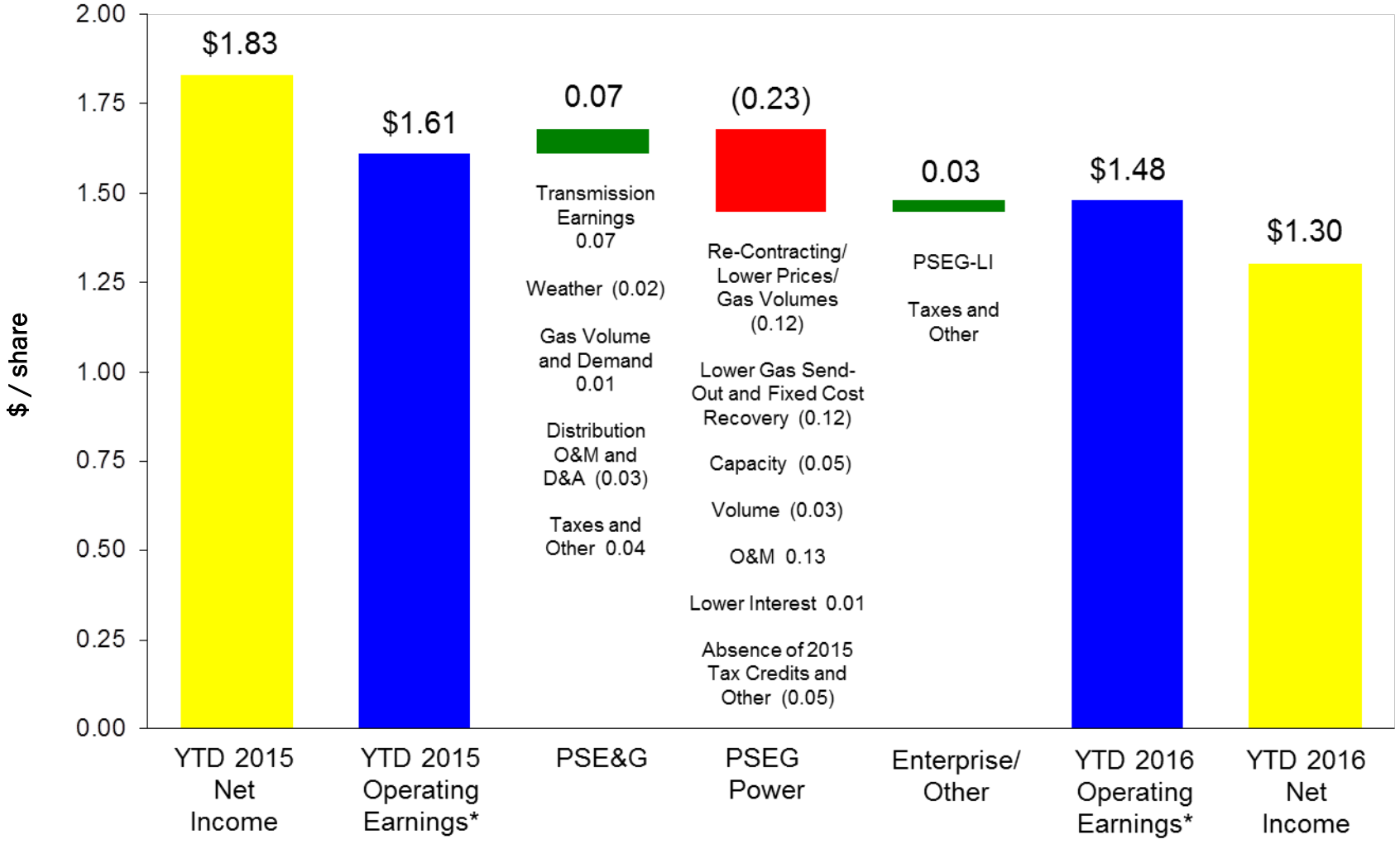
First Half Operating Results by Subsidiary

Six months ended June 30

	Operating Results		Earnings per Share	
$ millions (except EPS)	**2016**	**2015**	**2016**	**2015**
PSE&G	$ 441	$ 409	$ 0.87	$ 0.80
PSEG Power*	275	388	0.54	0.77
PSEG Enterprise/Other	36	21	0.07	0.04
Operating Earnings*	$ 752	$ 818	$ 1.48	$ 1.61
Reconciling Items	(94)	113	(0.18)	0.22
Net Income	$ 658	$ 931	$ 1.30	$ 1.83

* SEE SLIDE B FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS.

PSEG EPS Reconciliation – First Half 2016 versus First Half 2015



* SEE SLIDE B FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS.

Our balance sheet remains strong

June 30, 2016

$ Billions	PSEG	PSE&G	Power
Cash and Cash Equivalents	$0.6	$0.2	$0.0
Short Term Debt	$0.0	$0.0	N/A
Long Term Debt(2)	10.9	7.5	2.9
Common Equity	13.3	8.0	6.3
Total Capitalization	**$24.2**	**$15.5**	**$9.2**
Total Debt / Capitalization	**45%**	**48%**	**32%**
PSE&G Regulated Equity Ratio(1)		51.4%	

(1) REGULATED EQUITY RATIO INCLUDES CUSTOMER DEPOSITS OF ~$96 MILLION AND EXCLUDES SHORT-TERM DEBT.
(2) INCLUDES L-T DEBT DUE WITHIN 1 YEAR; EXCLUDES NON-RECOURSE DEBT OF $7 MILLION.

