
NYSE:
PEG
March 2019 PSEG Investor Update
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;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- 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 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;
- the impact on our New Jersey nuclear plants of the failure of such plants to be selected to participate in the Zero Emissions Certificate (ZEC) program or adverse changes to the capacity market construct;
- 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, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets and leveraged leases;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

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

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

GAAP Disclaimer

PSEG presents Operating Earnings in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings 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. 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 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. The presentation of non-GAAP Operating Earnings 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 as presented in this release may not be comparable to similarly titled measures used by other companies.

Due to the forward looking nature of non-GAAP Operating Earnings guidance, PSEG is unable to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measure. Management is unable to project certain reconciling items, in particular MTM and NDT gains (losses), for future periods due to market volatility. Guidance included herein is as of February 27, 2019.

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
nearly 75% of Non-GAAP
Operating Earnings Guidance
$0.08 Increase in
Indicative 2019
Common Dividend
Member of
Dow Jones
Sustainability Index
for 11 Years in a Row
Promoting
Sound Energy
Policy
116
Years
Investing
in NJ's
Critical
Infrastructure
5–Year Investment Program
Provides Opportunity for
7%-9% CAGR
in PSE&G Rate Base
PSEG

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
- 112-year record of paying common dividends with opportunity for consistent, sustainable growth

Two strong businesses with a track record of success



Electric & Gas Distribution and Transmission

Strategy: Investments aligned with public policy and customer needs

Value Proposition: A $11 Billion - $16 Billion infrastructure program expected to produce 7%-9% annual rate base growth through 2023

2018	Assets $31B Net Income $1,067M

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

2018	Assets $13B Net Income $365M Non-GAAP Operating Earnings* $502M

ASSETS AND NET INCOME ARE FOR THE YEAR ENDED 12/31/2018. PSE&G AND POWER DO NOT ADD TO TOTAL DUE TO PSEG ENTERPRISE / OTHER ACTIVITY.
*SEE SLIDE A FOR A RECONCILIATION OF NET INCOME TO NON-GAAP OPERATING EARNINGS AND SLIDE B FOR RECONCILIATION FOR PSEG POWER

Delivering on commitments, realizing growth

Operational Excellence

- PSE&G: 17 consecutive years of recognition as the most reliable utility in the Mid-Atlantic region
- PSEG Power: Fleet moving towards improved efficiency and environmental position
- PSEG Long Island: Improved customer service and reliability while managing costs
- PSEG: Maintaining focus on efficiency, resiliency, and ESG (environmental, social and governance)

Financial Strength

- 2019 non-GAAP Operating Earnings guidance of $3.15-$3.35 per share, +4% from $3.12 in 2018*
- Cash flows and business mix support credit ratings and ability to fully fund robust investment pipeline without the need to issue new equity
- PSEG is a net beneficiary of recent tax legislation
- Increased indicative common dividend by $0.08 to $1.88 per share in February 2019 – the 15th increase in the last 16 years

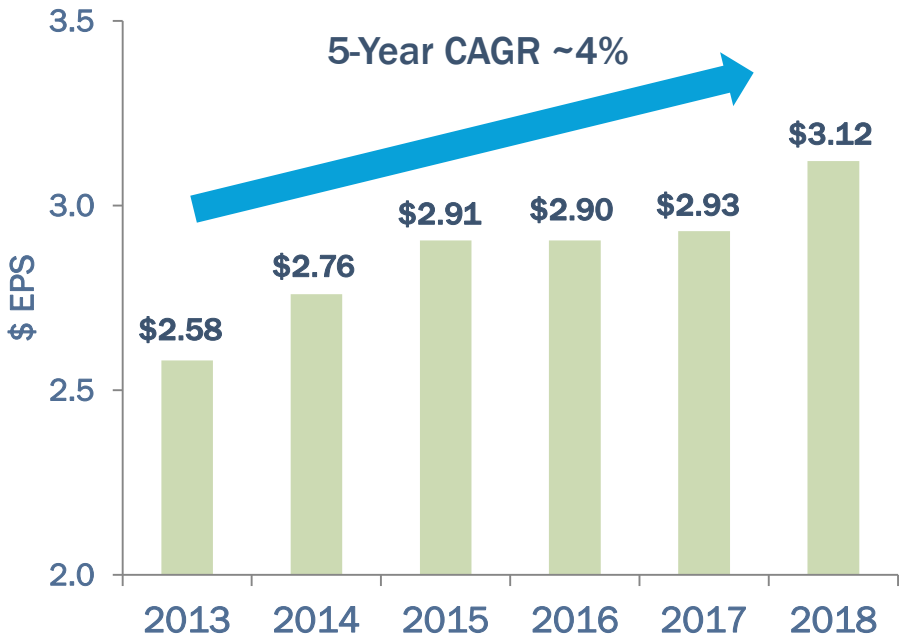
Disciplined Investment

- PSE&G capital program drives continued rate base growth over 2019-2023 with investments in Transmission, Electric & Gas Distribution, and Clean Energy
- Two major filings, Energy Strong II (ES II) and Clean Energy Future (CEF), pending at the NJ Board of Public Utilities (BPU)
- Power capital program, focused on completing construction at Bridgeport Harbor, improves fleet efficiency and geographic diversity

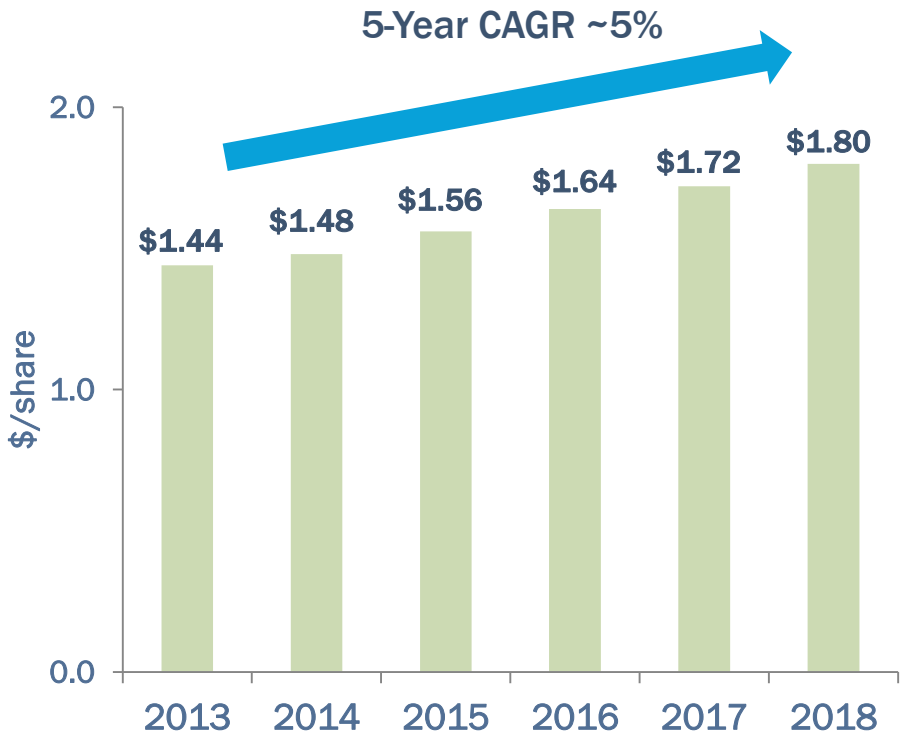
*BASED ON THE MID-POINT OF 2019 NON-GAAP OPERATING EARNINGS GUIDANCE OF $3.15 TO $3.35 PER SHARE. SEE SLIDE A FOR A RECONCILIATION OF NET INCOME TO NON-GAAP OPERATING EARNINGS, SLIDE B FOR RECONCILIATIONS FOR PSE&G AND PSEG POWER, AND SLIDE C FOR PSEG ENTERPRISE/OTHER.

