

## PUBLIC SERVICE ENTERPRISE GROUP

NYSE: PEG

### Q4 & Year-End 2019 Performance Update

"Our full year 2019 non-GAAP Operating Earnings results rose by 5% over the prior year and delivered on our objective to grow regulated operations to represent three quarters of PSEG's non-GAAP Operating Earnings. The continued focus on operating excellence and cost discipline also contributed to PSEG's ability to exceed the mid-point of our 2019 full-year earnings guidance.

PSEG continues to align its long-term business strategy with New Jersey's progressive clean energy policies, which the state recently underscored in its 2019 Energy Master Plan outlining key strategies to reach the Murphy Administration's goal of 100% clean energy by 2050. Central to this is PSE&G's landmark \$3.5 billion Clean Energy Future filing, pending review before the New Jersey Board of Public Utilities (NJBPU), which was filed to support implementation of New Jersey's 2018 Clean Energy Act. During 2019, PSE&G settled its Energy Strong II proposal with an \$842 million program to continue work on improving resiliency and hardening energy infrastructure.

PSEG Power secured three years of support from Zero Emission Certificates (ZECs) awarded to our New Jersey nuclear units to recognize their carbon free attributes and enable their continued operation and economic viability. We also completed our combined cycle gas turbine construction program with the addition of Bridgeport Harbor 5, and sold PSEG Power's interests in Keystone and Conemaugh – moving us closer to eliminating coal in our generating mix by mid-2021.

Our total capital program for the 2020-2024 period is now \$12 to \$16 billion, with over 90% of that amount directed at regulated utility growth. PSE&G's planned capital spending program over 2020-2024 is \$11.5 to \$15 billion and is projected to produce compound annual growth in rate base of 6.5%-8%, starting from 2019's year-end base of ~ \$20 billion.

For 2020, we expect to grow non-GAAP Operating Earnings by approximately 4% at the mid-point of our guidance of \$3.30 - \$3.50 per share. Notably, the earnings contribution of PSE&G is expected to comprise approximately 80% of our 2020 non-GAAP Operating Earnings at the mid-point of guidance. We are well positioned to continue executing our capital investment programs to provide long-term benefits for our customers and to create value for our shareholders. The recent action by the Board of Directors to increase the common dividend by \$0.08 to the indicative annual rate of \$1.96 per share underscores our dual commitment to maintain financial strength and drive growth initiatives."

Ralph Izzo, Chairman, President & CEO - February 26, 2020

### PSEG – Q4 & FY 2019 Highlights

#### 2019 Highlights

- Net Income per share of \$0.86 in Q4 2019 vs. \$0.39 Q4 2018; Full year Net Income per share of \$3.33 in 2019 vs. \$2.83 in 2018
- Non-GAAP Operating Earnings\* per share of \$0.64 in Q4 2019 vs. \$0.56 in Q4 2018; Full year, non-GAAP Operating Earnings\* per share of \$3.28 in 2019 vs. \$3.12 in 2018
- PSE&G results benefited from ongoing investment in utility infrastructure and rate relief
- PSEG Power results impacted by lower capacity revenues partly offset by ZEC revenues and cost control

#### Operational Excellence

- PSE&G named most reliable electric utility in the Mid-Atlantic region for the 18<sup>th</sup> year in a row

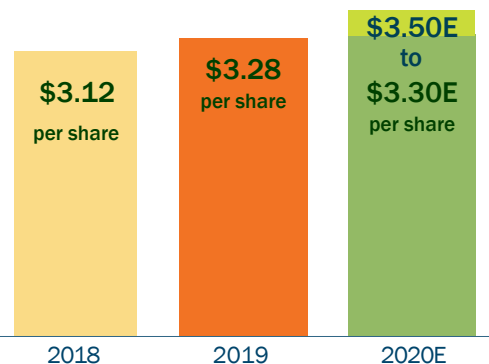
#### PSEG Disciplined Capital Investment

- PSEG invested \$3.1 billion in 2019: \$2.7 billion at PSE&G covering completion of both Energy Strong and Gas System Modernization Program, and beginning of the second phase of both programs
- NJBPU approved extension of the Clean Energy Future (CEF) – Energy Efficiency procedural schedule through September 2020 and the extension of several existing programs in the amount of \$111 million
- NJBPU lifted statewide moratorium on Advanced Metering Infrastructure (AMI)
- NJBPU Staff proposed procedural schedules for \$600 million CEF – Energy Cloud - AMI, \$300 million, CEF – Electric Vehicles and \$100 million CEF – Energy Storage

### PSEG – Introducing 2020 FY Guidance

Ongoing investment in PSE&G Transmission and Distribution infrastructure drives PSEG earnings growth; midpoint of guidance +4% over 2019

#### PSEG Non-GAAP Operating Earnings\*



### Q4 Results by Subsidiary

|   | Financial Results |         | Earnings per Share (EPS) |           |
|---|-------------------|---------|--------------------------|-----------|
|   | 2019              | 2018    | 2019                     | 2018      |
| <b>\$ millions (except EPS)</b>           |                   |         |                          |           |
| PSE&G (Net Income)                        | \$ 276            | \$ 239  | \$ 0.54                  | \$ 0.47   |
| PSEG Power (Net Income/(Loss))            | \$ 159            | \$ (35) | \$ 0.32                  | \$ (0.07) |
| PSEG Power (non-GAAP Op. Earnings)*       | \$ 52             | \$ 57   | \$ 0.10                  | \$ 0.11   |
| Enterprise/Other (Net Income/(Loss))      | \$ 2              | \$ (5)  | \$ -                     | \$ (0.01) |
| Enterprise/Other (non-GAAP Op. Earnings)* | \$ 2              | \$ (12) | \$ -                     | \$ (0.02) |
| PSEG (Net Income)                         | \$ 437            | \$ 199  | \$ 0.86                  | \$ 0.39   |
| PSEG (non-GAAP Operating Earnings)*       | \$ 330            | \$ 284  | \$ 0.64                  | \$ 0.56   |

### Key Performance Highlights

| as of 12/31/2019                                  |         |
|---|---------|
| Stock Price on 12/31/2019                         | \$59.05 |
| Dividends Paid per Share (year-to-date)           | \$1.88  |
| Dividend Yield (%)                                | 3.2%    |
| Average Shares Outstanding, Diluted (in millions) | 507     |
| Book Value Per Common Share                       | \$29.94 |

\* See Items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings on page 2 or <https://investor.pseg.com/non-gaap>.

