

American Gas Association
2016 Financial Forum
MAY 16, 2016

We have the
energy
to make things better
... for you, for our investors
and for our stakeholders.



PSEG

We make things work for you.

Forward-Looking Statements

Certain of the matters discussed in this report about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC) including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K and available on our website: <http://www.pseg.com>. These factors include, but are not limited to:

- adverse changes in the demand for or ongoing low pricing of the capacity and energy that we sell into wholesale electricity markets,
- adverse changes in energy industry law, policies and regulations, including market structures and transmission planning,
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators, including prudency reviews and disallowances,
- any deterioration in our credit quality or the credit quality of our counterparties,
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations,
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry,
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations or increase the cost of our nuclear generating units,
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,
- any inability to manage our energy obligations, available supply and risks,
- delays or unforeseen cost escalations in our construction and development activities, or the inability to recover the carrying amount of our assets,
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,
- increases in competition in energy supply markets as well as for transmission projects,
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies,
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response,
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements,
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events,
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses,
- delays in receipt of necessary permits and approvals for our construction and development activities,
- any inability to achieve, or continue to sustain, our expected levels of operating performance,
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,
- an extended economic recession,
- an inability to realize anticipated tax benefits or retain tax credits,
- challenges associated with recruitment and/or retention of a qualified workforce, and
- changes in the credit quality and the ability of lessees to meet their obligations under our domestic leveraged leases.

All of the forward-looking statements made in this report are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

GAAP Disclaimer

PSEG presents Operating Earnings in addition to its Income from Continuing Operations/Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings is a non-GAAP financial measure that differs from Income from Continuing Operations/Net Income. Operating Earnings exclude gains or losses associated with Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting, and other material one-time items.

PSEG presents Operating Earnings because management believes that it is appropriate for investors to consider results excluding these items in addition to the results reported in accordance with GAAP. PSEG believes that the non-GAAP financial measure of Operating Earnings provides a consistent and comparable measure of performance of its businesses to help shareholders understand performance trends. The last two slides in this presentation (Slides A and B) include a list of items excluded from Income from Continuing Operations/Net Income to reconcile to Operating Earnings, with a reference to that slide included on each of the slides where the non-GAAP information appears.

These materials and other financial releases can be found on the pseg.com website under the investor tab, or at <http://investor.pseg.com/>

PSEG STRATEGY: GROWING A HIGH-QUALITY, LOW-RISK ENERGY INFRASTRUCTURE COMPANY

Daniel Cregg

EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER



PSEG

We make things work for you.

Two strong businesses

A stable platform, each with growth opportunities



Electric & Gas Delivery and Transmission

Strategy: Investments aligned with public policy and customer needs

Value Proposition: A ~\$12 billion infrastructure program producing high single digit rate base growth through 2020

2015

Assets \$24B
Operating Earnings \$787M

Regional Competitive Generation

Strategy: Investment program enhances competitive position with addition of efficient, clean, reliable CCGT capacity

Value Proposition: Provides substantial free cash flow in current environment and upside from market rule improvements

2015

Assets \$12B
Operating Earnings \$653M

PSEG's Strategy

Investment program delivering results

Operational Excellence: Maintaining reliability and improving performance as we control costs in low price environment

Financial Strength: Strong financial position supports investment program and dividend growth

Disciplined Investment:

- Balanced business mix
- Robust pipeline of opportunities

Results:

- 3rd year of EPS growth
- Continued dividend growth
- Best in class utility growth rate
- Addition of efficient CCGT capacity enhances market position



Delivering on commitments and realizing growth

Operational Excellence

- PSE&G: ReliabilityOne Mid-Atlantic Region's Most Reliable Electric Utility (14th consecutive year), Electric Light & Power's 2015 Utility of the Year, ReliabilityOne Outstanding Outage Response Time and Outstanding Customer Engagement
- PSEG Power: Record output from combined cycle units
- PSEG Long Island: Improved customer service and reliability while managing costs
- PSEG: Cost-control benefits continue

Financial Strength

- Operating earnings for 2015 of \$2.91 per share at upper end of guidance range
- Cash flows and business mix support strong credit ratings and ability to fully fund robust investment pipeline without issuing new equity
- Increased dividend in 2015

