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Evercore ISI CEO Conference
•
January 10-11, 2019
PSEG

Forward-Looking Statements

Certain of the matters discussed in this presentation about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations, and PSE&G's ability to recover costs and earn returns on authorized investments;
- the impact of any future rate case proceedings;
- risks associated with our ownership and operation of nuclear facilities, including regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as financial, environmental and health and safety risks;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets and leveraged leases;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

All of the forward-looking statements made in this presentation are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this presentation apply only as of the date of their date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this presentation are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

GAAP Disclaimer

PSEG presents Operating Earnings 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. Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. Non-GAAP Adjusted EBITDA excludes the same items as our non-GAAP Operating Earnings measure as well as income tax expense, interest expense and depreciation and amortization. The last three slides in this presentation (Slides A, B and C) include a list of items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA with a reference to those slides included on each of the slides where the non-GAAP information appears.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. Management believes non-GAAP 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 non-GAAP Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense and depreciation and amortization, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure and whether assets were constructed or acquired. Non-GAAP 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 non-GAAP Operating Earnings and non-GAAP 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, non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA as presented in this release may not be comparable to similarly titled measures used by other companies. Guidance provided herein is as of October 30, 2018.

Due to the forward looking nature of non-GAAP Operating Earnings and non-GAAP 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.

These materials and other financial releases can be found on the PSEG website at https://investor.pseg.com. From time to time, PSEG, PSE&G and PSEG Power release important information via postings on their corporate website at https://investor.pseg.com. Investors and other interested parties are encouraged to visit the corporate website to review new postings. The "email alerts" link at https://investor.pseg.com may be used to enroll to receive automatic email alerts and/or really simple syndication (RSS) feeds regarding new postings at https://investor.pseg.com/rss.

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

Ralph Izzo

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Dan Cregg

EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PSEG

We make things work for you.


PSE&G Represents 65% of Non-GAAP Operating Earnings
4.7% Increase in 2018 Common Dividend
Named to Dow Jones Sustainability Index for 11 Years in a Row
Promoting Sound Energy Policy
115 Years Investing in NJ's Critical Infrastructure
5–Year Investment Program Provides Opportunity for 8%-10% CAGR in PSE&G Rate Base
PSEG

Two strong businesses with a track record of success

PSEG

PSE&G

Electric & Gas Distribution and Transmission

Strategy: Investments aligned with public policy and customer needs

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

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

PSEG Power LLC

Regional Competitive Generation

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

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

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

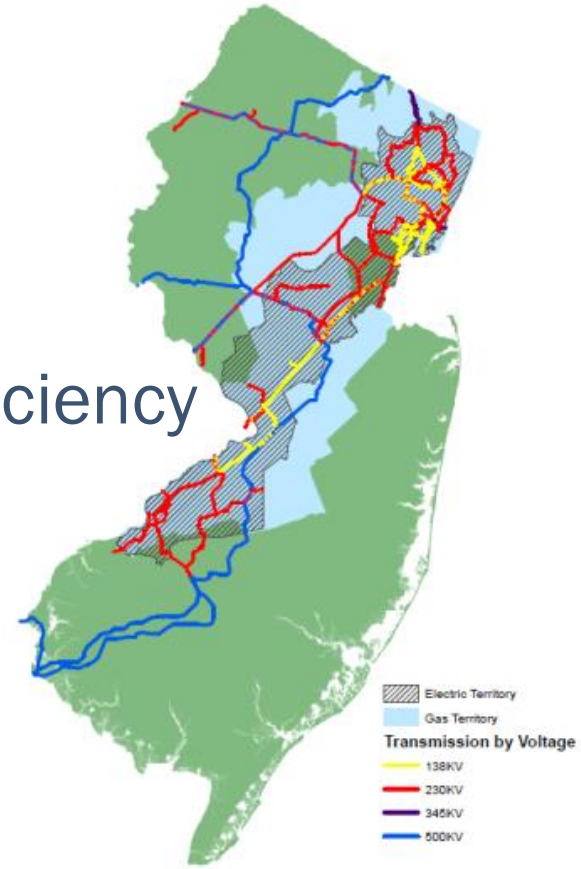
ASSETS AND NET INCOME ARE FOR THE YEAR ENDED 12/31/2017. PSE&G AND POWER DO NOT ADD TO TOTAL DUE TO ENTERPRISE / OTHER ACTIVITY. PSE&G 5 YEAR CAPITAL SPEND FORECAST UPDATED FOR CLEAN ENERGY FUTURE PROGRAM FILINGS

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

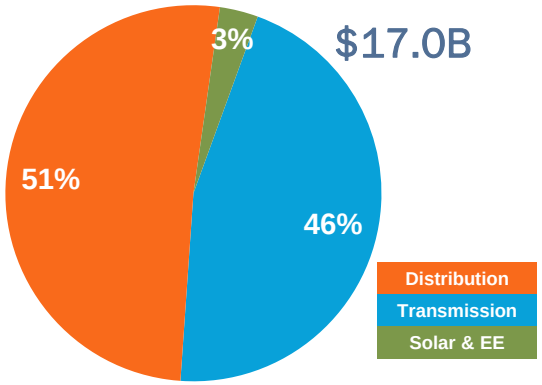
PSE&G –New Jersey's largest:

- Electric and Gas Distribution utility
- Transmission business
- Investor in renewables and energy efficiency
- Appliance service provider

	Electric	Gas
Customers Annual Customer Growth (2013–2017)	2.2 Million 0.6%	1.8 Million 0.5%
2017 Electric and Gas Sales	40,740 GWh	2,397M Therms*
Annual Growth in Residential Use per Customer (Weather-Normalized) (2013-2017)	(1.1)%	0.3%
Sales Mix (2017)		
Residential	32%	59%
Commercial	58%	37%
Industrial	10%	4%



PSE&G 2017 Rate Base



* GAS FIRM SALES ONLY.

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

Base Rate Case Settlement Approved

- Constructive outcome provides customers with rate stability and benefits PSE&G; new rates went into effect November 1st

NJ Regulators Endorsed Infrastructure Investment Program (IIP)