## GAAP Disclaimer

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.

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 26, 2020.

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 regarding new postings.

## Items Excluded from Net Income to Reconcile to Non-GAAP Operating Earnings

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

| Reconciling Items  | Three Months Ended<br>December 31,         |         | Year Ended<br>December 31, |          |
|--|--|---------|----------------------------|----------|
|  | 2019                                       | 2018    | 2019                       | 2018     |
|  | (\$ millions, Unaudited)                   |         |                            |          |
| Net Income   | \$ 437                                     | \$ 199  | \$ 1,693                   | \$ 1,438 |
| (Gain) Loss on Nuclear Decommissioning Trust (NDT)                                     |  |         |                            |          |
| Fund Related Activity, pre-tax (PSEG Power)  | (91)                                       | 172     | (255)                      | 144      |
| (Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)               | (90)                                       | 35      | (285)                      | 117      |
| Plant Retirements and Dispositions, pre-tax (PSEG Power)                               | -  | (54)    | 402                        | (51)     |
| Lease Related Activity, pre-tax (PSEG Enterprise/Other)                                | -  | (12)    | 58                         | 8        |
| Goodwill Impairment, pre-tax (PSEG Power)  | 16   | -       | 16                         | -        |
| Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup> | 58   | (65)    | 37                         | (74)     |
| Operating Earnings (non-GAAP)  | \$ 330                                     | \$ 284  | \$ 1,666                   | \$ 1,592 |
| PSEG Fully Diluted Average Shares Outstanding (in millions)                            | 507  | 508     | 507                        | 507      |
|  | (\$ Per Share Impact - Diluted, Unaudited) |         |                            |          |
| Net Income   | \$ 0.86                                    | \$ 0.39 | \$ 3.33                    | \$ 2.83  |
| (Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)                         | (0.18)                                     | 0.33    | (0.50)                     | 0.28     |
| (Gain) Loss on MTM, pre-tax <sup>(a)</sup> (PSEG Power)                                | (0.18)                                     | 0.07    | (0.56)                     | 0.23     |
| Plant Retirements and Dispositions, pre-tax (PSEG Power)                               | -  | (0.11)  | 0.79                       | (0.10)   |
| Lease Related Activity, pre-tax (PSEG Enterprise/Other)                                | -  | (0.01)  | 0.11                       | 0.02     |
| Goodwill Impairment, pre-tax (PSEG Power)  | 0.03                                       | -       | 0.03                       | -        |
| Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup> | 0.11                                       | (0.11)  | 0.08                       | (0.14)   |
| Operating Earnings (non-GAAP)  | \$ 0.64                                    | \$ 0.56 | \$ 3.28                    | \$ 3.12  |

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

(b) Income tax effect calculated at the 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 statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

**PSEG Power Operating Earnings (non-GAAP) Reconciliation**

| Reconciling Items  | Three Months Ended<br>December 31, |         | Year Ended<br>December 31, |        |
|--|------------------------------------|---------|----------------------------|--------|
|  | 2019                               | 2018    | 2019                       | 2018   |
|  | (\$ millions, Unaudited)           |         |                            |        |
| Net Income (Loss)  | \$ 159                             | \$ (35) | \$ 468                     | \$ 365 |
| (Gain) Loss on NDT Fund Related Activity, pre-tax                                      | (91)                               | 172     | (255)                      | 144    |
| (Gain) Loss on MTM, pre-tax <sup>(a)</sup>   | (90)                               | 35      | (285)                      | 117    |
| Plant Retirements and Dispositions, pre-tax  | -                                  | (54)    | 402                        | (51)   |
| Goodwill Impairment, pre-tax   | 16                                 | -       | 16                         | -      |
| Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup> | 58                                 | (61)    | 63                         | (73)   |
| Operating Earnings (non-GAAP)  | \$ 52                              | \$ 57   | \$ 409                     | \$ 502 |
| PSEG Fully Diluted Average Shares Outstanding (in millions)                            | 507                                | 508     | 507                        | 507    |

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

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

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

| Reconciling Items   | Three Months Ended<br>December 31, |         | Year Ended<br>December 31, |       |
|---|------------------------------------|---------|----------------------------|-------|
|   | 2019                               | 2018    | 2019                       | 2018  |
|   | (\$ millions, Unaudited)           |         |                            |       |
| Net Income (Loss)   | \$ 2                               | \$ (5)  | \$ (25)                    | \$ 6  |
| Lease Related Activity, pre-tax                               | -                                  | (12)    | 58                         | 8     |
| Income Taxes related to Lease related activity <sup>(a)</sup> | -                                  | 5       | (26)                       | (1)   |
| Operating Earnings (non-GAAP)                                 | \$ 2                               | \$ (12) | \$ 7                       | \$ 13 |
| PSEG Fully Diluted Average Shares Outstanding (in millions)   | 507                                | 508     | 507                        | 507   |

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