

## PUBLIC SERVICE ENTERPRISE GROUP

### Delivering value by meeting the needs of customers and shareholders

Public Service Enterprise Group (NYSE: PEG) is a publicly traded, diversified energy holding company headquartered in Newark, New Jersey. With total assets of approximately \$43 billion, PSEG operates reliable electric and gas transmission and delivery utilities and is among the nation's leading wholesale energy producers. PSEG's three operating subsidiaries are Public Service Electric & Gas (PSE&G), PSEG Power and PSEG Long Island. PSEG is a Fortune 500 company and included in the S&P 500 Index, and was named to the Dow Jones Sustainability Index for the 10<sup>th</sup> year in a row in 2017.

PSE&G provides electric and gas distribution and transmission service to 2.2 million electric and 1.8 million gas customers in a 2,600 square mile service territory in New Jersey, covering approximately 70% of the state's population. In 2017, PSE&G was recognized as the most reliable utility in the Mid-Atlantic region for the 16<sup>th</sup> year in a row by PA Consulting, and named Investor Owned Utility of the Year by SEPA (the Smart Electric Power Alliance) for its efforts that add solar power to New Jersey's energy mix. PSEG Power owns a 10,562 megawatt (MW) fleet of diverse, low-cost generating assets predominantly in the Northeast and Mid-Atlantic regions of the United States that are geographically well positioned and environmentally responsible. PSEG Long Island operates the Long Island Power Authority's electric distribution system serving 1.1 million customers primarily in Nassau and Suffolk counties under a 12-year management contract that began in January 2014.

Our business model is working the way it should: Operational excellence is producing the financial strength that allows us to invest in a disciplined way for growth. PSEG's robust 5-year, \$13 to \$15 billion capital spending forecast will be mainly directed at PSE&G's capital program and the balance dedicated toward completing PSEG Power's construction of three new combined-cycle gas plants that will produce ~1,800 MW of clean, efficient capacity in Maryland, New Jersey, and Connecticut. These units are expected to be in operation mid-2018 (Keys and Sewaren) and mid-2019 (Bridgeport Harbor). We are executing well on our capital investments and our strong balance sheet allows us to pursue additional growth opportunities beyond our current program without the need to issue new equity.

### FINANCIAL HIGHLIGHTS



# PSEG

Total Assets (as of 12/31/17): **\$42.7B**  
Market Capitalization (as of 12/31/17): **\$26.1B**



# PSE&G

REGULATED ELECTRIC & GAS T&D  
Assets: **\$28.6B**



# PSEG

  
*Power LLC*

WHOLESALE ENERGY  
Assets: **\$12.4B**

Year Ended December 31,	2017	2016	2015
<b>(\$ in millions, except per share data)</b>			
Operating Revenues	\$9,084	\$9,061	\$10,415
Net Income*	\$1,574	\$887	\$1,679
Reconciling Items	(\$86)	\$588	(\$203)
Operating Earnings (non-GAAP)**	\$1,488	\$1,475	\$1,476
<b>Per Share (Diluted)</b>			
EPS from Net Income*	\$3.10	\$1.75	\$3.30
EPS from Operating Earnings (non-GAAP) **	\$2.93	\$2.90	\$2.91
<b>Net Income/(Loss) Contribution by Subsidiary (\$ in millions)</b>			
PSE&G	\$973	\$889	\$787
PSEG Power	479	18	856
PSEG Enterprise/Other	122	(20)	36
<b>Operating Earnings (non-GAAP)** Contribution by Subsidiary (\$ in millions)</b>			
PSE&G	\$963	\$889	\$787
PSEG Power	505	514	653
PSEG Enterprise/Other	20	72	36
<b>Stock Performance – Price Per Share</b>			
High	\$53.28	\$47.41	\$44.45
Low	41.67	37.85	36.80
Year-End	51.50	43.88	38.69
<b>Other Shareholder Information</b>			
Common Dividend Paid Per Share	\$1.72	\$1.64	\$1.56
Book Value Per Share	\$27.45	\$26.01	\$25.86
Total Shareholder Return	21.8%	17.8%	-2.8%
Shares Outstanding (in millions)	<b>507</b>	<b>508</b>	<b>508</b>
Debt to Capital (%)	50	47	43
<b>Number of Employees</b>	<b>12,945</b>	<b>13,065</b>	<b>13,025</b>

\*Includes after-tax expenses of \$577 million (in 2017) and \$396 million (in 2016) related to the early retirement of PSEG Power's Hudson and Mercer generating stations in June 2017 and after-tax charges totaling \$45 million (in 2017) and \$92 million (in 2016) related to investments in NRG REMA, LLC leveraged leases. \*\*See items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) on Page 2.



**PSEG**  
We make things work for you.



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## GAAP Disclaimer

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. 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 such as the revaluation of deferred tax liabilities and the impact of the retirement of the Hudson and Mercer coal stations on Power.

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.

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>.

## 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	Year Ended December 31,		
	2017	2016	2015
	(\$ millions, Unaudited)		
<b>Net Income (Loss)</b>	<b>\$ 1,574</b>	<b>\$ 887</b>	<b>\$ 1,679</b>
(Gain) Loss on Nuclear Decommissioning Trust (NDT)			
Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)	167	168	(157)
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	77	147	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(427)	(391)	150
Tax Reform	(745)	-	-
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 1,488</b>	<b>\$ 1,475</b>	<b>\$ 1,476</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>507</b>	<b>508</b>	<b>508</b>
	\$ Per Share Impact - Diluted, Unaudited		
<b>Net Income (Loss)</b>	<b>\$ 3.10</b>	<b>\$ 1.75</b>	<b>\$ 3.30</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.26)	(0.01)	(0.05)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup> (PSEG Power)	0.33	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)	1.92	1.32	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.15	0.29	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(0.84)	(0.78)	0.31
Tax Reform	(1.47)	-	-
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 2.93</b>	<b>\$ 2.90</b>	<b>\$ 2.91</b>

(a) Includes the financial impact from positions with forward delivery months. 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 Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Year Ended December 31,		
	2017	2016	2015
	(\$ millions, Unaudited)		
<b>Net Income (Loss)</b>	<b>\$ 973</b>	<b>\$ 889</b>	<b>\$ 787</b>
Tax Reform	(10)	-	-
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 963</b>	<b>\$ 889</b>	<b>\$ 787</b>

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

Reconciling Items	Year Ended December 31,		
	2017	2016	2015
	(\$ millions, Unaudited)		
<b>Net Income (Loss)</b>	<b>\$ 479</b>	<b>\$ 18</b>	<b>\$ 856</b>
(Gain) Loss on Nuclear Decommissioning Trust (NDT)			
Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)	167	168	(157)
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(395)	(336)	150
Tax Reform	(588)	-	-
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 595</b>	<b>\$ 514</b>	<b>\$ 653</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.

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

Reconciling Items	Year Ended December 31,		
	2017	2016	2015
	(\$ millions, Unaudited)		
<b>Net Income (Loss)</b>	<b>\$ 122</b>	<b>\$ (20)</b>	<b>\$ 36</b>
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	77	147	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(a)</sup>	(32)	(55)	-
Tax Reform	(147)	-	-
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 20</b>	<b>\$ 72</b>	<b>\$ 36</b>

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

