

Q2 2018 Performance Update

NYSE: PEG

PSEG reported today Q2 2018 Net Income of \$269 million, or \$0.53 per share as compared to Net Income of \$109 million, or \$0.22 per share, in Q2 2017. Non-GAAP Operating Earnings were \$325 million, or \$0.64 per share, compared to non-GAAP Operating Earnings for Q2 2017 of \$316 million, or \$0.62 per share. Non-GAAP Operating Earnings for the quarter rose 3%, reflecting continued strong performance at PSE&G, and effective cost control and the lower corporate tax rate at PSEG Power. We are reaffirming our non-GAAP Operating Earnings guidance for 2018 of \$3.00 - \$3.20 per share.

PSE&G's earnings reflect continued investment in our transmission and distribution programs. PSE&G's investment in transmission is expected to grow to represent approximately 45% of the company's 2018 year-end rate base. We are completing the first phase of our Gas System Modernization Program (GSMP) and will begin work on GSMP II, recently approved by NJ regulators, in 2019. In early June, PSE&G filed for an extension of our Energy Strong Infrastructure Program (or ES2). Later this year, we plan to submit our Clean Energy Future (CEF) filing, aligning with NJ's energy policy goals, to invest \$2.9 billion over 6 years in energy efficiency, electric vehicle infrastructure, and battery storage that will broadly benefit our customers by helping to lower bills and better manage energy use.

PSEG Power placed into service the Keys Energy Center and Sewaren 7 combined cycle units, and construction activities are on-going at Bridgeport Harbor 5, which we expect to bring on-line mid-2019. Once in service, it will complete a re-configuration of Power's merchant generation fleet that will improve its competitiveness in the market and improve free cash flow, with the decline in capital spending. In May, NJ Governor Murphy signed Zero Emission Certificate (ZEC) legislation that will help preserve the benefits nuclear generation provides to NJ, Power estimates it could be eligible to receive ZEC revenues of approximately \$200 million per year if all 3 of our NJ nuclear units are selected. We intend to maintain our strong balance sheet and credit metrics that enable us to fund PSEG's projected capital investment program of \$14 billion to \$17 billion over the 2018 to 2022 period without the need to issue equity and continue providing shareholders with the opportunity for consistent and sustainable dividend growth.

Ralph Izzo, Chairman, President & CEO - August 1, 2018

PSEG – Q2 2018 Highlights

Second Quarter Highlights

- Net Income of \$0.53 vs. Net Income of \$0.22 per share in Q2 2017
- Non-GAAP Operating Earnings* of \$0.64, up 3% over \$0.62 per share in Q2 2017
- PSE&G Earnings Per Share up 12% driven by growth in T & D investment
- PSEG Power results continue to benefit from tax reform and cost control

Operational Excellence

- PSEG Power placed into service Keys Energy Center and Sewaren 7, adding 1,300 MW of clean gas-fired CCGT capacity; Sewaren 1-4 retired 445 MW
- PSE&G completed the final phase of the 345 kV Bergen-Linden Corridor upgrade project

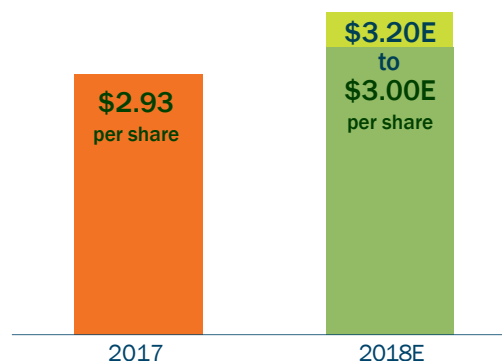
Disciplined Investment Producing Results

- PSEG on track to invest ~\$3.6 billion in 2018: \$2.8 billion at PSE&G, \$0.7 billion at Power
- Regulatory/Legislative Focus: GSMP II approved by BPU; Energy Strong (ES2) infrastructure program extension filed; Governor Murphy signed Nuclear ZEC and Clean Energy legislation into law
- Major Capital Initiatives: PSEG Power completed construction of Keys Energy Center and Sewaren 7; Bridgeport Harbor 5 expected to be completed in mid-2019; PSE&G completing GSMP I and Energy Strong in 2018; GSMP II to begin in 2019