Focus on earning our cost of capital has provided for growth in operating earnings* and dividends

Non-GAAP Operating Earnings*



Dividends



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

PSEG - Executing on Regulatory and Policy Initiatives

Distribution Base Rate Case Settlement Approved

- Constructive outcome provides customers and PSE&G a framework for rate stability; new rates with annual base revenue impact of $212 million went into effect November 1, moderated by annual tax adjustment credit of $225 million

Infrastructure Investment Program (IIP) Implemented by NJ Regulators

- Gas System Modernization Program II (GSMP II) approved; ES II filed in June 2018

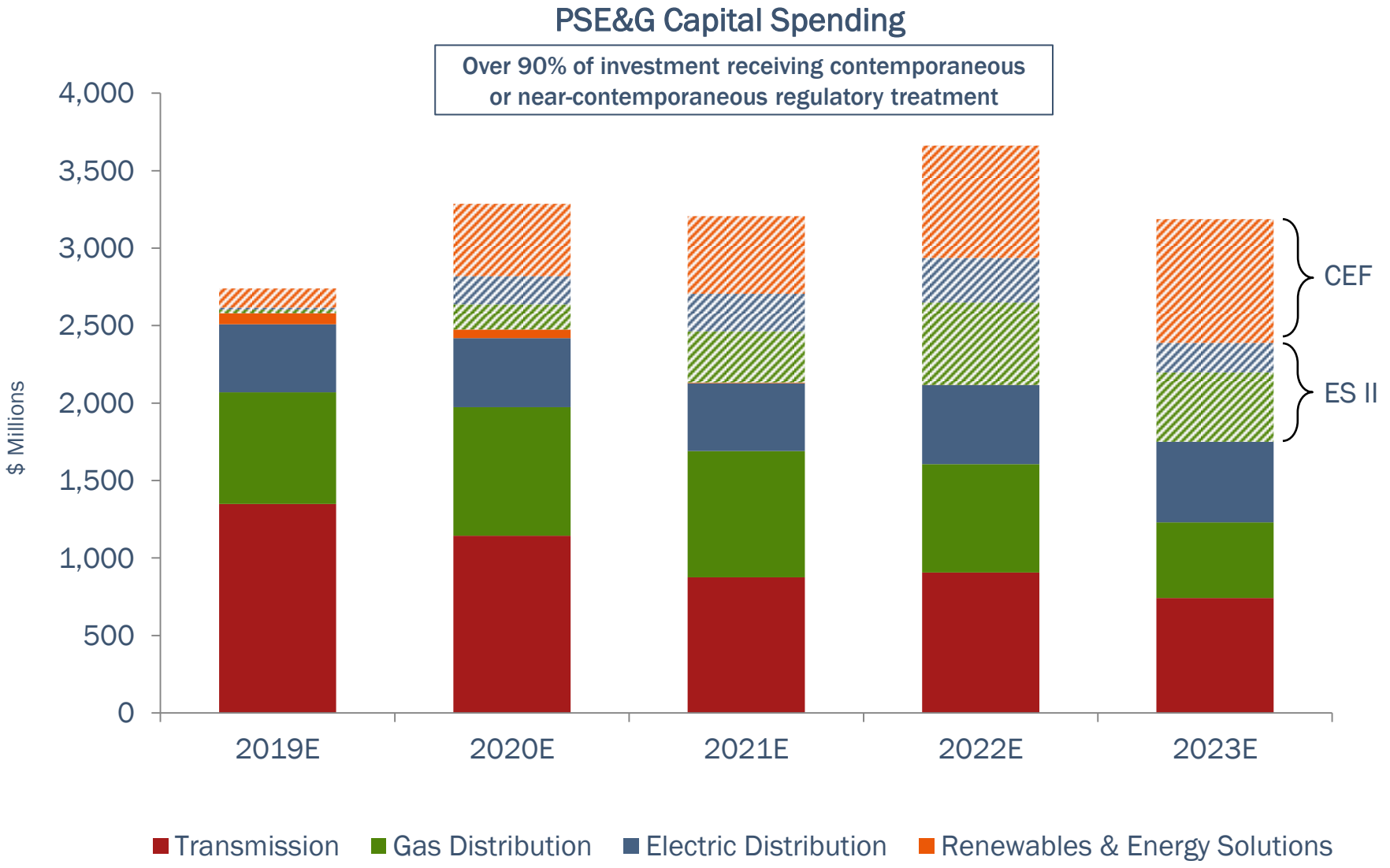
NJ Advances Clean Energy Future

- PSEG filed CEF programs in late 2018, consistent with NJ Clean Energy legislation, to invest in Energy Efficiency (CEF-EE), Energy Storage (CEF-ES), Electric Vehicle (CEF-EV) and Energy Cloud (CEF-EC) – Advanced Metering Infrastructure (AMI)
- PSEG Power submitted applications in December 2018 for our three NJ nuclear plants to receive Zero Emission Certificates (ZECs)
- NJ BPU Energy Master Plan due mid-year 2019, intended to set strategic vision for the production, distribution, consumption and conservation of energy in the state

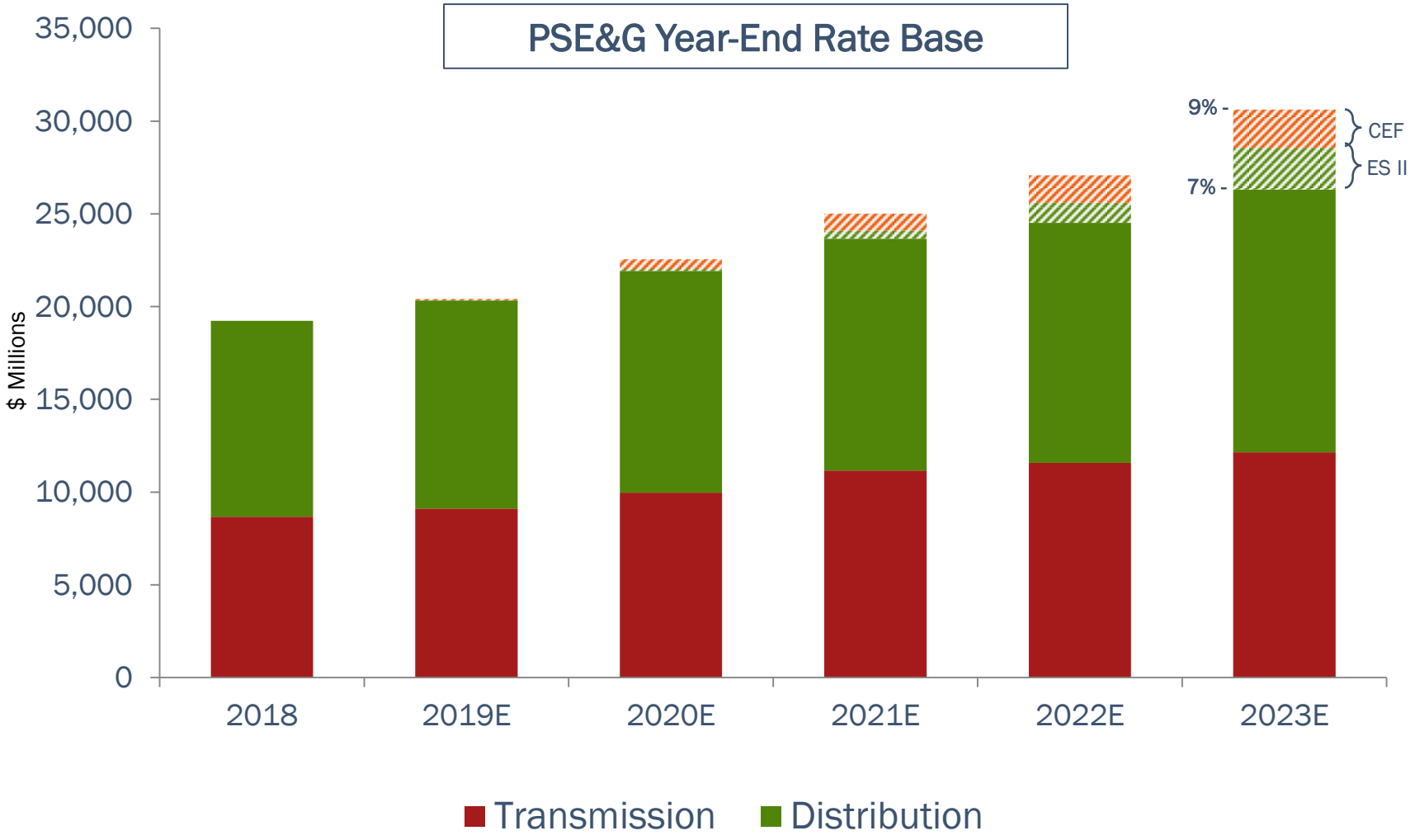
FERC/PJM Wholesale Market Reforms Underway

- FERC continues to consider reforms to PJM's capacity market to accommodate state supported resources and to address price suppression
- PJM Board recently voted to approve submittal of operating reserve reforms to FERC via a 206 filing, timing and ultimate implementation is uncertain

PSE&G's $11B - $16B investment program
focused on reliability, grid modernization and clean energy