- GSMP II Approved; Energy Strong II Filed in June 2018

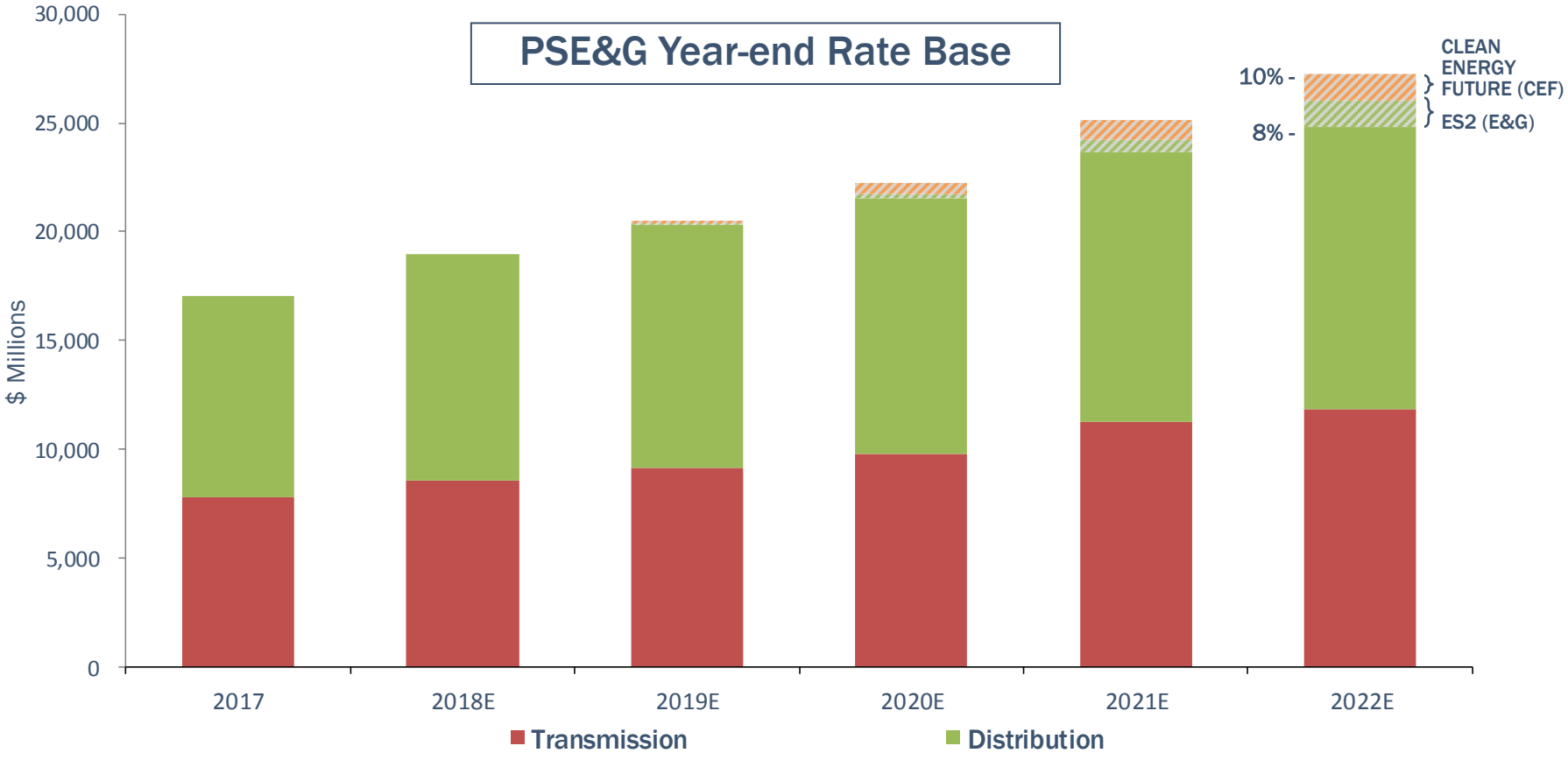
NJ Advances Clean Energy Future

- PSE&G filed Clean Energy Future programs in October 2018, consistent with NJ Clean Energy legislation, to invest in Energy Efficiency, Energy Storage, EVs and Energy Cloud – Advanced Metering Infrastructure (AMI)
- PSEG Power submitted applications for our NJ nuclear plants to receive Zero Emission Certificates (ZEC)

FERC/PJM Wholesale Market Reforms Underway

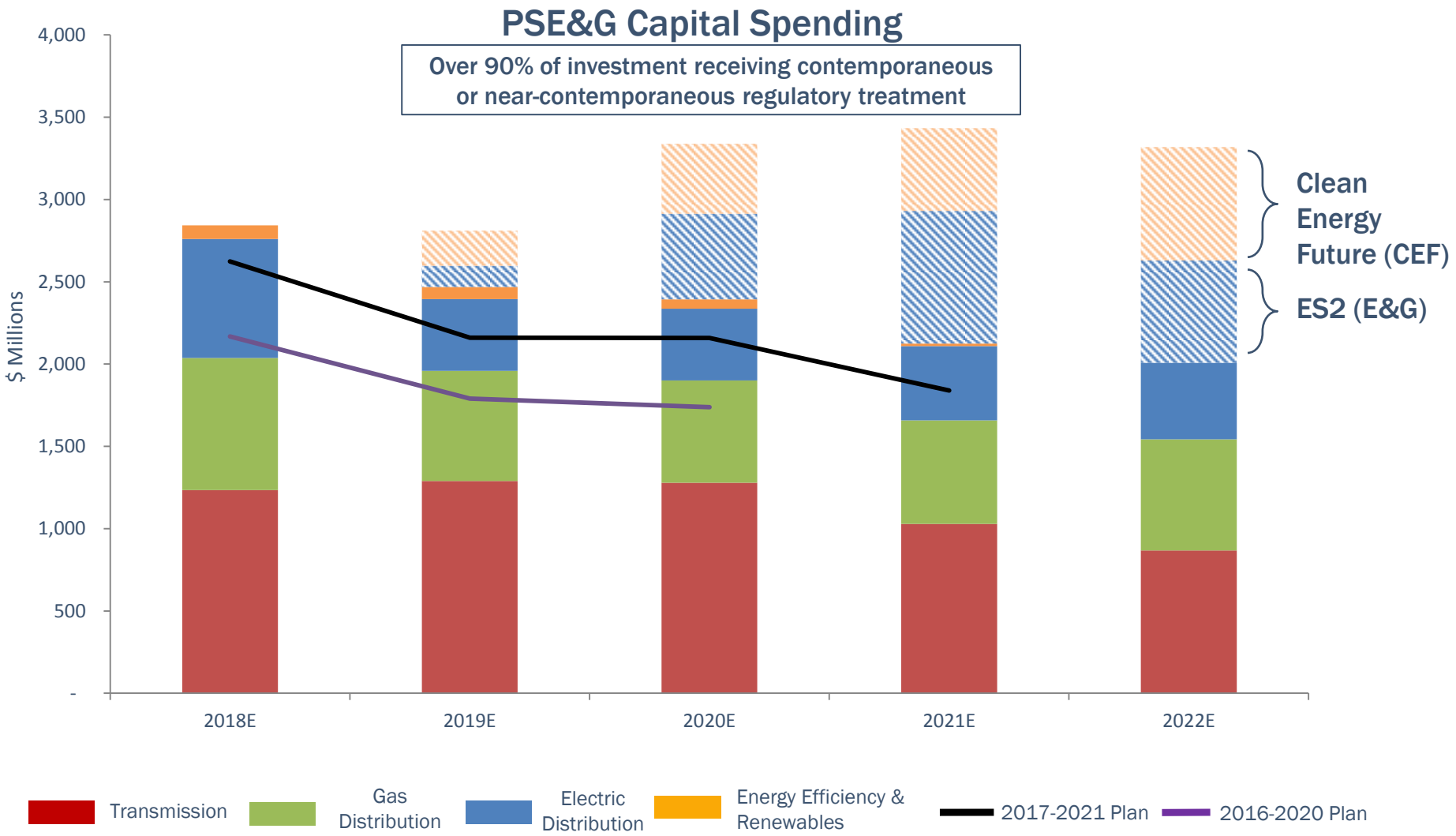
- FERC considering reforms to PJM's capacity market to accommodate resources supported by state public policies and to address price suppression
- Reform to PJM's fast-start market pricing rules pending at FERC; Other price formation reforms working through PJM stakeholder process

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



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

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



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

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

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

Distribution Rate Case Settlement Approved

- New rates went into effect November 1, 2018
- Bill impact is generally <1% per rate class. Combined, typical residential electric & gas customer bills are ~30% lower versus 2008 in nominal dollars

Key Terms

- ROE of 9.6%; 54% equity ratio
- Rate Base of $9.5B: $5.5B Electric and $4.0B Gas
- Base revenues include recovery of deferred storm costs (~$50M/year)
- Tax Adjustment Clause – Two tax items flowed back to customers, with a return on the portion related to rate base:
  1. Excess deferred taxes – Unprotected over five years; Protected via ARAM
  2. 'Safe Harbor Adjusted Repair Deduction' (SHARE) - Ongoing and 1/3 of historic balance
- Rate design changes:
  - Higher monthly fixed service charges for electric and gas bring us in line with other NJ utilities
  - Decoupling/lost revenues to be addressed in CEF filings

Annual Revenue Impact ($ Millions)	Electric	Gas	Total
Base Revenue	$89	$123	$212
Tax Adjustment Clause	(80)	(145)	(225)
Net Revenue Change	$9	$(22)	$(13)

ARAM = AVERAGE RATE ASSUMPTION METHOD
ROE = RETURN ON EQUITY.

