

### Q4 & Year-End 2016 Performance Update

NYSE: PEG

"We delivered strong results in 2016: Net Income of \$887 million or \$1.75 per share, as compared to Net Income of \$1,679 million, or \$3.30 per share, for 2015. Non-GAAP Operating Earnings for the year 2016 were \$1,475 million, or \$2.90 per share, compared to 2015 non-GAAP Operating Earnings of \$1,476 million, or \$2.91 per share. Net Income for 2016 was largely impacted by expenses associated with the early retirement of coal-gas units at the Hudson and Mercer generating stations and reserves for a leveraged lease impairment. Net Income for 2015 includes insurance proceeds for the recovery of storm costs. PSEG also reported a Net Loss for the fourth quarter of 2016 of \$98 million or \$0.19 per share. This compares to fourth quarter 2015 Net Income of \$309 million or \$0.60 per share. Non-GAAP Operating Earnings for the fourth quarter of 2016 were \$279 million, or \$0.54 per share, compared to fourth quarter 2015 non-GAAP Operating Earnings of \$255 million, or \$0.50 per share. Net Loss in the fourth quarter reflects the impact of incremental depreciation expense and other expenses of \$555 million pre-tax associated with the early retirement of the Hudson and Mercer.

We continue to pursue opportunities to enhance earnings and reduce financial risk. Actions to transition our business mix in response to changing market conditions have supported earnings. For 2017, we forecast non-GAAP Operating Earnings of \$2.80 - \$3.00 per share. Based on the growth in our regulated utility's investment program, PSE&G's Net Income is forecast to grow 8.5% at the mid-point of 2017's guidance to represent 66% of our forecast non-GAAP Operating Earnings.

PSEG currently plans to invest approximately \$10.2 billion over 2017 - 2019 primarily in PSE&G (77%) and PSEG Power (23%). Our investment program, coupled with the impact from the retirement of Hudson and Mercer (which is excluded from our non-GAAP Operating Earnings) is expected to improve the resiliency of our infrastructure and the economic efficiency of our generating fleet. Our ultimate goal is to provide an attractive earnings and dividend profile as we also deliver value to the customer. Our balance sheet remains strong, and we are well positioned to meet our goals."

*Ralph Izzo, Chairman, President & CEO - February 24, 2017*

### PSEG - Q4 & FY 2016 Highlights

#### Another Year of Successful Capital Deployment

- Net Loss of \$(0.19) vs. Net Income of \$0.60 per share in Q4 2015; Full-Year Net Income of \$1.75 vs. \$3.30 per share in 2015; Decision to retire Hudson-Mercer units impacted results for Q4 and FY 2016
- Non-GAAP Operating Earnings\* of \$0.54 vs. \$0.50 per share in Q4 2015; Full-year non-GAAP Operating Earnings\* of \$2.90 vs. \$2.91 per share in 2015
- PSE&G achieved 13% growth in Net Income over 2015 on increased investment in T&D
- PSEG Power results exceeded revised guidance with stringent control of O&M

#### Operating Review

- PSE&G recognized for the 15th consecutive year as the Mid-Atlantic region's most reliable electric utility
- Nuclear performance stabilized following extended outages at Salem; Both units operating in excess of 98% capacity factor in Q4 2016

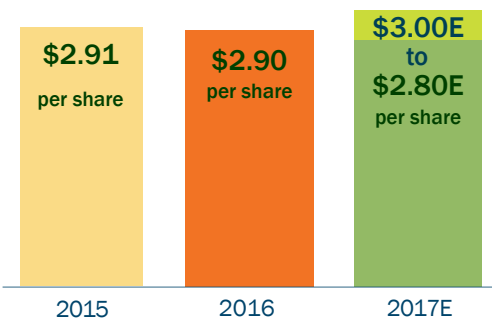
#### PSEG Disciplined Capital Investment

- PSEG invested \$4.2 billion in 2016: \$2.8 billion at PSE&G and \$1.3 billion at PSEG Power
- PSE&G's \$905 million GSMP and \$1.2 billion Energy Strong infrastructure investments continue
- Solar 4 All programs total 158 MWDC with latest extension to provide \$80 million for development of 33 MWDC of grid-connected, landfill/brownfield solar over next 3 years

### PSEG - Initiating 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



### Q4 2016 Results by Subsidiary

	Financial Results		Earnings per Share (EPS)	
	2016	2015	2016	2015
<b>\$ millions (except EPS)</b>				
PSE&G (Net Income)	\$193	\$156	\$0.38	\$0.31
PSEG Power (Net Income/(Loss))	\$(302)	\$149	\$(0.59)	\$0.29
PSEG Power (non-GAAP Operating Earnings)	\$69	\$95	\$0.13	\$0.19
PSEG Enterprise/Other (Net Income)	\$11	\$4	\$0.02	-
PSEG Enterprise/Other (non-GAAP Operating Earnings)	\$17	\$4	\$0.03	-
PSEG (Net Income/(Loss))	\$(98)	\$309	\$(0.19)	\$0.60
PSEG (non-GAAP Operating Earnings)	\$279	\$255	\$0.54	\$0.50

### Key Performance Highlights

	as of 12/31/2016
Stock Price on 12/31/2016	\$43.88
Dividends Paid per Share (year-to-date)	\$1.64
Dividend Yield (%)	3.7%
Total Shareholder Return (year-to-date)	17.8%
Average Shares Outstanding, Diluted (in millions)	508
Book Value Per Common Share	\$26.01

\* See Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) on page 2 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 March 6, 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 December 31,		Year Ended December 31,	
	2016	2015	2016	2015
(\$ millions, Unaudited)				
<b>Net Income (Loss)</b>	<b>\$ (98)</b>	<b>\$ 309</b>	<b>\$ 887</b>	<b>\$ 1,679</b>
(Gain) Loss on Nuclear Decommissioning Trust (NDT)				
Fund Related Activity, pre-tax (PSEG Power)	(9)	(38)	(5)	(24)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)	77	(59)	168	(157)
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	(172)
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	555	-	669	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	10	-	147	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	(256)	43	(391)	150
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 279</b>	<b>\$ 255</b>	<b>\$ 1,475</b>	<b>\$ 1,476</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>508</b>	<b>508</b>	<b>508</b>	<b>508</b>
(\$ Per Share Impact - Diluted, Unaudited)				
<b>Net Income (Loss)</b>	<b>\$ (0.19)</b>	<b>\$ 0.60</b>	<b>\$ 1.75</b>	<b>\$ 3.30</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.02)	(0.08)	(0.01)	(0.05)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup> (PSEG Power)	0.15	(0.12)	0.33	(0.31)
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	-	(0.34)
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.10	-	1.32	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.02	-	0.29	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	(0.52)	0.10	(0.78)	0.31
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 0.54</b>	<b>\$ 0.50</b>	<b>\$ 2.90</b>	<b>\$ 2.91</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.