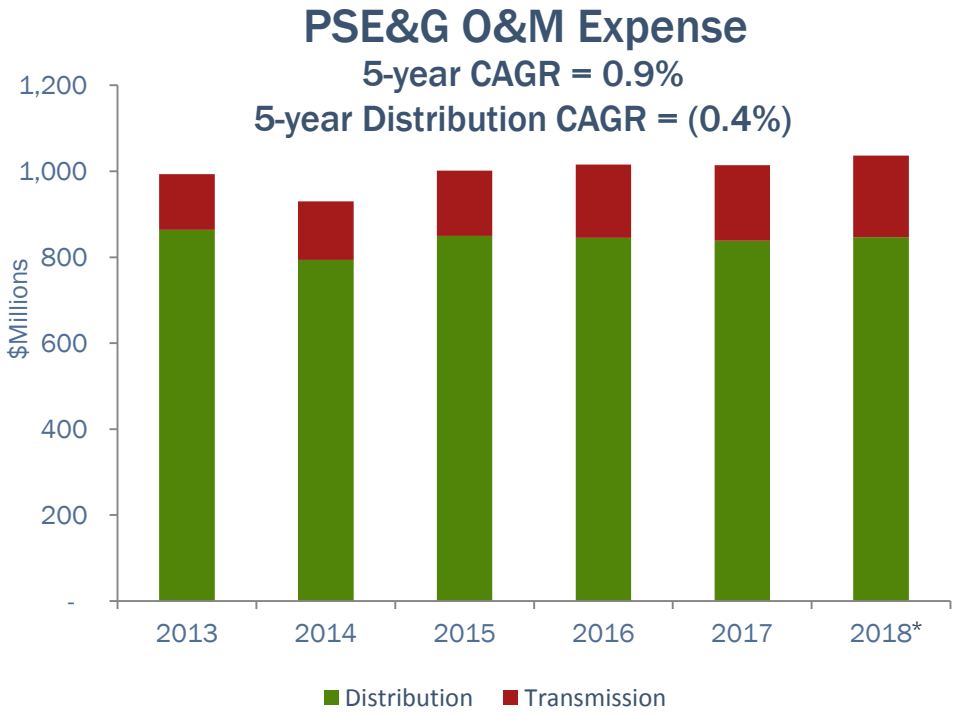


Investment program provides opportunity for approximately 7% - 9% compound annual rate base growth



HASHED PORTION OF THE CHART REPRESENTS ES II AND CEF FILINGS. E = ESTIMATE.
CHART EXCLUDES CWIP. YEAR-END 2018 CWIP BALANCE WAS ~$1.2B.

Operational Excellence – O&M costs



- Demonstrated ability to control O&M, preserving earnings and returns in a low sales growth environment.
- Transmission O&M has increased as we have invested in the business.
- Distribution O&M has remained relatively flat over the period.

Cost control actions:

- PSE&G is utilizing the Lean Six Sigma discipline to achieve costs savings and process improvements
- Regular organizational refinement to streamline processes
- Continued focus on vendor and inventory practices ensuring maximum value
- Successful management of pension and OPEB

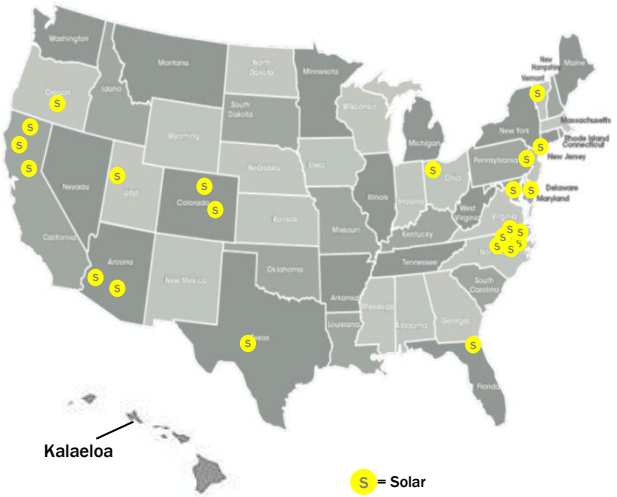
*INCLUDES NON-OPERATING PENSION AND OPEB CREDITS

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	

Power's generating assets mainly located in three competitive markets





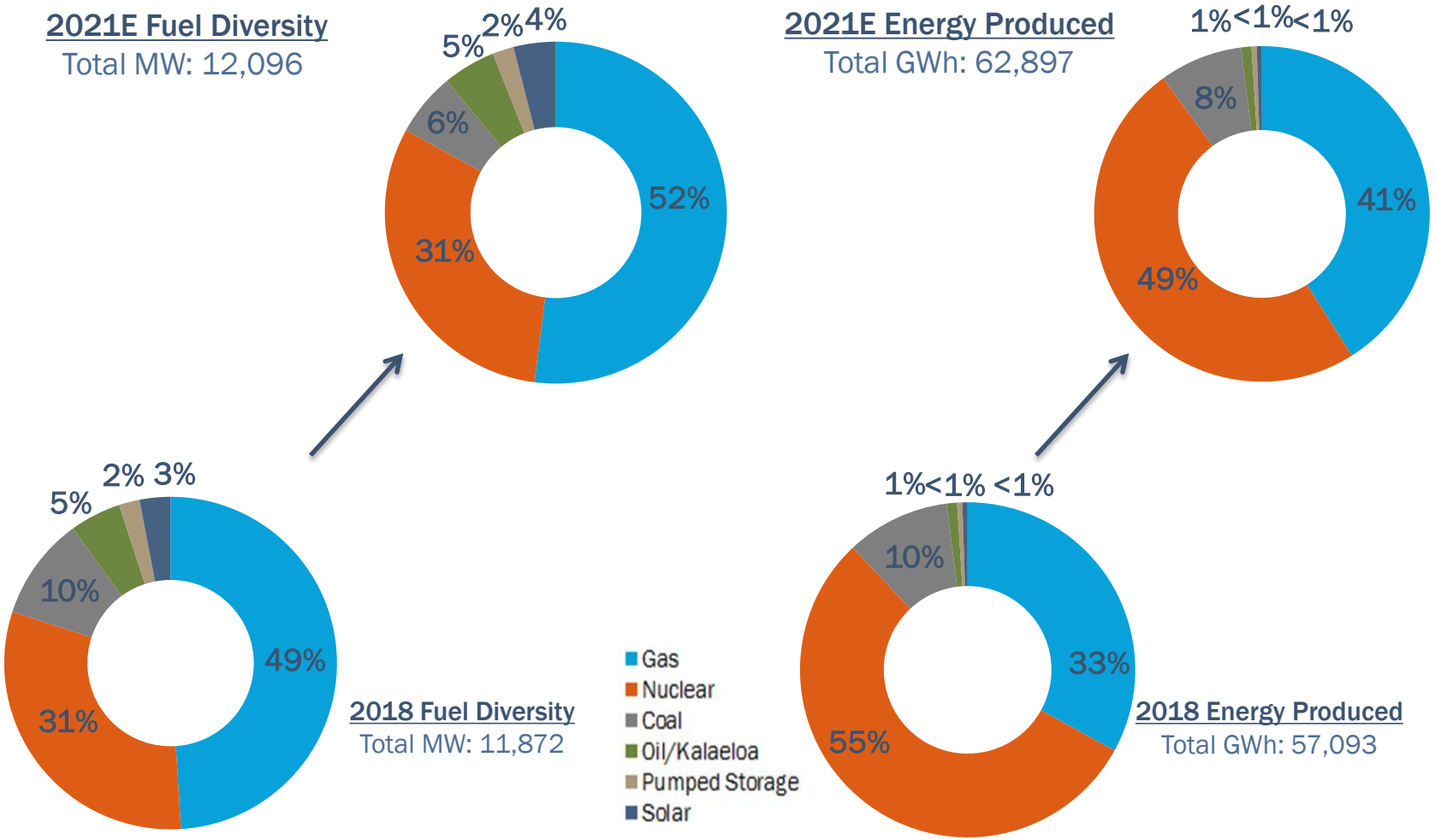
Power Ventures assets:

