EEI 2016 Financial Conference

PHOENIX, ARIZONA – NOVEMBER 7-9, 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 insurance proceeds with respect to such events,
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses,
- delays in receipt of necessary permits and approvals for our construction and development activities,
- any inability to achieve, or continue to sustain, our expected levels of operating performance,
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,
- economic recessions,
- an inability to realize anticipated tax benefits or retain tax credits,
- challenges associated with recruitment and/or retention of a qualified workforce, and
- changes in the credit quality and the ability of lessees to meet their obligations under our domestic leveraged leases.

All of the forward-looking statements made in this report are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws. The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

GAAP Disclaimer

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

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

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

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

PSEG STRATEGY: GROWING A HIGH-QUALITY, LOW-RISK ENERGY INFRASTRUCTURE COMPANY

Ralph Izzo
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Daniel Cregg
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PSEG
We make things work for you.

Two strong businesses

A stable platform, each with growth opportunities

PSEG

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

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

PSEG's Strategy

Investment program delivering results

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

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

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

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



* SECOND YEAR OF NET INCOME EPS GROWTH.

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 (non-GAAP) for 2015 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

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

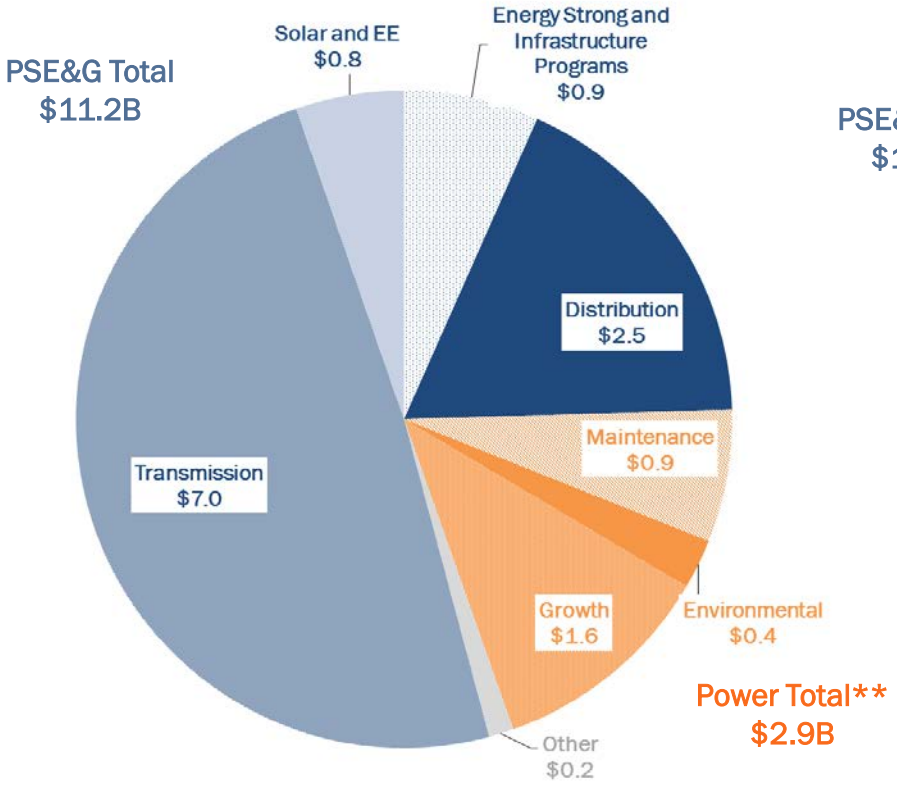
PSEG

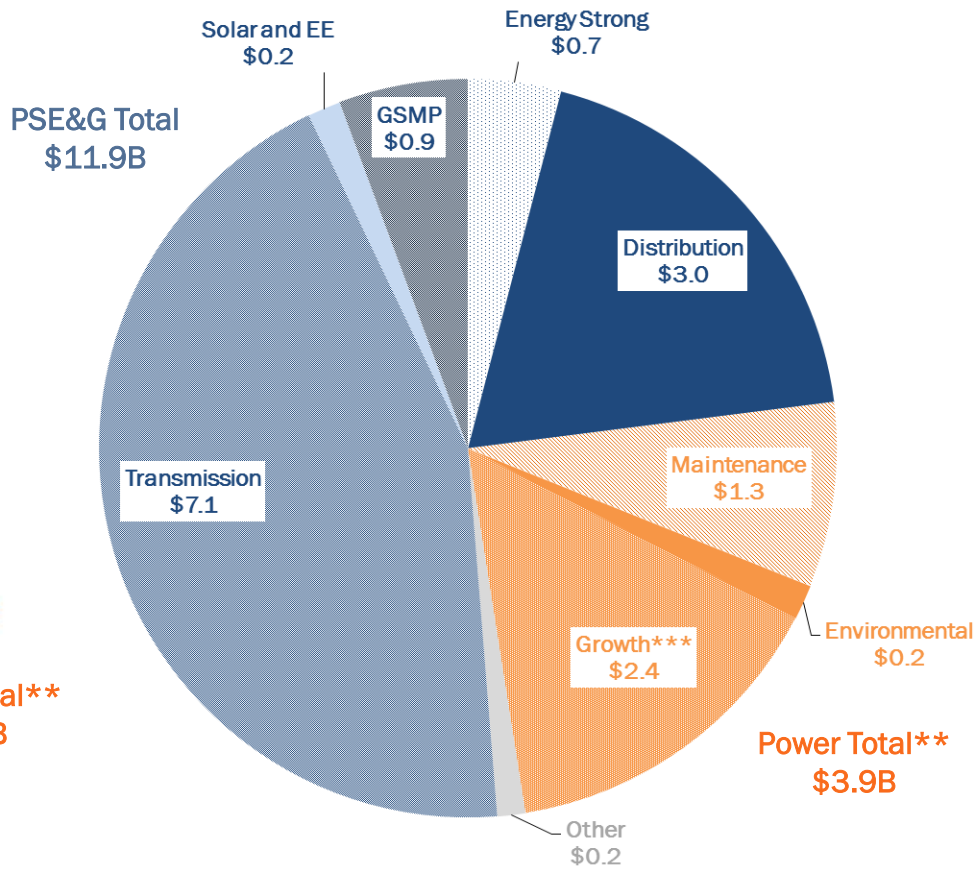
* INVESTMENT CONTINUED FOR SUSQUEHANNA-ROSELAND, BURLINGTON-CAMDEN, NORTH CENTRAL RELIABILITY, AND STARTED FOR NORTHEAST GRID AND MICKLETON-GLOUCESTER. ** KEARNY AND NEW HAVEN. *** AS OF MARCH 2016.

Growth in capital spending aligned with customer needs

PSEG Capital Spending

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





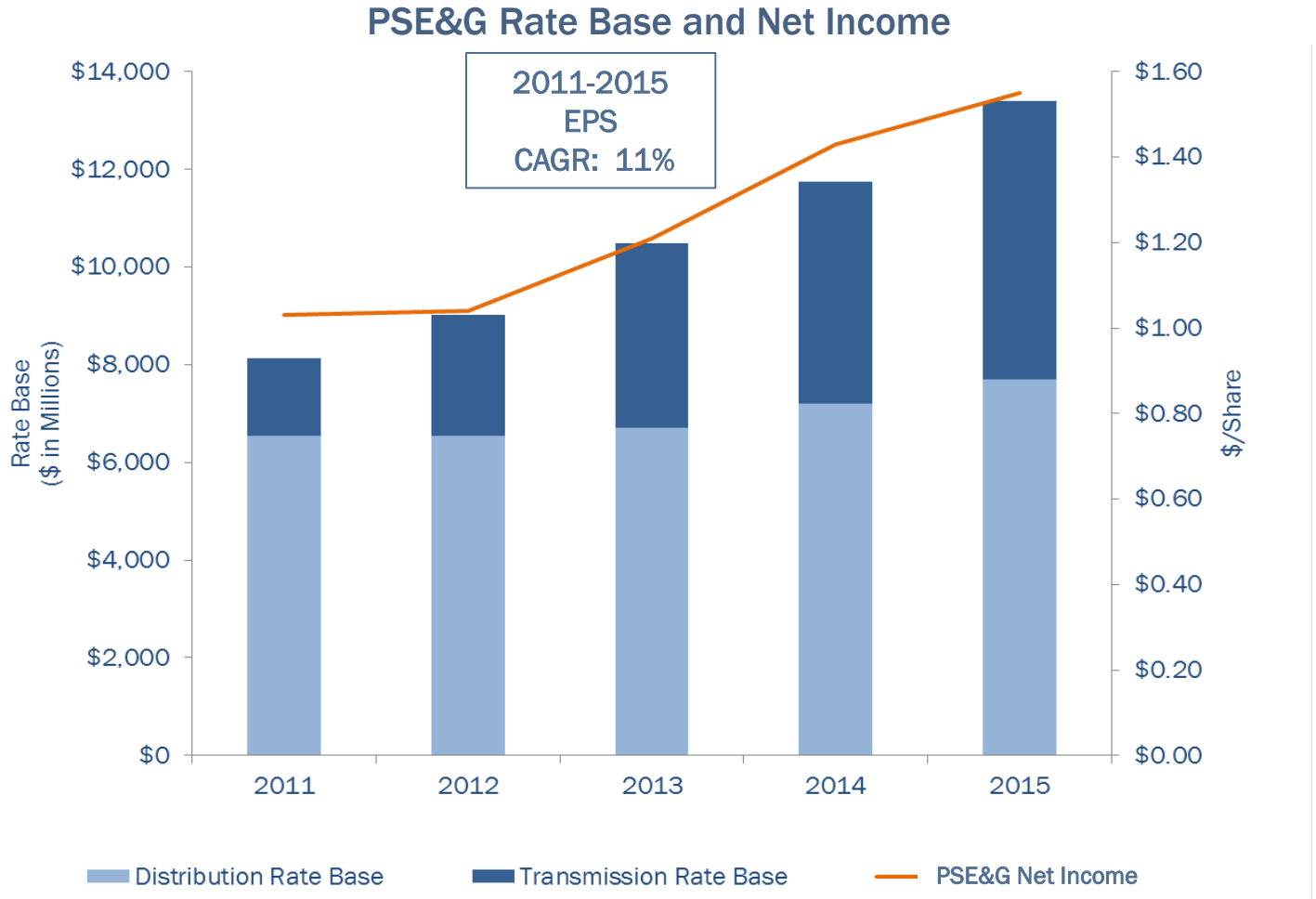
*INCLUDES ALL PLANNED SPENDING. **POWER CAPITAL SPENDING EXCLUDES NUCLEAR FUEL. ***INCLUDES PENNEAST PIPELINE EQUITY INVESTMENT OF $0.1B. E=ESTIMATE. DOES NOT REFLECT EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017 AND $600M OF RECENT PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

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

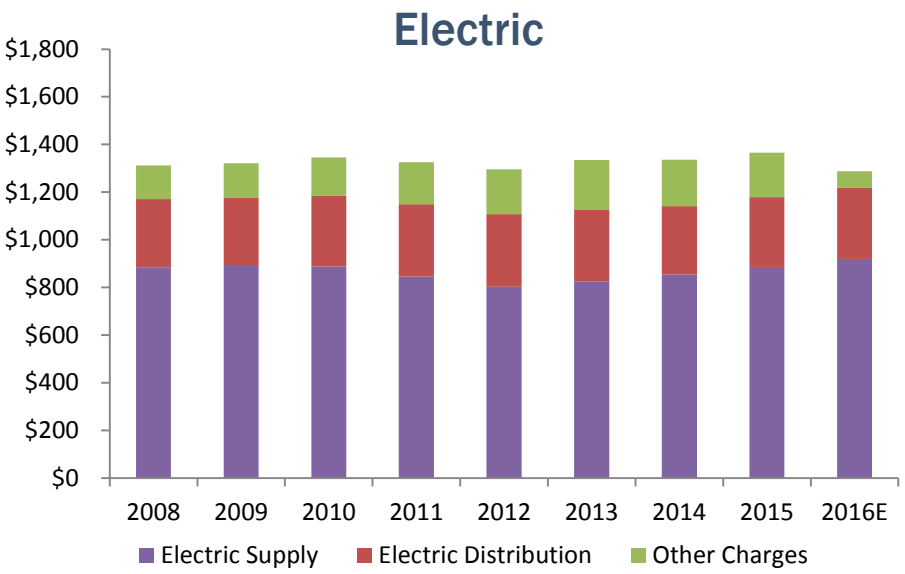
Meeting public policy goals and customer needs

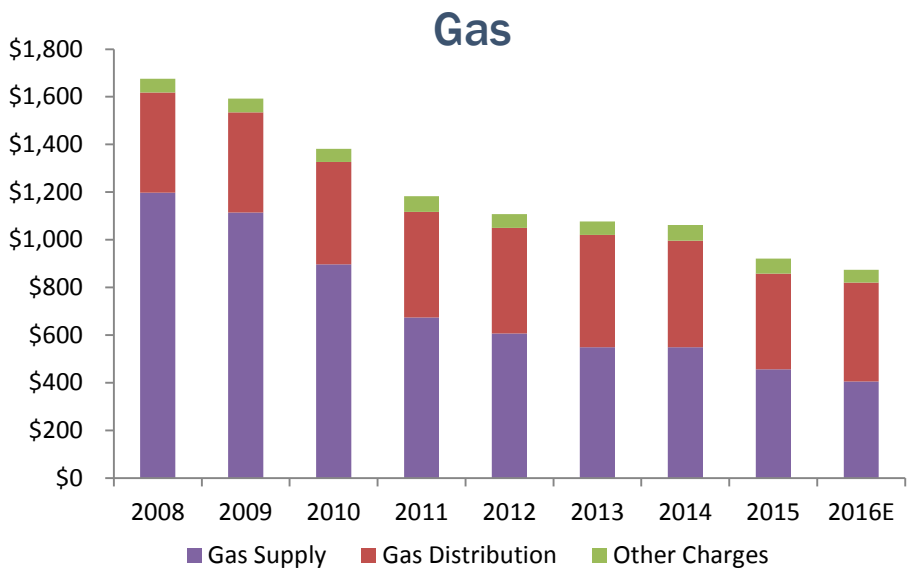


* DISTRIBUTION RATE BASE INCLUDES SOLAR AND ENERGY EFFICIENCY

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

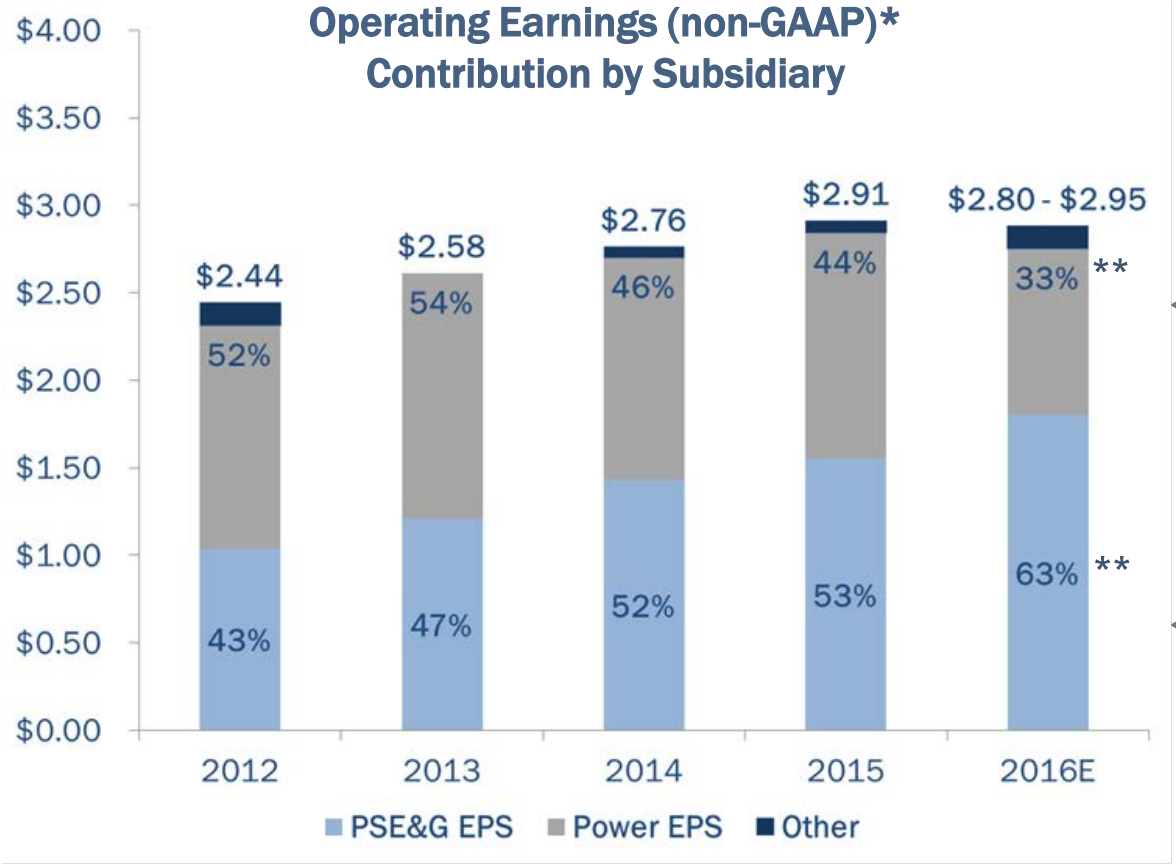
Transforming Power's fleet to maintain strong market position

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 12 GW *		5.0	3.8	1.2	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. REFLECTS ANNOUNCED EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017.