Energy Strong Program Filing

PSE&G filed its Energy Strong II infrastructure program (ES2) in June which seeks to invest $2.5 billion, over a five-year period to further strengthen the utility's electric and gas systems to better withstand storms, increase reliability and significantly enhance resiliency

Electric:

- ✓ Provide flood mitigation for 16 stations within FEMA designated flood zones
- ✓ Rebuild 15 outdoor stations (most are pre-1956 vintage) in need of replacement
- ✓ Upgrade ~475 circuit miles
- ✓ Harden and increase redundancy/resiliency through circuit reconfiguration
- ✓ Modernize grid with an advanced distribution management system (ADMS) and fiber/mesh communication network

Gas:

- ✓ Improve the resiliency of PSE&G's gas distribution system to protect against potential interstate gas pipeline supply curtailments
- ✓ Rebuild and modernize seven gas Metering and Regulation stations

Before





After

Partnership for a Clean Energy Future:

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

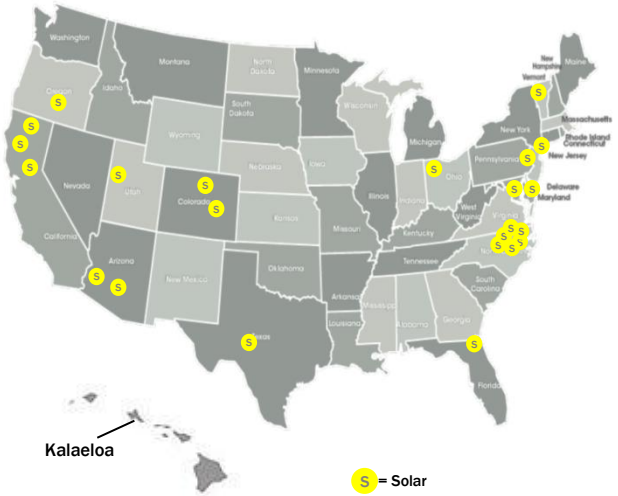
- **Energy Efficiency:** Residential and C&I programs to lower energy bills and combat climate change
  - Savings support 2% electric and 0.75% gas savings consistent with NJ Clean Energy Legislation
  - Customer benefits exceed costs
- **Electric Vehicles:** "Smart" electric vehicle infrastructure: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

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

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

Power's generating assets mainly located in three competitive markets





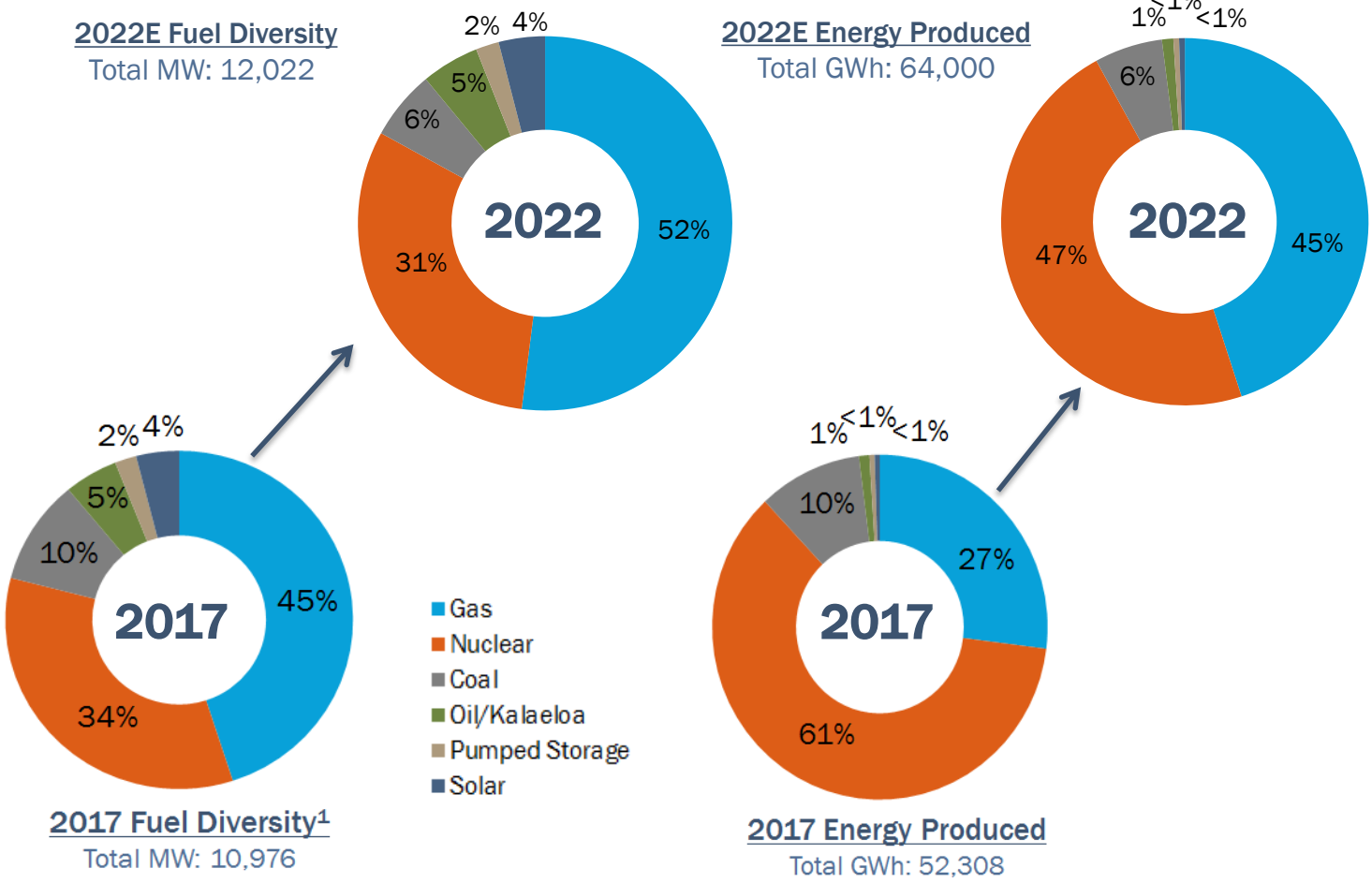
Power Ventures assets:

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

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

Power's fleet transformed with focus on improvement in efficiency

Projected Fleet Comparison 2017 to 2022E



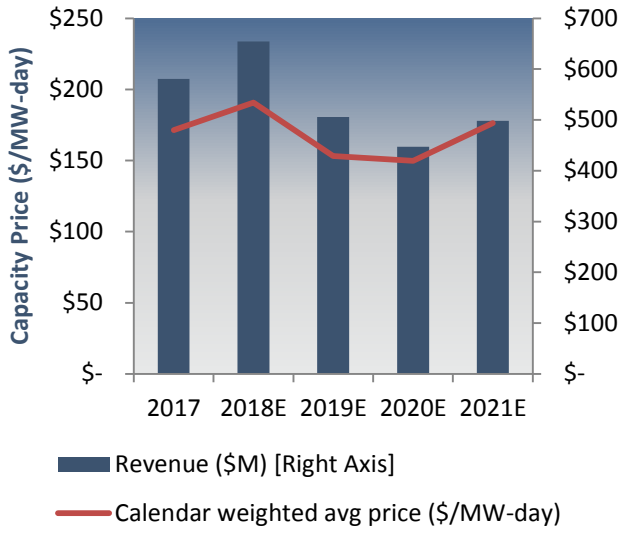
[1] REFLECTS RETIREMENT OF HUDSON AND MERCER UNITS IN JUNE 2017
E=ESTIMATE

Capacity markets provide a solid and continuing revenue stream in PJM

PJM's RPM Auction Results*

Delivery Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Power's Average Prices ($/MW-day)	$171	$205	$116	$174	$178
RTO Prices ($/MW-day)	$120	$165/$150 (CP/Base)	$100/$80 (CP/Base)	$77 (CP)	$140 (CP)
Power's Cleared Capacity (MW)	9,700	9,200	8,900	7,800	7,700

PJM Capacity Revenue

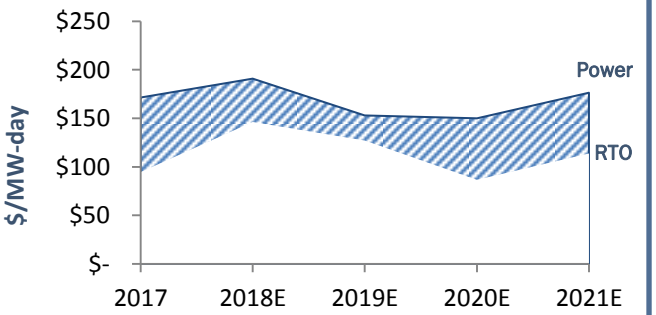


2020 Onward, RPM Auctions include 100% Capacity Performance and will be impacted by changes in:

- Net CONE
- PJM Parameters
- Load Forecasts
- Demand Response Rules
- Environmental Retirements