- 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

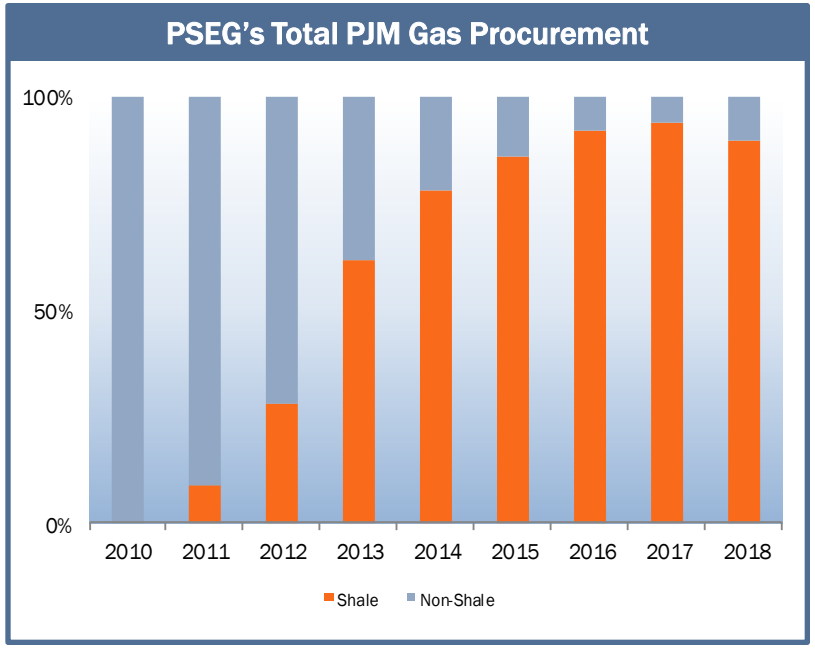
Power's fleet is being **transformed** with focus on improvement in efficiency

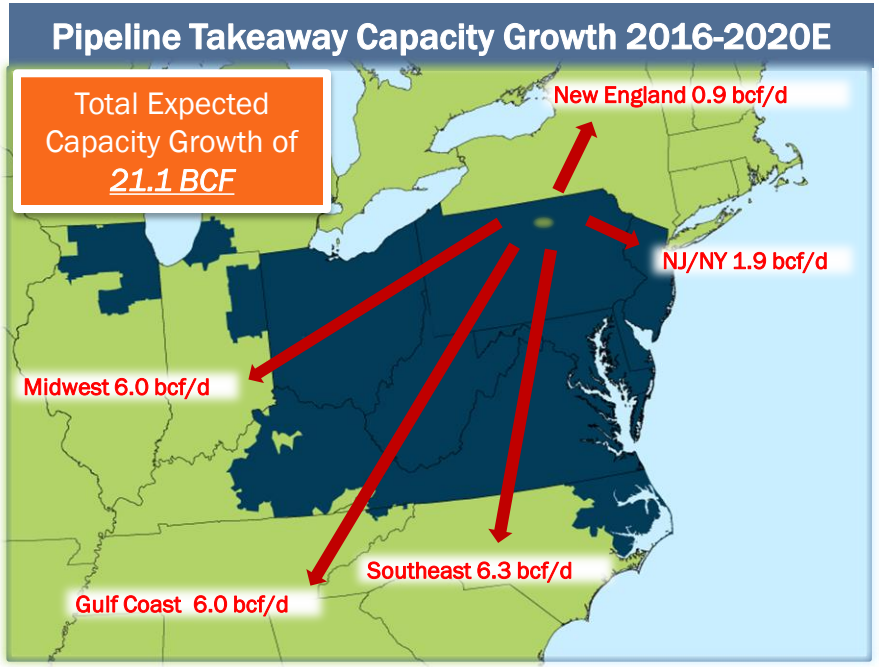
Projected Fleet Comparison 2018 to 2021E



E= ESTIMATE.

Power's fleet is well-located with access to shale gas production

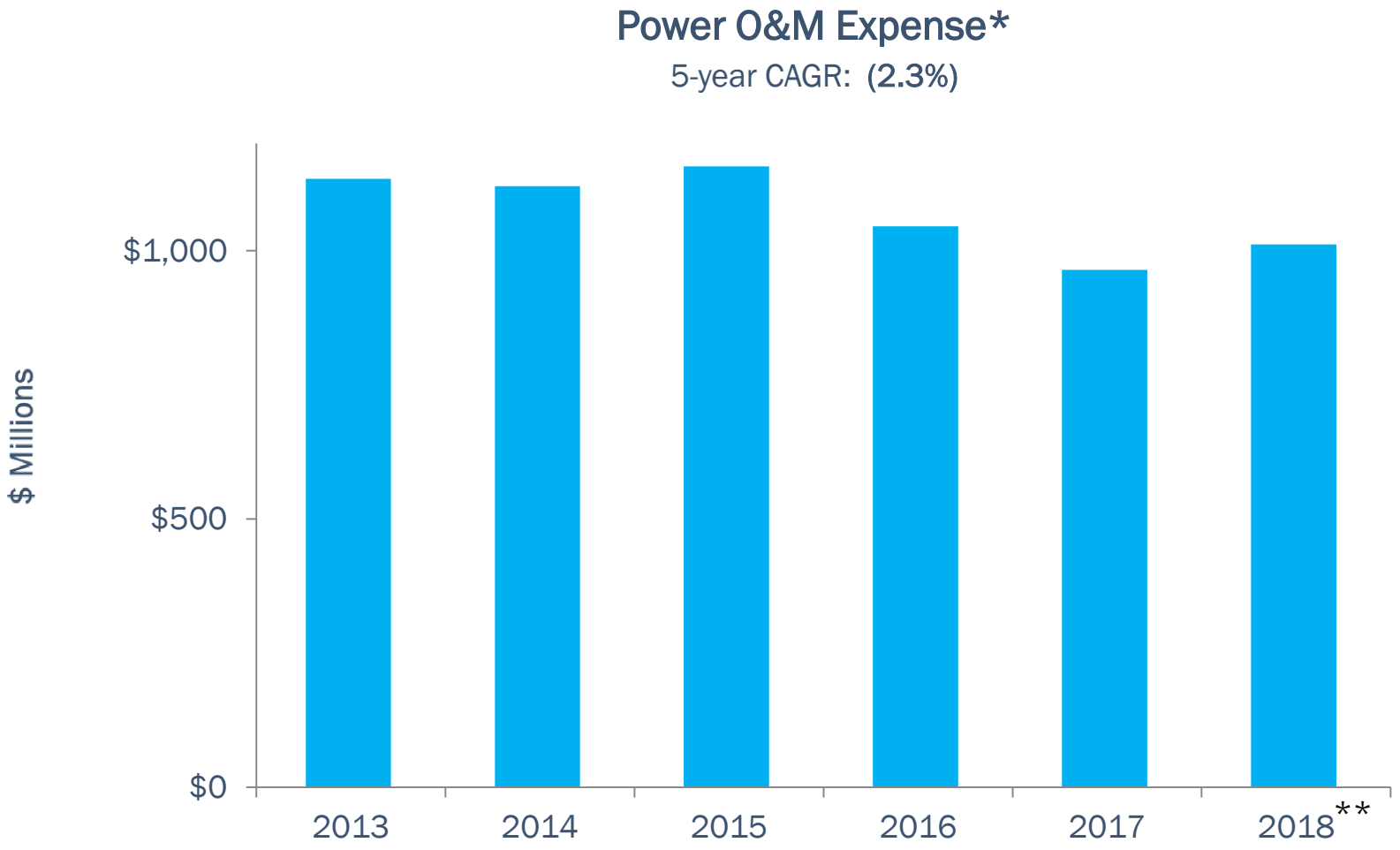




- PSEG Power procured approximately 450 BCF in 2018 with approximately 50% going towards PSE&G's utility gas customer usage
- PSEG Power's gas for PJM generation was ~100 BCF in 2018, of which >70% was supplied by Northeast Shale gas

- Significant amount of new pipelines have already been built and several more are in construction / development
- Gas production and pipeline takeaway capacity expected to be more balanced in 2019 timeframe