Disciplined investment program and focus on operational excellence have supported growth



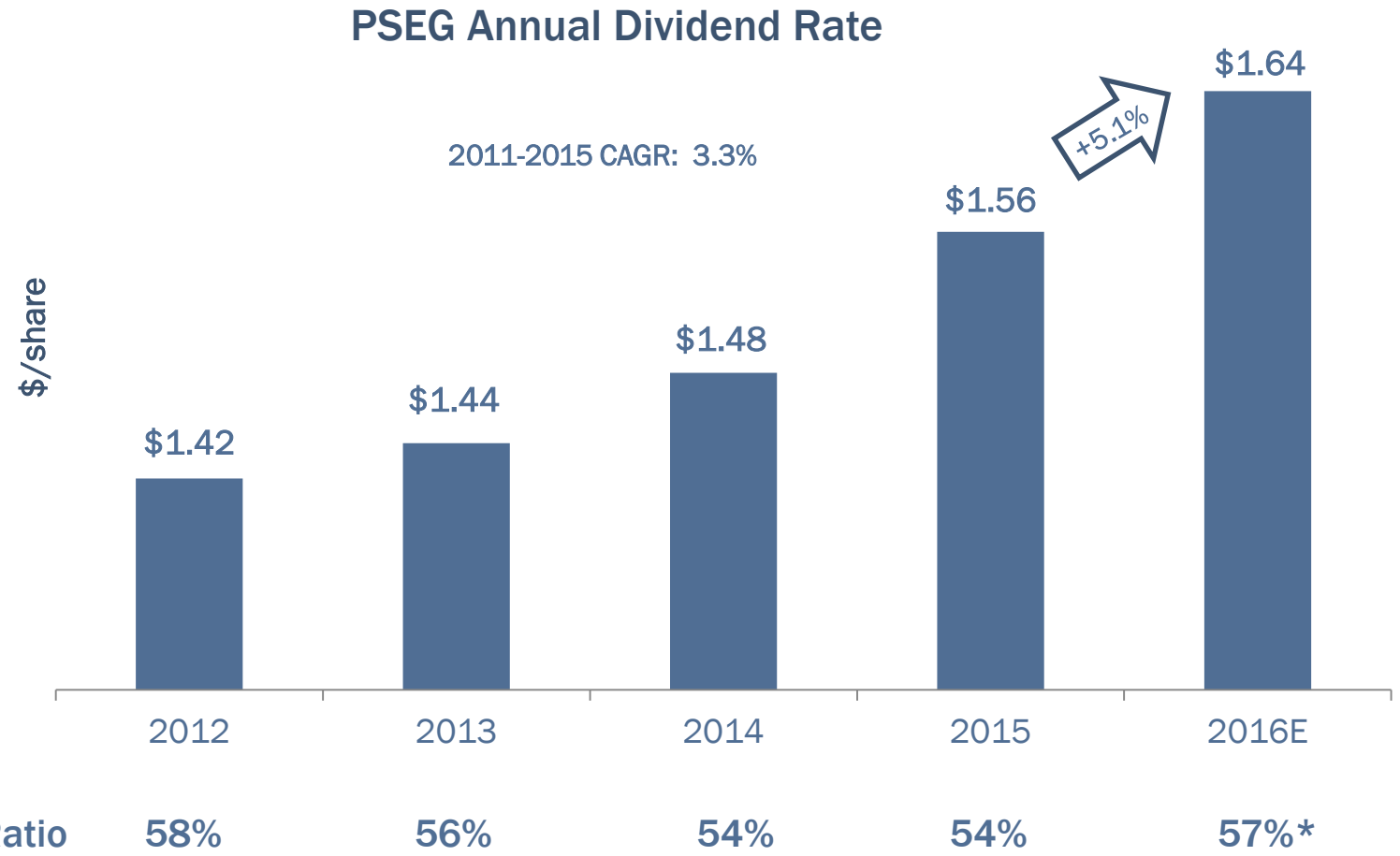
Power's diverse fuel mix and dispatch flexibility continue to generate strong earnings and free cash flow in low price environment

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

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

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 (NON-GAAP) GUIDANCE AS OF OCTOBER 31, 2016. 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

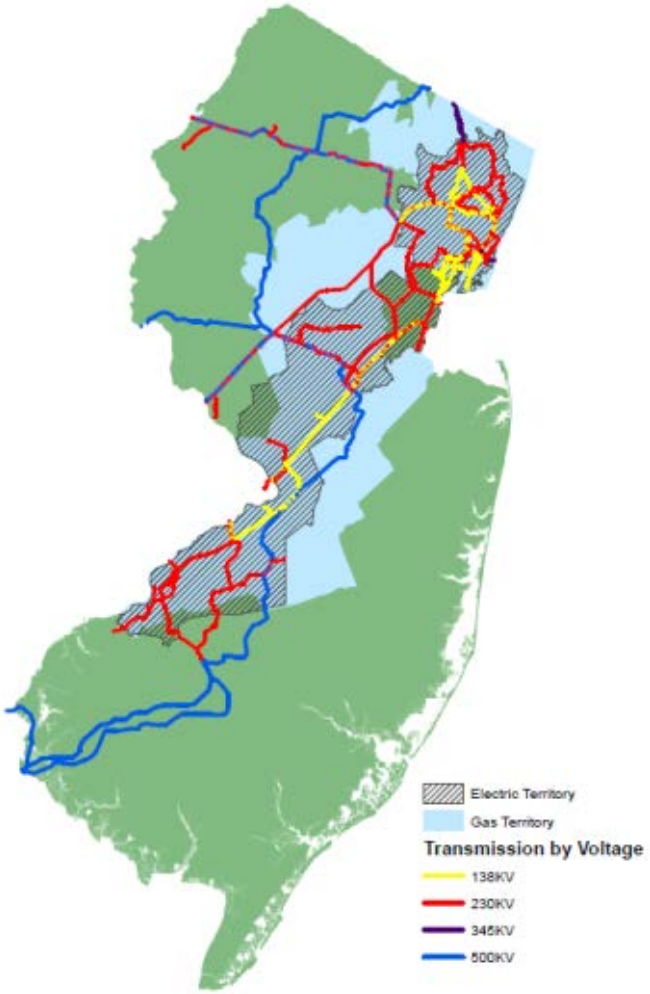
- A stable platform with predictable earnings and a robust investment pipeline
- PSE&G – Top tier utility performance and growth profile
- PSEG Power – Efficient, low-cost, clean fleet advantaged by asset diversity, fuel mix and location
- Strong balance sheet – Supports stable credit rating, growth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

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
Customer 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 (2015)		
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

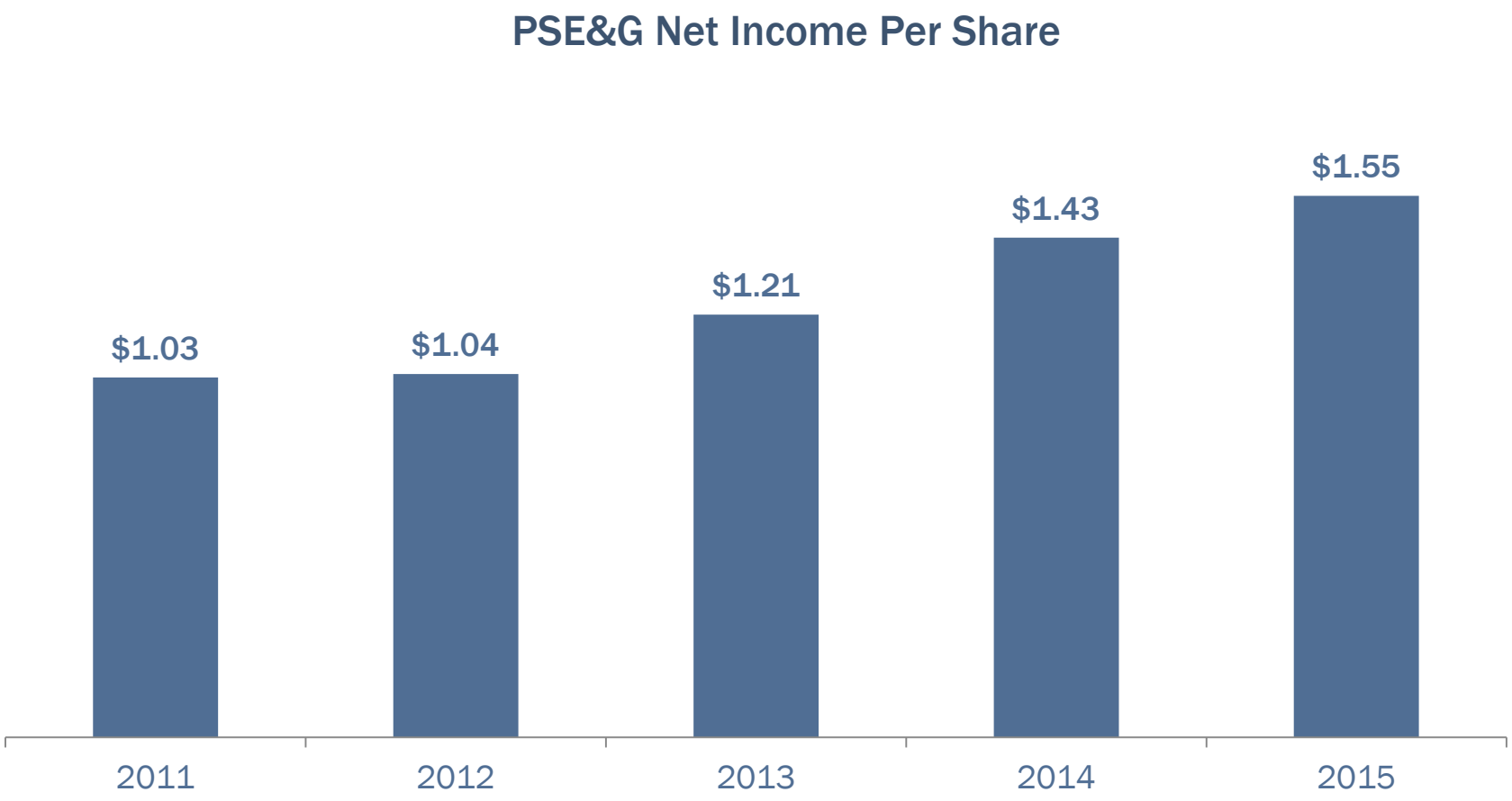
- Named most reliable electric utility in the Mid-Atlantic region for 14th consecutive year
- Recognized by PA Consulting with the Outstanding Customer Engagement and Outstanding Outage Response Time awards
- Named 2015 Utility of the Year by Electric Light & Power Magazine
- Received Star of Energy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





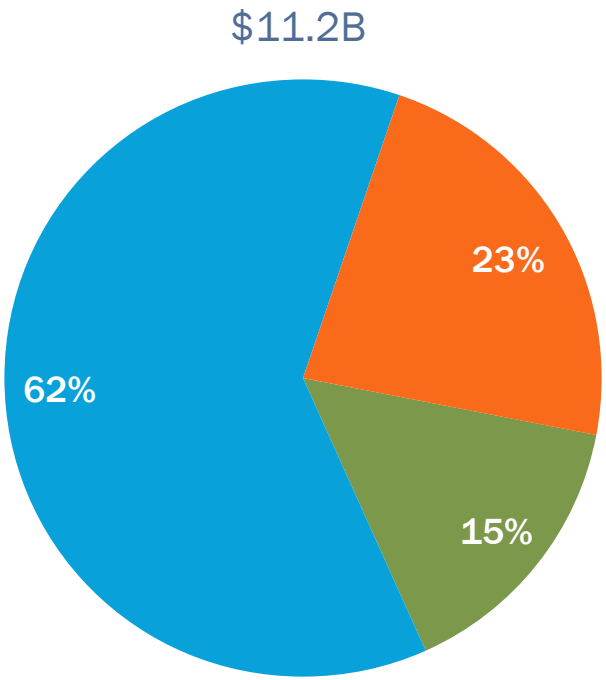
Achieved ~11% annual net income growth

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

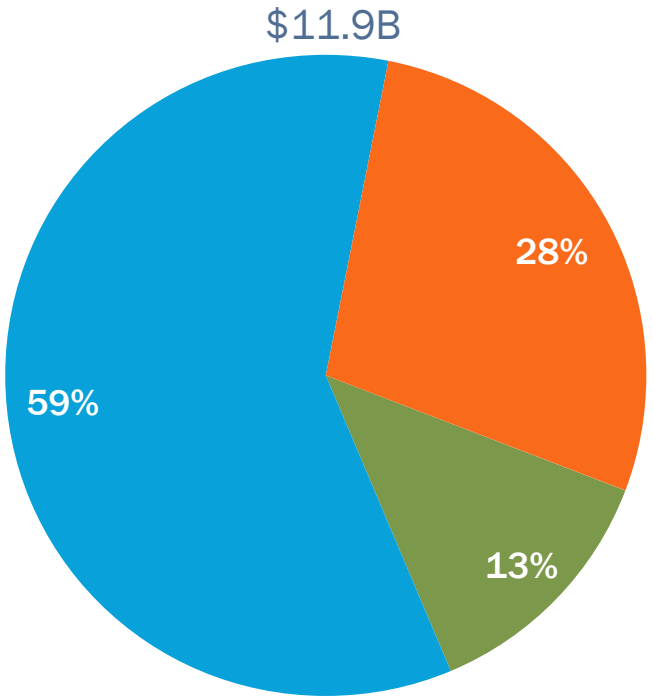


Receive contemporaneous recovery
on over 70% of our investments

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.
DOES NOT REFLECT $600M OF RECENT PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

PSE&G increasing investment across the portfolio

Transmission

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

Electric Distribution

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

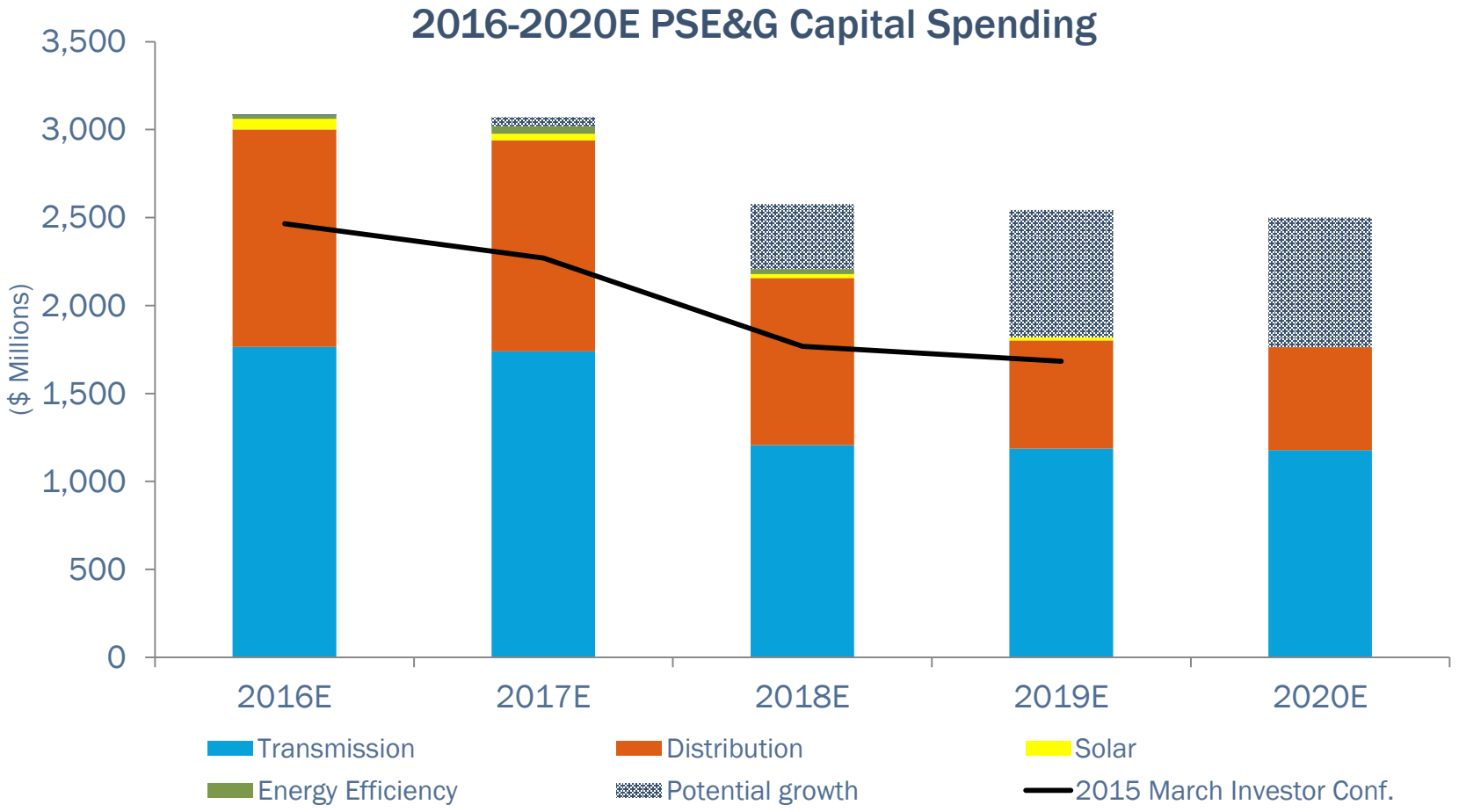
Gas Distribution

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

Solar and Energy Efficiency

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

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 • NJ Transit Proposal filed for joint investment in new substation
Investment*	~$525M	~$560M	~$300M/year NJ Transit ~$270M
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

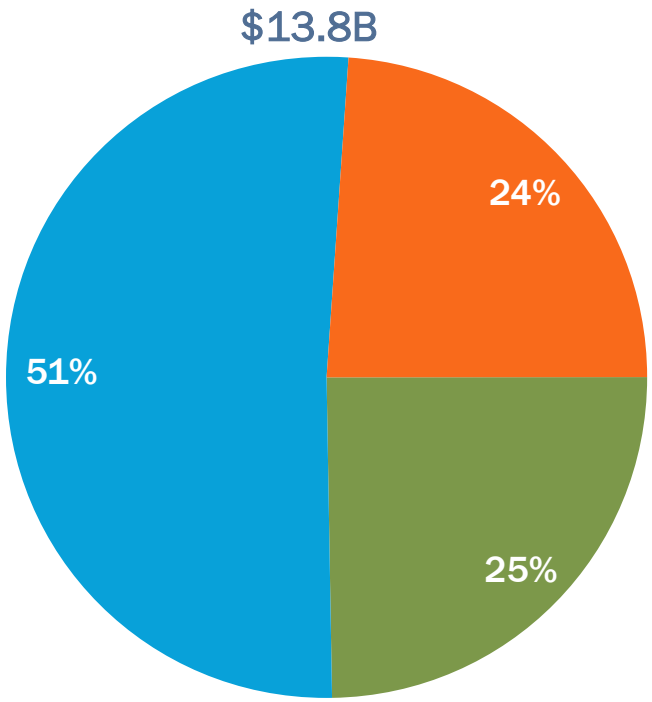
	2011 – 2015	2016 – 2020 (base)	Incremental to base – Emergent and ongoing
Program	• Solar Loan I, II & III • Solar 4 All (S4A) • S4A Extension	• Solar Loan III • S4A Extension	October 2016 settlement to develop an additional 33 MW_{dc} focused on landfill and brownfield sites
Investment	~$545M	~$140M	October 2016 settlement to invest ~$80M over three years
ROE / Recovery mechanism	9.75% - 10.3% Clause recovery	9.75% Clause recovery	Indicated 9.75% 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

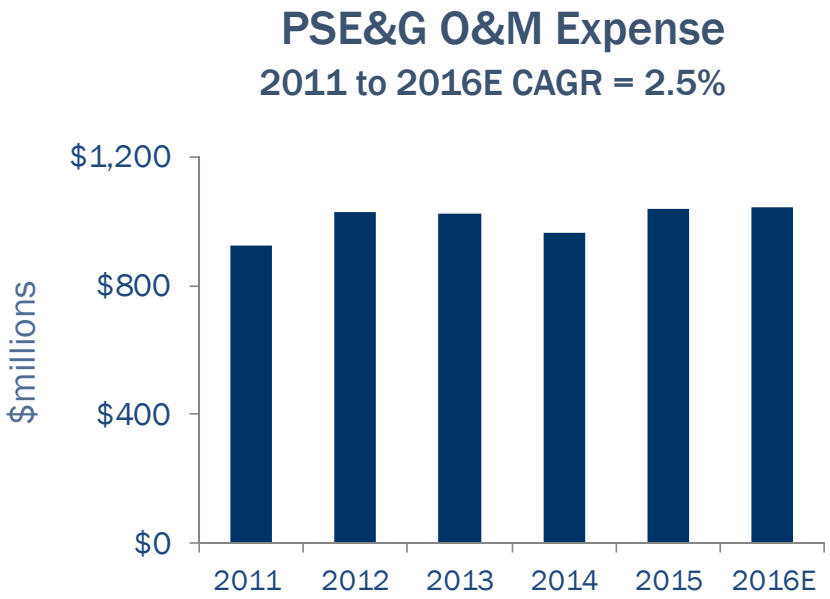
FERC Formula Rates
- Transmission

Traditional Recovery Mechanisms
- Distribution Base Rates

Clause Recovery Mechanisms
- Infrastructure / Solar / Energy Efficiency

E = ESTIMATE. DOES NOT REFLECT $600M OF RECENT PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