PSEG Liquidity as of June 30, 2016

Company	Facility	Expiration Date	Total Facility	Usage	Available Liquidity
				($ Millions)	
PSE&G	5-year Credit Facility	Apr-20	$600 (A)	$14	$586
PSEG Money Pool					
PSEG / Power	5-Year Credit Facility (Power)	Apr-19	$1,600	$189	$1,411
	5-Year Credit Facility (Power)	Apr-20	$953 (B)	$13	$940
	5-year Credit Facility (PSEG)	Apr-19	$500	$10	$490
	5-year Credit Facility (PSEG)	Apr-20	$500 (C)	$0	$500
	Total Money Pool		$3,553	$212	$3,341
	Total		$4,153	$226	$3,927
				PSEG Money Pool ST Investment	$445
				PSE&G ST Investment	$125
				Total Liquidity Available	**$4,497**
				Total Money Pool Liquidity Available	**$3,786**

(A) PSE&G facility will be reduced by $14 million in March 2018.

(B) Power facility will be reduced by $24 million in March 2018.

(C) PSEG facility will be reduced by $12 million in March 2018.

PSEG Energy Holdings
Investment Portfolio

	Equipment	Investment Balance * at 06/30/16 ($millions)
Merchant Energy Leases		
NRG REMA	Keystone, Conemaugh & Shawville (PA) 3 coal-fired plants (1,162 equity MW)	$ 355
NRG Energy, Inc. / Midwest Gen**	Powerton & Joliet Generating Stations (IL) 2 coal-fired generating facilities (1,640 equity MW)	$ 218
Regulated Energy Leases		
Merrill Creek	Reservoir in NJ (PECO, MetEd, Delmarva Power & Light)	$ 159
Grand Gulf	Nuclear station in Mississippi (175 equity MW)	$ 13
Real Estate Leveraged Leases	GM Renaissance Center; Wal-Marts	$ 58
Real Estate Operating Leases	Office Towers, Shopping Centers - 26 properties	$ 32
Other	Land	$ 5
	Total Holdings Investments	**$840**

* BOOK BALANCE EXCLUDING DEFERRED TAX ACCOUNTS
**EME AND ITS SUBSIDIARIES FILED CHAPTER 11 BANKRUPTCY ON 12/17/2012. EME WAS ACQUIRED BY NRG ON APRIL 1 2014.

Items Excluded from Net Income to Reconcile to Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Consolidated Operating Earnings Reconciliation

Reconciling Items	For the Year Ended December 31, 2015	2014	2013	2012
	($ Million, Unaudited)			
Operating Earnings	**$ 1,476**	**$ 1,400**	**$ 1,309**	**$ 1,236**
Gain (Loss) on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	24	138	86	104
Gain (Loss) on Mark-to-Market (MTM), pre-tax [(a)] (PSEG Power)	157	111	(125)	(18)
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	172	(27)	(54)	(66)
Lease Transaction Activity, pre-tax (PSEG Enterprise/Other)	-	-	-	61
Income Taxes related to Operating Earnings reconciling items [(b)]	(150)	(104)	27	(42)
Net Income	**$ 1,679**	**$ 1,518**	**$ 1,243**	**$ 1,275**
Fully Diluted Average Shares Outstanding (in Millions)	**508**	**508**	**508**	**507**
	($ Per Share Impact - Diluted, Unaudited)			
Operating Earnings	**$ 2.91**	**$ 2.76**	**$ 2.58**	**$ 2.44**
Gain (Loss) on NDT Fund Related Activity (PSEG Power)	0.05	0.27	0.17	0.21
Gain (Loss) on Mark-to-Market (MTM), pre-tax [(a)] (PSEG Power)	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)
Lease Transaction Activity, pre-tax (PSEG Enterprise/Other)	-	-	-	0.12
Income Taxes related to Operating Earnings reconciling items [(b)]	(0.31)	(0.21)	0.06	(0.09)
Net Income	**$ 3.30**	**$ 2.99**	**$ 2.45**	**$ 2.51**

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

Items Excluded from Net Income to Reconcile to Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Consolidated Operating Earnings Reconciliation

Reconciling Items	*Three Months Ended June 30,*		*Six Months Ended June 30,*		*Year-Ended December 31,*	
	2016	*2015*	*2016*	*2015*	*2015*	*2014*
	($ Millions, Unaudited)					
Operating Earnings	$ 289	$ 289	$ 752	$ 818	$ 1,476	$ 1,400
Gain (Loss) on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	-	3	(8)	10	24	138
Gain (Loss) on Mark-to-Market (MTM), pre-tax[(a)] (PSEG Power)	(171)	48	(149)	14	157	111
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	45	-	172	172	(27)
Income Taxes related to Operating Earnings reconciling items[(b)]	69	(40)	63	(83)	(150)	(104)
Net Income	$ 187	$ 345	$ 658	$ 931	$ 1,679	$ 1,518
Fully Diluted Average Shares Outstanding (in Millions)	508	508	508	508	508	508
	($ Per Share Impact - Diluted, Unaudited)					
Operating Earnings	$ 0.57	$ 0.57	$ 1.48	$ 1.61	$ 2.91	$ 2.76
Gain (Loss) on NDT Fund Related Activity, pre-tax (PSEG Power)	-	0.01	(0.01)	0.02	0.05	0.27
Gain (Loss) on MTM, pre-tax[(a)] (PSEG Power)	(0.34)	0.09	(0.29)	0.02	0.31	0.22
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	0.09	-	0.34	0.34	(0.05)
Income Taxes related to Operating Earnings reconciling items[(b)]	0.14	(0.08)	0.12	(0.16)	(0.31)	(0.21)
Net Income	$ 0.37	$ 0.68	$ 1.30	$ 1.83	$ 3.30	$ 2.99

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