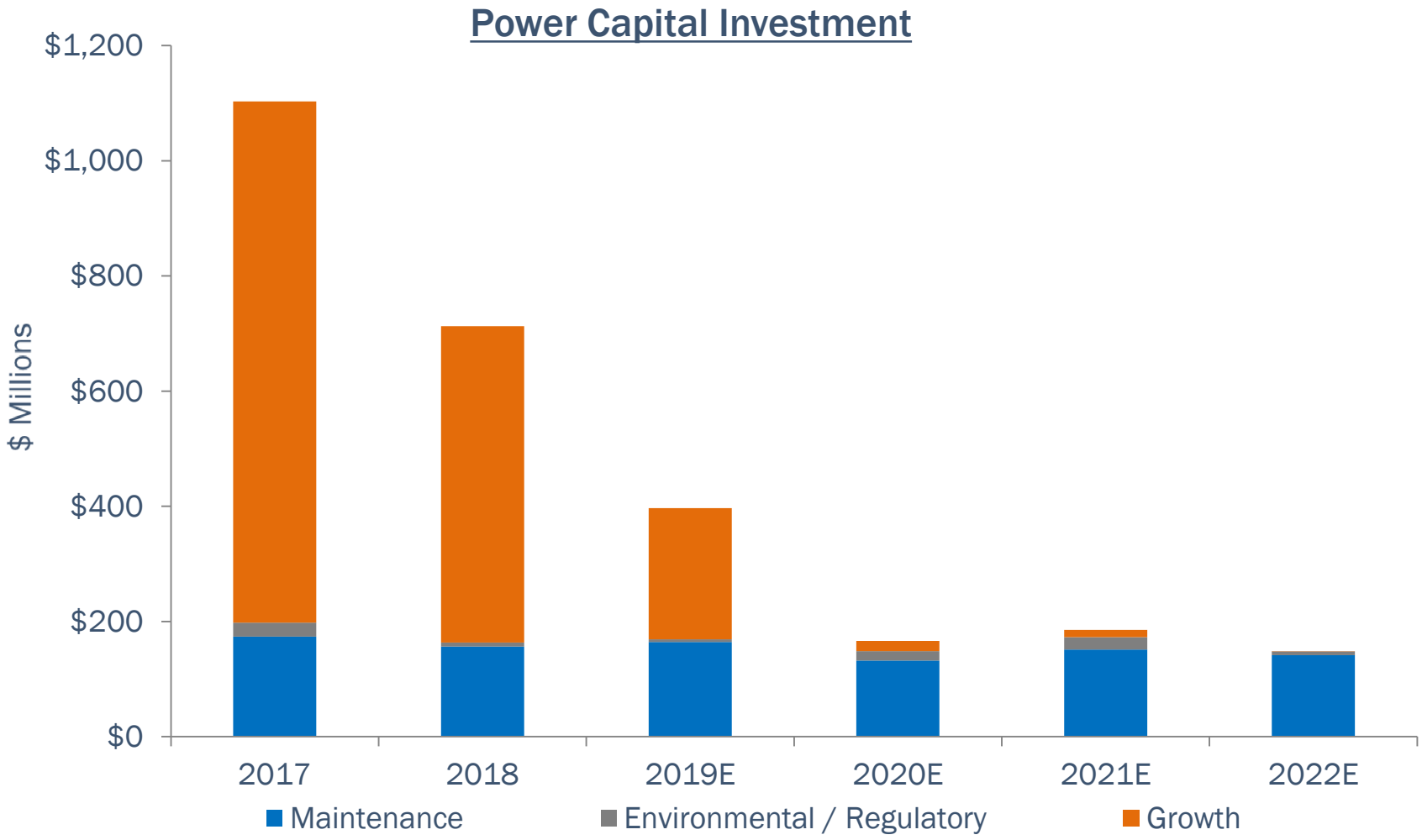
Power has successfully controlled O&M



*EXCLUDES NUCLEAR ARO, IMPACTS FROM SANDY STORM RECOVERY COSTS AND THE EARLY RETIREMENT AND GAIN ON SALE OF HUDSON/MERCER

**INCLUDES NON-OPERATING PENSION AND OPEB CREDITS

Power's capital needs decline following construction of new capacity, enhancing free cash flow

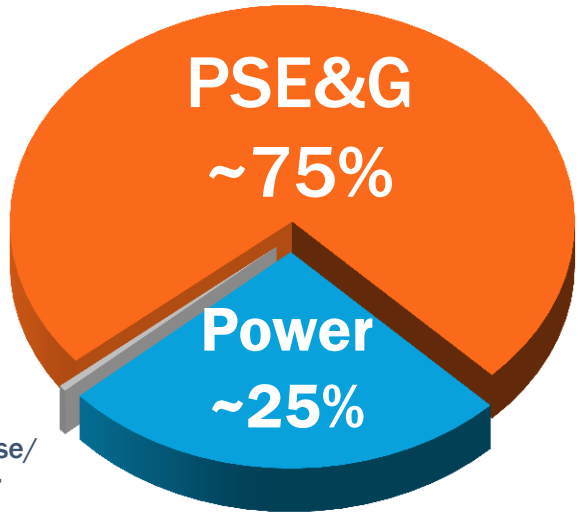


E=ESTIMATE. DATA AS OF FEBRUARY 2019.
EXCLUDES NUCLEAR FUEL. INCLUDES IDC.

Strong financial position driven by PSE&G with meaningful contribution from Power

	Financial Position
Earnings	✓ Delivered on 2018 guidance ✓ Increasing PSE&G earnings contribution
Investment	✓ Executed major PSE&G capital program balanced between Transmission and Distribution ✓ Power is nearing completion of its CCGT construction program
Cash Flow and Credit Metrics	✓ PSEG business mix yielded net benefits from tax reform ✓ Produced stable and strong PSE&G cash from operations ✓ Maintained strong credit metrics
Dividends	✓ Increased indicative common dividend by $0.08 per share

Investment programs provide opportunity for growth

2019E Non-GAAP Operating Earnings Guidance Contribution*	2019-2023E Total Capital**	
 Enterprise/ Other <1%	~$11B - $16B	7%-9% annual growth in rate base with expansion/extension of existing programs
	~$1B	Completion of capital program for new combined cycle plants

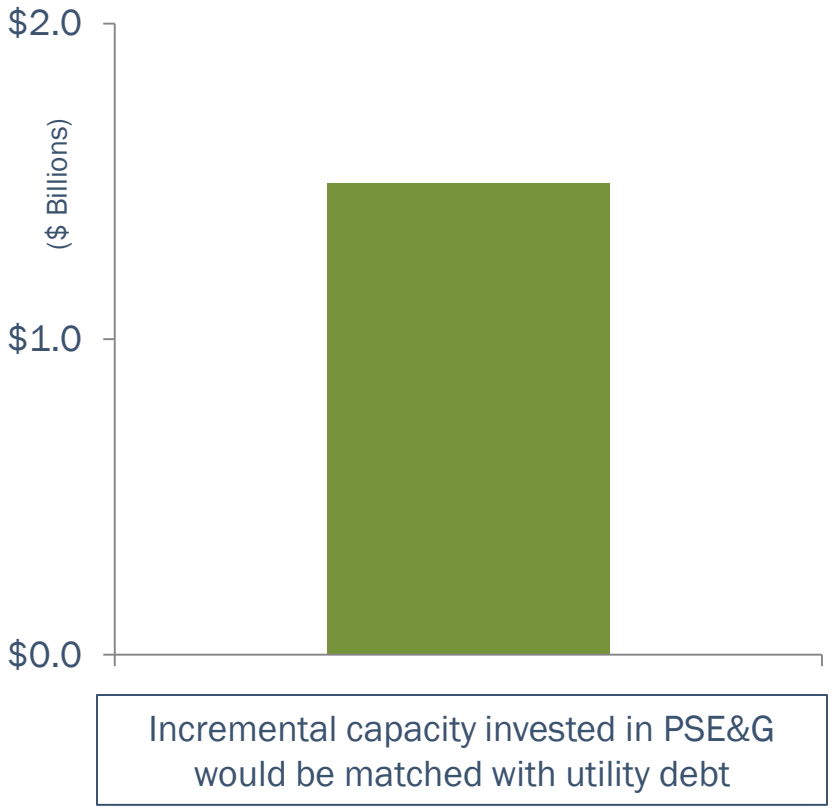
*BASED ON THE MID-POINT OF NON-GAAP OPERATING EARINGS GUIDANCE OF $3.15 TO $3.35 PER SHARE.
**INCLUDES ALL PLANNED SPENDING. E = ESTIMATE. INCLUDES AFUDC AND IDC.

