

## Q1 2017 - Quarterly Performance Update

**NYSE: PEG**

"The company reported today Q1 2017 Net Income of \$114 million, or \$0.22 per share as compared to Net Income of \$471 million, or \$0.93 per share in Q1 2016. Non-GAAP Operating Earnings for Q1 2017 were \$466 million or \$0.92 per share compared non-GAAP Operating Earnings of \$463 million or \$0.91 per share in 2016's first quarter. PSEG's Net Income results of \$0.22 per share reflect our decision last year to retire the Hudson and Mercer coal-fired generating units in June 2017; results also reflect an increase in a reserve for the impairment of our leveraged lease investment in the Keystone – Conemaugh generating stations. Non-GAAP Operating Earnings for the first quarter benefitted from the on-going successful execution of our investment program. Growth of our regulated utility business and effective cost management offset the impact on Power's earnings of a decline in energy prices. PSE&G is expected to grow 8.5% in 2017 to represent 66% of our full year 2017 non-GAAP Operating Earnings guidance of \$2.80 - \$3.00 per share.

We have also turned our attention to achieving key policy objectives that we set for ourselves. First among these is getting recognition for the value of our nuclear generating assets. We have initiated discussions with key stakeholders at the federal and regional levels, and here in New Jersey to improve awareness of the importance of nuclear power. In addition, our company-wide investment program of \$15 billion over 2017-2021 is focused on building an infrastructure that improves system reliability. We will update you throughout the year on our efforts to preserve the value of nuclear energy for NJ and to secure approval for regulatory mechanisms that provide customers clean, affordable, resilient energy supply. With the support of our dedicated 13,000 plus employees we expect to be able to successfully deliver on the promise of our investment program that should provide growth for our shareholders and a sustainable energy future for our customers."

*Ralph Izzo, Chairman, President & CEO - April 28, 2017*

### PSEG – Q1 2017 Highlights

#### Achieved Solid Financial Results

- Net Income of \$0.22 vs. Net Income of \$0.93 per share in Q1 2016; Non-GAAP Operating Earnings\* of \$0.92 vs. \$0.91 per share in Q1 2016;
- Net Income reflects decision to retire Hudson-Mercer in June 2017 and REMA lease reserve
- PSE&G achieved 13% growth in Q1 Net Income over Q1 2016, supported by increased investment in transmission and distribution
- PSEG Power results aided by continued cost containment

#### Operational Excellence

- Nuclear fleet performance achieved 100% capacity factor for Q1

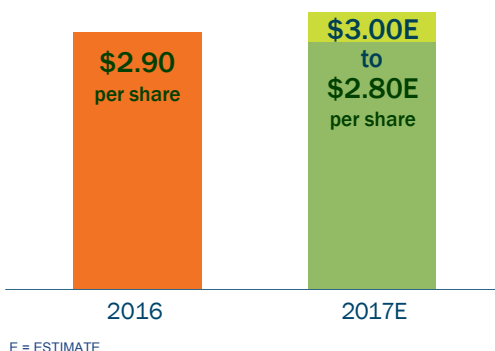
#### PSEG Disciplined Capital Investment – Producing Results

- PSEG expected to invest ~\$4.7 billion in 2017, consisting primarily of \$3.4 billion at PSE&G and \$1.2 billion at PSEG Power
- Regulatory/Legislative Focus: NJ Needs Nuclear advocacy efforts; Energy Efficiency extension and expansion filing in March
- Major capital initiatives on track: Bridgeport Harbor 5 received all needed permits to begin construction phase

### Re-affirming 2017 Full-Year Guidance

*Growth in utility infrastructure investments continue to drive a higher regulated earnings contribution in 2017*