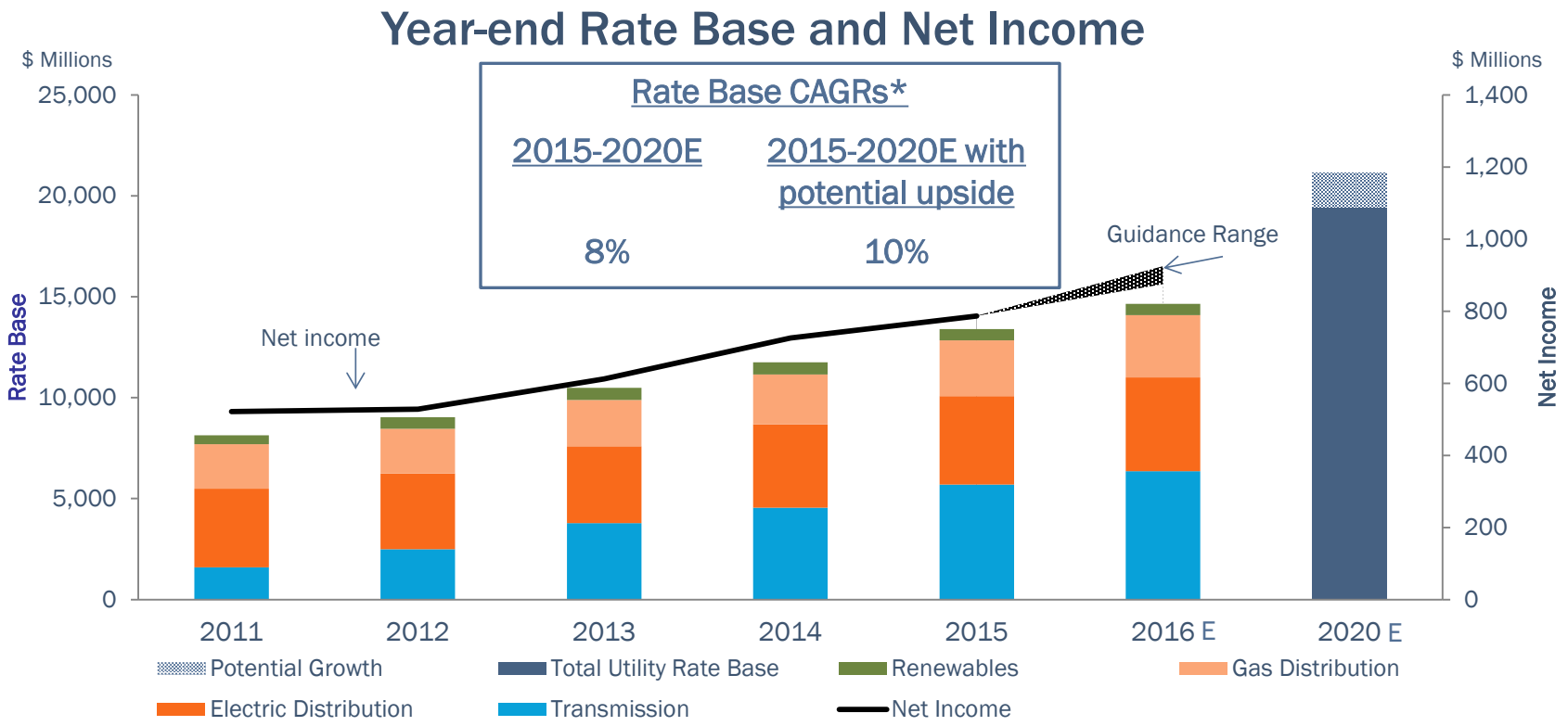
Demonstrated ability to control O&M and plan to drive future efficiencies



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 net income



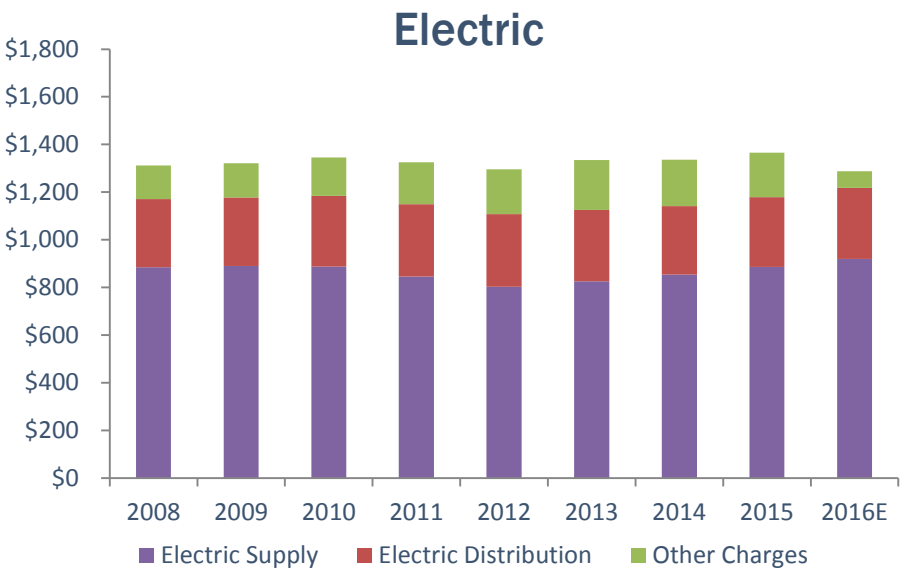
Bonus depreciation

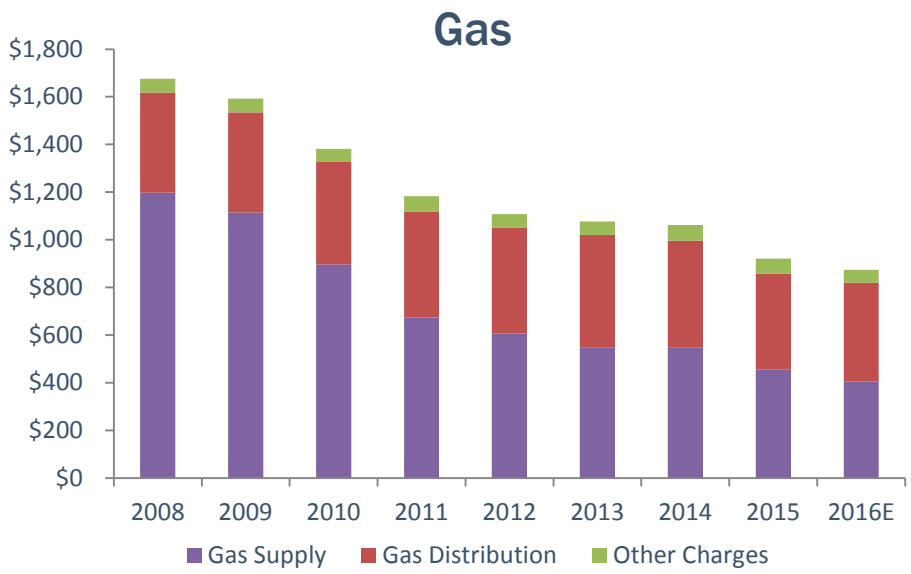
- Lowered rate base and growth rate but growth still remains strong
- Investments are less expensive for customers, providing an opportunity for incremental cost-effective system improvements

* INCLUDES IMPACTS OF BONUS DEPRECIATION. E = ESTIMATE.

Managing the total costs to customers while investing in the system

PSE&G Typical Residential Customer Bills*



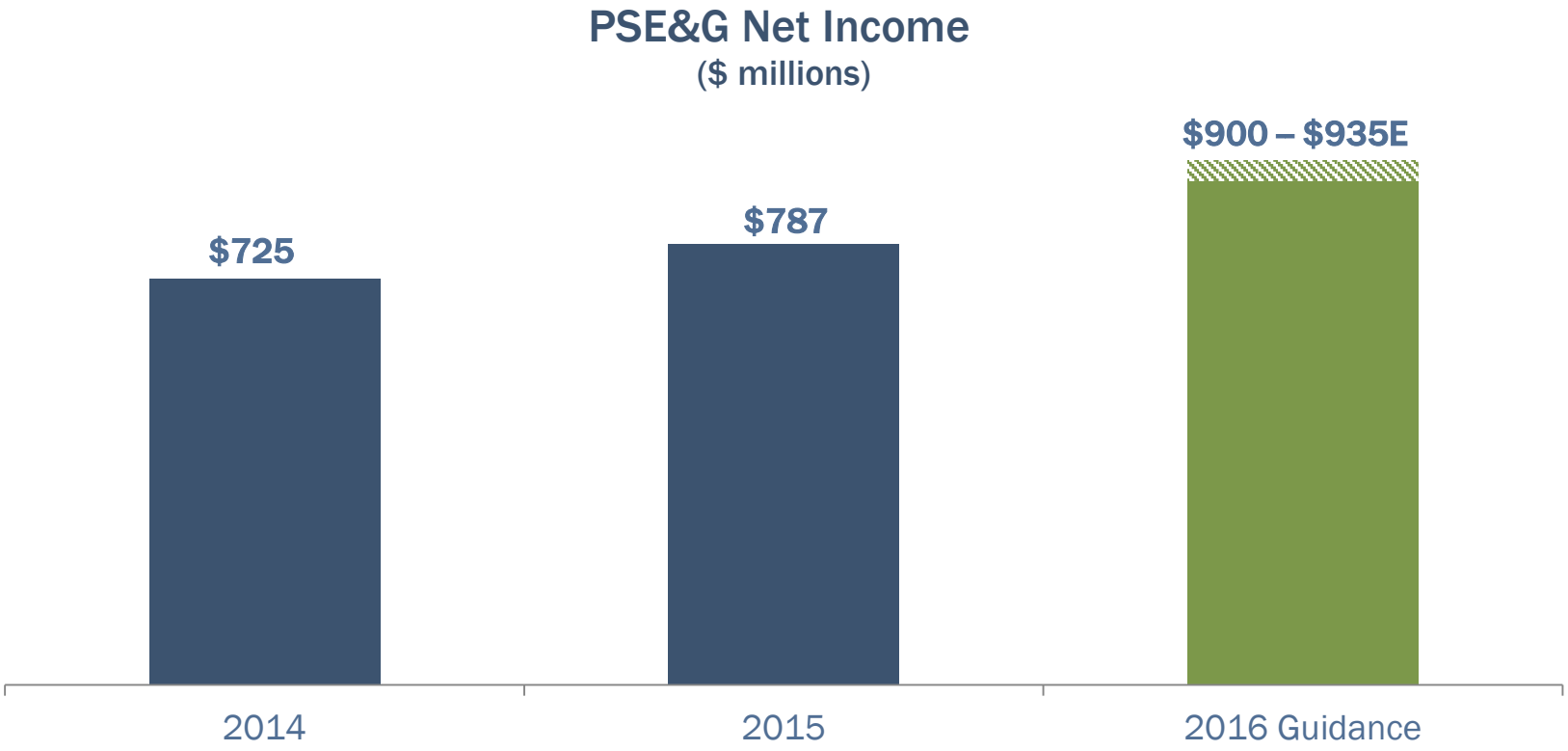


- PSE&G customers' combined electric and gas bills declined 28% over the period
- Low gas prices and elimination of transition charges drove rate decreases

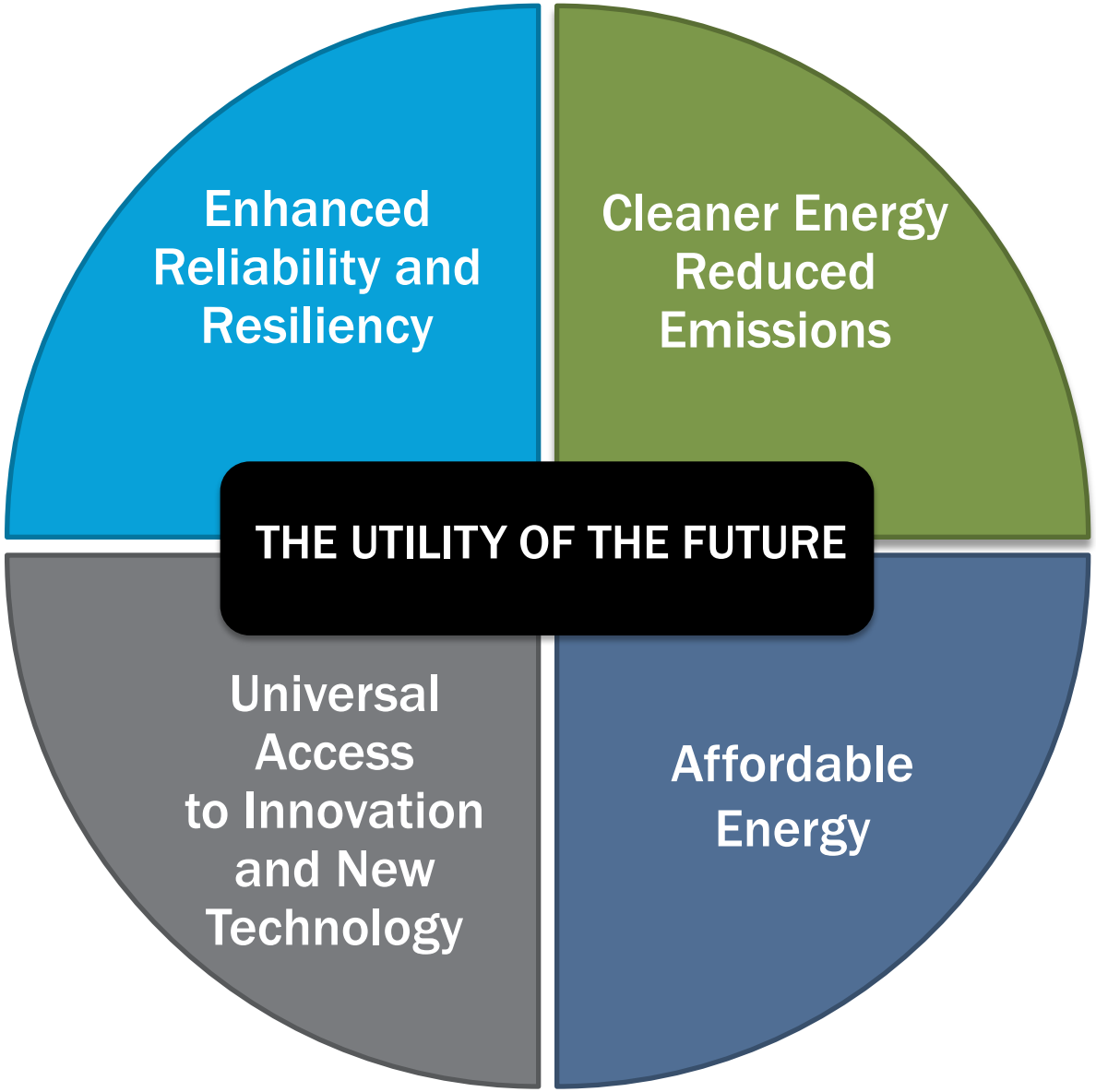
*FOR ALL YEARS THE BILLING ASSUMES 7,200 KWH FOR ELECTRIC AND 1,010 THERMS FOR GAS ANNUALLY. E = ESTIMATE

PSE&G's 2016 net income updated

to reflect year-to-date 2016 results, expanded investment programs and cost control over the balance of the year



E =ESTIMATE. UPDATED AS OF OCTOBER 31, 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

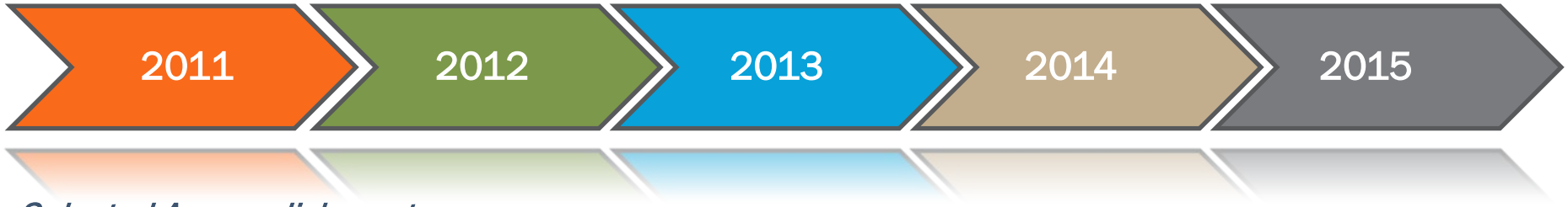
We make things work for you.

