

Q3 2018 Performance Update

NYSE: PEG

PSEG reported today Q3 2018 Net Income of \$412 million, or \$0.81 per share, as compared to Net Income of \$395 million, or \$0.78 per share, in Q3 2017. Non-GAAP Operating Earnings were \$481 million, or \$0.95 per share, compared to non-GAAP Operating Earnings for Q3 2017 of \$417 million, or \$0.82 per share. Non-GAAP Operating Earnings for the quarter rose 16%, reflecting continued investment in PSE&G capital programs and lower corporate income taxes at PSEG Power.

PSE&G's earnings reflect continued investment in capital programs and warmer summer weather that increased sales volumes over last year's mild third quarter. PSE&G achieved several milestones including the recent Board of Public Utility Commission (BPU) approval of our distribution rate case settlement agreement and the filing of our Clean Energy Future (CEF) investment programs totaling \$3.6 billion over six years – Energy Efficiency, Electric Vehicle Infrastructure and Energy Storage, and Energy Cloud initiatives including Advanced Metering Infrastructure (AMI).

PSEG Power placed the Keys Energy Center and Sewaren 7 power plants into service mid-year and continues to target completion of the CCGT construction program with Bridgeport Harbor 5 in mid-2019. In addition, the BPU process to implement the Zero Emission Certificate (ZEC) program is underway, with three public hearings concluded earlier this month.

Throughout a very hot summer, both PSE&G and Power performed well and our results reflect solid contributions from both businesses. We are updating our non-GAAP Operating Earnings guidance for the year to \$3.05 - \$3.15 per share and adjusting the contributions from each of the businesses. Stronger sales mostly due to warmer than normal summer weather have lifted PSE&G's results above its original guidance range, while power pricing has negatively impacted our forecast for Power's results.

We remain focused on the successful execution of our key policy and regulatory initiatives to provide our shareholders with greater assurance of PSEG's ability to meet our financial objectives for returns and growth. PSEG continues to perform at high levels, safely operating the system throughout a very hot summer, which is a testament to the dedication of our 13,000 associates in New Jersey, New York, Maryland and Connecticut.

Ralph Izzo, Chairman, President & CEO - October 30, 2018

PSEG – Q3 2018 Highlights

Third Quarter Highlights

- Net Income of \$0.81 vs. Net Income of \$0.78 per share in Q3 2017
- Non-GAAP Operating Earnings* of \$0.95, up 16% over \$0.82 per share in Q3 2017
- PSE&G Earnings per share up 10% driven by growth in T & D investment and weather
- PSEG Power non-GAAP Operating Earnings* per share improved driven by lower taxes
- Updating 2018 non-GAAP Operating Earnings guidance to \$3.05-\$3.15 per share

Operational Excellence

- Nuclear achieved an average capacity factor of 93% for Q3 and YTD; CCGT fleet's capacity factor was 68% in Q3
- PSE&G maintained high system reliability throughout second hottest third quarter on record

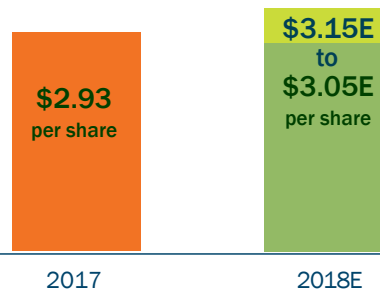
Disciplined Investment - Producing Results

- PSEG on track to invest ~\$3.6 billion in 2018: \$2.8 billion at PSE&G, \$0.7 billion at Power
- Regulatory/Legislative Focus: PSE&G settled its distribution rate case in October; CEF programs filed; Energy Strong II pending before the BPU; ZEC public hearings concluded
- Major Capital Initiatives: PSEG Power CCGT construction program expected to conclude with Bridgeport Harbor 5 completion in mid-2019; GSMP II investments to begin in 2019

Updating 2018 Full-Year Guidance

Growth in utility infrastructure investment and tax reform expected to drive earnings ~6% higher than 2017