FERC/PJM to address price suppression

PJM Calendar Weighted Average Price



*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. E=ESTIMATE

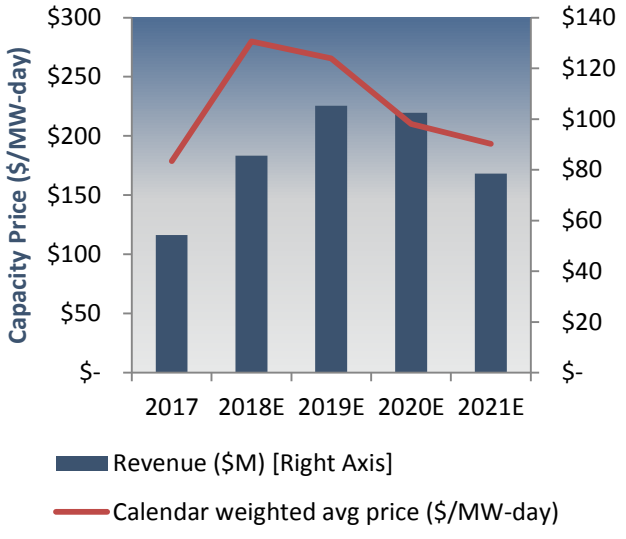
Capacity markets provide a solid and continuing revenue stream in ISO NE

ISO New England's Forward Capacity Market Auction Results

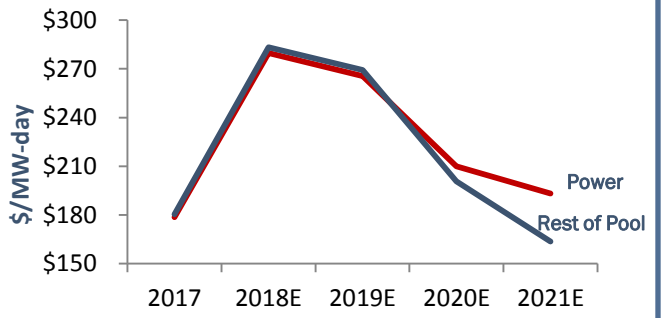
Delivery Year	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Power's Average Prices ($/MW-day)	$231	$314	$231	$195	$192
Power's Cleared Capacity* (MW)	850	830	1,330	1,330	940

Power's average price reflects Bridgeport Harbor 5, which cleared the 2019/2020 auction at $231/MW-day for seven years, with escalations based on Handy-Whitman Index

ISO NE Capacity Revenue



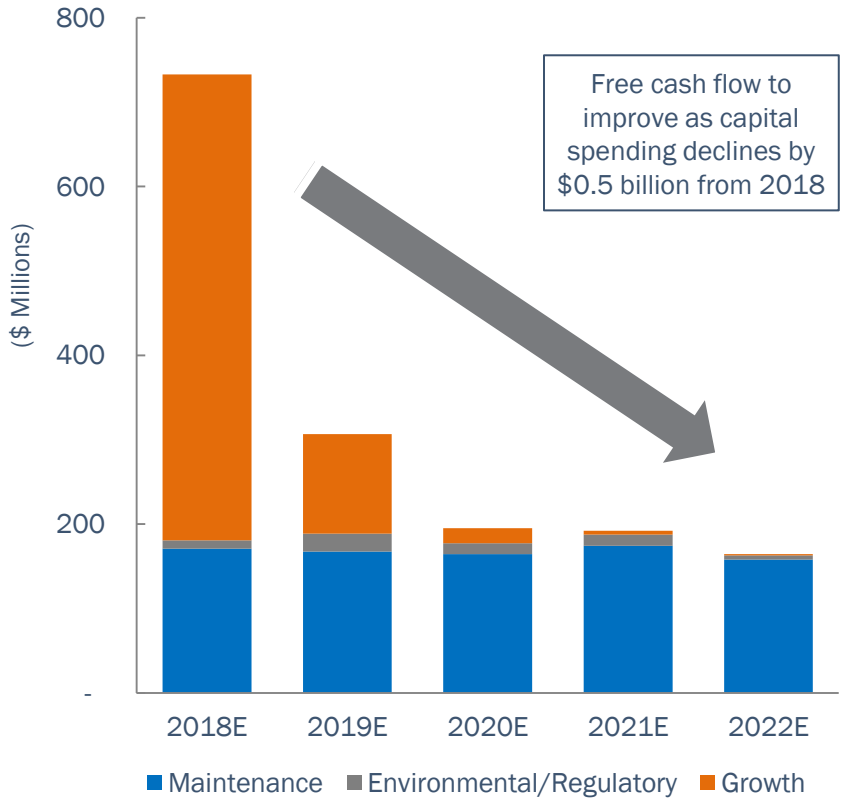
ISO NE Calendar Weighted Average Price



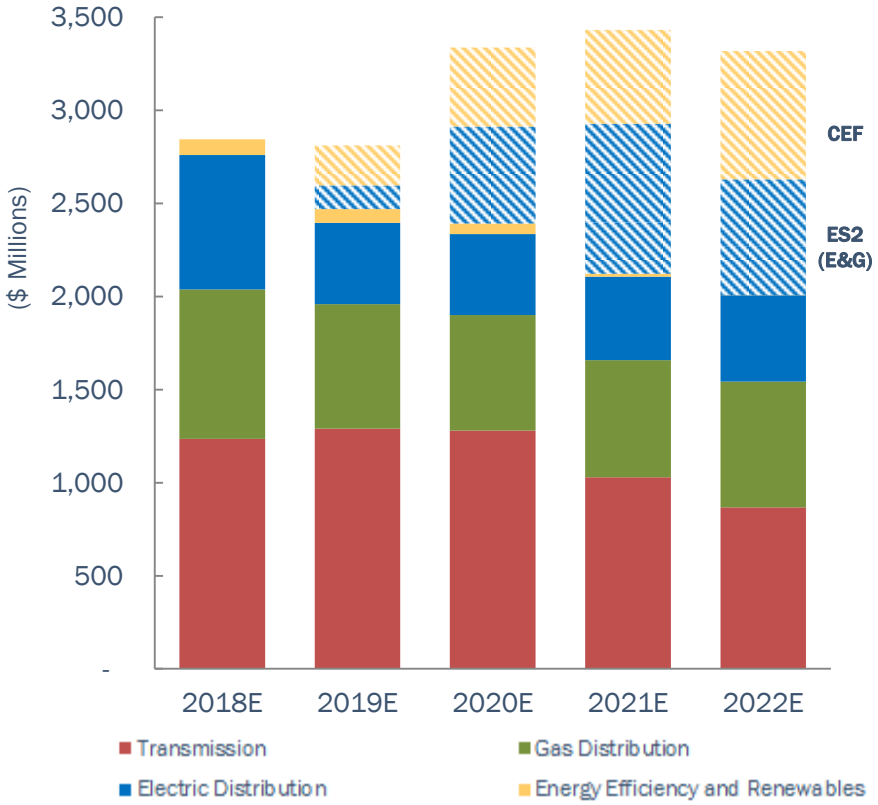
*PSEG POWER'S AVERAGE PRICES AND CLEARED CAPACITY (MW) REFLECT BRIDGEPORT HARBOR 5 TARGETED ADDITION IN MID-2019 AND THE ANNOUNCED RETIREMENT OF BRIDGEPORT HARBOR 3 IN THE SUMMER OF 2021. DELIVERY YEARS RUN FROM JUNE 1 TO MAY 31 OF THE NEXT CALENDAR YEAR. E=ESTIMATE