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

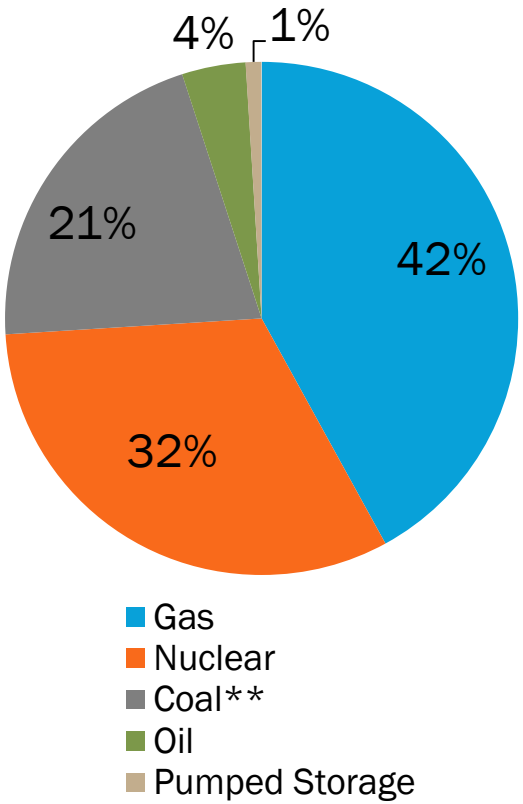
PSEG Power's value is advantaged

by asset diversity, fuel flexibility and location

2015 Actual

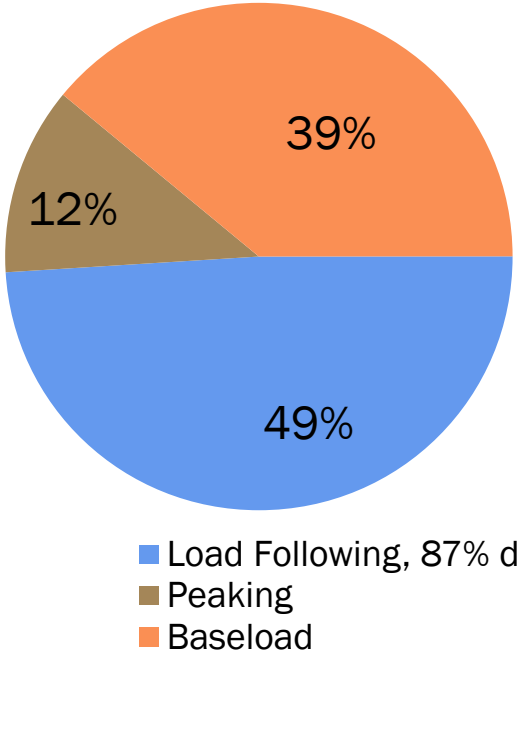
Fuel Diversity*

Total MW: 11,678



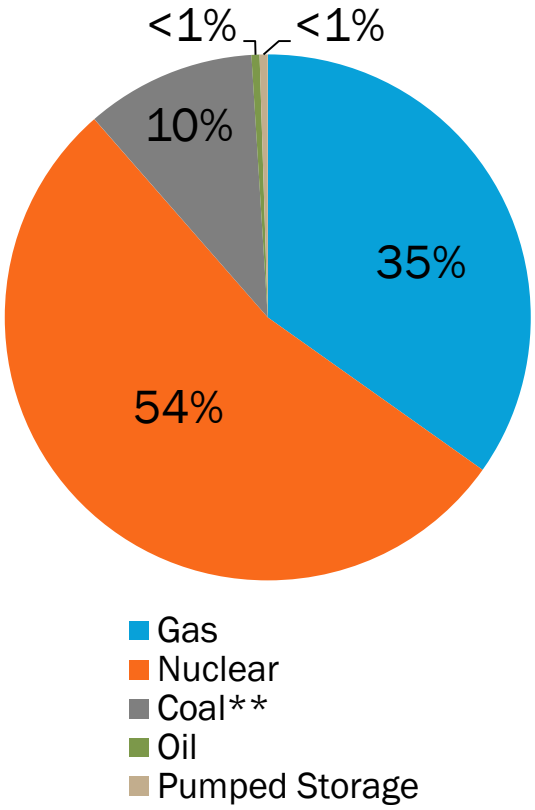
Energy Market Served*

Total MW: 11,678



Energy Produced*

Total GWh: 55,213

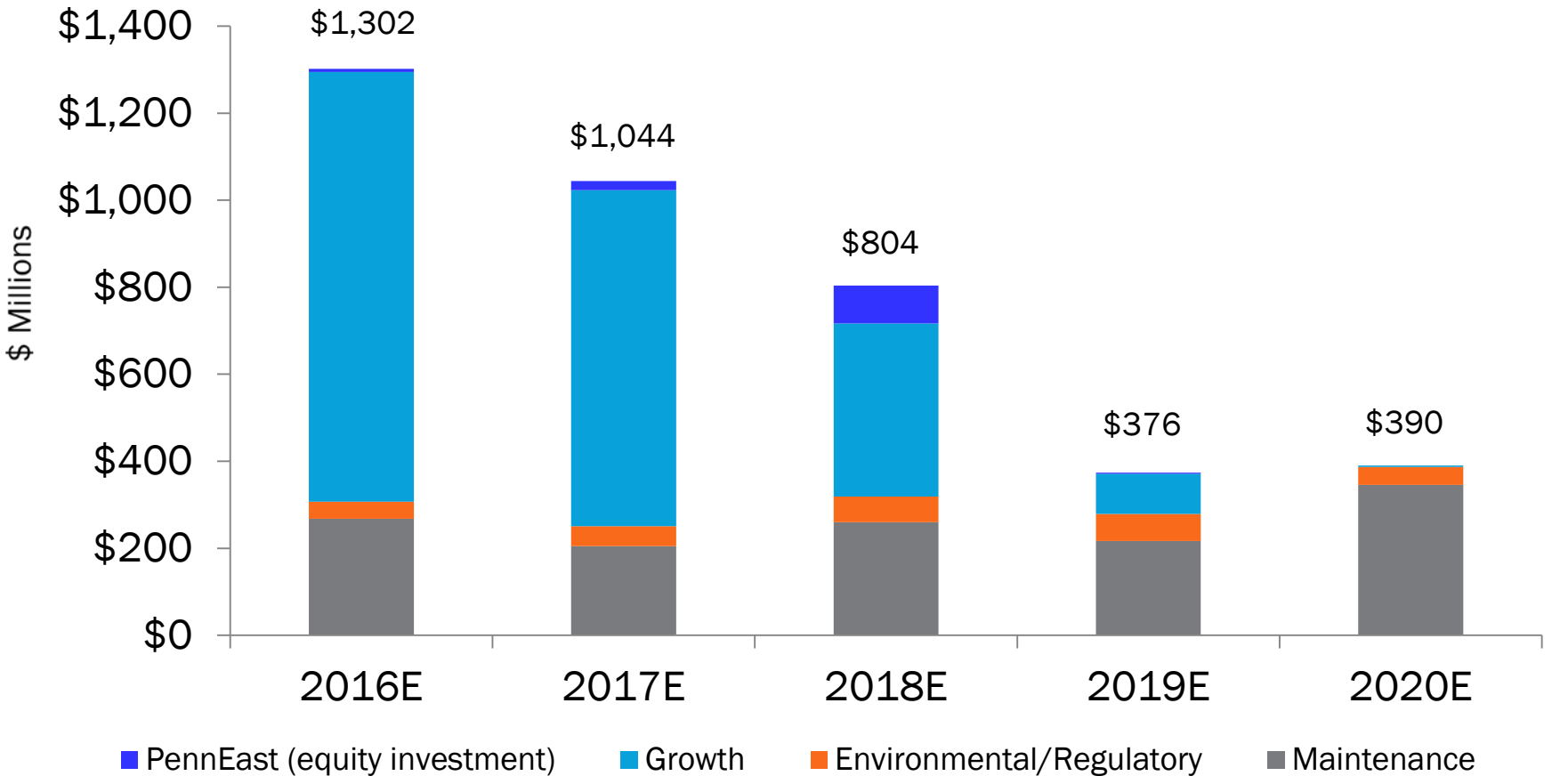


PSEG

* EXCLUDES SOLAR AND KALAELOA.

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

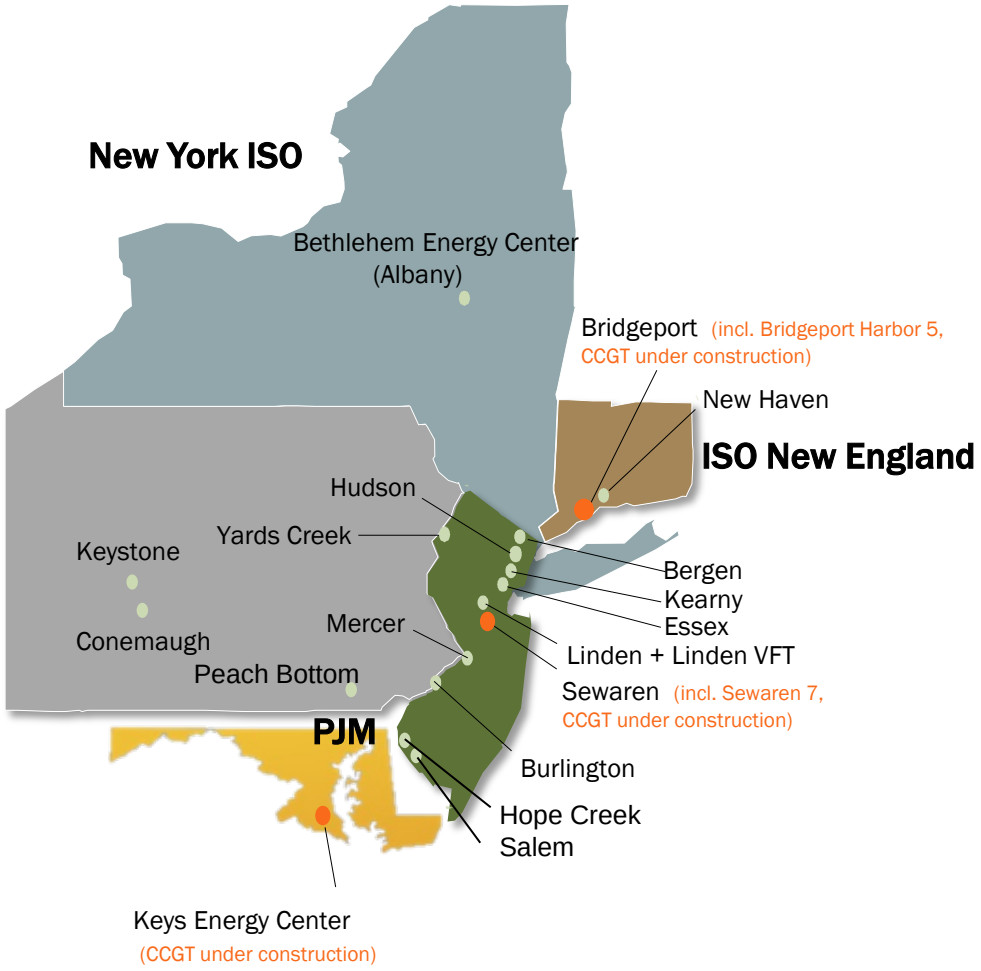
Power investing $2 billion of capital in new capacity



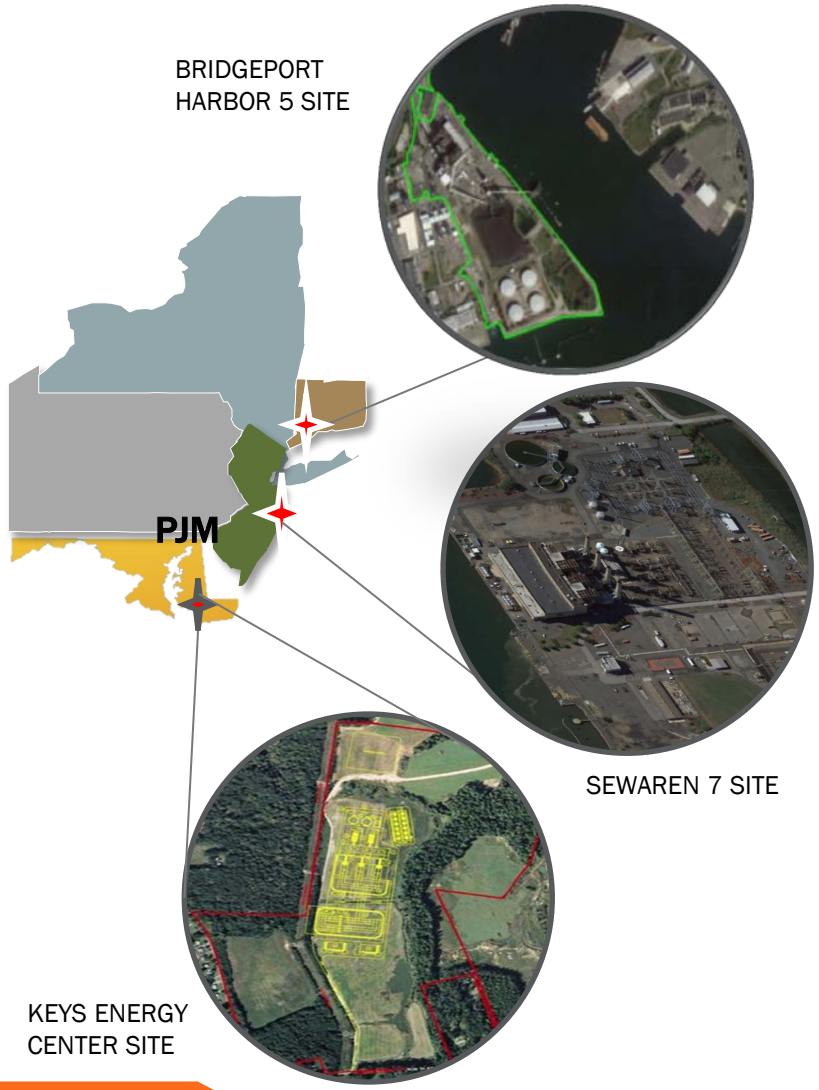
E=ESTIMATE. DATA AS OF MARCH 2016. DOES NOT REFLECT CAPITAL SPENDING REDUCTION OF ~$200 MILLION OVER THE PERIOD RELATED TO ANNOUNCED EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017.

PSEG Power 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



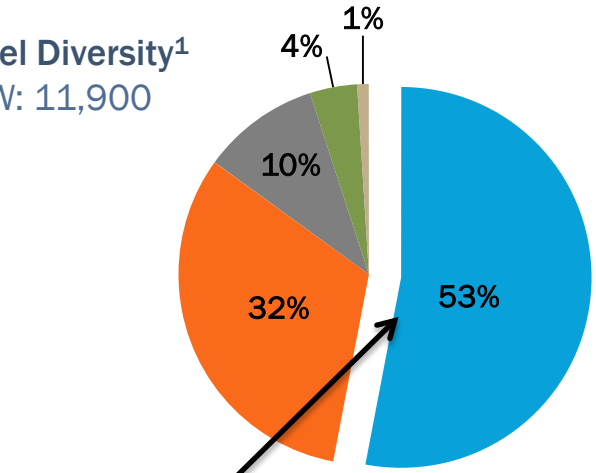
- Constructing the 755 MW CCGT Keys Energy Center in Maryland (SWMAAC*) at an estimated cost of $825 to $875 million
- Constructing a new 540 MW CCGT unit, Sewaren in New Jersey (EMAAC*) at a cost of $625 to $675 million which will replace older Sewaren units
- Constructing a new 485 MW CCGT unit, Bridgeport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

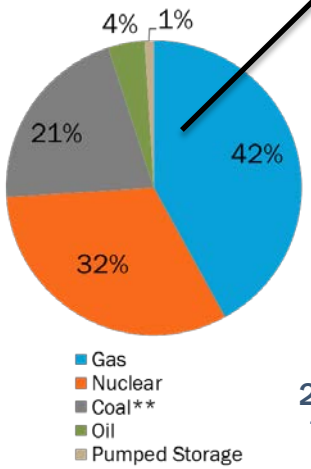
*SWMAAC = SOUTHWEST/EMAAC = EASTERN MID-ATLANTIC AREA COUNCIL LOCATIONAL DELIVERABILITY AREA WITHIN PJM.

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

Projected Fleet Comparison 2015 to 2020E

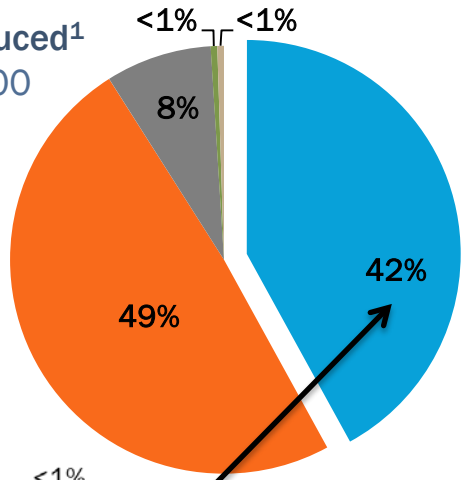
2020E Fuel Diversity[1]
Total MW: 11,900

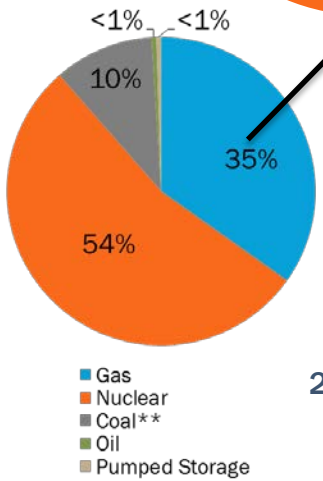




2015 Fuel Diversity
Total MW: 11,678

2020E Energy Produced[1]
Total GWh: 64,700

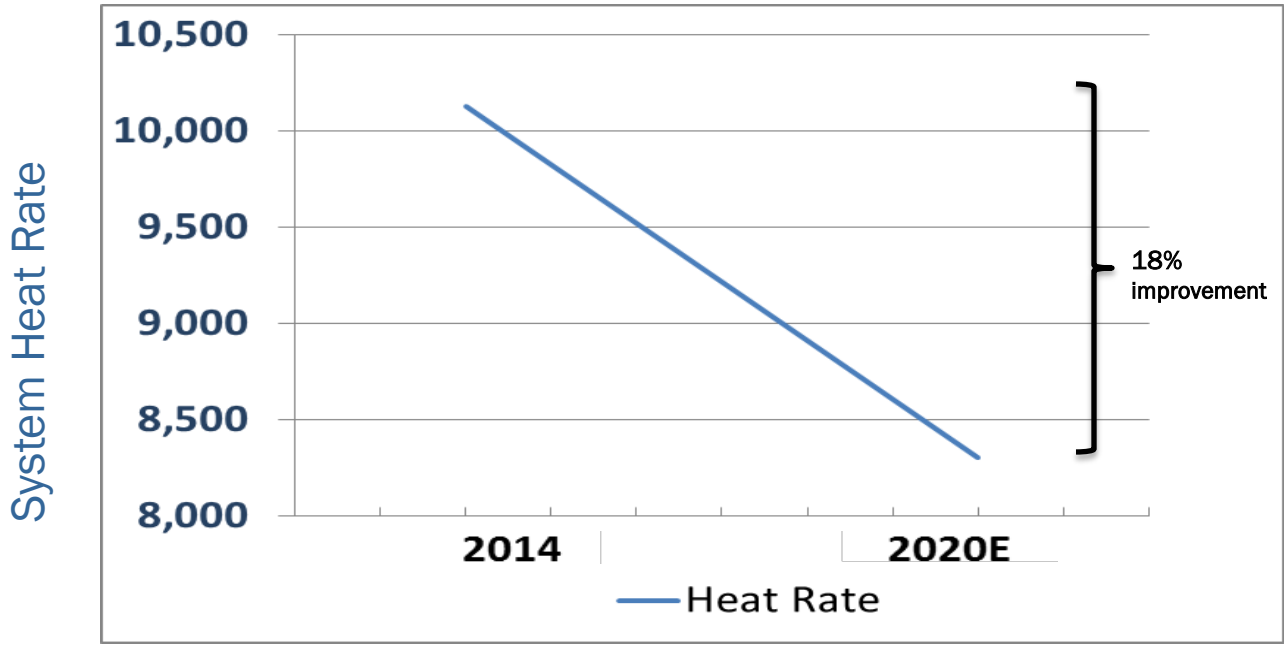




2015 Energy Produced
Total GWh: 55,213

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

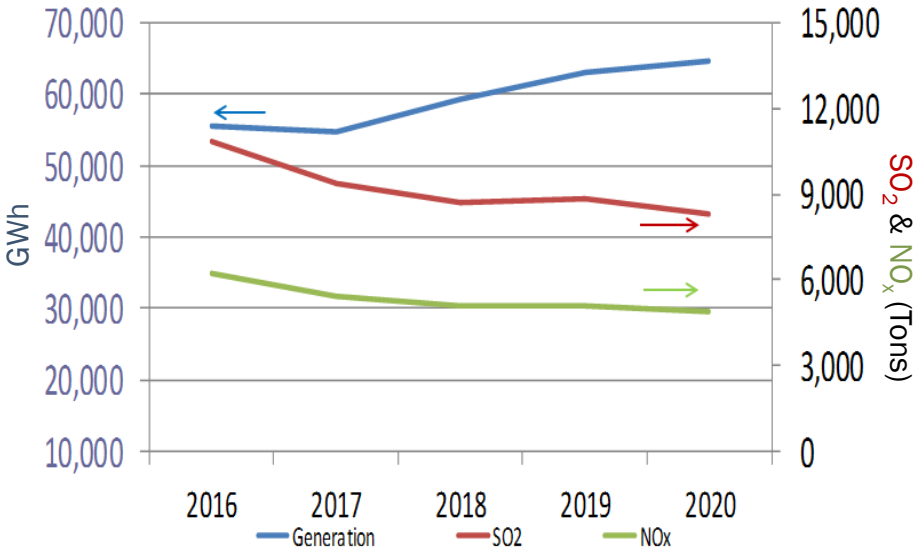
PSEG Power's fossil fleet expected to see improvements in efficiency



- AGP (Advanced Gas Path) investments
- CCGT material condition assessment
- Unit testing and testing coordination initiatives
- HEDD (2015) and Hudson/Mercer (mid-2017) 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)

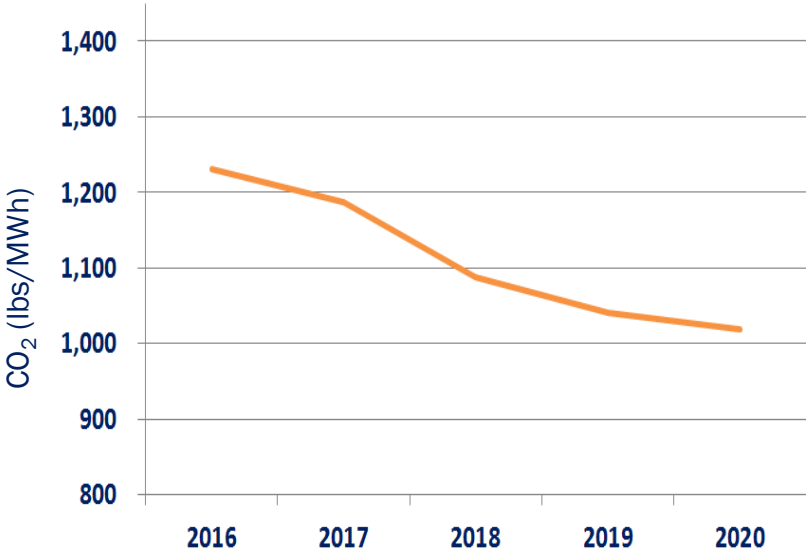
PSEG Power's fossil fleet …

Continued improvement in emissions profile



- Mercury reduced 80% across the timeframe above
- 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 are steadily approaching EPA national pollution standards for new and reconstructed natural gas combined cycle (1,000 lbs CO2/MWh-gross)