Disciplined Investment

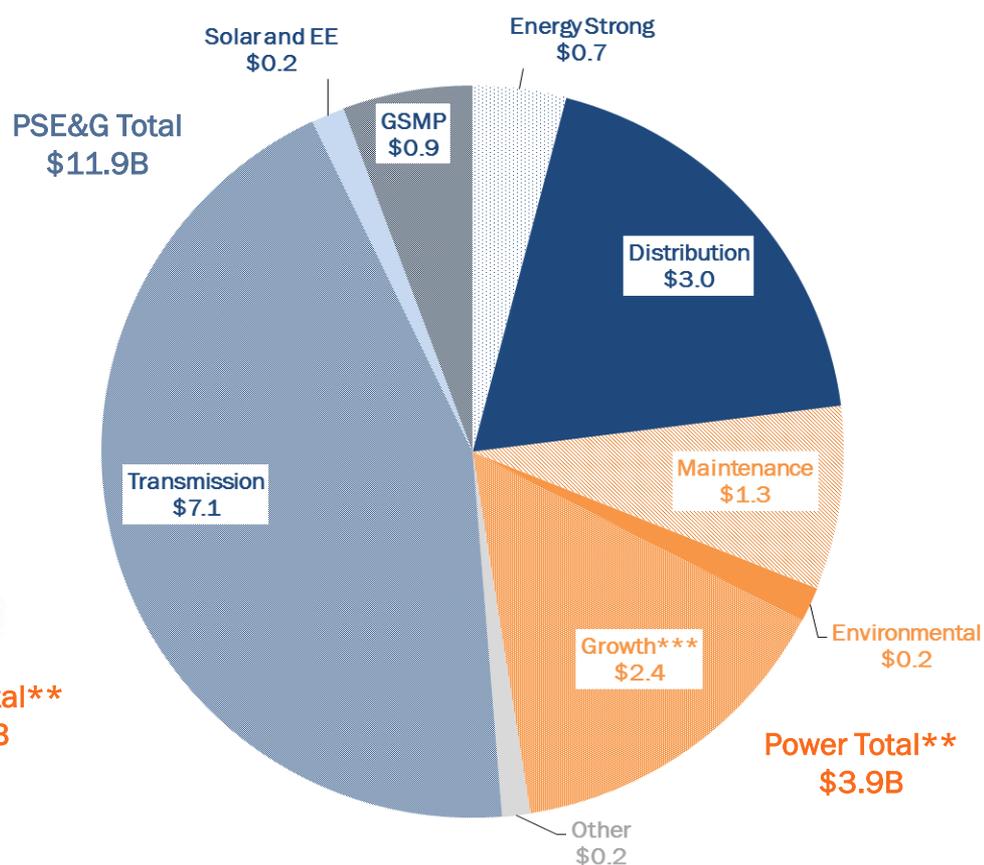
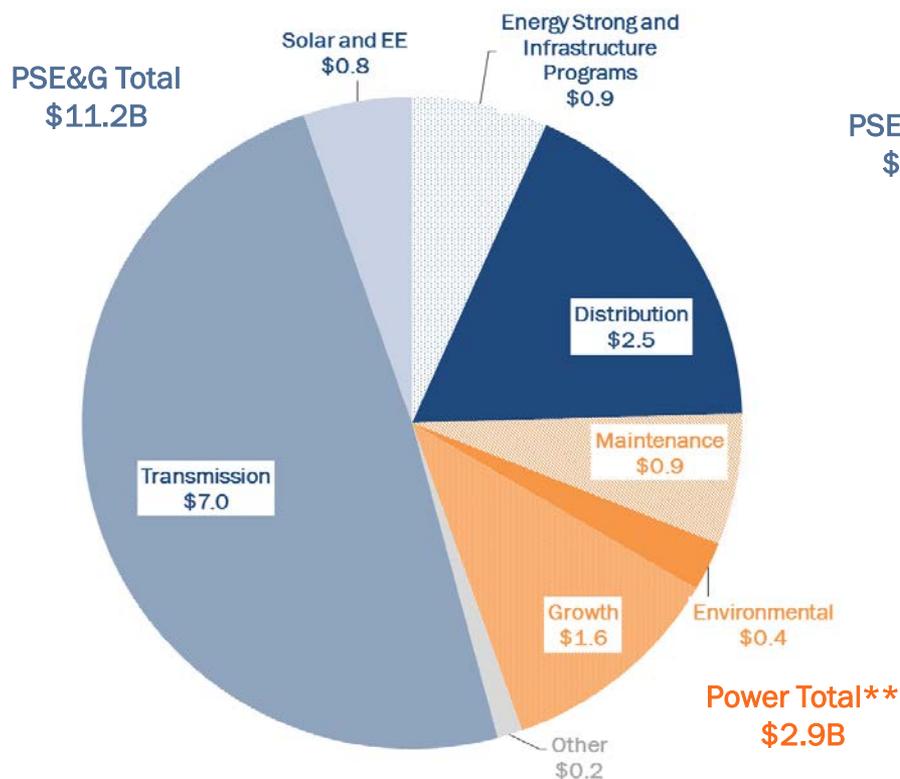
- PSE&G capital program drives continued rate base growth over the 5-year period (2016-2020) with increased investment in Transmission, Energy Strong, Gas System Modernization Program, and Electric and Gas distribution
- Power capital program focusing on growth investments including Keys, Sewaren and Bridgeport Harbor, Nuclear and Fossil updates, PennEast Pipeline, and Solar Source