Power's free cash flow improves as construction program ends

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

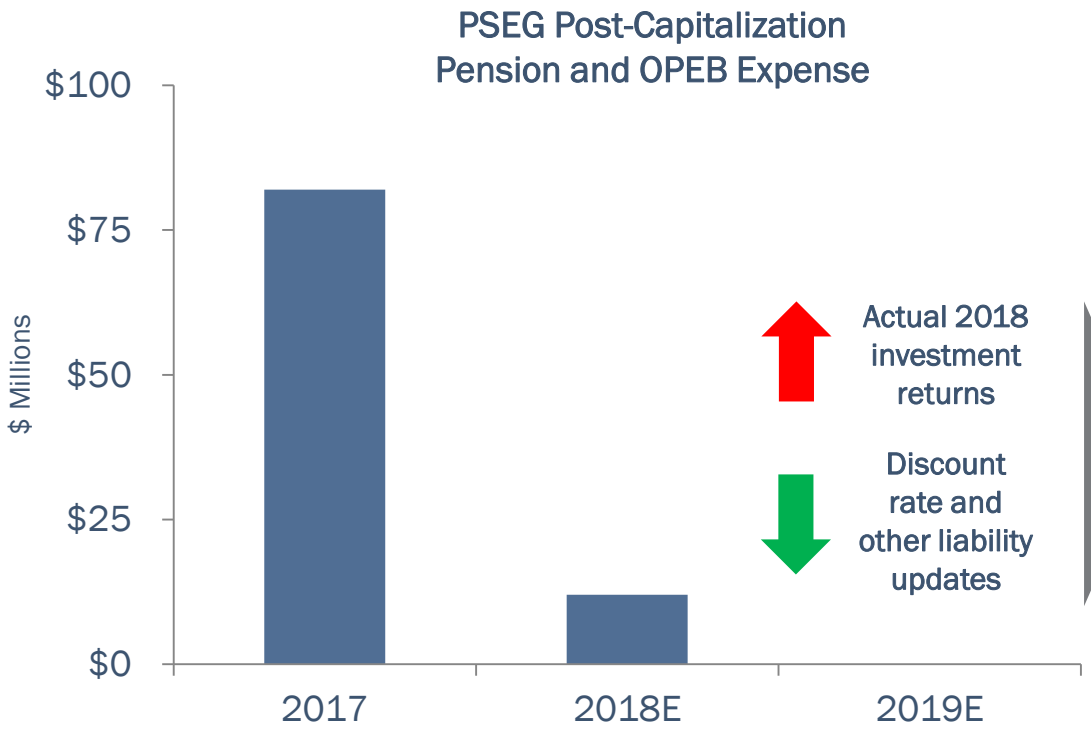


PSE&G
2018E – 2022E Capital Spending (1) (2)



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

Manageable Pension and OPEB Expense



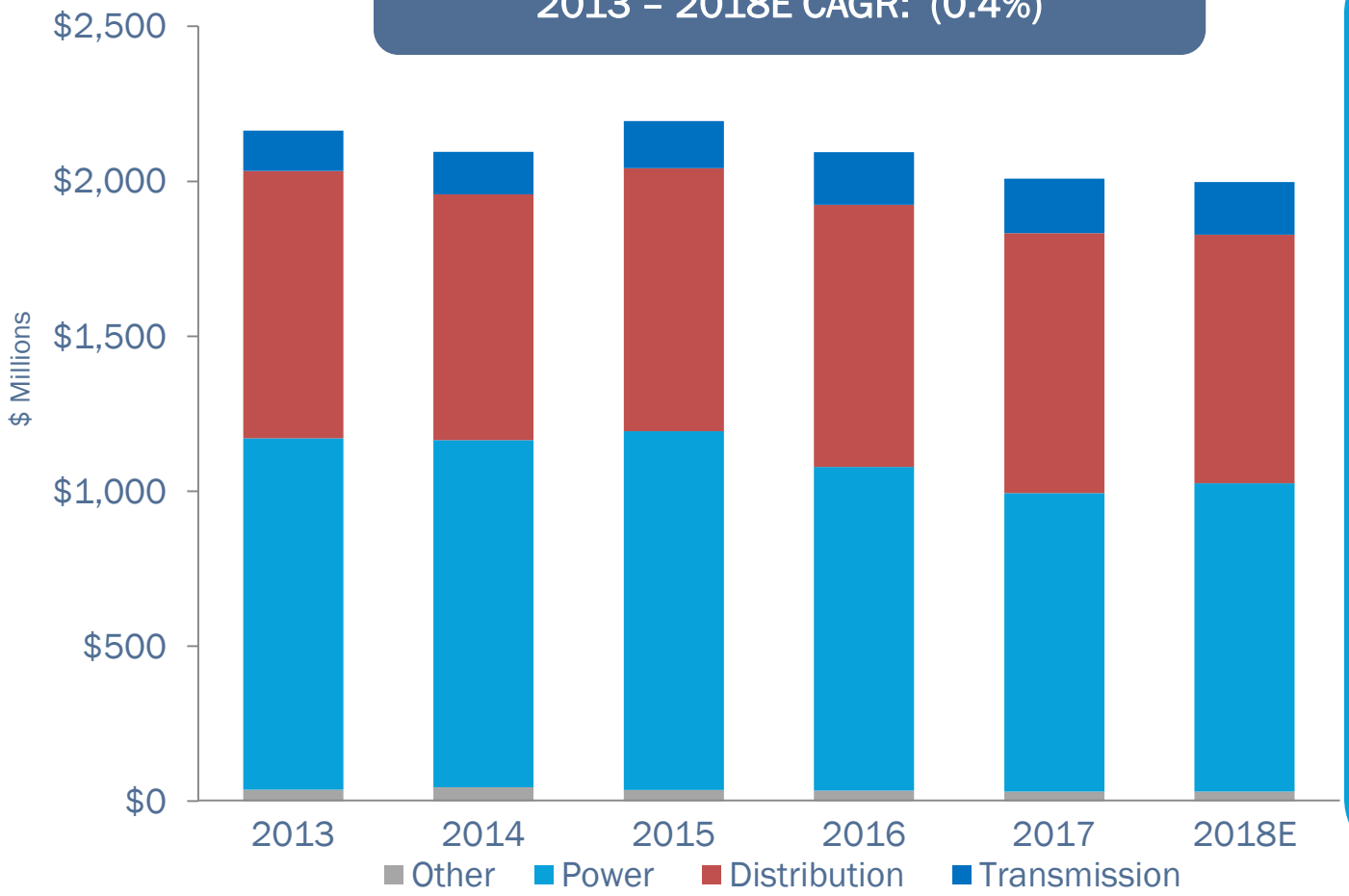
Pension & OPEB expense details will be updated at year-end and managed as part of overall O&M

- The estimated decrease in expense includes an approximate reduction of $60 million due to the adoption of a new accounting standard in 2018 which no longer allows the capitalization of non-service components of Pension and OPEB costs (credits)

E = ESTIMATE.

PSEG has controlled O&M

PSEG O&M Expense (1)
2013 – 2018E CAGR: (0.4%)



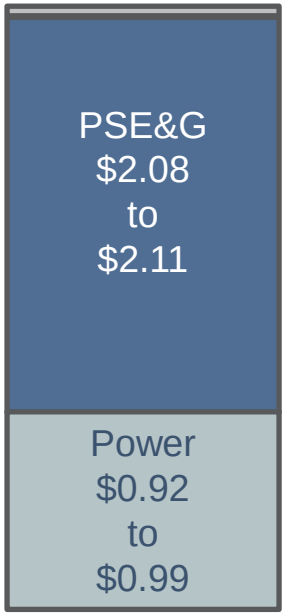
Cost Control Actions

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

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

Drivers in 2019 include rate base growth, enhancing utility results, and power market headwinds

$3.05 - $3.15E



2018 Operating Earnings Guidance*

\+

Rate Base Growth
Higher Equity %
Tax Flow Backs

ZECs
New Units

—

ROE-Distribution

Re-contracting
Capacity
IDC/Interest
Taxes

90% of PSEG's $17.5B capital spend (2018-2022) directed to Utility and receives contemporaneous or clause-based regulatory treatment

PSE&G's rate base CAGR of 8%-10% over the 2018-2022 planning period continues to drive PSEG's earnings profile

Power expects re-contracting at lower prices, lower capacity revenues beginning June 2019 from prior auction results

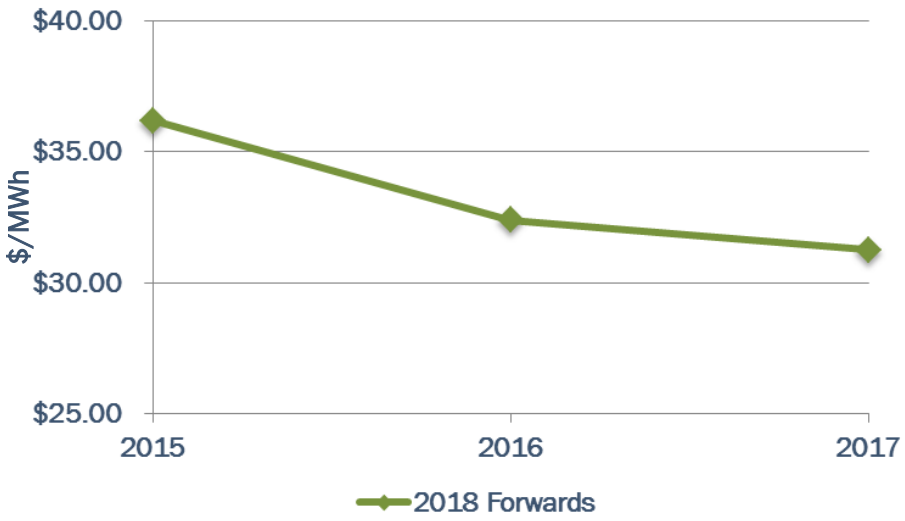
PSE&G Power Enterprise/Other

*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO NON-GAAP OPERATING EARNINGS; SLIDE B FOR A RECONCILIATION OF NET INCOME TO OPERATING EARNINGS FOR PSE&G AND PSEG ENTERPRISE/OTHER; AND SLIDE C FOR PSEG POWER . E= ESTIMATE.