E = ESTIMATE. REFLECTS ANNOUNCED EARLY RETIREMENT OF HUDSON AND MERCER UNITS IN MID-2017

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

A position in renewable energy – Power's Solar Source

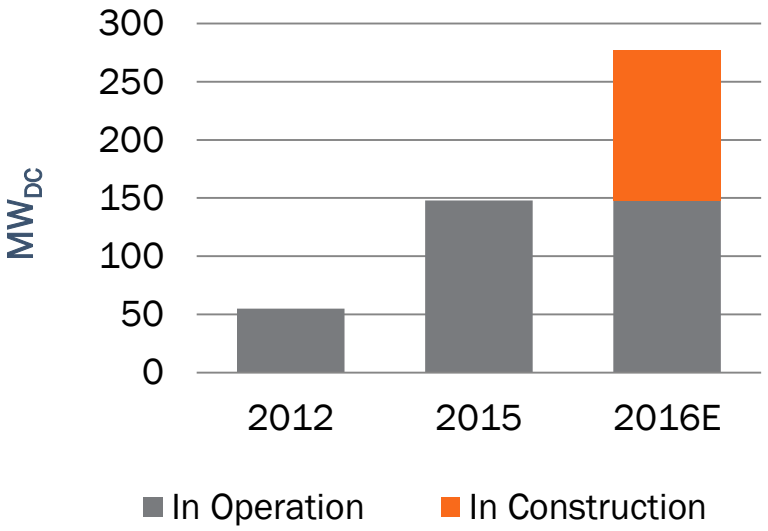
Solar Source portfolio

- 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

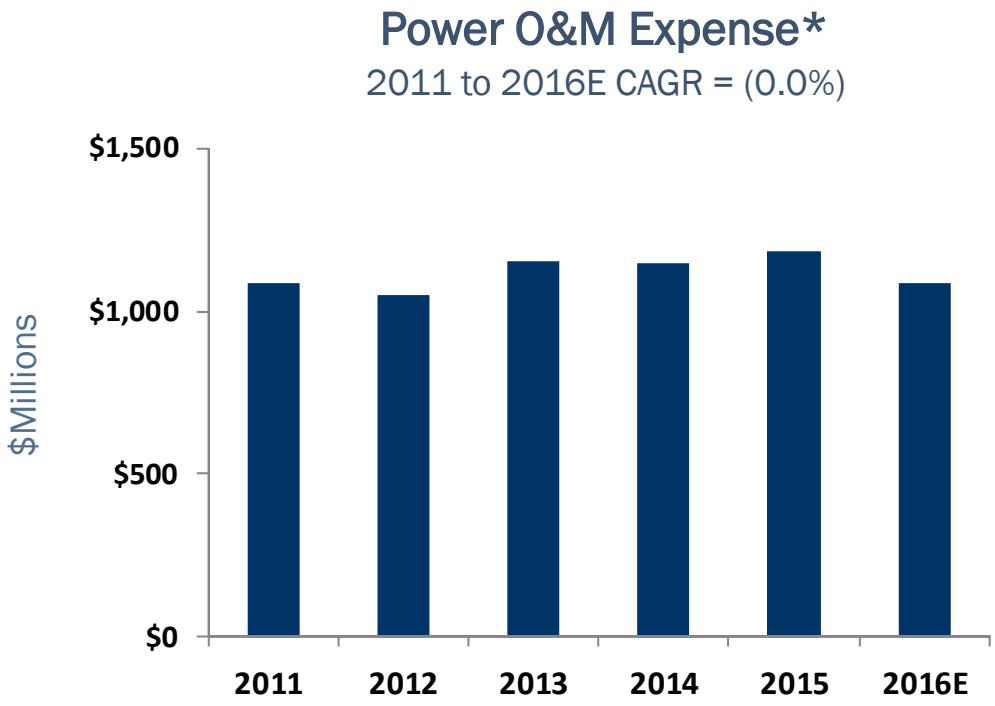
Ancillary Services – Black start, reactive power, area regulation

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



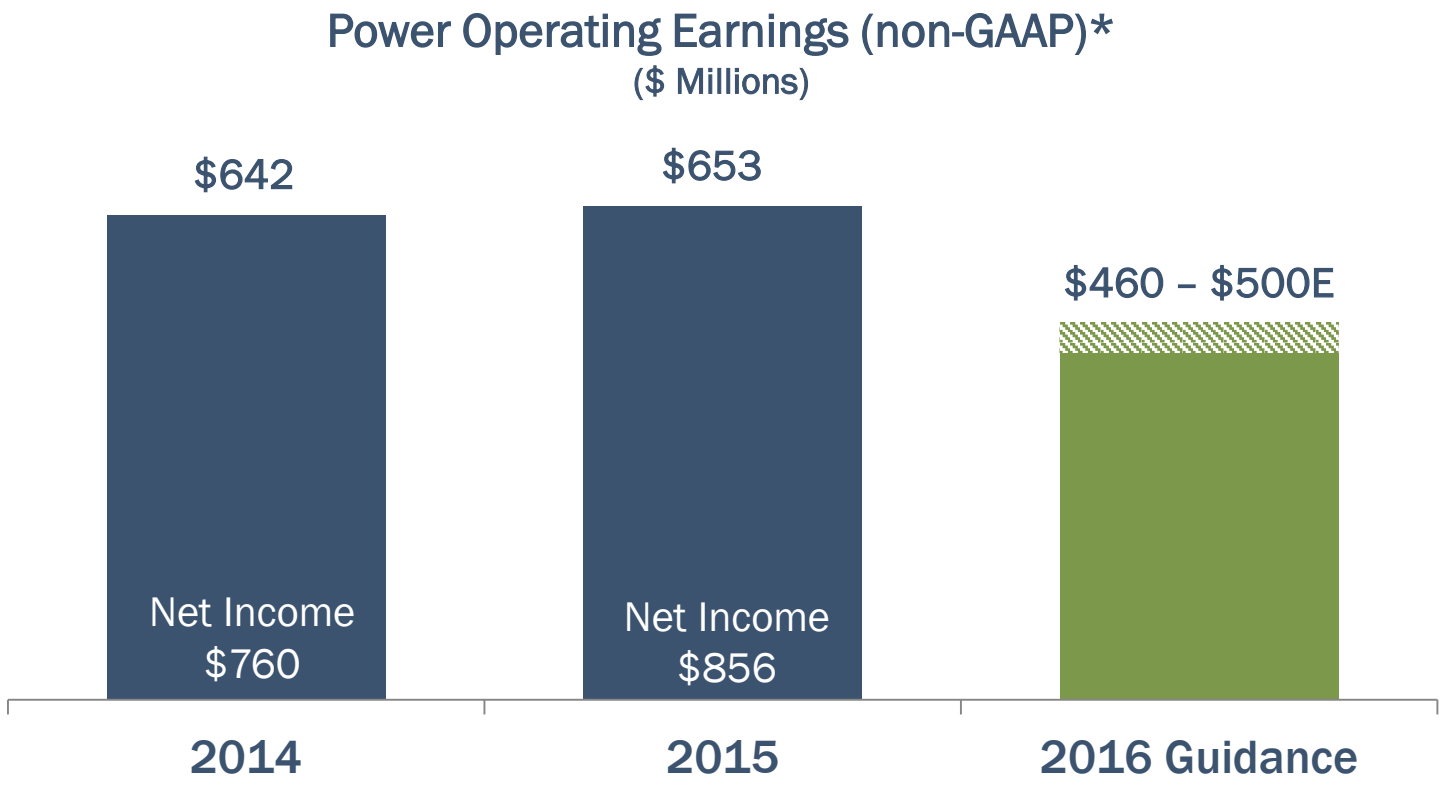
Cost control actions taken:

- 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 AND IMPAIRMENTS RELATED TO HUDSON/MERCER RETIREMENT.
E=ESTIMATE

Power's 2016 guidance range

adjusted to incorporate year-to-date results



*SEE SLIDE B FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON_GAAP).
E = ESTIMATE. UPDATED AS OF OCTOBER 31, 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% in 2015; 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

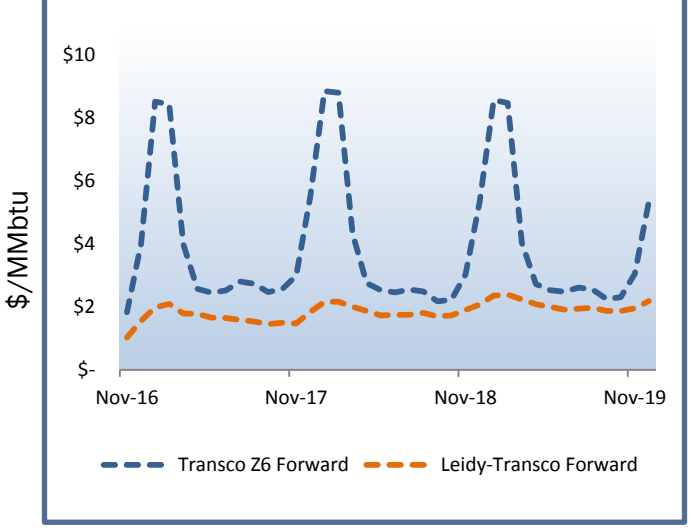
- Completed Peach Bottom EPU and AGP at Bergen 2; AGP planned for BEC in 2017/2018
- Repositioning the fleet with three new CCGTs:
  - Keys (2018)
  - Sewaren 7 (2018)
  - Bridgeport Harbor 5 (2019)
- Solar Source's portfolio is 277 MW_{DC}

PSEG POWER
ER&T

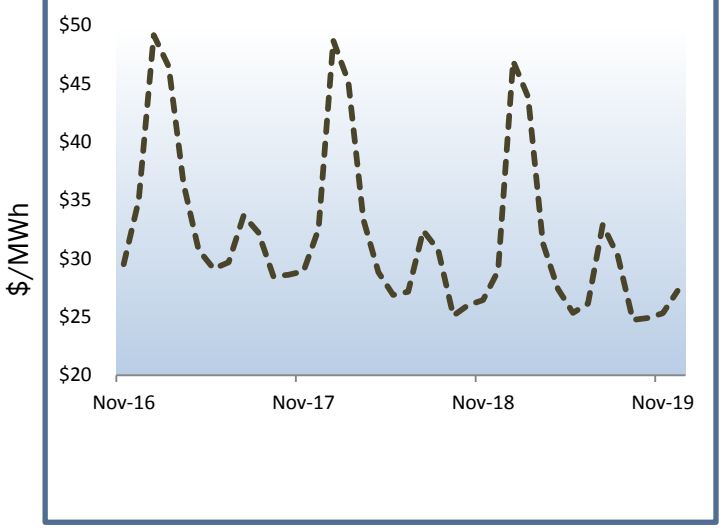
PSEG
We make things work for you.

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

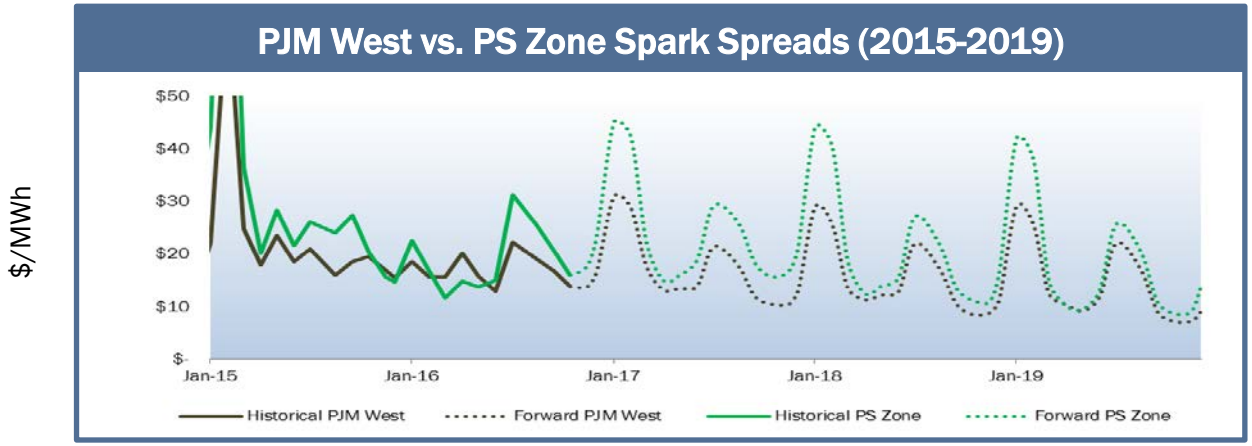
2016 - 2019 Z6



2016 - 2019 PJM West RTC

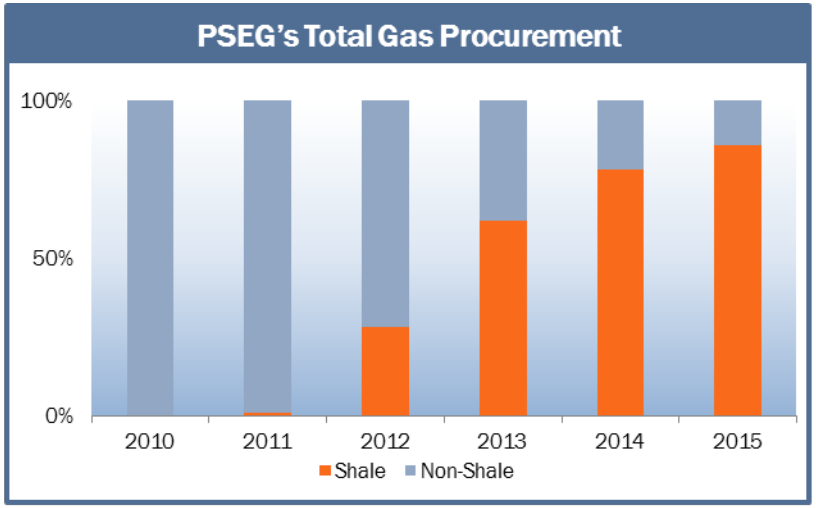


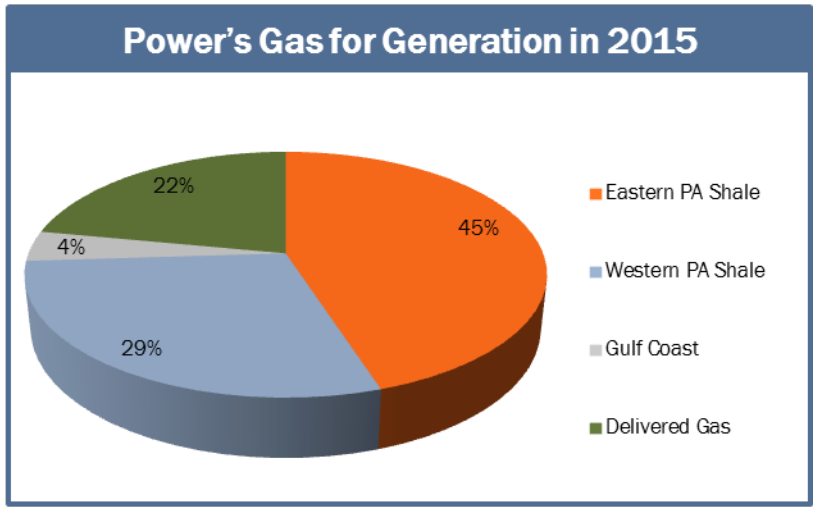
PJM West vs. PS Zone Spark Spreads (2015-2019)



SOURCE: PSEG POWER DATA
FORWARDS AS OF OCTOBER 31, 2016

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

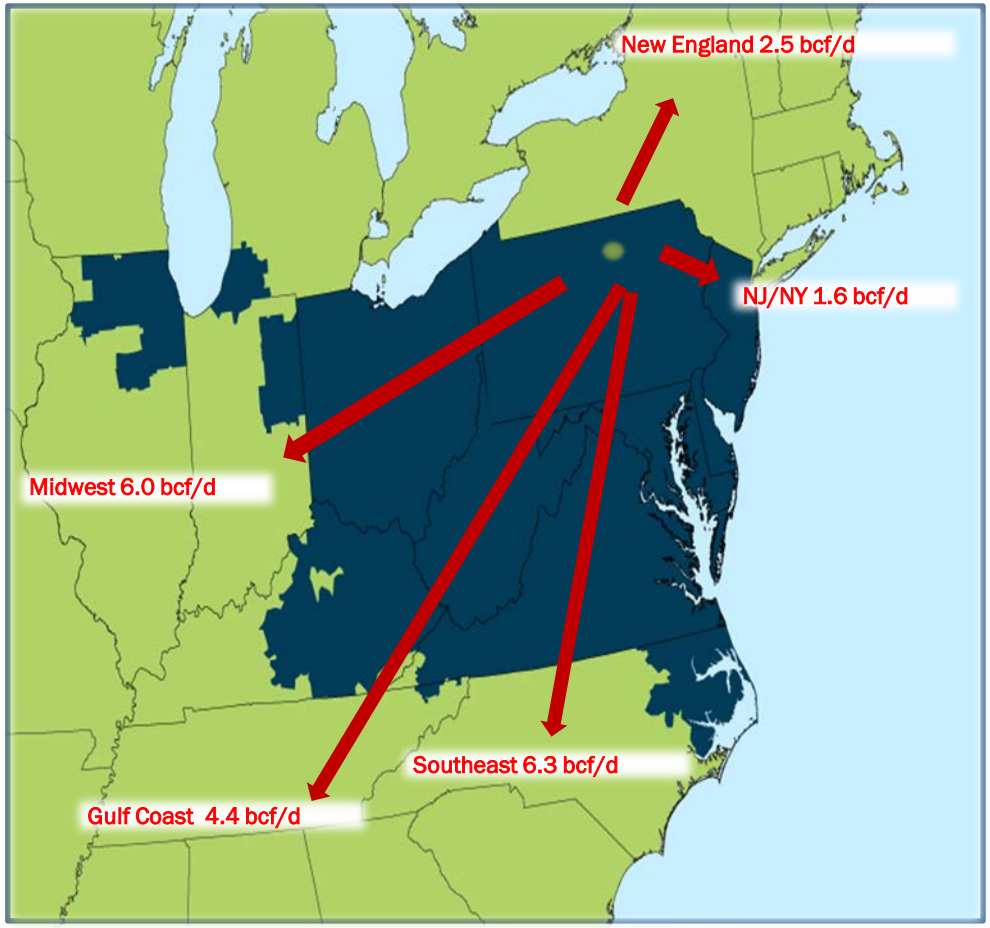




- PSEG Power maintains a robust portfolio of pipeline and storage assets in the Mid-Atlantic
- Marcellus Shale gas production reached 18.8 BCF/day in 2015
- PSEG Power procured over 423 BCF in 2015 with approximately 50% going to PSE&G's utility gas customers
- PSEG Power's gas for generation was 150 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
- More pipelines expected to be built post-2018
- Regulatory and environmental threats to timelines

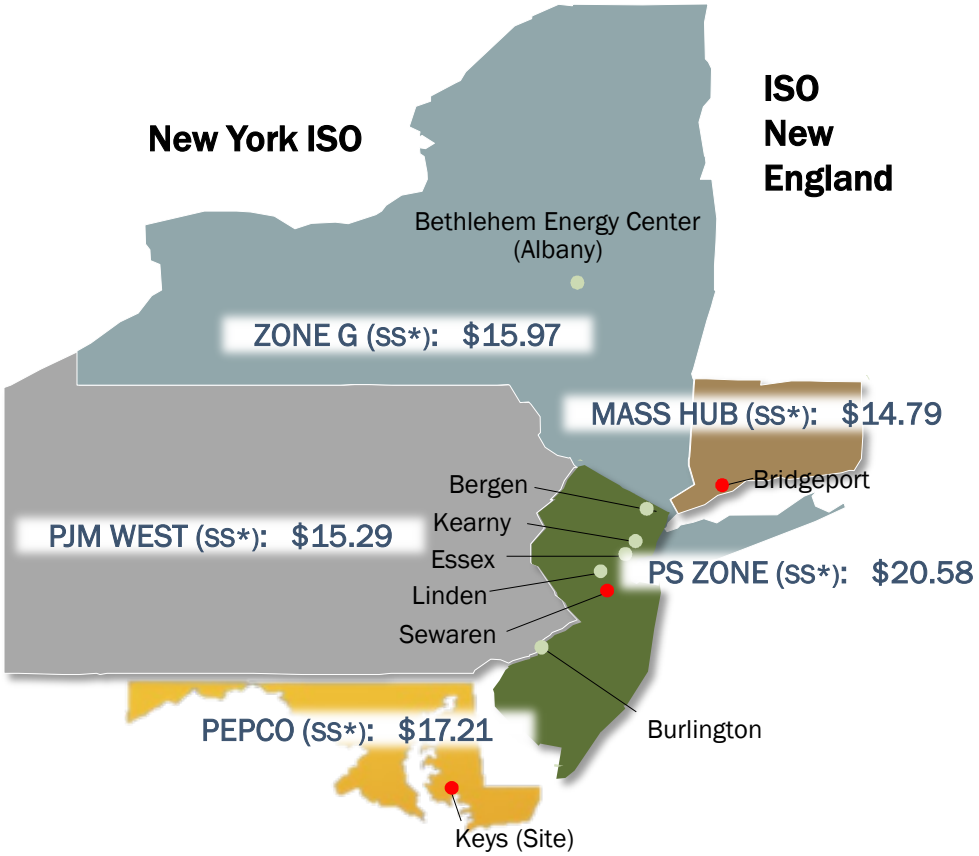
Regulatory Framework: Market structures are evolving to appropriately recognize value of reliable, diverse and clean dispatchable generation.