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)

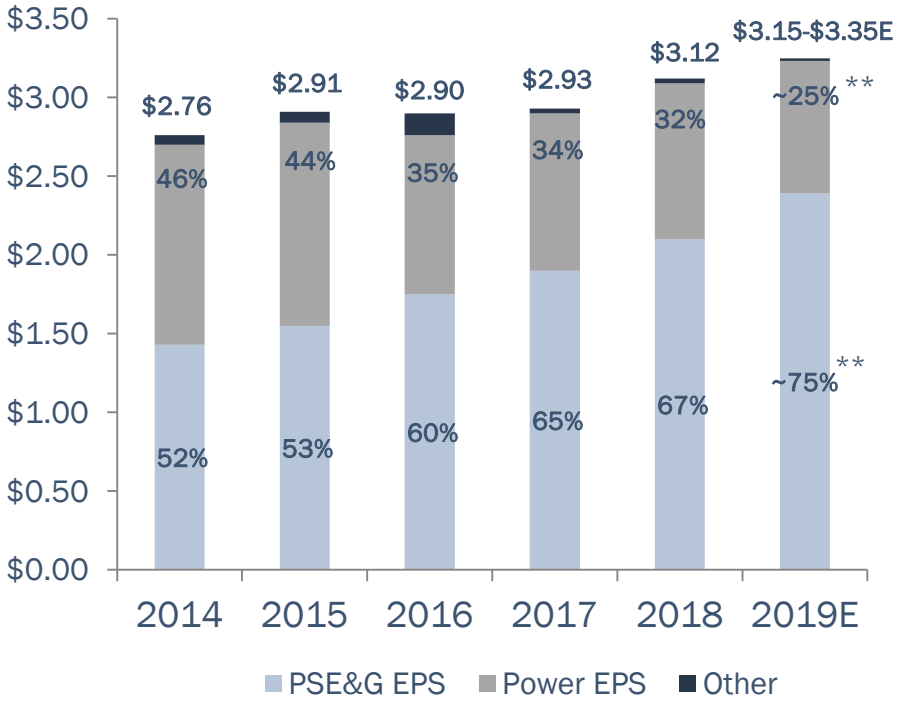


Incremental capacity invested in PSE&G would be matched with utility debt

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

2019 Operating Earnings Guidance – PSE&G expected to contribute nearly three-quarters of operating earnings

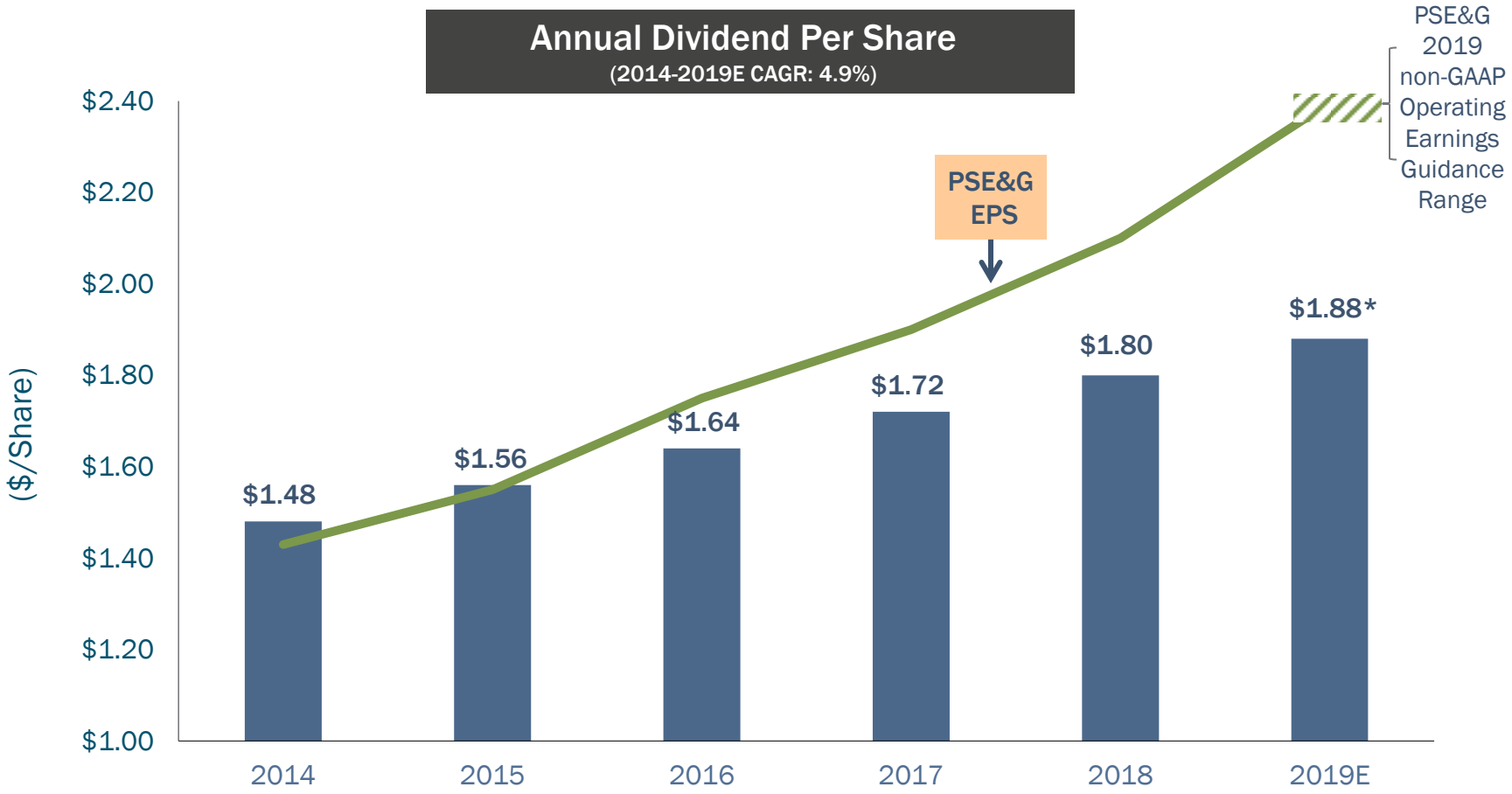
Non-GAAP Operating Earnings* Contribution by Subsidiary



PSEG Non-GAAP Operating Earnings	
$ Millions (except EPS)	2019E Guidance
PSE&G	$1,200 - $1,230
PSEG Power	$395 - $460
PSEG Enterprise/Other	$5 - $10
Operating Earnings*	$1,600 - $1,700
*Operating EPS**	$3.15 - $3.35E

*SEE SLIDES A ,B AND C FOR ITEMS EXCLUDED FROM NET INCOME/(LOSS) TO RECONCILE TO NON-GAAP OPERATING EARNINGS FOR PSEG, PSE&G, PSEG POWER AND PSEG ENTERPRISE/OTHER. **BASED ON THE MID-POINT OF 2019 NON-GAAP OPERATING EARNINGS GUIDANCE OF $3.15 - $3.35 PER SHARE. E= ESTIMATE. GUIDANCE INCLUDED HEREIN IS AS OF FEBRUARY 27, 2019.

Opportunity for consistent and sustainable dividend growth



*INDICATIVE ANNUAL 2019 PSEG COMMON DIVIDEND RATE PER SHARE. E=ESTIMATE.
NOTE: ALL FUTURE DECISIONS REGARDING DIVIDENDS ON THE COMMON STOCK ARE SUBJECT TO APPROVAL BY THE BOARD OF DIRECTORS.

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 7%-9% (2019-2023) 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