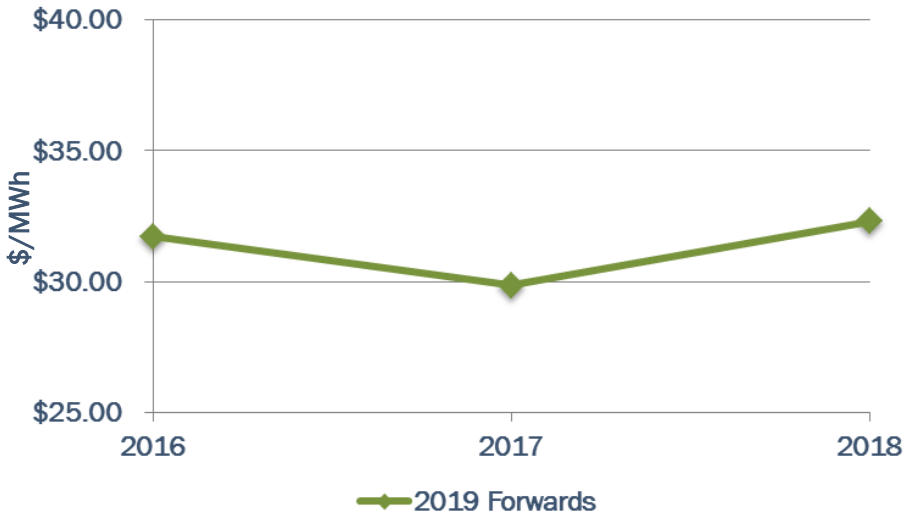
Re-contracting for 2019 influenced by declines in prior forward prices, lowering year-over-year margin on contracted volumes

PJM Western Hub RTC

2018 Forwards



2019 Forwards

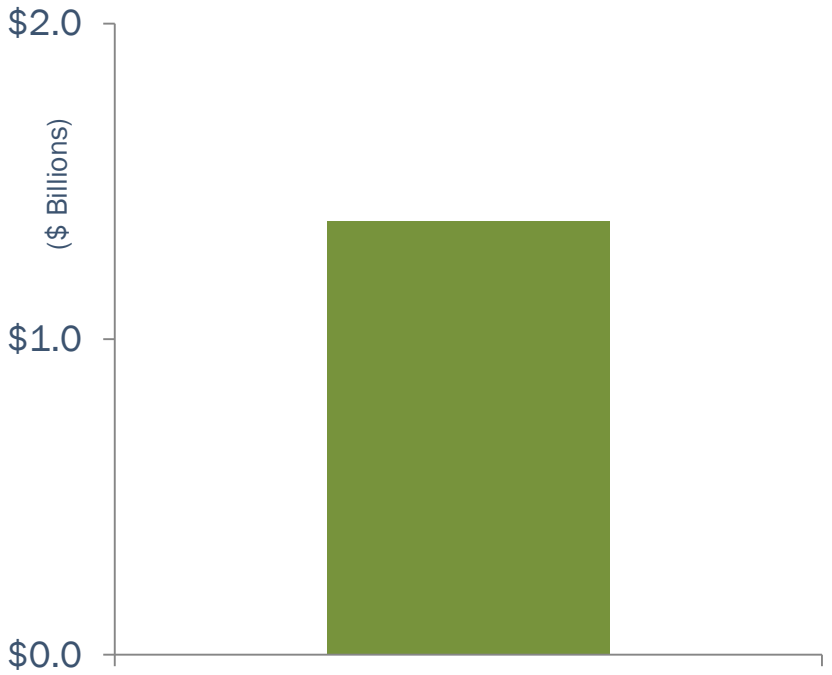


Solid credit metrics support additional debt capacity

Average Funds From Operations/Debt 2019E – 2021E

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

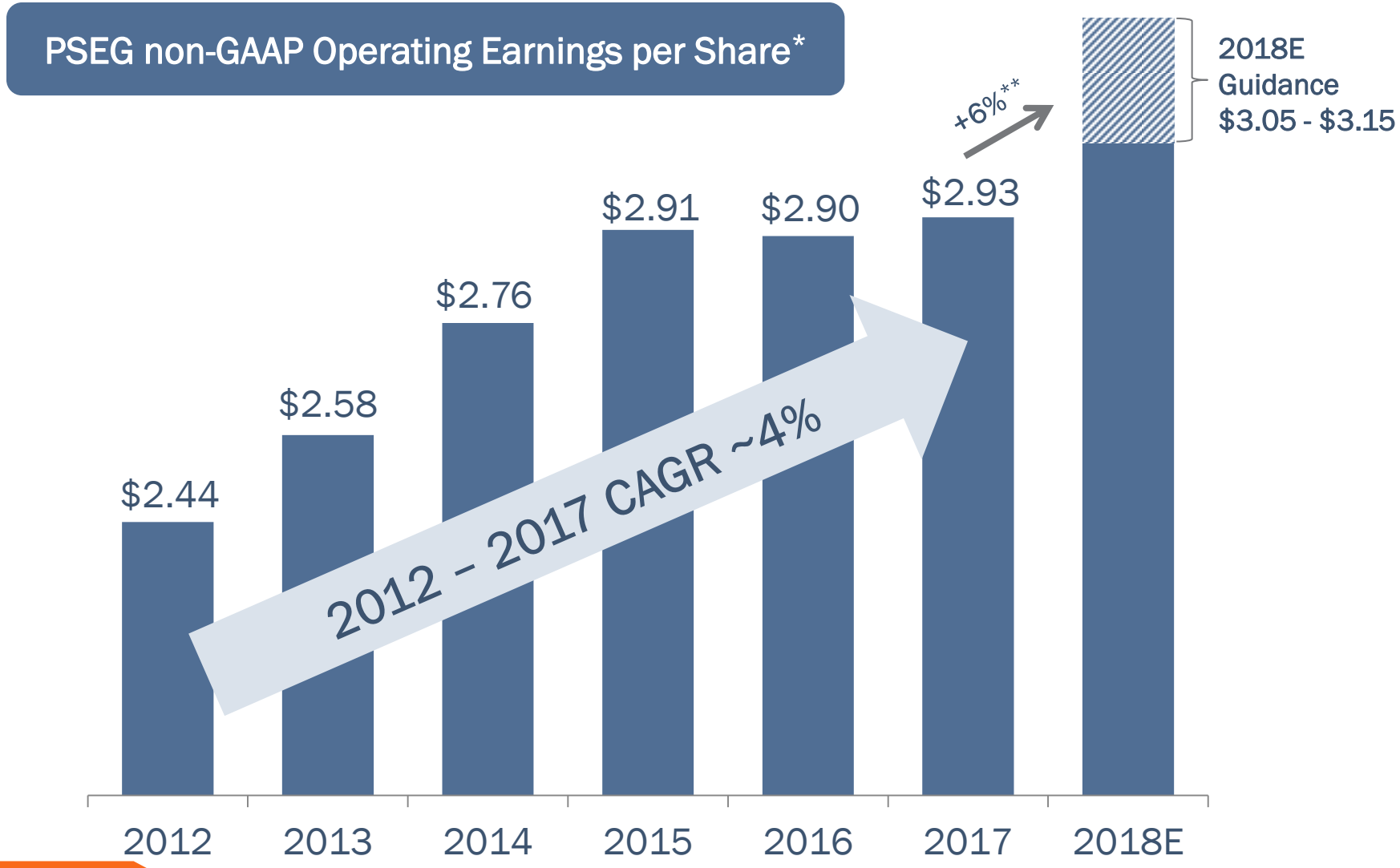
Total Incremental Debt Capacity 2019E – 2021E (PSEG and Power)