Growth in capital spending aligned with customer needs

PSEG Capital Spending

2011 – 2015: ~\$14.3 Billion

2016E – 2020E*: ~\$16.0 Billion

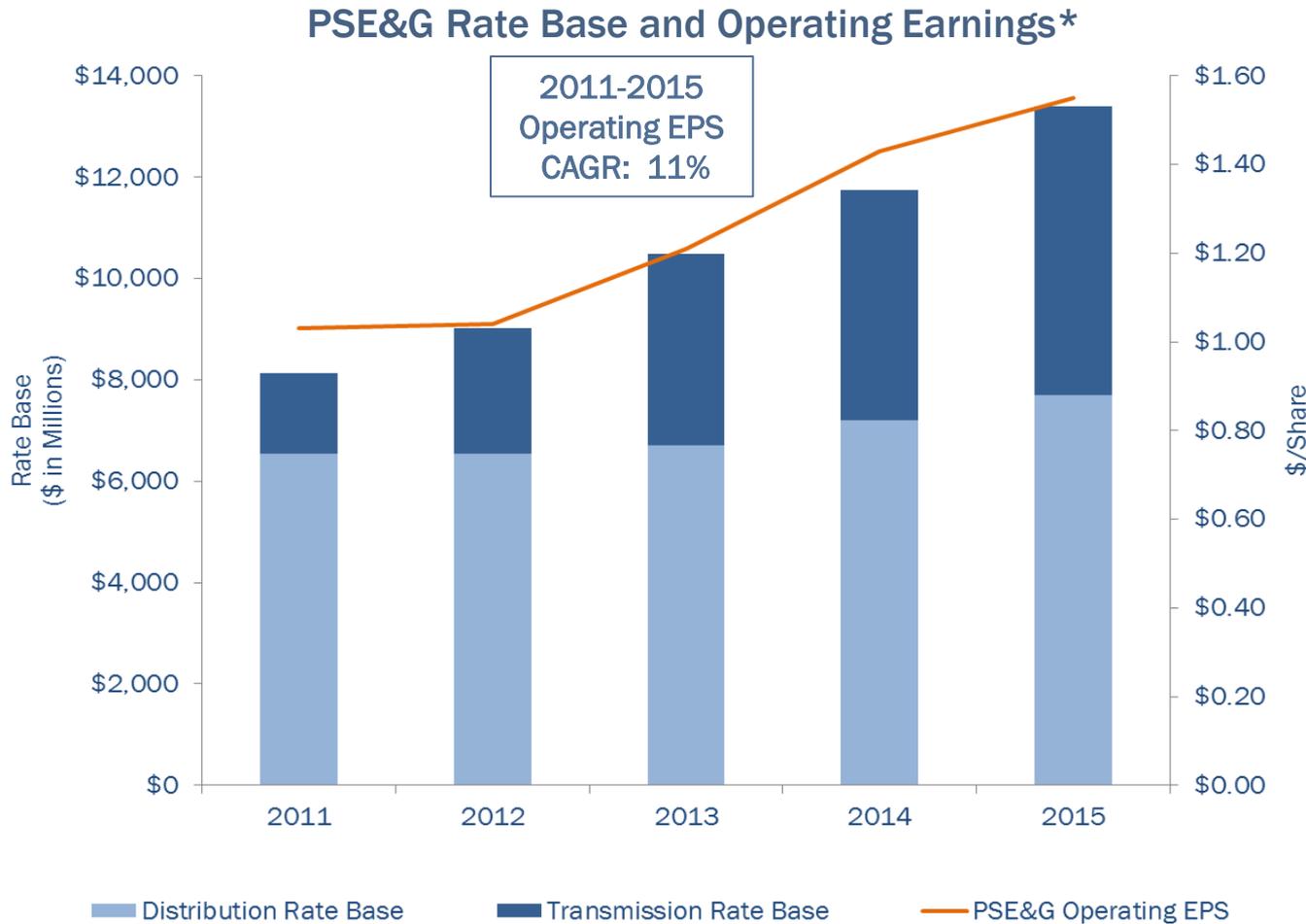


Building an efficient, clean, reliable energy platform

Timeframe	Actions taken
2011 – 2015: Transformed business mix	<ul style="list-style-type: none">• Applied ~\$14.3 billion towards investments• Improved credit ratings• Monetized Energy Holdings' portfolio• Strong balance sheet sustained during period of low power prices, while increasing the dividend
2016 – Forward: Strong financial position supports continued growth	<ul style="list-style-type: none">• Continued dividend growth in 2016• ~\$16 billion investment program through 2020• Utility investments focused on improving reliability and replacing aging infrastructure• Continued investment in reliable and efficient energy infrastructure at Power• Financial capability supports further expansion of the current capital plan