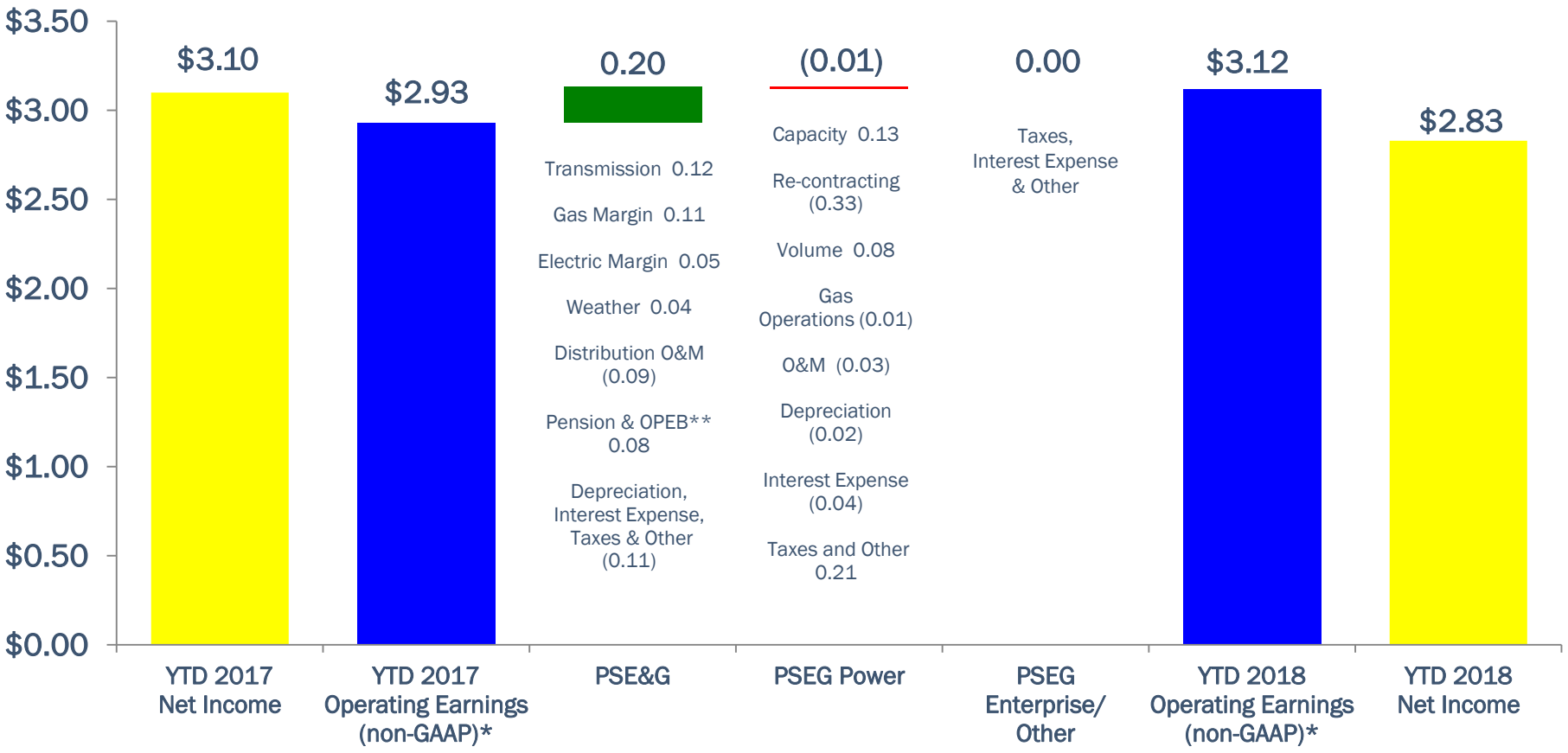
Financial Strength Remains Intact

- 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 2019-2023 capital plan
- Dividend: 2019 indicative $0.08 increase to $1.88 per share

PSEG
APPENDIX

PSEG
We make things work for you.

PSEG EPS Reconciliation - 2018 YTD versus 2017 YTD



*SEE SLIDES A, B AND C FOR ITEMS EXCLUDED FROM NET INCOME/(LOSS) 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.

PSEG – Financial Results by Subsidiary

PSEG Full Year EPS Summary – Twelve Months ended December 31

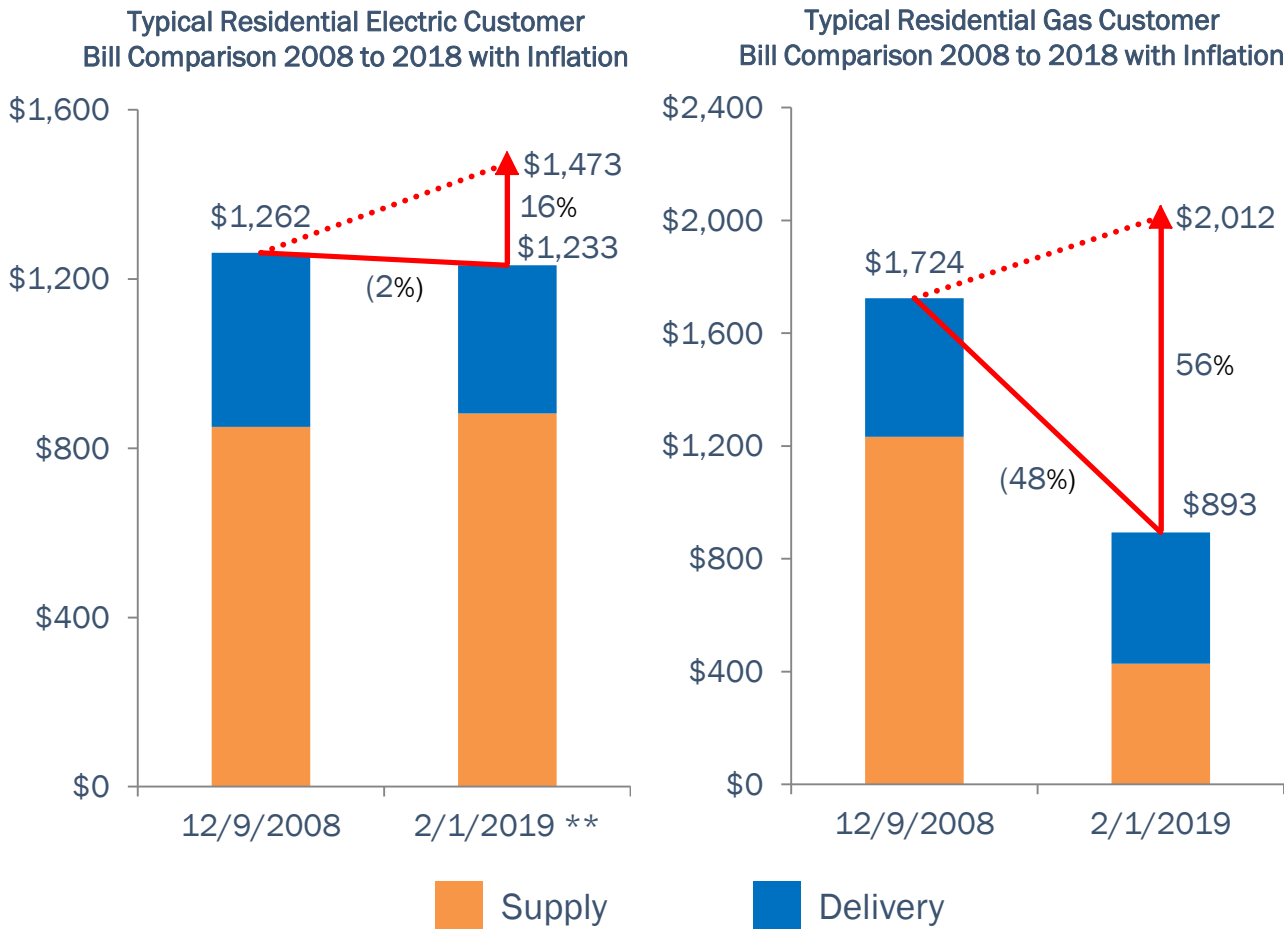
Net Income	2018	2017	Change
PSE&G	$ 2.10	$ 1.92	$ 0.18
PSEG Power	$ 0.72	$ 0.94	$ (0.22)
PSEG Enterprise/Other	$ 0.01	$ 0.24	$ (0.23)
Total PSEG	$ 2.83	$ 3.10	$ (0.27)

Non-GAAP Operating Earnings*	2018	2017	Change
PSE&G	$ 2.10	$ 1.90	$ 0.20
PSEG Power	$ 0.99	$ 1.00	$ (0.01)
PSEG Enterprise/Other	$ 0.03	$ 0.03	$ –
Total PSEG*	$ 3.12	$ 2.93	$ 0.19

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

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

PSE&G Typical Residential Customer Bills*



- Combined electric and gas bills declined ~30% (and ~40% vs inflation) since 2008
- Provided Gas bill credits totaling ~$691 per customer since 2012

