

Q3 2017 - Quarterly Performance Update

NYSE: PEG

"PSEG reported today Q3 2017 Net Income of \$0.78 per share as compared to Net Income of \$0.64 per share in Q3 2016. Non-GAAP Operating Earnings for Q3 2017 were \$0.82 per share compared with non-GAAP Operating Earnings of \$0.88 per share in Q3 2016. We experienced solid results for the quarter, executing well on major operational and policy initiatives, delivering reliable, efficient service as we continue to upgrade our transmission system, replace cast-iron pipe and construct three new clean gas-fired combined cycle generating stations. Despite the impact of abnormally cool weather on sales and earnings at both businesses, we remain within our non-GAAP Operating Earnings guidance for the full year of \$2.80 - \$3.00 per share.

For the year, PSE&G currently expects to invest \$3.1 billion of capital in its infrastructure; this is lower than the plan of \$3.4 billion due to a delay in timing on certain projects and better than anticipated efficiencies. However, based on the development of our various investment programs, we are increasingly comfortable with PSE&G's ability to achieve growth in rate base at the upper end of our forecast rate of growth of 7 - 9% per year for the five-year period ended in 2021.

PSEG Power's Q3 results were impacted by a decline in energy prices and the effect of cooler than normal weather on demand and output, which offset a decline in operating and maintenance expense. We are supportive of the Department of Energy's (DOE) recent initiative to immediately address the erosion occurring in the resiliency of our electric grid due to the risk of premature retirements of baseload generation. Successful execution of PSEG's key policy and regulatory initiatives would assure PSEG's ability to provide customers with the service, reliability and resiliency that they have come to want—and expect—that is also affordable."

Ralph Izzo, Chairman, President & CEO - October 31, 2017

PSEG - Q3 2017 Highlights

Solid Financial Results

- Net Income of \$0.78 vs. Net Income of \$0.64 per share in Q3 2016
Non-GAAP Operating Earnings* of \$0.82 vs. \$0.88 per share in Q3 2016
- PSE&G results benefited from increased investment in electric and gas transmission and distribution
- Power results aided by continued cost control and improved nuclear performance
- Unseasonably mild weather weighed on results of both business

Operational Excellence

- Nuclear fleet achieved a capacity factor of ~96% for Q3 and ~95% for the YTD

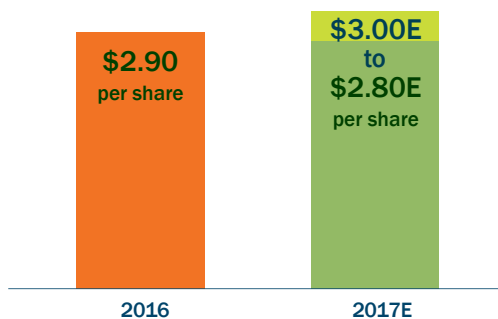
Disciplined Capital Investment

- PSE&G investing ~\$3.1 billion to upgrade transmission, replace cast-iron pipe and improve the resiliency of the electric distribution system in 2017 and PSEG Power investing ~\$1.2 billion constructing three new highly efficient gas-fired CCGTs
- Regulatory Focus: Per Board of Public Utilities (BPU) agreement, PSE&G will delay the Distribution Base Rate Case filing to no later than 12/1/17; Decision by BPU on Infrastructure Investment Proposal expected by year-end
- Policy Focus: FERC seeking response to DOE proposed rule making to preserve the viability of fuel-secure, base load resources; Reply comments due 11/7/17

Re-affirming 2017 Full-Year Guidance

Growth in utility infrastructure investments drives higher regulated earnings contribution in 2017

Non-GAAP Operating Earnings* and 2017 Guidance



E = ESTIMATE

Q3 2017 Results by Subsidiary

Three Months Ended September 30	Financial Results		Per Share	
	2017	2016	2017	2016
\$ millions (except per share amounts)				
GAAP Net Income/(Loss)				
PSE&G	\$246	\$255	\$0.49	\$0.50
PSEG Power	\$136	\$139	\$0.27	\$0.27
PSEG Enterprise/Other	\$13	\$(67)	\$0.02	\$(0.13)
Total PSEG	\$395	\$327	\$0.78	\$0.64
Non-GAAP Operating Earnings*				
PSE&G	\$246	\$255	\$0.49	\$0.50
PSEG Power **	\$158	\$170	\$0.31	\$0.34
PSEG Enterprise/Other**	\$13	\$19	\$0.02	\$0.04
Total PSEG*	\$417	\$444	\$0.82	\$0.88