PSE&G's investment program

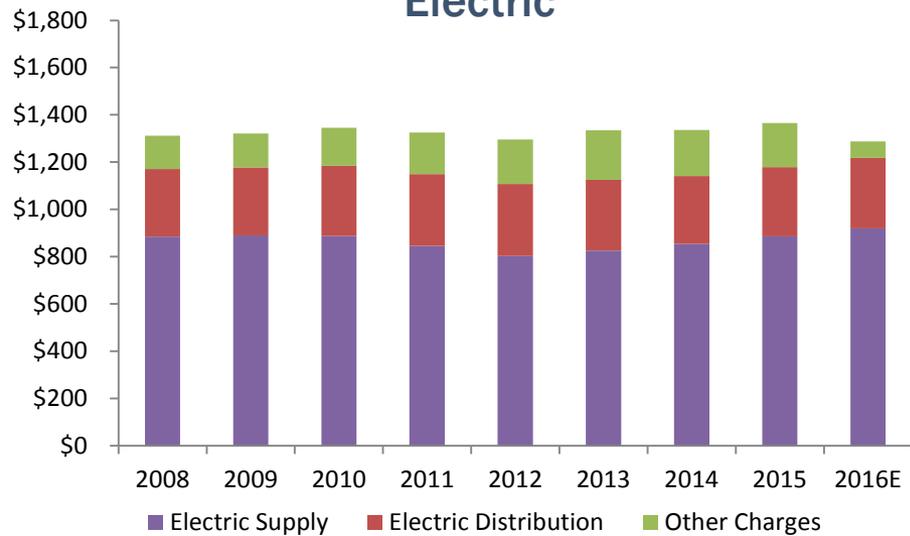
Meeting public policy goals and customer needs



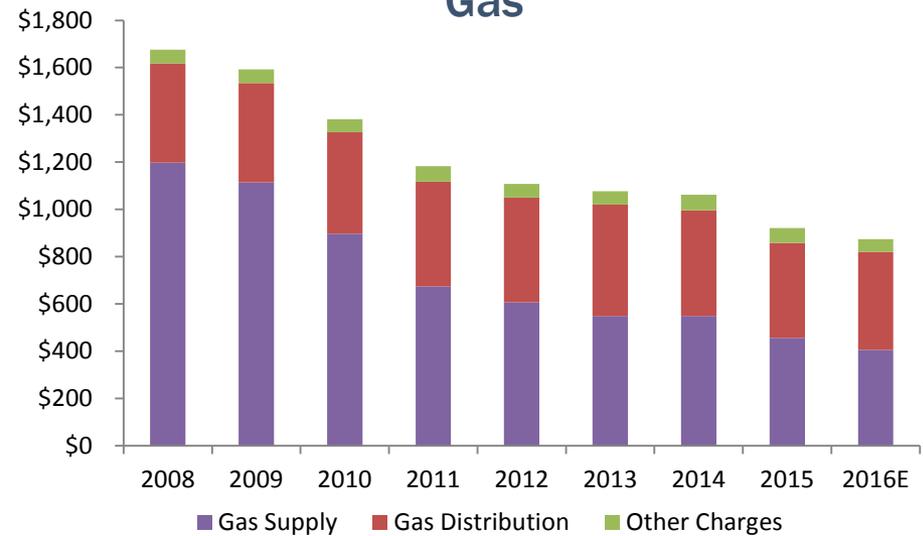
Managing the total costs to customers while investing in the system