Non-GAAP Operating Earnings* and 2018 Updated Guidance



Subsidiary contributions adjusted to reflect an increased contribution from PSE&G, balancing lower expected results at PSEG Power and Enterprise/Other

Q3 2018 Results by Subsidiary

	Financial Results		Earnings per Share (EPS)	
	2018	2017	2018	2017
\$ millions (except EPS)				
PSE&G (Net Income)	\$278	\$246	\$0.54	\$0.49
PSEG Power (Net Income)	\$125	\$136	\$0.25	\$0.27
PSEG Power (non-GAAP Op. Earnings)*	\$194	\$158	\$0.39	\$0.31
Enterprise/Other (Net Income)	\$9	\$13	\$0.02	\$0.02
PSEG (Net Income)	\$412	\$395	\$0.81	\$0.78
PSEG (non-GAAP Operating Earnings)*	\$481	\$417	\$0.95	\$0.82

Key Performance Highlights

	as of 9/30/2018
Stock Price on 9/30/2018	\$52.79
Dividends Paid per Share (year-to-date)	\$1.35
Dividend Yield (%)	3.4%
Average Shares Outstanding, Diluted (in millions)	507
Book Value Per Common Share	\$28.50

* See Items excluded from Net Income 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 October 30, 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 September 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income	\$ 412	\$ 395	\$ 1,574
(Gain) Loss on Nuclear Decommissioning Trust (NDT)			
Fund Related Activity, pre-tax (PSEG Power) ^(a)	(43)	(22)	(133)
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(b) (PSEG Power)	133	46	167
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	-	9	975
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(21)	(11)	(427)
Tax Reform	-	-	(745)
Operating Earnings (non-GAAP)	<u>\$ 481</u>	<u>\$ 417</u>	<u>\$ 1,488</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507
(\$ Per Share Impact - Diluted, Unaudited)			
Net Income	\$ 0.81	\$ 0.78	\$ 3.10
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a) (PSEG Power)	(0.08)	(0.05)	(0.26)
(Gain) Loss on MTM, pre-tax ^(b) (PSEG Power)	0.26	0.09	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	-	0.02	1.92
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	0.15
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(0.04)	(0.02)	(0.84)
Tax Reform	-	-	(1.47)
Operating Earnings (non-GAAP)	<u>\$ 0.95</u>	<u>\$ 0.82</u>	<u>\$ 2.93</u>

- (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.

PSEG&G Operating Earnings (non-GAAP) Reconciliation

Reconciling Items	Three Months Ended September 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income	\$ 278	\$ 246	\$ 973
Tax Reform	-	-	(10)
Operating Earnings (non-GAAP)	<u>\$ 278</u>	<u>\$ 246</u>	<u>\$ 963</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	507	507

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

Reconciling Items	Three Months Ended September 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income (Loss)	\$ 9	\$ 13	\$ 122
Lease Related Activity, pre-tax	-	-	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(a)	-	-	(32)
Tax Reform	-	-	(147)
Operating Earnings (non-GAAP)	<u>\$ 9</u>	<u>\$ 13</u>	<u>\$ 20</u>
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 September 30,		Year-Ended December 31,
	2018	2017	2017
(\$ millions, Unaudited)			
Net Income (Loss)	\$ 125	\$ 136	\$ 479
(Gain) Loss on NDT Fund Related Activity, pre-tax ^(a)	(43)	(22)	(133)
(Gain) Loss on MTM, pre-tax ^(b)	133	46	167
Hudson/Mercer Early Retirement, pre-tax	-	9	975
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform ^(c)	(21)	(11)	(395)
Tax Reform	-	-	(588)
Operating Earnings (non-GAAP)	<u>\$ 194</u>	<u>\$ 158</u>	<u>\$ 505</u>
Depreciation and Amortization, pre-tax ^(d)	91	77	333
Interest Expense, pre-tax ^{(d) (e)}	29	12	48
Income Taxes ^(d)	46	109	286
Adjusted EBITDA (non-GAAP)	<u>\$ 360</u>	<u>\$ 356</u>	<u>\$ 1,172</u>
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.