#### Non-GAAP Operating Earnings\* and 2017 Guidance



### Q1 2017 Results by Subsidiary

Three Months Ended March 31	Financial Results		Per Share	
	2017	2016	2017	2016
\$ millions (except per share amounts)				
GAAP Net Income/(Loss)				
PSE&G	\$299	\$262	\$0.59	\$0.52
PSEG Power	\$(170)	\$192	\$(0.34)	\$0.38
PSEG Enterprise/Other	\$(15)	\$17	\$(0.03)	\$0.03
Total PSEG	\$114	\$471	\$0.22	\$0.93
Non-GAAP Operating Earnings*				
PSE&G	\$299	\$262	\$0.59	\$0.52
PSEG Power **	\$150	\$184	\$0.30	\$0.36
PSEG Enterprise/Other**	\$17	\$17	\$0.03	\$0.03
Total PSEG	\$466	\$463	\$0.92	\$0.91

### Key Performance Highlights

	as of 3/31/2017
Stock Price on 3/31/2017	\$44.35
Dividends Paid per Share (year-to-date)	\$0.43
Dividend Yield (%)	3.9%
Total Shareholder Return (year-to-date)	2.1%
Average Shares Outstanding, Diluted (in millions)	508
Book Value Per Common Share	\$25.78

\*/\*\*See Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) for PSEG, PSEG Power and PSEG Enterprise/Other on page 2 of this report or at <https://www.pseg.com/info/investors/forward.jsp>

## 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). Non-GAAP Operating Earnings is a financial measure that differs from Net Income in that it excludes the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. The table below includes a list of items excluded from Net Income to reconcile to non-GAAP Operating Earnings. 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 this non-GAAP financial measure 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 April 28, 2017.

These materials and other financial releases can be found on the PSEG website at [www.pseg.com](http://www.pseg.com), under the Investors tab. From time to time, PSEG, PSE&G and PSEG 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 at <http://investor.pseg.com/rss>.

## 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 March 31,		Year Ended December 31,
	2017	2016	2016
(\$ millions, Unaudited)			
<b>Net Income</b>	<b>\$ 114</b>	<b>\$ 471</b>	<b>\$ 887</b>
(Gain) Loss on Nuclear Decommissioning Trust (NDT)			
Fund Related Activity, pre-tax (PSEG Power)	(17)	8	(5)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)	(10)	(22)	168
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	564	-	669
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	55	-	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	(240)	6	(391)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 466</b>	<b>\$ 463</b>	<b>\$ 1,475</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>508</b>	<b>508</b>	<b>508</b>
(\$ Per Share Impact - Diluted, Unaudited)			
<b>Net Income</b>	<b>\$ 0.22</b>	<b>\$ 0.93</b>	<b>\$ 1.75</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.03)	0.02	(0.01)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup> (PSEG Power)	(0.02)	(0.05)	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.10	-	1.32
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.11	-	0.29
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	(0.46)	0.01	(0.78)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 0.92</b>	<b>\$ 0.91</b>	<b>\$ 2.90</b>

(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.

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

Reconciling Items	Three Months Ended March 31,		Year Ended December 31,
	2017	2016	2016
(\$ millions, Unaudited)			
<b>Net Income (Loss)</b>	<b>\$ (170)</b>	<b>\$ 192</b>	<b>\$ 18</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax	(17)	8	(5)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup>	(10)	(22)	168
Hudson/Mercer Early Retirement, pre-tax	564	-	669
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	(217)	6	(336)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 150</b>	<b>\$ 184</b>	<b>\$ 514</b>
Depreciation and Amortization, pre-tax <sup>(c)</sup>	92	80	329
Interest Expense, pre-tax <sup>(c)(d)</sup>	16	22	83
Income Taxes <sup>(c)</sup>	101	123	275
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 359</b>	<b>\$ 409</b>	<b>\$ 1,201</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>508</b>	<b>508</b>	<b>508</b>

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

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

(c) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.

(d) Net of capitalized interest.

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

Reconciling Items	Three Months Ended March 31,		Year Ended December 31,
	2017	2016	2016
(\$ millions, Unaudited)			
<b>Net Income (Loss)</b>	<b>\$ (15)</b>	<b>\$ 17</b>	<b>\$ (20)</b>
Lease Related Activity, pre-tax	55	-	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(a)</sup>	(23)	-	(55)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 17</b>	<b>\$ 17</b>	<b>\$ 72</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>508</b>	<b>508</b>	<b>508</b>

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