

Q2 2017 - Quarterly Performance Update

NYSE: PEG

"PSEG reported today Q2 2017 Net Income of \$0.22 per share as compared to Net Income of \$0.37 per share in Q2 2016. Non-GAAP Operating Earnings for Q2 2017 were \$0.62 per share compared with non-GAAP Operating Earnings of \$0.57 per share in Q2 2016. PSEG's Net Income during the first half of 2017 reflects the June 1 retirement of the Hudson and Mercer coal/gas generating units. The non-GAAP Operating Earnings increase in the second quarter 2017 of 9% reflects strong performance at both PSE&G and PSEG Power. PSE&G's earnings contribution is expected to grow to represent 66% of our full-year 2017 non-GAAP Operating Earnings guidance of \$2.80 - \$3.00 per share.

Growth in PSE&G's earnings reflects the benefits of its expanded investment program. Our commitment to improving NJ's aging infrastructure continues, evidenced by our filing earlier this week of a 5-year \$2.7 billion extension of our Gas System Modernization Program. PSE&G has also reached an agreement in principle in its Energy Efficiency (EE) filing with NJ regulatory staff and other parties to provide for a \$69 million extension of PSE&G's investment in EE, bringing the total to ~\$400 million. The Smart Electric Power Alliance (SEPA) also recently named PSE&G the 2017 Investor Owned Utility of the Year, in recognition of its leadership in building solar farms on landfills and brownfield sites in the State.

PSEG Power's quarterly results improved as on-going programs to reduce operating expenses supported earnings, and construction at its three CCGT generating stations is on schedule and on budget. Going forward, we expect that the growth prospects of PSE&G, the re-configuration of our merchant generating fleet and successful execution of our policy initiatives will allow PSEG to extend its track record of delivering value for our customers and growth for our shareholders – while we maintain a strong balance sheet and credit metrics."

Ralph Izzo, Chairman, President & CEO - July 28, 2017

PSEG – Q2 2017 Highlights

Achieved Solid Financial Results

- Net Income of \$0.22 vs. Net Income of \$0.37 per share in Q2 2016, reflecting Hudson and Mercer coal/gas generation retirements on June 1
- Non-GAAP Operating Earnings* of \$0.62 vs. \$0.57 per share in Q2 2016
- PSE&G achieved 17% growth in Q2 earnings per share over Q2 2016 – supported by increased investment in transmission and distribution, and cost containment
- PSEG Power results aided by continued cost control

Operational Excellence

- Nuclear fleet performance achieved 100% capacity factor for Q2
- PSE&G named Smart Electric Power Alliance's (SEPA) 2017 Investor Owned Utility of the Year, recognizing PSE&G's leadership in landfill and brownfield solar

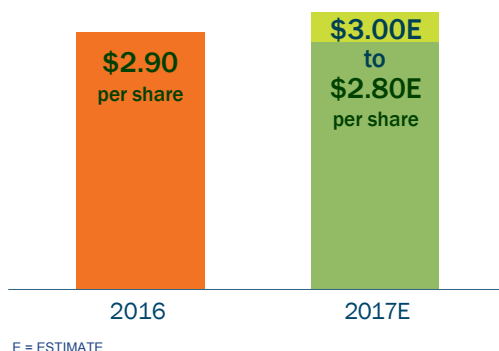
PSEG Disciplined Capital Investment – Producing Results

- PSEG to invest ~\$4.7 billion in 2017, consisting of ~\$3.4 billion at PSE&G and ~\$1.2 billion at PSEG Power
- Regulatory & Policy Focus: New Jersey Board of Public Utilities (BPU) actions support infrastructure investment; Energy Efficiency agreement in principal reached; \$2.7 billion Gas System Modernization Program (GSMP) extension and expansion filing

Re-affirming 2017 Full-Year Guidance

Growth in utility infrastructure investments drives higher regulated earnings contribution in 2017

Non-GAAP Operating Earnings* and 2017 Guidance



Q2 2017 Results by Subsidiary

Three Months Ended June 30 \$ millions (except per share amounts)	Financial Results		Per Share	
	2017	2016	2017	2016
GAAP Net Income/(Loss)				
PSE&G	\$208	\$179	\$0.41	\$0.35
PSEG Power	\$(97)	\$(11)	\$(0.19)	\$(0.02)
PSEG Enterprise/Other	\$(2)	\$19	\$(0.00)	\$0.04
Total PSEG	\$109	\$187	\$0.22	\$0.37
Non-GAAP Operating Earnings*				
PSE&G	\$208	\$179	\$0.41	\$0.35
PSEG Power **	\$97	\$91	\$0.19	\$0.18
PSEG Enterprise/Other**	\$11	\$19	\$0.02	\$0.04
Total PSEG	\$316	\$289	\$0.62	\$0.57

Key Performance Highlights

as of 6/30/2017	
Stock Price	\$43.01
Dividends Paid per Share (year-to-date)	\$0.86
Dividend Yield (%)	4.0%
Total Shareholder Return (year-to-date)	-0.1%
Average Shares Outstanding, Diluted (in millions)	507
Book Value Per Common Share	\$25.60

*/**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 July 28, 2017.

These materials and other financial releases can be found on the PSEG website at 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 June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
	(\$ millions, Unaudited)			
Net Income	\$ 109	\$ 187	\$ 223	\$ 658
(Gain) Loss on Nuclear Decommissioning Trust (NDT)				
Fund Related Activity, pre-tax (PSEG Power)	(30)	-	(47)	8
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(a) (PSEG Power)	(36)	171	(46)	149
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	387	-	951	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	22	-	77	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(136)	(69)	(376)	(63)
Operating Earnings (non-GAAP)	\$ 316	\$ 289	\$ 782	\$ 752
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508
	(\$ Per Share Impact - Diluted, Unaudited)			
Net Income	\$ 0.22	\$ 0.37	\$ 0.44	\$ 1.30
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.06)	-	(0.09)	0.01
(Gain) Loss on MTM, pre-tax ^(a) (PSEG Power)	(0.07)	0.34	(0.09)	0.29
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	0.77	-	1.87	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.04	-	0.15	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(0.28)	(0.14)	(0.74)	(0.12)
Operating Earnings (non-GAAP)	\$ 0.62	\$ 0.57	\$ 1.54	\$ 1.48

(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 June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
	(\$ millions, Unaudited)			
Net Income (Loss)	\$ (97)	\$ (11)	\$ (267)	\$ 181
(Gain) Loss on NDT Fund Related Activity, pre-tax	(30)	-	(47)	8
(Gain) Loss on MTM, pre-tax ^(a)	(36)	171	(46)	149
Hudson/Mercer Early Retirement, pre-tax	387	-	951	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(127)	(69)	(344)	(63)
Operating Earnings (non-GAAP)	\$ 97	\$ 91	\$ 247	\$ 275
Depreciation and Amortization, pre-tax ^(c)	87	81	179	161
Interest Expense, pre-tax ^{(c) (d)}	12	20	28	42
Income Taxes ^(d)	65	58	166	161
Adjusted EBITDA (non-GAAP)	\$ 261	\$ 250	\$ 620	\$ 659
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508

(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 June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
	(\$ millions, Unaudited)			
Net Income (Loss)	\$ (2)	\$ 19	\$ (17)	\$ 36
Lease Related Activity, pre-tax	22	-	77	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(a)	(9)	-	(32)	-
Operating Earnings (non-GAAP)	\$ 11	\$ 19	\$ 28	\$ 36
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508

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