PSE&G Typical Residential Customer Bills*

Electric

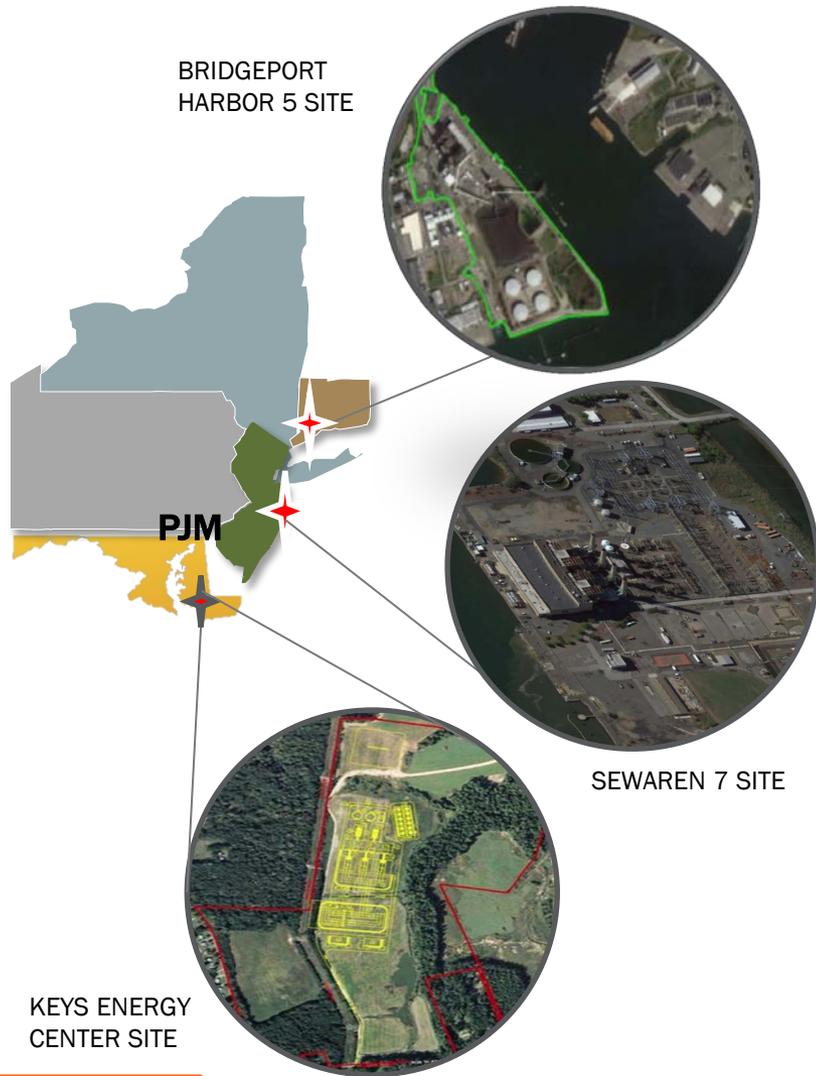


Gas



- PSE&G customers' combined electric and gas bills declined 28% over the period
- Low gas prices and elimination of transition charges drove rate decreases

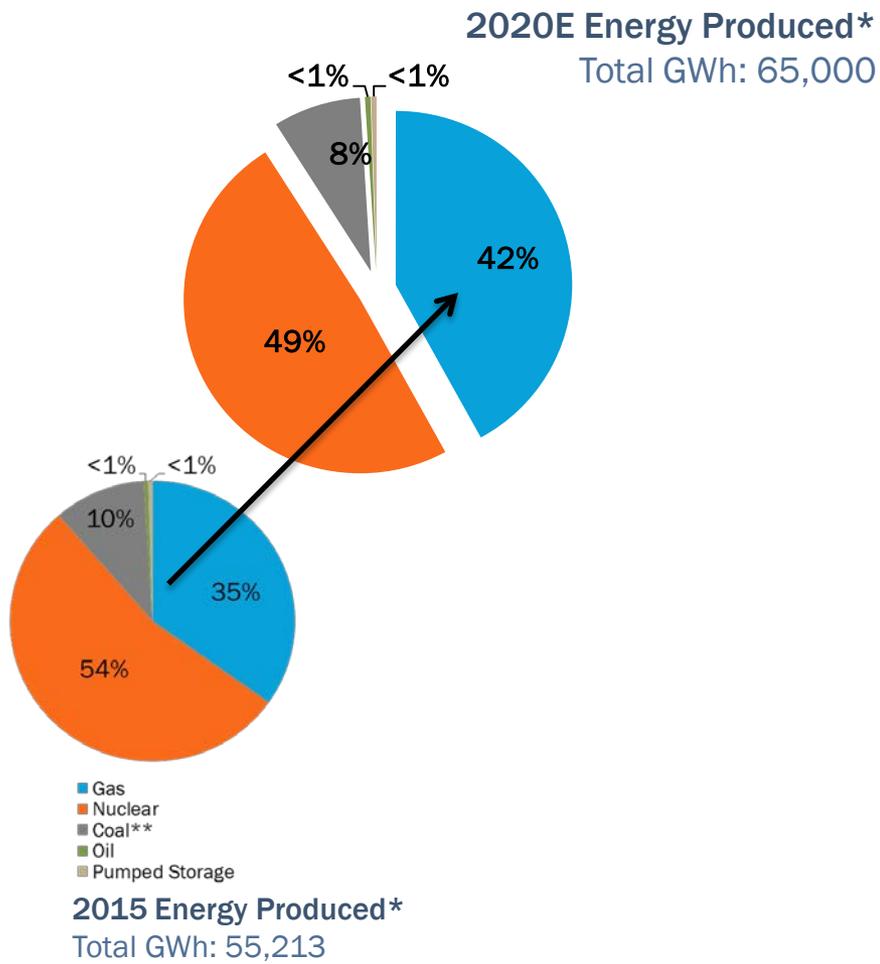
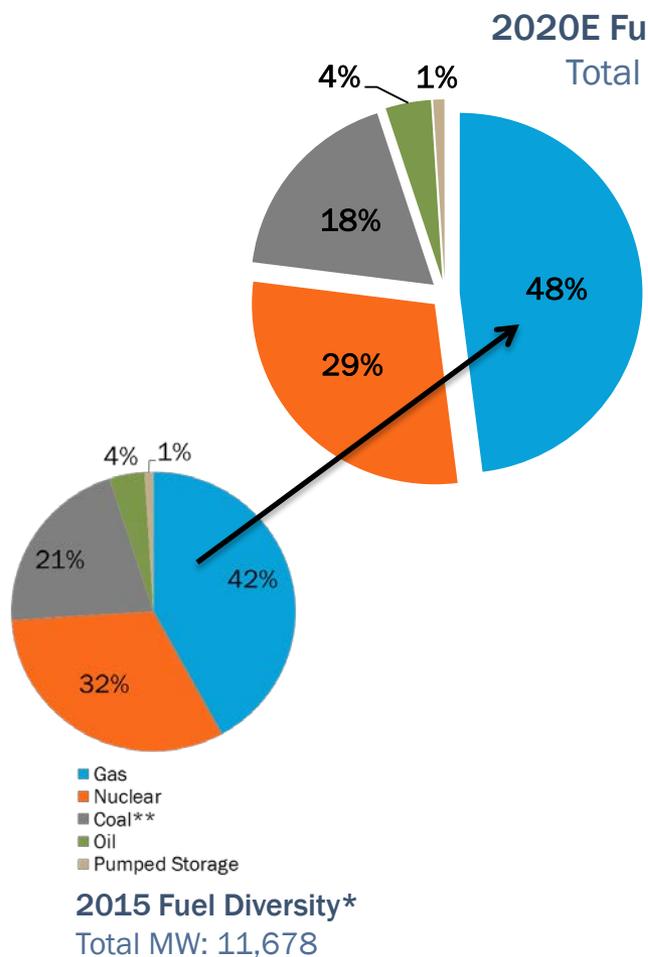
PSEG Power developing 1,800 MW of new, efficient CCGT capacity in MD, NJ and CT