PSEG-Reaffirming 2018 Full-Year Guidance

Growth in utility infrastructure investment and tax reform expected to drive increase in earnings

Non-GAAP Operating Earnings* and 2018 Guidance



Q2 2018 Results by Subsidiary

	Financial Results		Earnings per Share (EPS)	
	2018	2017	2018	2017
\$ millions (except EPS)				
PSE&G (Net Income)	\$231	\$208	\$0.46	\$0.41
PSEG Power (Net Income/(Loss))	\$41	\$(97)	\$0.08	\$(0.19)
PSEG Power (non-GAAP Op. Earnings)*	\$83	\$97	\$0.16	\$0.19
Enterprise/Other (Net Loss)	\$(3)	\$(2)	\$(0.01)	\$ -
Enterprise/Other (non-GAAP Op. Earnings)*	\$11	\$11	\$0.02	\$0.02
PSEG (Net Income)	\$269	\$109	\$0.53	\$0.22
PSEG (non-GAAP Operating Earnings)*	\$325	\$316	\$0.64	\$0.62

Key Performance Highlights

	as of 6/30/2018
Stock Price on 6/30/2018	\$54.14
Dividends Paid per Share (year-to-date)	\$0.90
Dividend Yield (%)	3.3%
Average Shares Outstanding, Diluted (in millions)	507
Book Value Per Common Share	\$28.10

* See Items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings/(Loss) on page 2 or <https://investor.pseg.com/non-gaap>

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.

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 August 1, 2018.

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	Three Months Ended June 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income	\$ 269	\$ 109	\$ 1,574
(Gain) Loss on Nuclear Decommissioning Trust (NDT)			
Fund Related Activity, pre-tax (PSEG Power) ^(a)	(9)	(30)	(133)
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(b) (PSEG Power)	67	(36)	167
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	(1)	387	975
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	20	22	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(21)	(136)	(427)
Tax Reform	-	-	(745)
Operating Earnings (non-GAAP)	\$ 325	\$ 316	\$ 1,488
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507
(\$ Per Share Impact - Diluted, Unaudited)			
Net Income	\$ 0.53	\$ 0.22	\$ 3.10
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a) (PSEG Power)	(0.01)	(0.06)	(0.26)
(Gain) Loss on MTM, pre-tax ^(b) (PSEG Power)	0.13	(0.07)	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	-	0.77	1.92
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.03	0.04	0.15
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(0.04)	(0.28)	(0.84)
Tax Reform	-	-	(1.47)
Operating Earnings (non-GAAP)	\$ 0.64	\$ 0.62	\$ 2.93

- (a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
(b) Includes the financial impact from positions with forward delivery months.
(c) Income tax effect calculated at 28.11% for 2018 and 40.85% statutory rate for 2017, 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 statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

PSE&G Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	Three Months Ended June 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income	\$ 231	\$ 208	\$ 973
Tax Reform	-	-	(10)
Operating Earnings (non-GAAP)	\$ 231	\$ 208	\$ 963
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507

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

Reconciling Items	Three Months Ended June 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income (Loss)	\$ (3)	\$ (2)	\$ 122
Lease Related Activity, pre-tax	20	22	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(a)	(6)	(9)	(32)
Tax Reform	-	-	(147)
Operating Earnings (non-GAAP)	\$ 11	\$ 11	\$ 20
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507

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

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

Reconciling Items	Three Months Ended June 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income (Loss)	\$ 41	\$ (97)	\$ 479
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a)	(9)	(30)	(133)
(Gain) Loss on MTM, pre-tax ^(b)	67	(36)	167
Hudson/Mercer Early Retirement, pre-tax	(1)	387	975
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(15)	(127)	(395)
Tax Reform	-	-	(588)
Operating Earnings (non-GAAP)	\$ 83	\$ 97	\$ 505
Depreciation and Amortization, pre-tax ^(d)	82	87	333
Interest Expense, pre-tax ^(e)	11	12	48
Income Taxes ^(e)	34	65	286
Adjusted EBITDA (non-GAAP)	\$ 210	\$ 261	\$ 1,172
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507

- (a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
(b) Includes the financial impact from positions with forward delivery months.
(c) Income tax effect calculated at 28.11% for 2018 and 40.85% statutory rate for 2017, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (losses) from qualified NDT funds.
(d) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.
(e) Net of capitalized interest.