

## Q4 & Year-End 2017 Performance Update

**NYSE: PEG**

"We ended 2017 on a strong note with operating earnings for the year above the mid-point of our guidance. Successful execution of PSE&G's capital program and strong operations at PSEG Power contributed to our full year results. The successes of 2017 were the result of the outstanding effort of our dedicated workforce, and position us well as we seek to continue to execute on our strategy to provide long-term value to our shareholders by meeting the needs of our customers and the communities we serve. The recent action by the Board of Directors to increase the common dividend by 4.7% to the indicative annual rate of \$1.80 per share is recognition of our financial strength and commitment to growth.

We enter 2018 from a position of financial strength aided by a strong balance sheet, continued execution of our strategic growth objectives and tax reform. For 2018, we forecast 6% growth in non-GAAP Operating Earnings at the mid-point of our guidance of \$3.00 - \$3.20 per share. This is possible, despite the challenges we continue to face in wholesale power markets especially at our nuclear plants, due to continued growth at PSE&G and a \$0.16 per share benefit to the bottom line of our unregulated businesses from a reduction in the federal tax rate.

PSEG Power (Power) has made progress on construction activities related to its three new natural gas combined cycle generation stations, with Keys and Sewaren 7 projected to start commercial operation in mid-2018. We remain involved in discussions with key stakeholders in NJ and with those in charge of the wholesale energy market at FERC and PJM to secure the long-term viability of our nuclear generation assets. NJ legislators are considering a bill that would value the attributes of nuclear and create a safety net for our NJ at-risk nuclear capacity. The State of NJ is giving this issue the careful attention it deserves and we hope for timely legislative action, but the risk of closure remains without a change in the financial condition of nuclear."

*Ralph Izzo, Chairman, President & CEO - February 23, 2018*

### PSEG – Q4 & FY 2017 Highlights

#### Exceeded mid-point of guidance in 2017, well positioned for 2018

- Net Income of \$1.88 vs. Net Loss of \$(0.19) per share in Q4 2016; Net Income of \$3.10 in 2017 vs. \$1.75 per share in 2016 – Tax reform and early retirement of Hudson & Mercer influenced results
- Non-GAAP Operating Earnings\* results of \$0.57 vs. \$0.54 per share in Q4 2016; Full-year, non-GAAP Operating Earnings\* of \$2.93 vs. \$2.90 in 2016 and 2017 guidance of \$2.80 to \$3.00 per share
- PSE&G non-GAAP per share results up 8.6%, from increased investment in electric and gas T&D
- Power results, at top end of guidance, were aided by cost control and improved nuclear performance

#### Operational Excellence

- PSE&G recognized for the 16th consecutive year as the Mid-Atlantic region's most reliable electric utility
- Nuclear fleet capacity factor (CF) improved to 94%; Hope Creek attained 100% (CF) & record output

#### PSEG Disciplined Capital Investment

- PSEG invested ~\$4.2 billion in 2017: ~\$3.1 billion at PSE&G and ~\$1 billion at PSEG Power

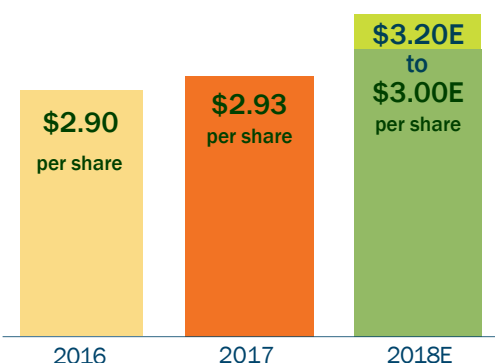
#### Regulatory and Policy Focus

- Filed PSE&G distribution base rate case seeking a modest, low-single digit revenue increase
- PSE&G to return ~\$275 million of expected benefits to customers related to lower tax rates
- Power continues to work with key stakeholders in New Jersey on legislation supporting continued operation of nuclear capacity as part of a broader bill that aligns with the state's energy policy goals

### PSEG – Initiating 2018 Full-Year Guidance

*Growth in utility infrastructure investments continue to drive a higher regulated earnings contribution in 2018*