- Constructing the 755 MW CCGT Keys Energy Center in Maryland (SWMAAC*) at an estimated cost of \$825 to \$875 million
- Constructing a new 540 MW CCGT unit, Sewaren in New Jersey (EMAAC*) at a cost of \$625 to \$675 million which will replace older Sewaren units
- Constructing a new 485 MW CCGT unit, Bridgeport Harbor 5 (ISO NE), at a cost of \$525 to \$575 million
- Both Keys and Sewaren 7 are targeted to be in-service in 2018 and Bridgeport Harbor 5 in 2019
- Expanding civic stewardship roles and programs in neighboring communities

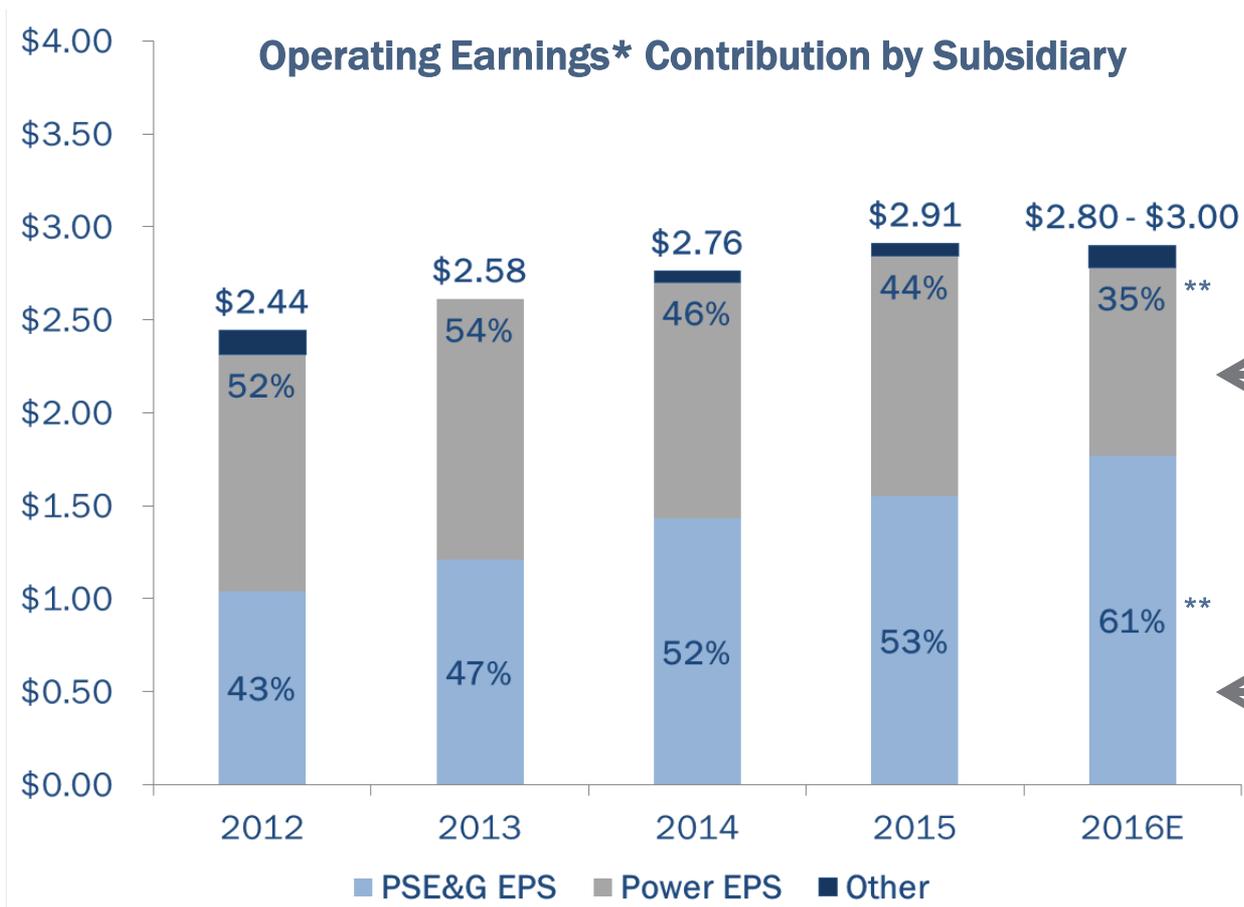
Power's fleet to be transformed with addition of Keys, Sewaren 7 and Bridgeport Harbor in 2018-2019