Incremental capacity invested in PSE&G would be matched with utility debt

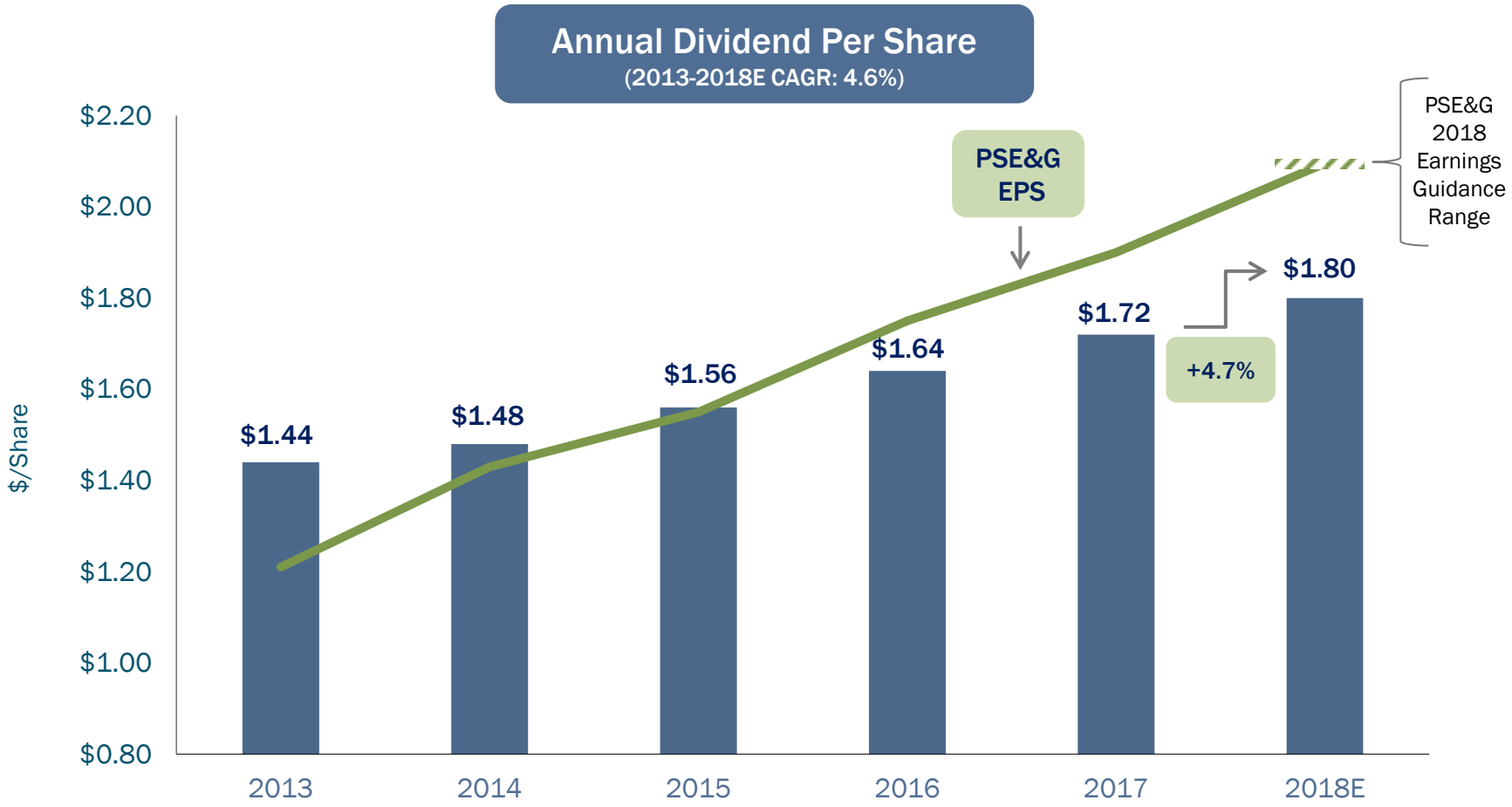
NOTE: NORMALIZED FOR ANTICIPATED REMA TAX PAYMENT IN 2020E. INCLUDES ANTICIPATED ZEC REVENUES BEGINNING IN APRIL 2019. E=ESTIMATE

Strategic focus continues to deliver solid results



*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO NON-GAAP OPERATING EARNINGS.
**BASED ON THE MID-POINT OF 2018 NON-GAAP OPERATING EARNINGS GUIDANCE OF $3.05 TO $3.15 PER SHARE.
E= ESTIMATE.

Opportunity for consistent and sustainable dividend growth



PSEG Value Proposition



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

PSEG Meeting Takeaways

Enhanced Stability, Risk Mitigated

Regulatory & Policy Focus De-risks/Presents Opportunities

- Base distribution rate case completed; GSMP II approved; IIP adopted
- ZEC law aims to preserve nuclear; Clean Energy law cites lost revenues
- Power fleet efficiency & geographic diversity improved with new CCGTs
- Capacity market stability through May 2022

Regulated Growth Plan In Place

Among Highest Regulated Growth Rates

- Rate Base CAGR at 8%-10% (2018-2022) fueled by GSMP I and II, ES I and II, CEF filings, and transmission investment
- At Power, NJ ZEC applications filed; PJM Price Formation reform pending
- Clean Energy Law has investable potential

Financial Strength

Financial Strength Remains Intact

- Stable credit metrics (FFO/Debt, credit ratings) enabling accelerated return of excess deferred taxes will also increase rate base
- Higher 54% equity ratio at PSE&G coming out of rate case
- No new equity needed to finance 2018-2022 capital plan
- Dividend policy: Opportunity for consistent & sustainable growth

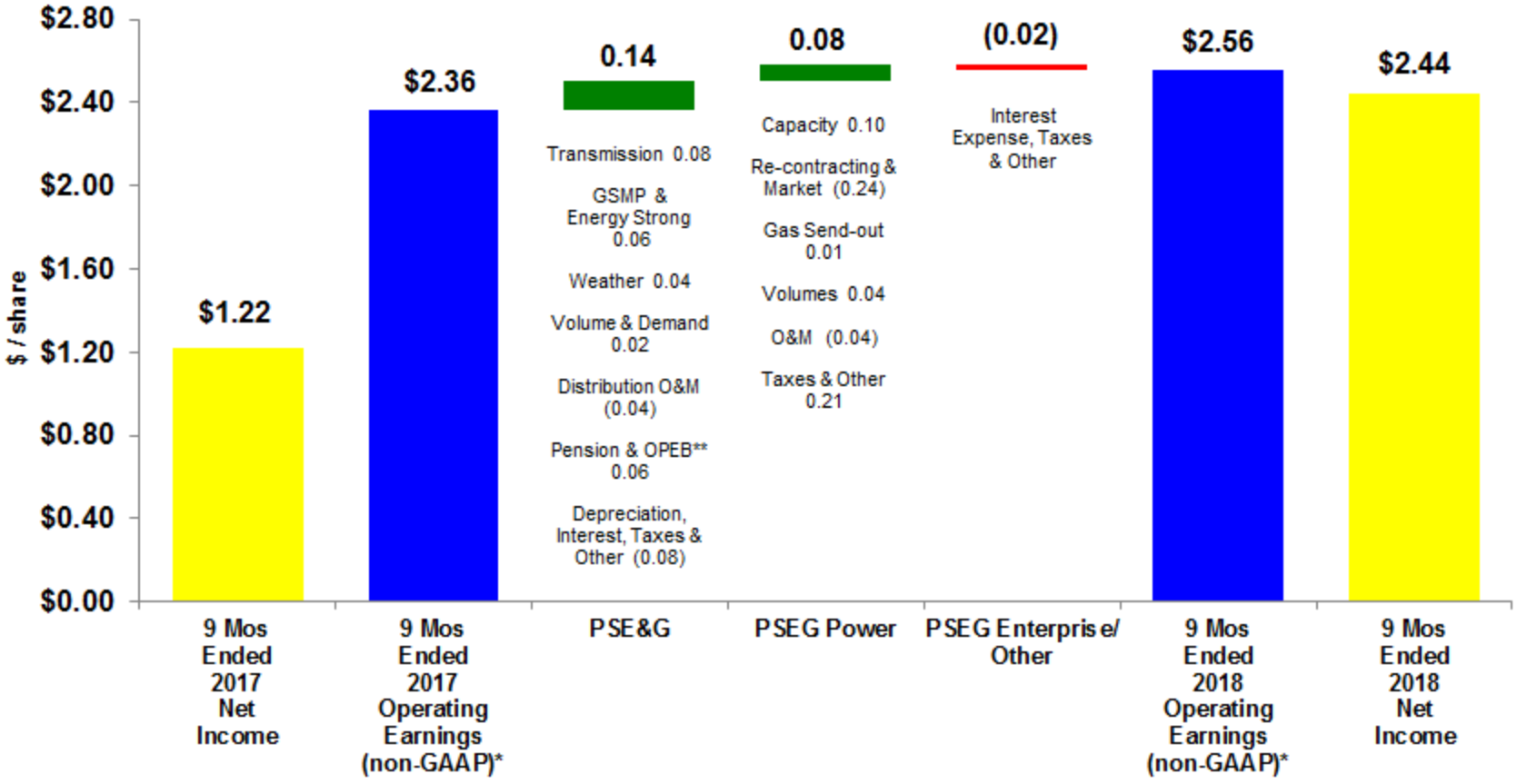
PSEG FINANCIAL APPENDIX

PSEG

We make things work for you.