	ISSUE /POLICY	OUTCOME
PJM	CAPACITY	• Higher payments for enhanced reliability (Capacity Performance); first purely CP capacity auction to be held in May 2017
	ENERGY PRICE FORMATION	• FERC is driving ISO's to improve their pricing constructs and rules – five minute settlements and shortage pricing improvements are on the horizon
	DEMAND RESPONSE RULES	• Stricter rules for eligibility and deployment following full deployment of Capacity Performance expected to limit participation in capacity markets
	STATE INTERVENTION	• Efforts in Ohio to subsidize uneconomic resources met with significant opposition and led to FERC finding that affiliate abuse standards would apply • PJM commenced process to develop rules for integrating public policy driven resources that would protect competitive markets; PJM also has commenced study to determine value of fuel diversity
ISO-NE	CAPACITY	• Zonal demand curves approved by FERC for FCA 11 • Nuclear and coal under pressure; closure of Pilgrim and Vermont Yankee • New initiative to incorporate state carbon goals in wholesale markets consistent with competitive outcomes
	ENERGY	• Proposed gas pipelines are stalled • Significant rule changes to improve price formation – five minute settlement and fast start pricing
NYISO	CAPACITY	• Retirement of upstate coal plants tighten market • NYPSC develops a clean energy standard that retains upstate nuclear and recognizes the value of zero emissions
	ENERGY	• Improvement in price formation during reserve shortage conditions
FEDERAL	ENVIRONMENTAL REGULATIONS	• CPP rules stayed by SCOTUS; oral argument before D.C. Circuit scheduled for September 27, 2016 • Some states will still prepare implementation plans for 2020+ timeframe • CSAPR update rule cuts ozone season NOx emissions

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 OCTOBER 31, 2016. CAPACITY IN MEGAWATTS

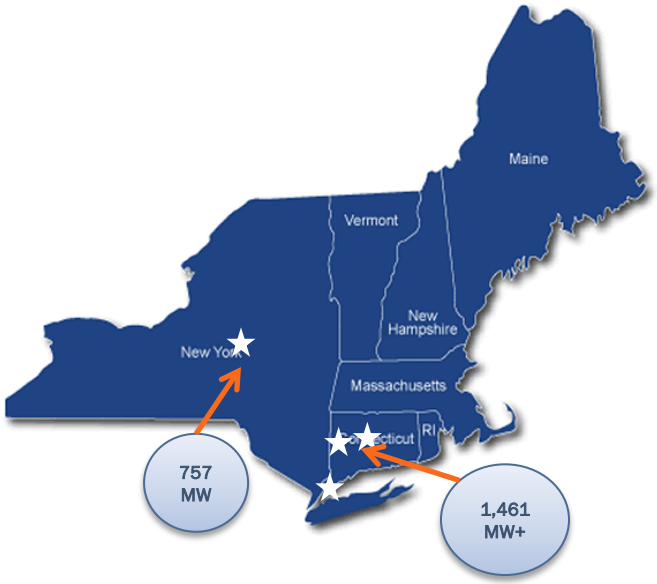
PSEG Power's Portfolio: New York and New England

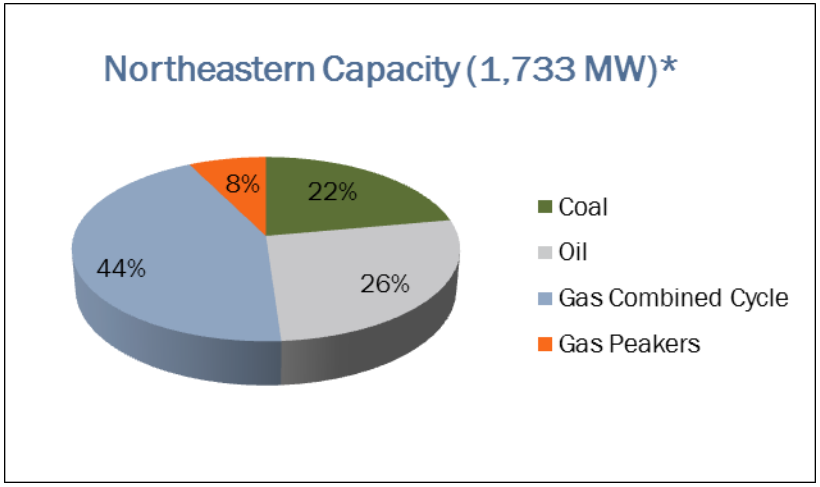
New York (757 MW)

- 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

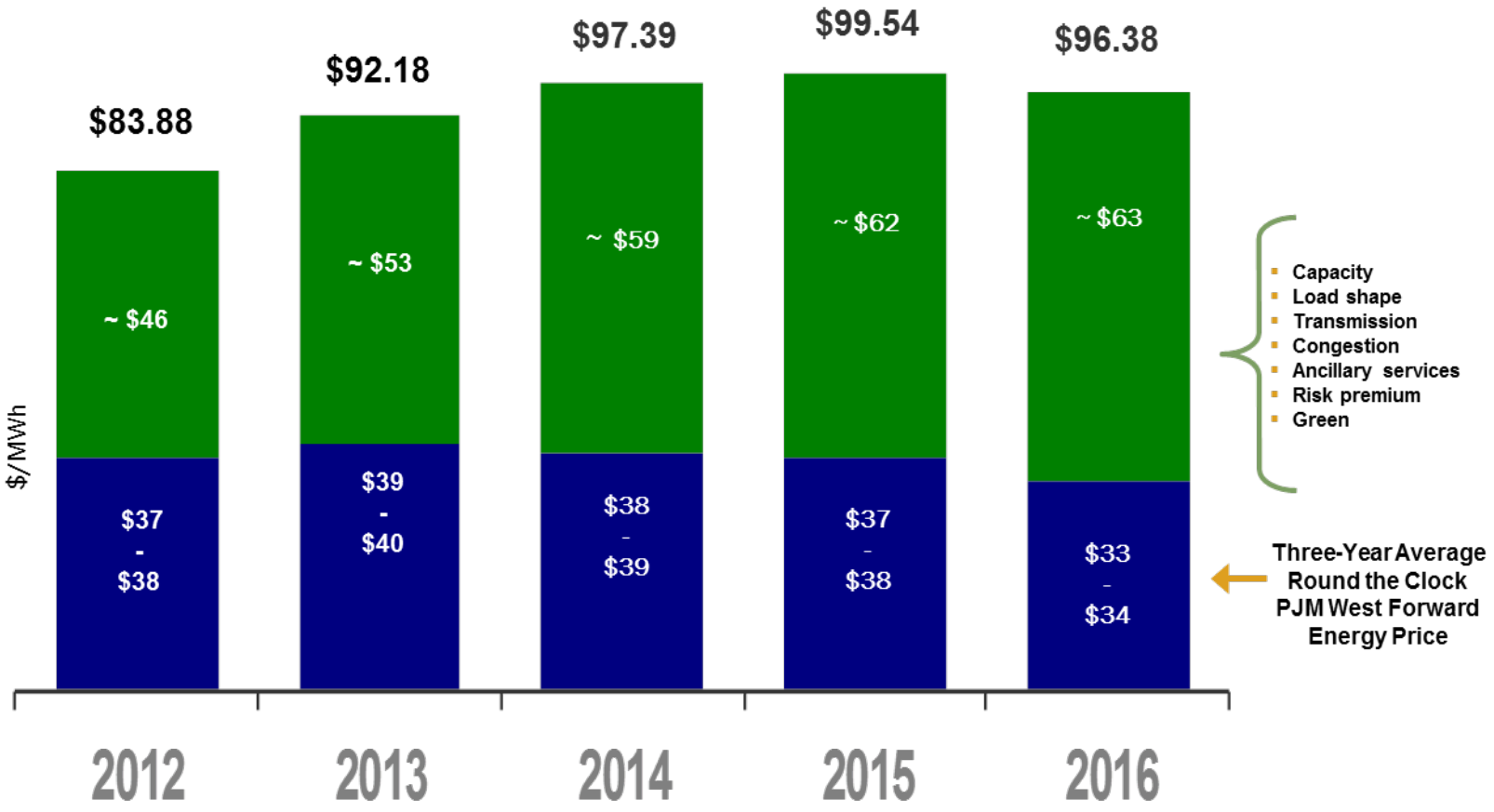
2020 Onwards RPM Auction Impacted By:

- 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

		Oct-Dec 2016	2017	2018
Base Load (Nuclear and Base Load Coal)	Volume TWh	8	35	34
	% Hedged	100%	100%	45-50%
	Price $/MWh	$48	$47	$45
Intermediate Coal, Combined Cycle, Peaking	Volume TWh	4	17	22
	% Hedged	25-30%	0-5%	0%
	Price $/MWh	$48	$47	-
Total	Volume TWh	11-12	51-53	56-58
	% Hedged	75-80%	65-70%	25-30%
	Price $/MWh	$48	$47	$45

HEDGE PERCENTAGES AND PRICES AS OF SEPTEMBER 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 Value Proposition



- Well-positioned fleet of merchant generating assets in attractive markets
- Portfolio transformed with addition of 1,800 MWs of new efficient CCGT
- Announced early retirement of Hudson and Mercer in mid-2017 expected to improve cash flow and return profile
- 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

Daniel 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
Financial Results	✓ 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

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

PSEG Results					
$ millions (except EPS)	2012	2013	2014	2015	2016E Guidance
PSEG Net Income	$1,275	$1,243	$1,518	$1,679	
PSE&G	$528	$612	$725	$787	$900 - $935
PSEG Power*	$663	$710	$642	$653	$460 - $500
Enterprise/Other	$45	($13)	$33	$36	$65
Operating Earnings (non-GAAP)*	$1,236	$1,309	$1,400	$1,476	$1,425 - $1,500
*Operating EPS (non-GAAP)**	$2.44	$2.58	$2.76	$2.91	$2.80 - $2.95E
Net Income 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%	63%[1]

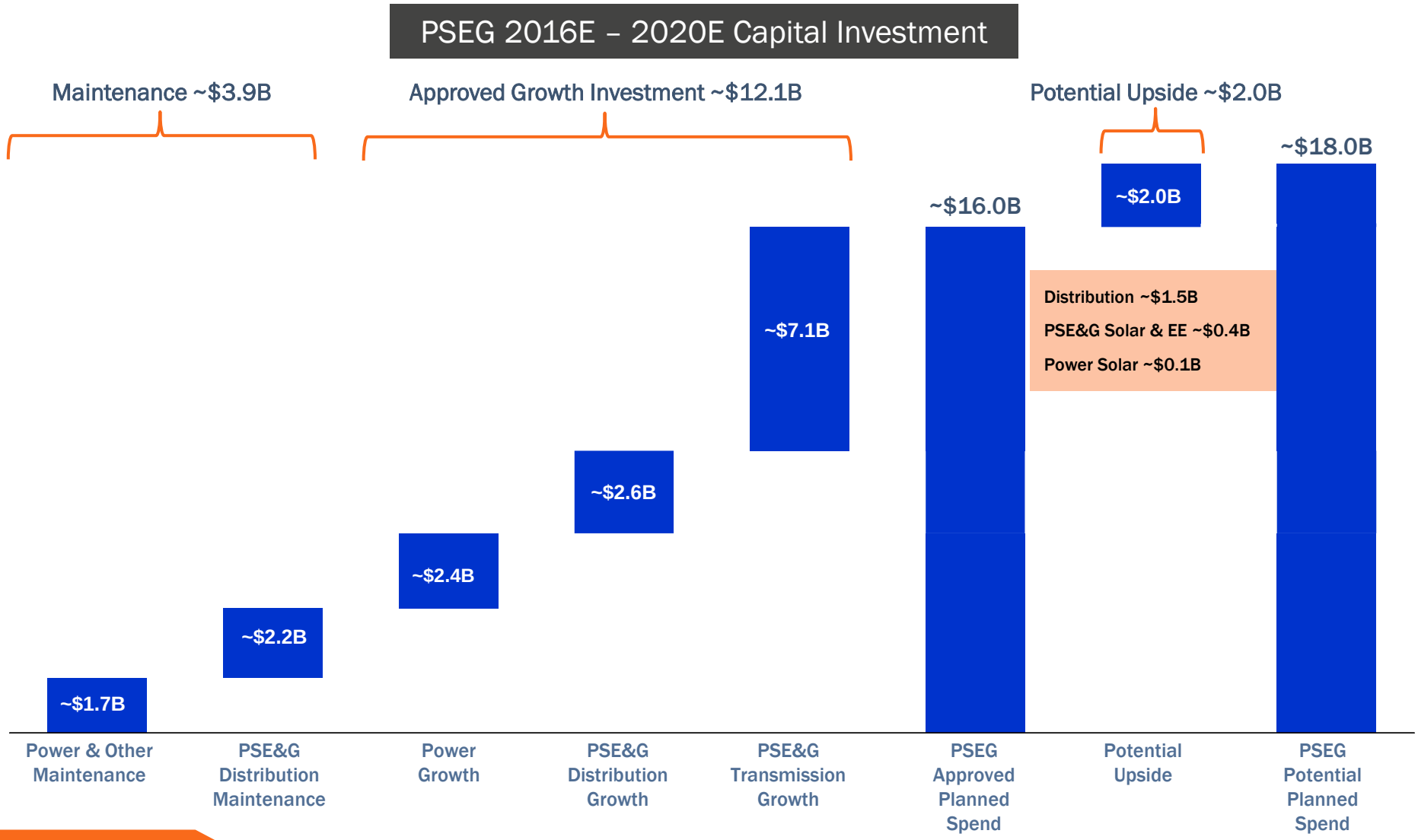
1 - BASED ON MID-POINT OF 2016 PSEG OPERATING EARNINGS (NON-GAAP) GUIDANCE AS OF OCTOBER 31, 2016.
E= ESTIMATE *SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON-GAAP).

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

	2016 and Beyond
Financial Results	✓ Continuing strong trend in 2016 with Operating Earnings (non-GAAP) guidance of $2.80 to $2.95 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

*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON-GAAP).

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



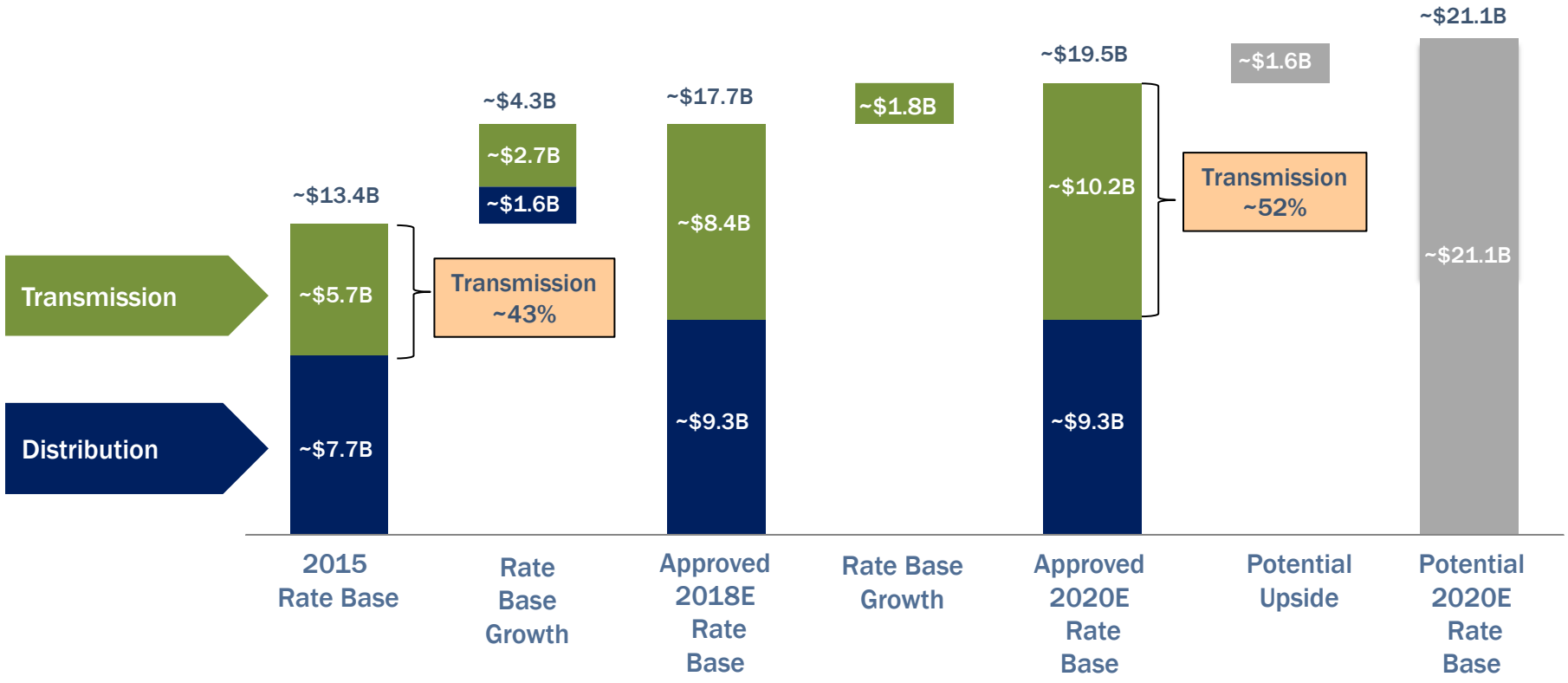
E = ESTIMATE; CAPITAL INCLUDES AFUDC AND IDC
DOES NOT REFLECT EARLY RETIREMENT OF HUDSON AND MERCER IN MID-2017 AND $600M OF RECENT PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

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

2015 – 2018E Rate Base CAGR Growth of ~10%

2015 – 2020E Rate Base CAGR Growth of ~8%

2015 – 2020E Potential Rate Base CAGR Growth of ~10%



E = ESTIMATE.