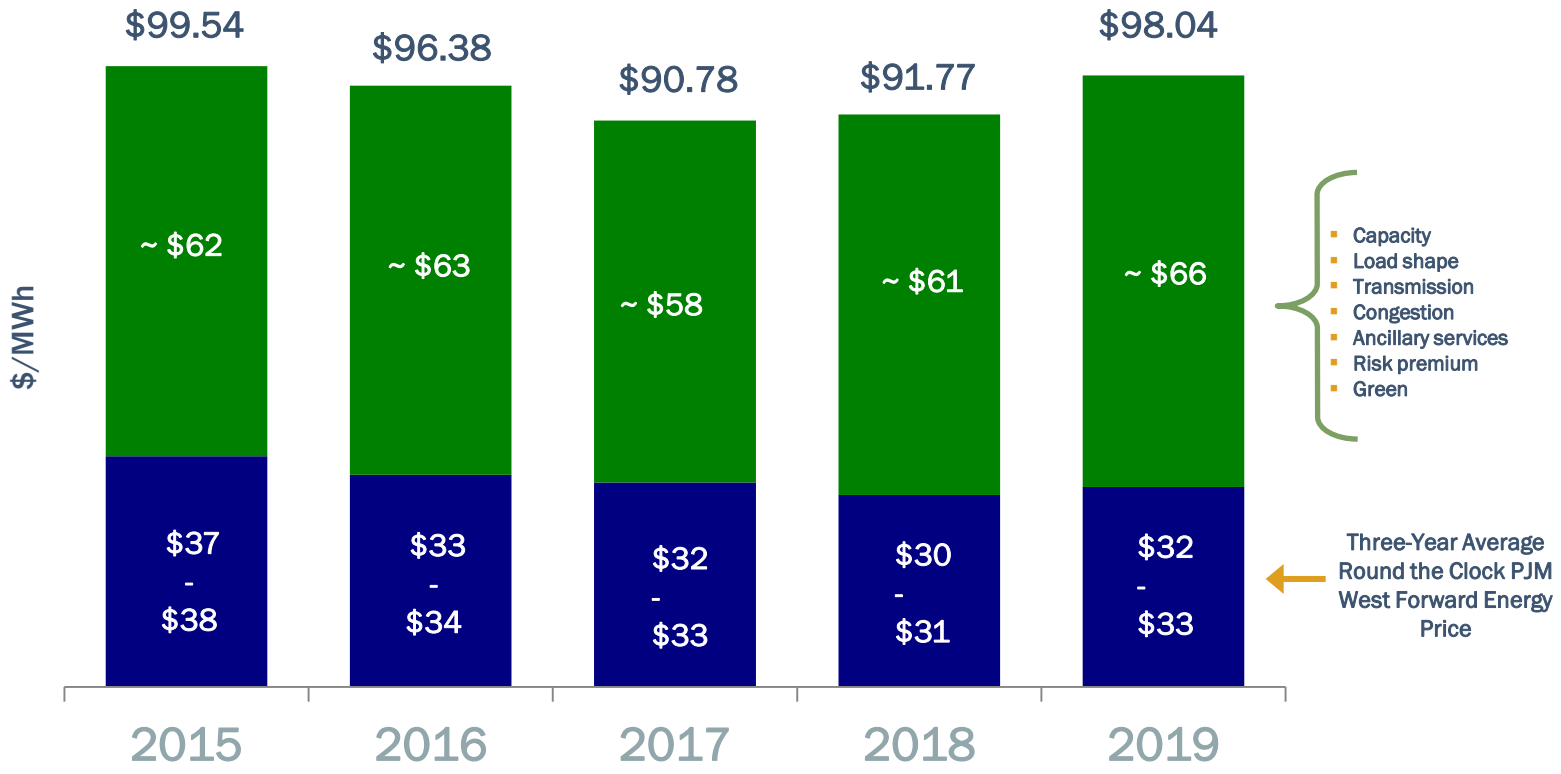
* FOR ALL YEARS THE BILLING ASSUMES 6,920 KWH FOR ELECTRIC AND 1,040 THERMS FOR GAS ANNUALLY.
** FEBRUARY 1, 2019 RATES INCLUDE THE RESULTS OF THE 2019 BGS AUCTION EFFECTIVE 6/1/2019 AS WELL AS THE COMPANY'S JANUARY 25, 2019 TRANSMISSION FILING.

NJ Basic Generation Service (BGS) 2019 Auction Results

Increase in Full Requirements Component Due to:

Growing Renewable Energy/Transmission Costs

Partially Offset by Decline in Capacity Prices



The BGS auction is a critical component of Power's annual hedging strategy, accounting for ~9 TWh

NOTE: BGS PRICES ARE QUOTED IN $/MWH AND REFLECT PSE&G ZONE; RESULTS FROM THE 2017-2019 AUCTIONS WILL BE THE NEW BLENDED PRICES BEGINNING JUNE 1, 2019.

Capacity Markets provide a solid and continuing revenue stream

PJM's RPM Auction Results*				
Delivery Year	2018/2019	2019/2020	2020/2021	2021/2022
Power's Average Prices ($/MW-day)	$205	$116	$170	$178
Rest of Pool Prices ($/MW-day)	$165/$150 (CP/Base)	$100/$80 (CP/Base)	$77 (CP)	$140 (CP)
Power's Cleared Capacity (MW)	9,200	8,900	8,100	7,700

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

ISO New England's Forward Capacity Market Auction Results				
Delivery Year	2018/2019	2019/2020	2020/2021	2021/2022
Power's Average Prices ($/MW-day)	$314	$231	$195	$192
Power's Cleared Capacity (MW)	820	1,330	1,330	950

Bridgeport Harbor 5 cleared the 2019/2020 auction and receives $231/MW-day for seven years, with escalations based on Handy-Whitman Index

*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.

Hedging Strategy is designed to mitigate risk and secure free cash flow

		2019	2020	2021
Base Load (Nuclear and Base Load Coal)	Volume TWh	35	36	36
	% Hedged	100%	95-100%	30-35%
	Price $/MWh	$37	$38	$42
Intermediate Coal, Combined Cycle, Peaking	Volume TWh	25-27	24-26	24-26
	% Hedged	60-65%	0%	0%
	Price $/MWh	$37	$–	$–
Total	Volume TWh	60-62	60-62	60-62
	% Hedged	80-85%	55-60%	15-20%
	Price $/MWh	$37	$38	$42

*HEDGE PERCENTAGES AND PRICES AS OF FEBRUARY 6, 2019 AND REFLECT 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.

Reconciliation of Non-GAAP Operating Earnings

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

Reconciling Items	Year Ended December 31,					
	2018	2017	2016	2015	2014	2013
	($ millions, Unaudited)					
Net Income (Loss)	$ 1,438	$ 1,574	$ 887	$ 1,679	$ 1,518	$ 1,243
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax[a] (PSEG Power)	144	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[b] (PSEG Power)	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	(172)	27	54
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax (PSEG Power)	(51)	975	669	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	8	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(74)	(427)	(391)	150	104	(27)
Tax Reform	-	(745)	-	-	-	-
Operating Earnings (non-GAAP)	$ 1,582	$ 1,488	$ 1,475	$ 1,476	$ 1,400	$ 1,309
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	508	508	508	508
	($ Per Share Impact - Diluted, Unaudited)					
Net Income (Loss)	$ 2.83	$ 3.10	$ 1.75	$ 3.30	$ 2.99	$ 2.45
(Gain) Loss on NDT Fund Related Activity, pre-tax[a] (PSEG Power)	0.28	(0.26)	(0.01)	(0.05)	(0.27)	(0.17)
(Gain) Loss on MTM, pre-tax[b] (PSEG Power)	0.23	0.33	0.33	(0.31)	(0.22)	0.25
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	(0.34)	0.05	0.11
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax (PSEG Power)	(0.10)	1.92	1.32	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.02	0.15	0.29	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(0.14)	(0.84)	(0.78)	0.31	0.21	(0.06)
Tax Reform	-	(1.47)	-	-	-	-
Operating Earnings (non-GAAP)	$ 3.12	$ 2.93	$ 2.90	$ 2.91	$ 2.76	$ 2.58

(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% statutory rate for 2018 and 40.85% statutory rate for prior years, 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 PSEG Power

PSE&G Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,					
	2018	2017	2016	2015	2014	2013
	($ millions, Unaudited)					
Net Income (Loss)	$ 1,067	$ 973	$ 889	$ 787	$ 725	$ 612
Tax Reform	-	(10)	-	-	-	-
Operating Earnings (non-GAAP)	$ 1,067	$ 963	$ 889	$ 787	$ 725	$ 612
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	508	508	508	508

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

Reconciling Items	Year Ended December 31,					
	2018	2017	2016	2015	2014	2013
	($ millions, Unaudited)					
Net Income (Loss)	$ 365	$ 479	$ 18	$ 856	$ 760	$ 644
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax[a]	144	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[b]	117	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax	-	-	-	(172)	27	54
Hudson/Mercer (Gain on Sale) / Early Retirement, pre-tax	(51)	975	669	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[c]	(73)	(395)	(336)	150	104	(27)
Tax Reform	-	(588)	-	-	-	-
Operating Earnings (non-GAAP)	$ 502	$ 505	$ 514	$ 653	$ 642	$ 710
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	508	508	508	508

(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% statutory rate for 2018 and 40.85% statutory rate for prior years, except for 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 PSEG Enterprise/Other

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

Reconciling Items	Year Ended December 31,					
	2018	2017	2016	2015	2014	2013
	($ millions, Unaudited)					
Net Income (Loss)	$ 6	$ 122	$ (20)	$ 36	$ 33	$ (13)
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	8	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[(a)]	(1)	(32)	(55)	-	-	-
Tax Reform	-	(147)	-	-	-	-
Operating Earnings (non-GAAP)	$ 13	$ 20	$ 72	$ 36	$ 33	$ (13)
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	508	508	508	508

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