PSEG EPS Reconciliation – Nine Months 2018 versus Nine Months 2017

Utility investment and tax reform drove nine months ended September 30, 2018 growth



*SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO NON-GAAP OPERATING EARNINGS
**REFLECTS THE IMPACT OF NEW ACCOUNTING GUIDANCE EFFECTIVE JANUARY 1, 2018 WHICH NO LONGER ALLOWS CAPITALIZATION OF NON-SERVICE COMPONENTS OF PENSION AND OPEB COSTS AND REQUIRES THE RECLASSIFICATION OF THESE COSTS BELOW OPERATING INCOME.
NOTE: PRIOR QUARTER RESULTS MAY NOT ADD TO YEAR-TO-DATE TOTALS DUE TO ROUNDING.

PSEG – Financial Results by Subsidiary

PSEG EPS Summary – Nine Months Ended September 30

GAAP Net Income/(Loss)	2018	2017	Change
PSE&G	$ 1.63	$ 1.49	$ 0.14
PSEG Power	$ 0.79	$ (0.26)	$ 1.05
PSEG Enterprise/Other	$ 0.02	$ (0.01)	$ 0.03
Total PSEG	$ 2.44	$ 1.22	$ 1.22

Non-GAAP Operating Earnings*	2018	2017	Change
PSE&G	$ 1.63	$ 1.49	$ 0.14
PSEG Power	$ 0.88	$ 0.80	$ 0.08
PSEG Enterprise/Other	$ 0.05	$ 0.07	$ (0.02)
Total PSEG	$ 2.56	$ 2.36	$ 0.20

*SEE SLIDES A, B AND C FOR ITEMS EXCLUDED FROM NET INCOME/(LOSS) TO RECONCILE TO OPERATING EARNINGS (NON-GAAP) FOR PSEG, PSEG POWER AND PSEG ENTERPRISE/OTHER.

PSEG 2018 Guidance - By Subsidiary

Segment Operating Earnings Guidance and Prior Results (non-GAAP, as noted)*

$ Millions (except EPS)	2018E	2017
PSE&G	$1,055 - $1,070	$963
PSEG Power (non-GAAP)*	$465 - $500	$505
PSEG Enterprise/Other	$25 - $25	$20
Operating Earnings (non-GAAP)*	$1,545 - $1,595	$1,488
Operating EPS (non-GAAP)*	**$3.05 - $3.15E**	**$2.93**

Adjusted EBITDA (non-GAAP)*

$ Millions	2018E	2017
PSEG Power	$1,045 - $1,100	$1,172

*SEE SLIDES A, B, AND C FOR ITEMS EXCLUDED FROM NET INCOME/(LOSS) TO RECONCILE TO OPERATING EARNINGS (NON-GAAP) AND SLIDE C FOR ITEMS EXCLUDED FROM NET INCOME/(LOSS) TO RECONCILE TO OPERATING EARNINGS (NON-GAAP) AND ADJUSTED EBITDA (NON-GAAP).
E = ESTIMATE.

Reconciliation of Non-GAAP Operating Earnings

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

Reconciling Items	Three Months Ended September 30,		Nine Months Ended September 30,		Year-Ended December 31,
	2018	2017	2018	2017	2017
	($ millions, Unaudited)				
Net Income	$ 412	$ 395	$ 1,239	$ 618	$ 1,574
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)[a]	(43)	(22)	(28)	(69)	(133)
(Gain) Loss on Mark-to-Market (MTM), pre-tax [b] (PSEG Power)	133	46	82	-	167
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	-	9	3	960	975
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	20	77	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(21)	(11)	(18)	(387)	(427)
Tax Reform	-	-	-	-	(745)
Operating Earnings (non-GAAP)	$ 481	$ 417	$ 1,298	$ 1,199	$ 1,488
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	507
	($ Per Share Impact - Diluted, Unaudited)				
Net Income	$ 0.81	$ 0.78	$ 2.44	$ 1.22	$ 3.10
(Gain) Loss on NDT Fund Related Activity, pre-tax[a] (PSEG Power)	(0.08)	(0.05)	(0.05)	(0.14)	(0.26)
(Gain) Loss on MTM, pre-tax [b] (PSEG Power)	0.26	0.09	0.16	-	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	-	0.02	0.01	1.89	1.92
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	0.03	0.15	0.15
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(0.04)	(0.02)	(0.03)	(0.76)	(0.84)
Tax Reform	-	-	-	-	(1.47)
Operating Earnings (non-GAAP)	$ 0.95	$ 0.82	$ 2.56	$ 2.36	$ 2.93

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
(b) Includes the financial impact from positions with forward delivery months.
(c) Income tax effect calculated at 28.11% for 2018 and 40.85% statutory rate for 2017, 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 statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

Reconciliation of Non-GAAP Operating Earnings for PSE&G and Enterprise/Other

PSE&G Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	Three Months Ended September 30,		Nine Month Ended September 30,		Year-Ended December 31,
	2018	2017	2018	2017	2017
	($ millions, Unaudited)				
Net Income	$ 278	$ 246	$ 828	$ 753	$ 973
Tax Reform	-	-	-	-	(10)
Operating Earnings (non-GAAP)	$ 278	$ 246	$ 828	$ 753	$ 963
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	507

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

Reconciling Items	Three Months Ended September 30,		Nine Month Ended September 30,		Year-Ended December 31,
	2018	2017	2018	2017	2017
	($ millions, Unaudited)				
Net Income (Loss)	$ 9	$ 13	$ 11	$ (4)	$ 122
Lease Related Activity, pre-tax	-	-	20	77	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[(a)]	-	-	(6)	(32)	(32)
Tax Reform	-	-	-	-	(147)
Operating Earnings (non-GAAP)	$ 9	$ 13	$ 25	$ 41	$ 20
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507	507	507

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.

Reconciliation of Non-GAAP Operating Earnings and Non-GAAP Adjusted EBITDA

PSEG Power Operating Earnings (non-GAAP) and Adjusted EBITDA (non-GAAP) Reconciliation

Reconciling Items	Three Months Ended September 30,		Nine Month Ended September 30,		Year-Ended December 31,
	2018	2017	2018	2017	2017
	($ millions, Unaudited)				
Net Income (Loss)	**$ 125**	**$ 136**	**$ 400**	**$ (131)**	**$ 479**
(Gain) Loss on NDT Fund Related Activity, pre-tax[a]	(43)	(22)	(28)	(69)	(133)
(Gain) Loss on MTM, pre-tax [b]	133	46	82	-	167
Hudson/Mercer Early Retirement, pre-tax	-	9	3	960	975
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(21)	(11)	(12)	(355)	(395)
Tax Reform	-	-	-	-	(588)
Operating Earnings (non-GAAP)	**$ 194**	**$ 158**	**$ 445**	**$ 405**	**$ 505**
Depreciation and Amortization, pre-tax [d]	91	77	253	256	333
Interest Expense, pre-tax [d] [e]	29	12	46	40	48
Income Taxes [d]	46	109	139	275	286
Adjusted EBITDA (non-GAAP)	**$ 360**	**$ 356**	**$ 883**	**$ 976**	**$ 1,172**
PSEG Fully Diluted Average Shares Outstanding (in millions)	**507**	**507**	**507**	**507**	**507**

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
(b) Includes the financial impact from positions with forward delivery months.
(c) Income tax effect calculated at 28.11% for 2018 and 40.85% statutory rate for 2017, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (losses) from qualified NDT funds.
(d) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.
(e) Net of capitalized interest.