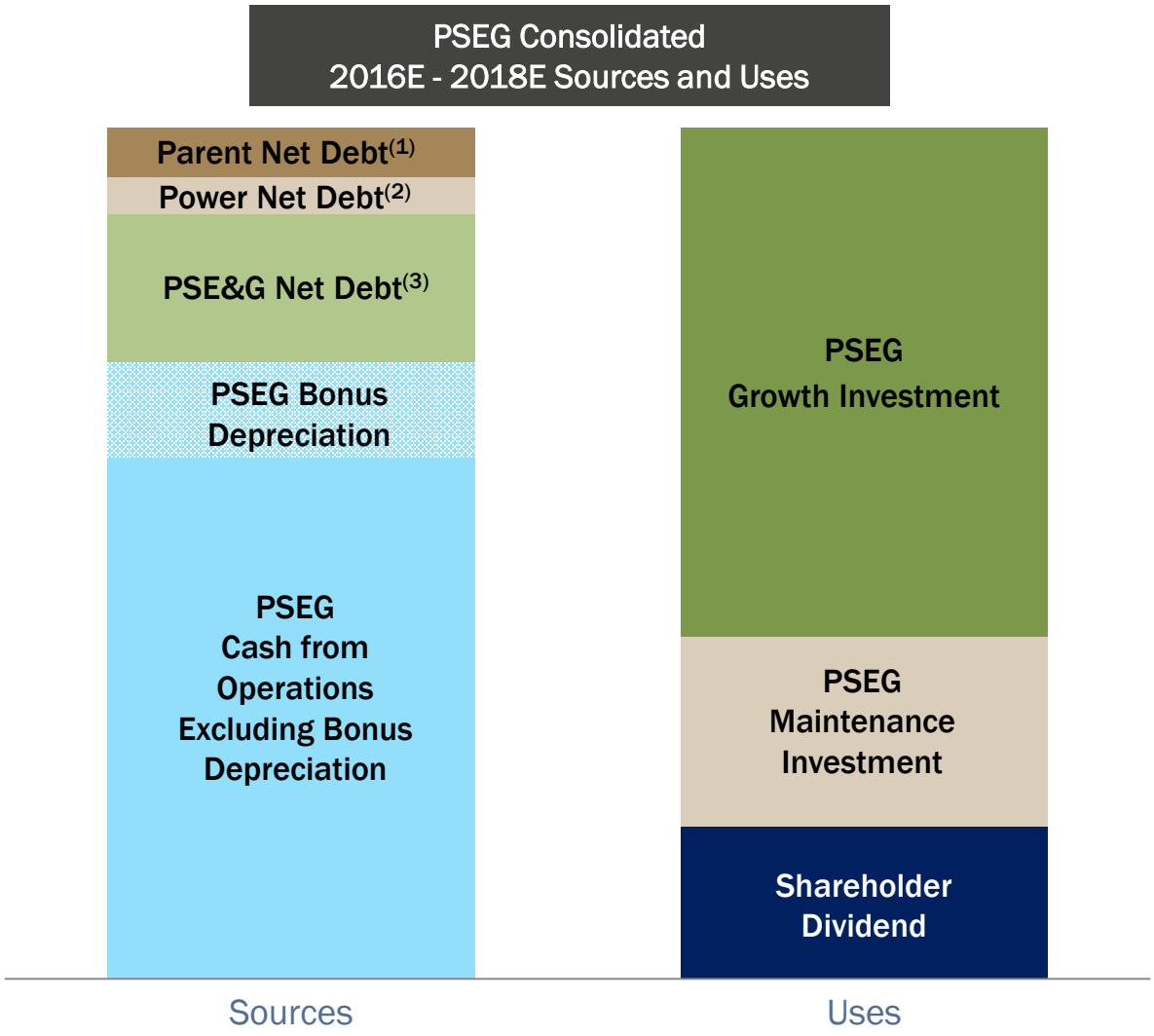
DOES NOT REFLECT RECENT, EXPECTED PSE&G CAPITAL SPENDING ADDITIONS AS OF OCTOBER 31, 2016.

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 AND SHORT TERM DEBT POSITION
2) INCLUDES FINANCING COST
3) INCLUDES FINANCING COST AND SHORT TERM DEBT POSITION E = ESTIMATE

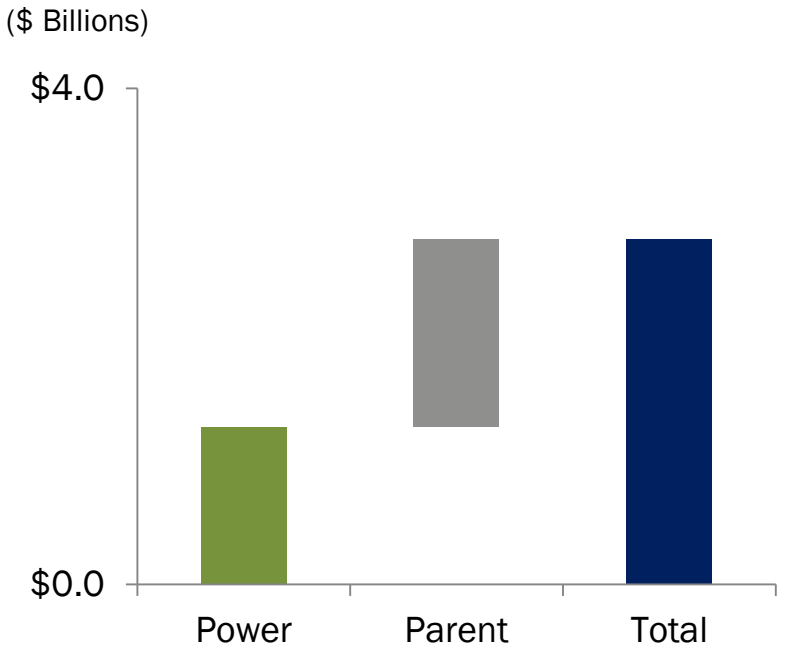
PSEG's credit metrics remain strong

providing substantial investment capacity to pursue additional growth opportunities

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

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

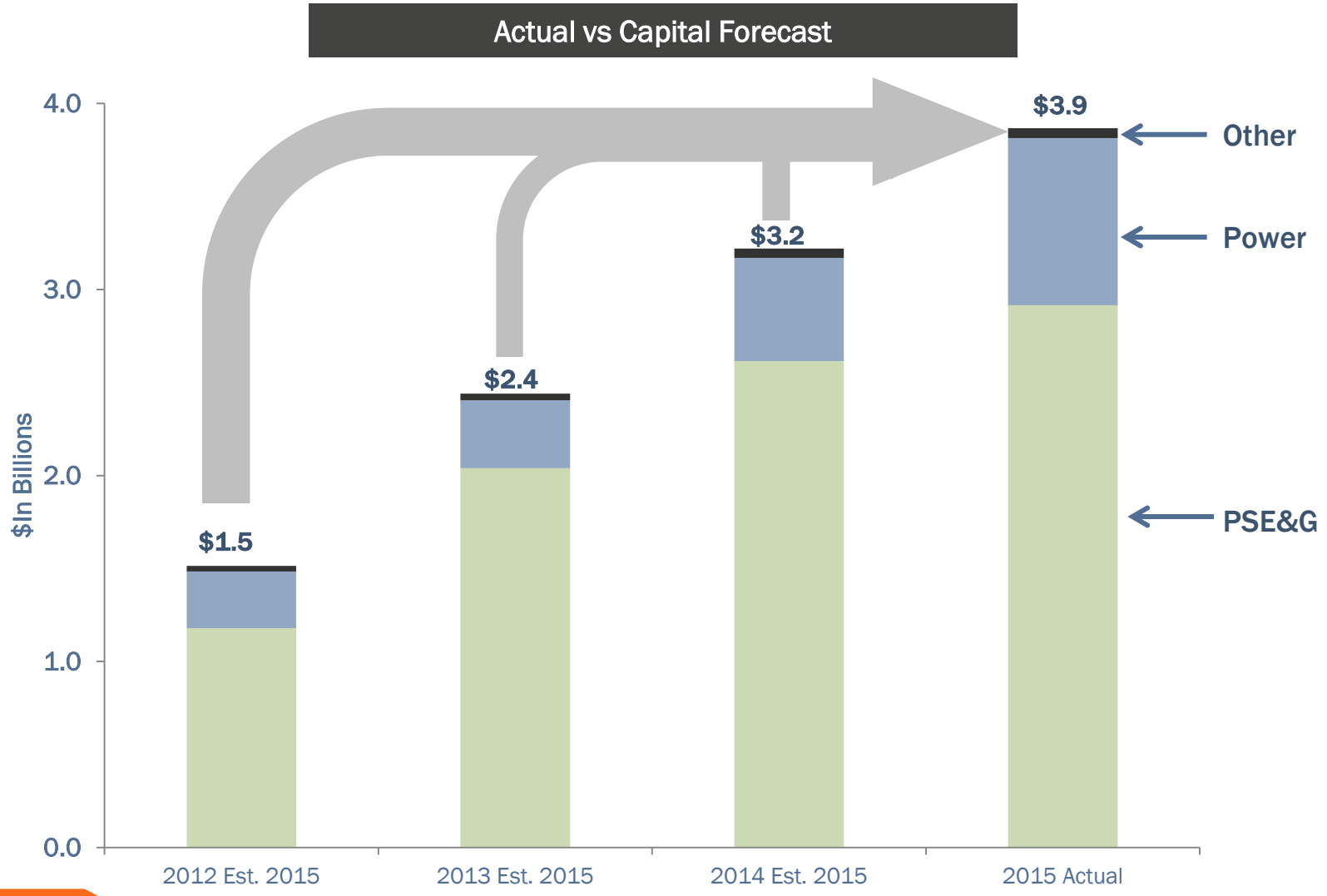
Total Incremental Investment Capacity
through 2018E



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

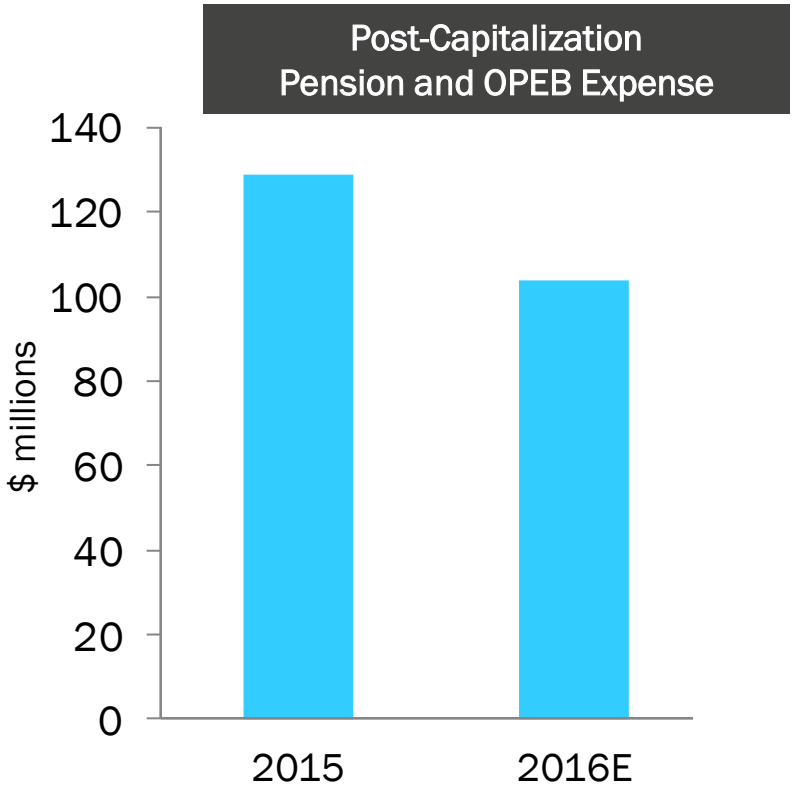
*FUNDS FROM OPERATIONS PRIMARILY REFLECTS CASH FROM OPERATIONS EXCLUDING WORKING CAPITAL IMPACTS AND CERTAIN OTHER ADJUSTMENTS FOR OPERATING CASH ITEMS. DEBT INCLUDES RECOURSE LONG-TERM DEBT, SHORT-TERM DEBT, SHORT-TERM INVESTMENTS AND ADJUSTMENTS FOR OTHER OBLIGATIONS. E = ESTIMATE.

We have consistently identified investment opportunities beyond our approved forecasted expenditures



Manageable Pension and OPEB Expense

with a reduction of $25 million in 2016



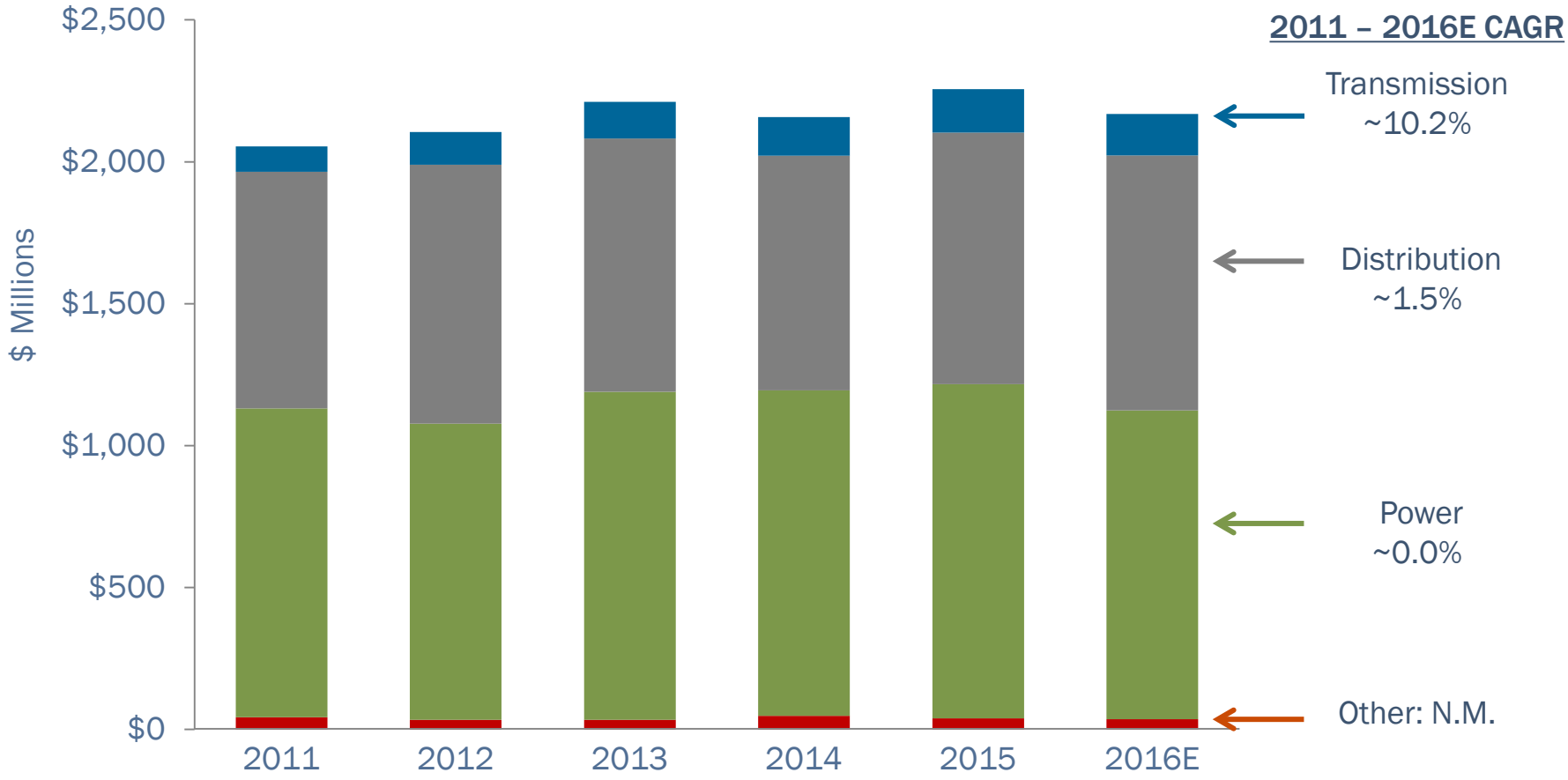
- Pension expense in 2017 is estimated to increase by ~ $0.03 per share (excluding any actuarial updates or other potential impacts that are under evaluation)
- Pension expense details will be updated at YE and managed as part of overall O&M
- Historical 3-year and 5-year annualized pension returns each exceeded 9%
- 2015 Pension funded ratio ~91%
- 2016 Pension contribution was $21M

E = ESTIMATE.