Projected Fleet Comparison 2015 to 2020E



Operating Earnings

Disciplined investment program and focus on operational excellence have supported growth



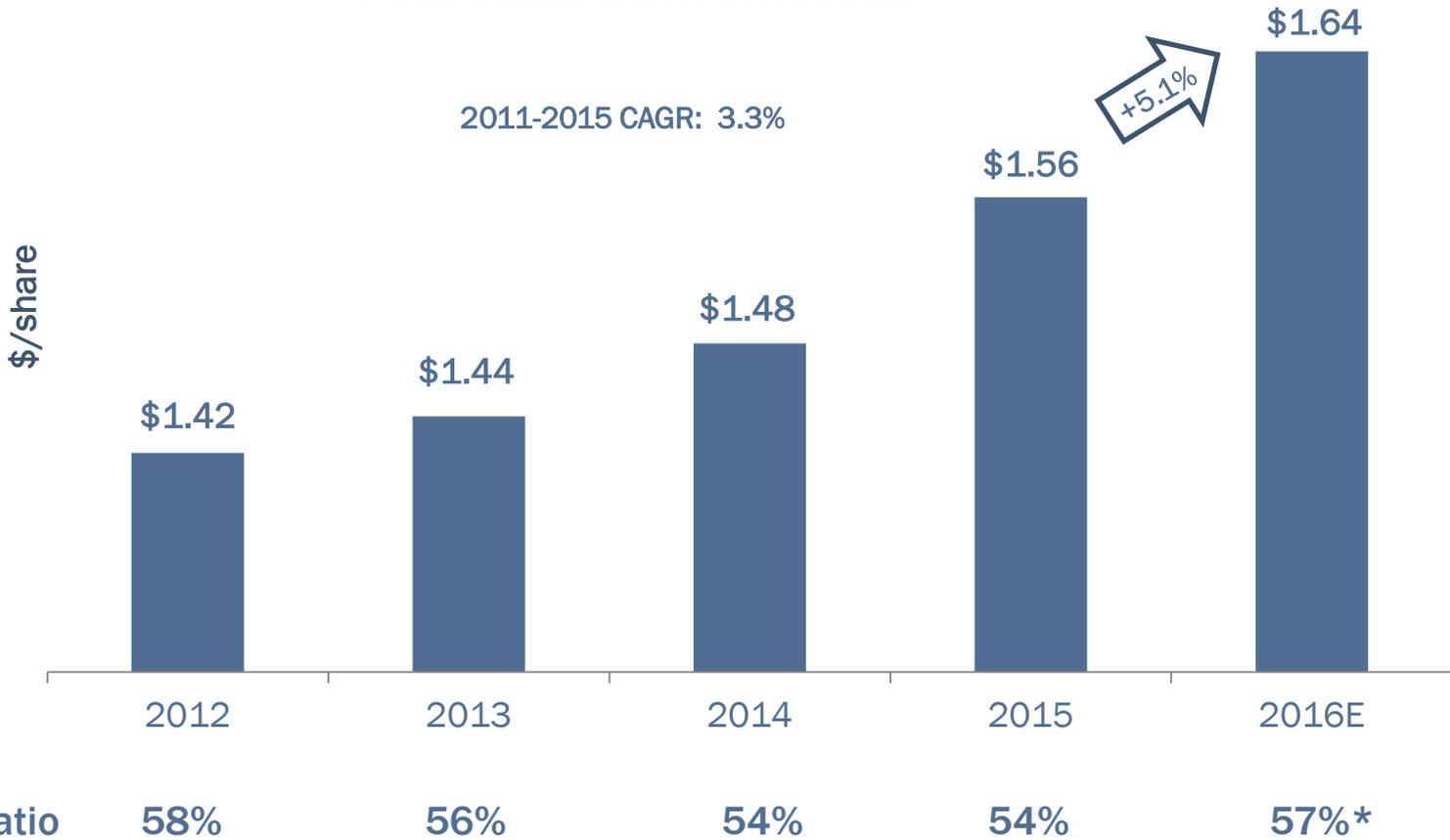
Power's diverse fuel mix and dispatch flexibility continue to generate strong earnings and free cash flow in low price environment