#### Non-GAAP Operating Earnings\* and 2018 Guidance



### Q4 2017 Results by Subsidiary

	Financial Results		Earnings per Share (EPS)	
	2017	2016	2017	2016
<b>\$ millions (except EPS)</b>				
PSE&G (Net Income)	\$220	\$193	\$0.43	\$0.38
PSE&G (non-GAAP Op. Earnings)*	\$210	\$193	\$0.41	\$0.38
PSEG Power (Net Income/(Loss))	\$610	\$(302)	\$1.20	\$(0.59)
PSEG Power (non-GAAP Op. Earnings)*	\$100	\$69	\$0.20	\$0.13
Enterprise/Other (Net Income)	\$126	\$11	\$0.25	\$0.02
Enterprise/Other (non-GAAP Op. Earnings)*	\$(21)	\$17	\$(0.04)	\$0.03
<b>PSEG (Net Income/(Loss))</b>	<b>\$956</b>	<b>\$(98)</b>	<b>\$1.88</b>	<b>\$(0.19)</b>
<b>PSEG (non-GAAP Operating Earnings)*</b>	<b>\$289</b>	<b>\$279</b>	<b>\$0.57</b>	<b>\$0.54</b>

### Key Performance Highlights

	as of 12/31/2017
Stock Price on 12/31/2017	\$51.50
Dividends Paid per Share (year-to-date)	\$1.72
Dividend Yield (%)	3.3%
Total Shareholder Return (year-to-date)	21.8%
Average Shares Outstanding, Diluted (in millions)	507
Book Value Per Common Share	\$27.45

\* See Items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings/(Loss) on page 2 or <https://www.pseg.com/info/investors/forward.jsp>

## 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 02/23/2018.

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, PSEG&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,	
	2017	2016	2017	2016
	(\$ millions, Unaudited)			
Net Income (Loss)	\$ 956	\$ (98)	\$ 1,574	\$ 887
(Gain) Loss on Nuclear Decommissioning Trust (NDT)				
Fund Related Activity, pre-tax (PSEG Power)	(64)	(9)	(133)	(5)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(a)</sup> (PSEG Power)	167	77	167	168
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	15	555	975	669
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	10	77	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(40)	(256)	(427)	(391)
Tax Reform	(745)	-	(745)	-
Operating Earnings (non-GAAP)	\$ 289	\$ 279	\$ 1,488	\$ 1,475
PSEG Fully Diluted Average Shares Outstanding (in millions)	508	508	507	508
	(\$ Per Share Impact - Diluted, Unaudited)			
Net Income (Loss)	\$ 1.88	\$ (0.19)	\$ 3.10	\$ 1.75
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.12)	(0.02)	(0.26)	(0.01)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup> (PSEG Power)	0.33	0.15	0.33	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	0.03	1.10	1.92	1.32
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	0.02	0.15	0.29
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(0.08)	(0.52)	(0.84)	(0.78)
Tax Reform	(1.47)	-	(1.47)	-
Operating Earnings (non-GAAP)	\$ 0.57	\$ 0.54	\$ 2.93	\$ 2.90

(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. NDT related activity which is calculated at the 40.85% 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 December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(\$ millions, Unaudited)			
Net Income	\$ 220	\$ 193	\$ 973	\$ 889
Tax Reform	(10)	-	(10)	-
Operating Earnings (non-GAAP)	\$ 210	\$ 193	\$ 963	\$ 889
PSEG Fully Diluted Average Shares Outstanding (in millions)	508	508	507	508

**PSEG Power Operating Earnings (non-GAAP) Reconciliation**

Reconciling Items	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(\$ millions, Unaudited)			
Net Income (Loss)	\$ 610	\$ (302)	\$ 479	\$ 18
(Gain) Loss on NDT Fund Related Activity, pre-tax	(64)	(9)	(133)	(5)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup>	167	77	167	168
Hudson/Mercer Early Retirement, pre-tax	15	555	975	669
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(b)</sup>	(40)	(252)	(395)	(336)
Tax Reform	(580)	-	(580)	-
Operating Earnings (non-GAAP)	\$ 100	\$ 69	\$ 505	\$ 514
PSEG Fully Diluted Average Shares Outstanding (in millions)	508	508	507	508

(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.

(c) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.

(d) Net of capitalized interest.

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

Reconciling Items	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
	(\$ millions, Unaudited)			
Net Income (Loss)	\$ 126	\$ 11	\$ 122	\$ (20)
Lease Related Activity, pre-tax	-	10	77	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(a)</sup>	-	(4)	(32)	(55)
Tax Reform	(147)	-	(147)	-
Operating Earnings (non-GAAP)	\$ (21)	\$ 17	\$ 20	\$ 72
PSEG Fully Diluted Average Shares Outstanding (in millions)	508	508	507	508

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