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

PSEG O&M Expense(1)

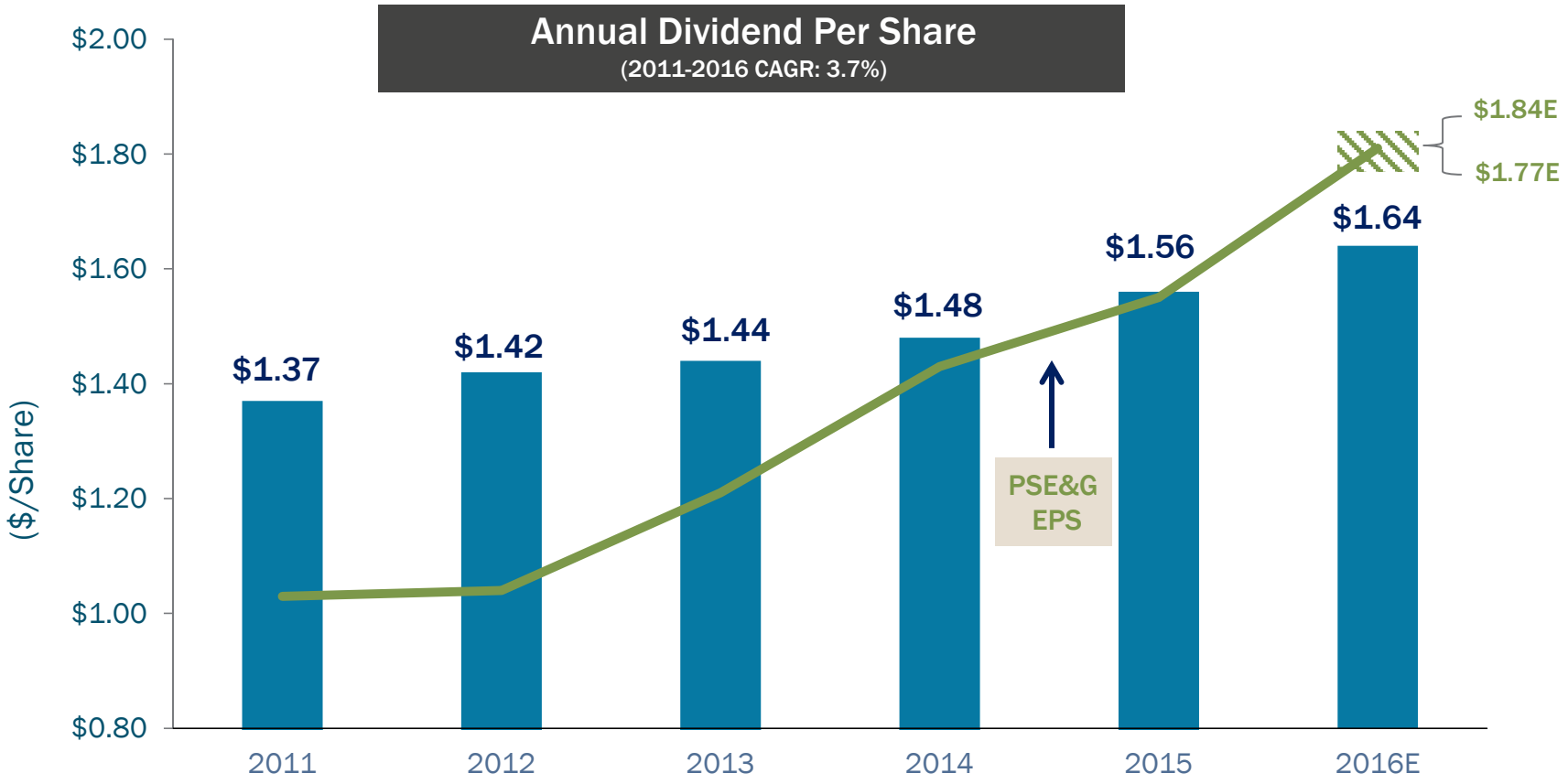
2011 - 2016E CAGR: ~1.1%



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

Opportunity for meaningful and sustainable

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



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

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

PSEG's 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

PSEG

		2017E
Pension Expense	Each 1% Change in 2016 Rate of Return on Pension Assets	$0.01
	Each 15 basis point Change in 2016 Year-End Discount Rate	$0.01

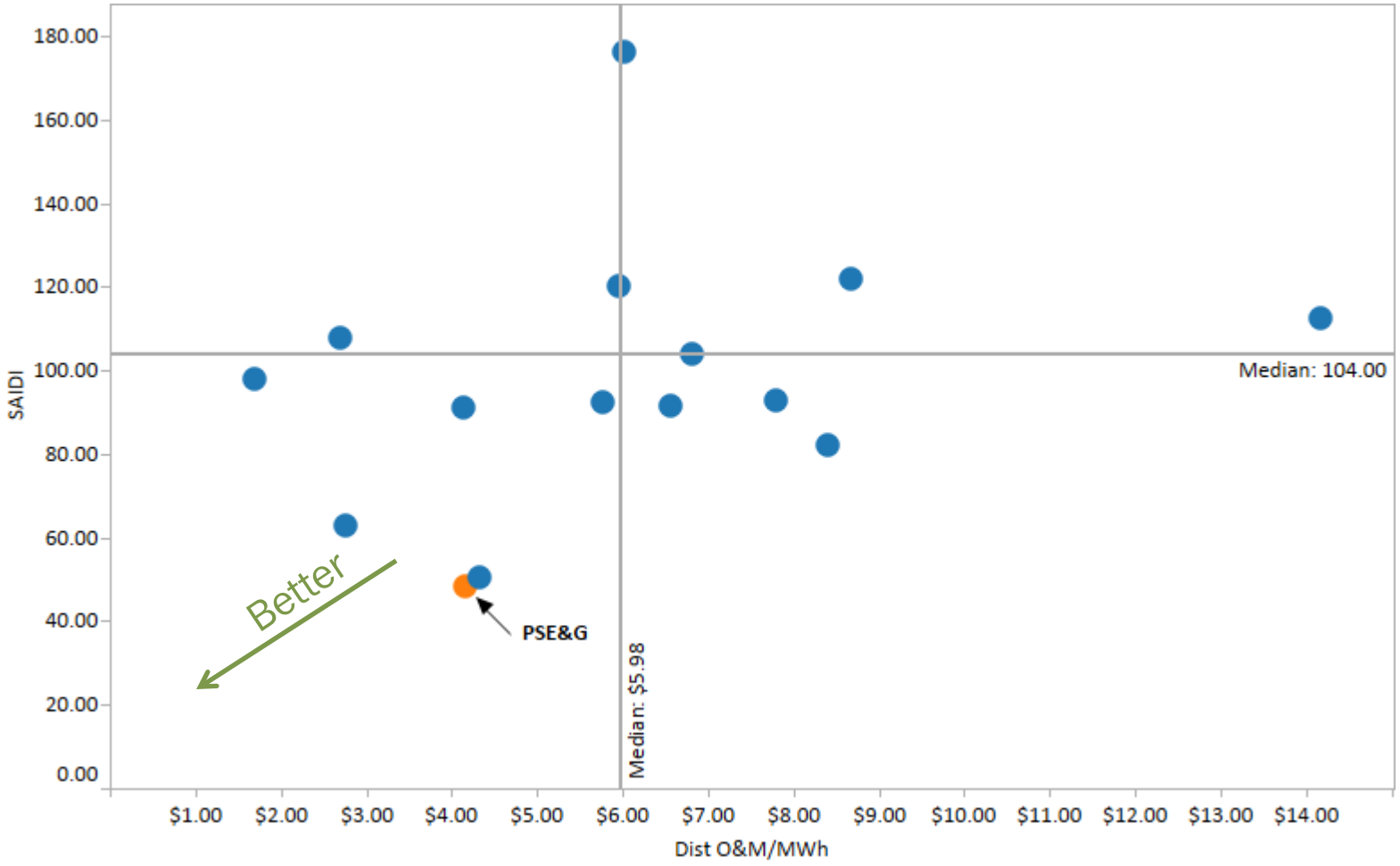
PSEG 2016 pension expense of $40M based on YE 2015 discount rate of 4.54% and 2016 expected rate of return on pension assets of 8%. As of 9/30/16, pension expense in 2017 is estimated to increase by ~$0.03 per share excluding any actuarial updates or other potential impacts that are under evaluation. This will be updated at year-end and managed as part of overall O&M.

PSEG Summary

- 2015 Operating Earnings (non-GAAP) were at the upper end of our upwardly revised guidance
- 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

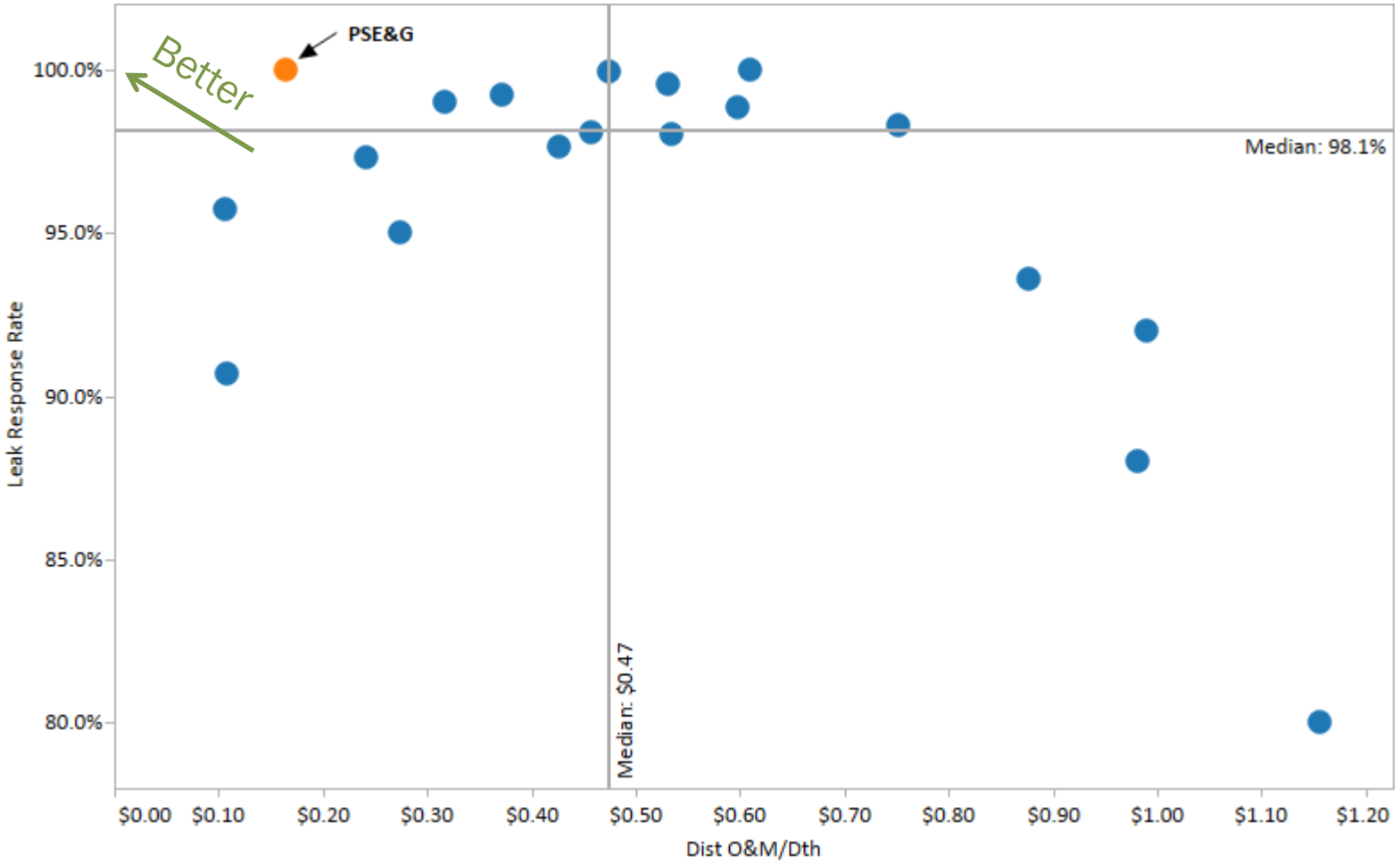
PSE&G provides high reliability at below average cost which creates superior value for customers



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

PSE&G prioritizes public safety

while maintaining value for customers



LEAK RESPONSE RATE = PERCENTAGE OF UTILITY RESPONSES TO REPORTED LEAKS WITHIN ONE HOUR. SOURCE: PSE&G.

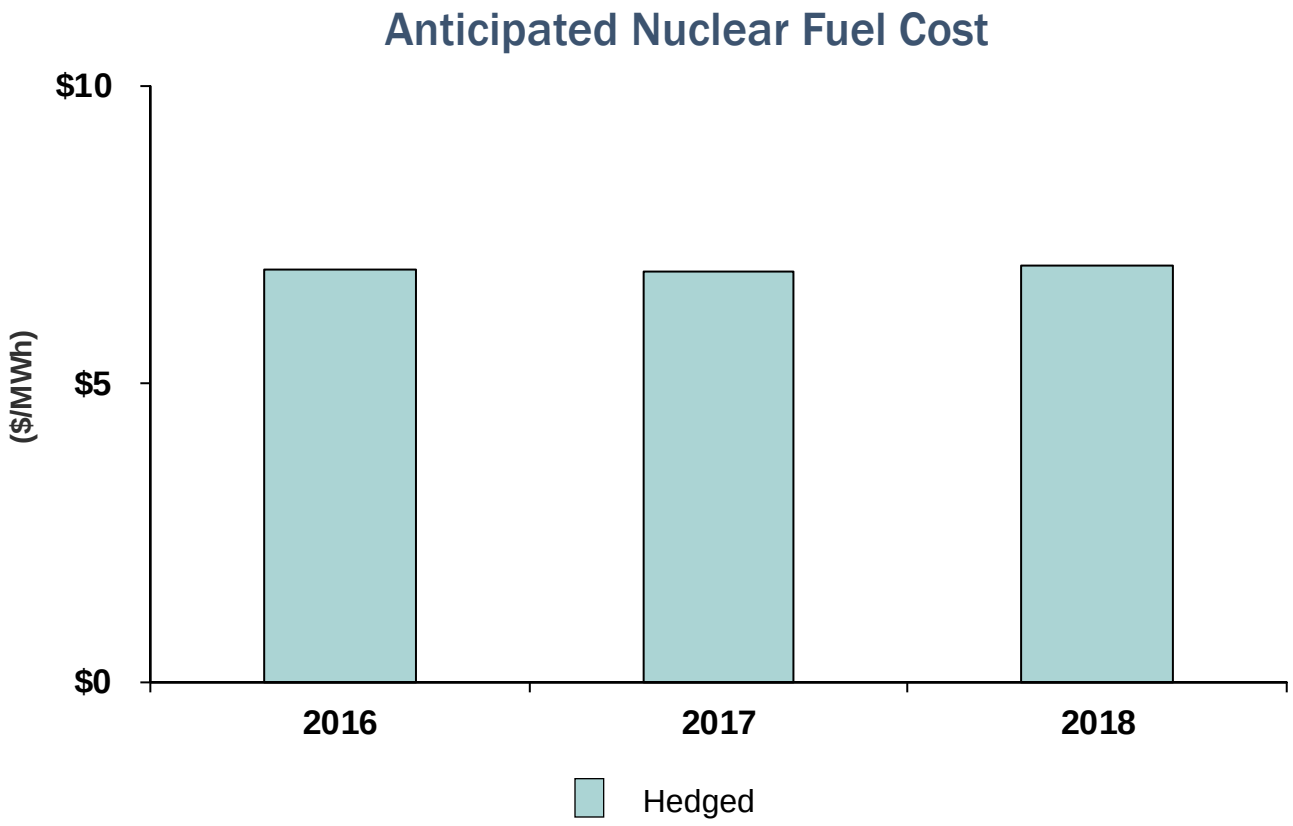
PSEG POWER AND ER&T APPENDIX

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	

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

Updating full-year 2016 Operating Earnings (non-GAAP) guidance to $2.80 - $2.95 from $2.80 - $3.00 per share

- ✓ Strong third quarter results were not sufficient to offset the lack of a winter
- ✓ Focused on meeting customer needs for clean, reliable, efficient delivery of energy

Infrastructure Spend

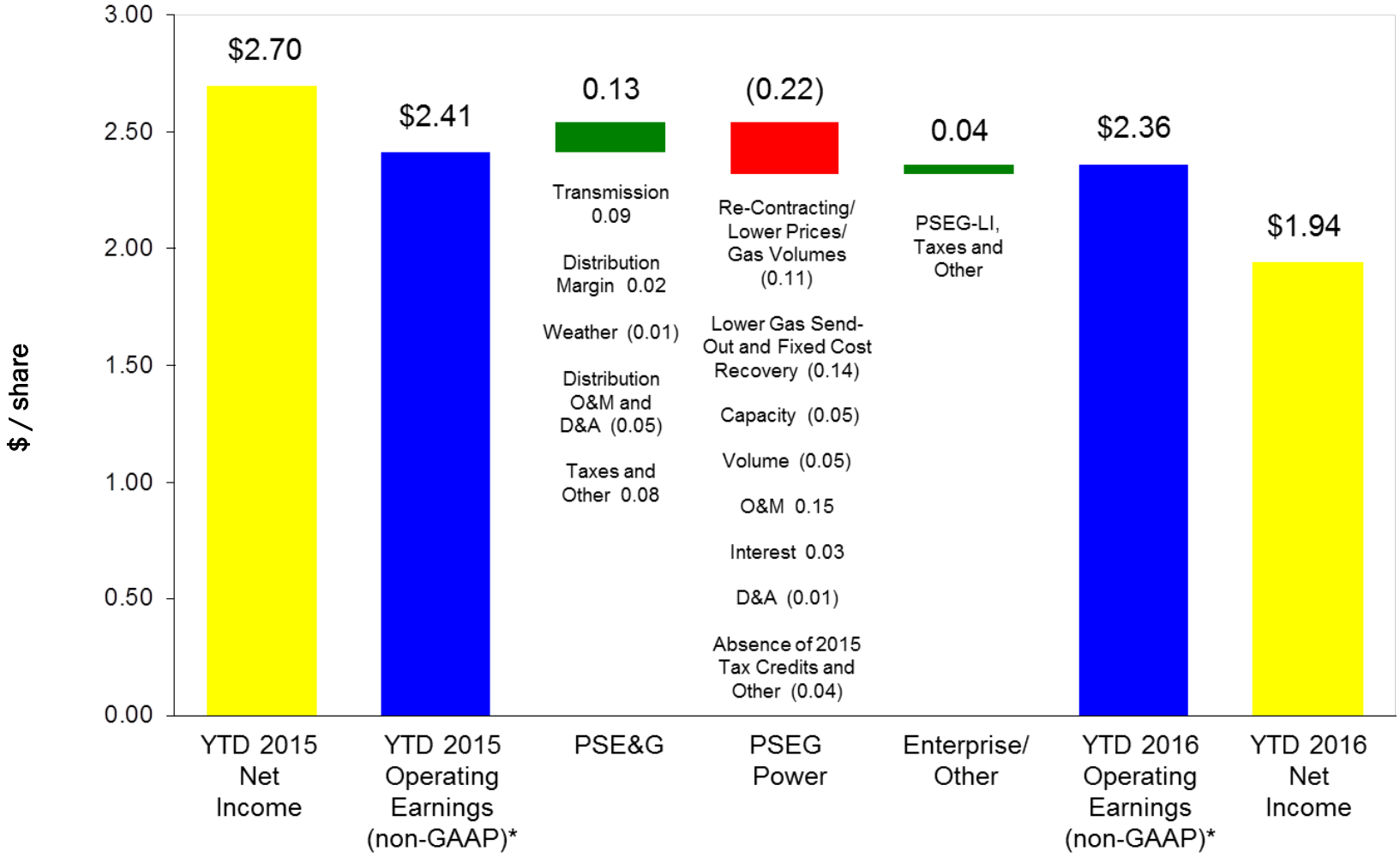
- ✓ PSE&G capital spending for 2016 expected to top $3 billion
- ✓ Keys, Sewaren and Bridgeport Harbor CCGT construction is on schedule and on budget
- ✓ PSE&G has identified more than $600 million year to date of additional infrastructure spend over the current capital spending plan of $12 billion in 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 September 30
- ✓ Announced retirement of Hudson and Mercer generating stations (totaling ~1,250 MW) planned for mid-2017 expected to improve Power's cash flow and return profile

* SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO OPERATING EARNINGS (NON-GAAP).

PSEG EPS Reconciliation – YTD 2016 versus YTD 2015



Our balance sheet remains strong

September 30, 2016

$ Billions	PSEG	PSE&G	Power
Cash and Cash Equivalents	$0.5	$0.4	$0.0
Short Term Debt	$0.2	$0.0	N/A
Long Term Debt	10.7	7.8	2.4
Common Equity	13.5	8.3	6.1
Total Capitalization	**$24.4**	**$16.1**	**$8.5**
Total Debt / Capitalization	**45%**	**49%**	**28%**

PSE&G Regulated Equity Ratio[1] 51.1%

(1) REGULATED EQUITY RATIO INCLUDES CUSTOMER DEPOSITS OF ~$96 MILLION AND EXCLUDES SHORT-TERM DEBT.

PSEG Liquidity as of September 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	$194	$1,406
	5-Year Credit Facility (Power)	Apr-20	$953 (B)	$11	$942
	5-year Credit Facility (PSEG)	Apr-19	$500	$10	$490
	5-year Credit Facility (PSEG)	Apr-20	$500 (C)	$255	$245
	Total Money Pool		$3,553	$470	$3,083
	Total		$4,153	$484	$3,669
				PSEG Money Pool ST Investment	$0
				PSE&G ST Investment	$357
				Total Liquidity Available	**$4,026**

(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 09/30/16 ($ millions)
Merchant Energy Leases		
NRG REMA	Keystone, Conemaugh & Shawville (PA) 3 coal-fired plants (1,162 equity MW)	**$219**
NRG Energy, Inc. / Midwest Gen**	Powerton & Joliet Generating Stations (IL) 2 coal-fired generating facilities (1,640 equity MW)	**$217**
Regulated Energy Leases		
Merrill Creek	Reservoir in NJ (PECO, MetEd, Delmarva Power & Light)	**$161**
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 - 25 properties	**$26**
Other	Land	**$5**
	Total Holdings Investments	**$699**

* 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 (non-GAAP)

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

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

(a) Includes the financial impact from positions with forward delivery months.

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

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

PSEG Power
Operating Earnings (non-GAAP) Reconciliation

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

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

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

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

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