PSE&G's investment program has resulted in an increased contribution to PSEG's earnings

PSEG Annual Dividend

An increased dividend with potential for **consistent** and **sustainable** growth given our business mix and financial position

PSEG Annual Dividend Rate



Focus areas over the business plan horizon

PSE&G

- Operational excellence and cost control
- Capital program execution – Transmission, Energy Strong and GSMP program
- Regulatory framework – Advocate for regulatory framework that provides support for long-term infrastructure programs
- Continue to develop incremental growth opportunities

PSEG Power

- Operational excellence and cost control
- Timely and on budget construction of new growth opportunities – Keys Energy Center, Sewaren 7 and Bridgeport Harbor
- Strong performance at Nuclear and Fossil to maximize fleet value in dynamic markets
- Advocacy of constructive market rules - Capacity markets and environmental regulations

PSEG Long Island

- Continue execution – Achievement of performance metrics

PSEG's Value Proposition

- A stable platform with predictable earnings and a robust investment pipeline
- PSE&G – Best in class utility performance and growth profile
- PSEG Power – Efficient, low-cost, clean fleet advantaged by asset diversity, fuel mix and location
- Strong balance sheet – Supports stable credit rating, growth objectives and the potential for consistent and sustainable dividend growth

Items Excluded from Income from Continuing Operations/Net Income to Reconcile to Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Reconciling Items, net of tax	For the Year Ended				
	December 31,				
	2015	2014	2013	2012	2011
Earnings Impact (\$ Millions)	(Unaudited)				
Operating Earnings	\$ 1,476	\$ 1,400	\$ 1,309	\$ 1,236	\$ 1,389
Gain (Loss) on Nuclear Decommissioning Trust (NDT)					
Fund Related Activity (PSEG Power)	8	68	40	52	50
Gain (Loss) on Mark-to-Market (MTM) ^(a) (PSEG Power)	93	66	(74)	(10)	107
Lease Transaction Activity (PSEG Enterprise/Other)	-	-	-	36	(173)
Storm O&M (PSEG Power)	102	(16)	(32)	(39)	-
Gain (Loss) on Asset Sales and Impairments (PSEG Enterprise/Other)	-	-	-	-	34
Income from Continuing Operations	\$ 1,679	\$ 1,518	\$ 1,243	\$ 1,275	\$ 1,407
Discontinued Operations	-	-	-	-	96
Net Income	\$ 1,679	\$ 1,518	\$ 1,243	\$ 1,275	\$ 1,503
Fully Diluted Average Shares Outstanding (in Millions)	508	508	508	507	507
Per Share Impact (Diluted)					
Operating Earnings	\$ 2.91	\$ 2.76	\$ 2.58	\$ 2.44	\$ 2.74
Gain (Loss) on NDT Fund Related Activity (PSEG Power)	0.01	0.13	0.08	0.10	0.10
Gain (Loss) on MTM ^(a) (PSEG Power)	0.18	0.13	(0.14)	(0.02)	0.21
Lease Transaction Activity (PSEG Enterprise/Other)	-	-	-	0.07	(0.34)
Storm O&M (PSEG Power)	0.20	(0.03)	(0.07)	(0.08)	-
Gain (Loss) on Asset Sales and Impairments (PSEG Enterprise/Other)	-	-	-	-	0.06
Income from Continuing Operations	\$ 3.30	\$ 2.99	\$ 2.45	\$ 2.51	\$ 2.77
Discontinued Operations	-	-	-	-	0.19
Net Income	\$ 3.30	\$ 2.99	\$ 2.45	\$ 2.51	\$ 2.96

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