Key Performance Highlights

as of 9/30/2017	
Stock Price on 9/30/2017	\$46.25
Dividends Paid per Share (year-to-date)	\$1.29
Dividend Yield (%)	3.7%
Total Shareholder Return (year-to-date)	8.5%
Average Shares Outstanding, Diluted (in millions)	507
Book Value Per Common Share	\$26.01

*/**See Items excluded from Net Income/(Loss) to reconcile to Operating Earnings (non-GAAP) for PSEG, PSEG Power and PSEG Enterprise/Other on page 2 of this report or at <https://www.pseg.com/info/investors/forward.jsp>

GAAP Disclaimer

PSEG presents Operating Earnings in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Non-GAAP Operating Earnings is a financial measure that differs from Net Income in that it excludes the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. The table below includes a list of items excluded from Net Income to reconcile to non-GAAP Operating Earnings. 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. 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 31, 2017.

These materials and other financial releases can be found on the PSEG website at www.pseg.com, under the Investors tab. From time to time, PSEG, PSE&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 September 30,		Nine Months Ended September 30,		Year-Ended December 31,
	2017	2016	2017	2016	2016
(\$ millions, Unaudited)					
Net Income	\$ 395	\$ 327	\$ 618	\$ 985	\$ 887
(Gain) Loss on Nuclear Decommissioning Trust (NDT)					
Fund Related Activity, pre-tax (PSEG Power)	(22)	(4)	(69)	4	(5)
(Gain) Loss on Mark-to-Market (MTM), pre-tax ^(a) (PSEG Power)	46	(58)	-	91	168
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	9	114	960	114	669
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	137	77	137	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(11)	(72)	(387)	(135)	(391)
Operating Earnings (non-GAAP)	<u>\$ 417</u>	<u>\$ 444</u>	<u>\$ 1,199</u>	<u>\$ 1,196</u>	<u>\$ 1,475</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508	508
(\$ Per Share Impact - Diluted, Unaudited)					
Net Income	\$ 0.78	\$ 0.64	\$ 1.22	\$ 1.94	\$ 1.75
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.05)	-	(0.14)	0.01	(0.01)
(Gain) Loss on MTM, pre-tax ^(a) (PSEG Power)	0.09	(0.11)	-	0.18	0.33
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	0.02	0.22	1.89	0.22	1.32
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	0.27	0.15	0.27	0.29
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(0.02)	(0.14)	(0.76)	(0.26)	(0.78)
Operating Earnings (non-GAAP)	<u>\$ 0.82</u>	<u>\$ 0.88</u>	<u>\$ 2.36</u>	<u>\$ 2.36</u>	<u>\$ 2.90</u>

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

Reconciling Items	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,
	2017	2016	2017	2016	2016
(\$ millions, Unaudited)					
Net Income (Loss)	\$ 136	\$ 139	\$ (131)	\$ 320	\$ 18
(Gain) Loss on NDT Fund Related Activity, pre-tax	(22)	(4)	(69)	4	(5)
(Gain) Loss on MTM, pre-tax ^(a)	46	(58)	-	91	168
Hudson/Mercer Early Retirement, pre-tax	9	114	960	114	669
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(b)	(11)	(21)	(355)	(84)	(336)
Operating Earnings (non-GAAP)	<u>\$ 158</u>	<u>\$ 170</u>	<u>\$ 405</u>	<u>\$ 445</u>	<u>\$ 514</u>
Depreciation and Amortization, pre-tax ^(c)	77	83	256	244	329
Interest Expense, pre-tax ^(d)	12	23	40	65	83
Income Taxes ^(a)	109	111	275	292	275
Adjusted EBITDA (non-GAAP)	<u>\$ 356</u>	<u>\$ 387</u>	<u>\$ 976</u>	<u>\$ 1,046</u>	<u>\$ 1,201</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508	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 September 30,		Nine Months Ended September 30,		Year-Ended December 31,
	2017	2016	2017	2016	2016
(\$ millions, Unaudited)					
Net Income (Loss)	\$ 13	\$ (67)	\$ (4)	\$ (31)	\$ (20)
Lease Related Activity, pre-tax	-	137	77	137	147
Income Taxes related to Operating Earnings (non-GAAP) reconciling items ^(a)	-	(51)	(32)	(51)	(55)
Operating Earnings (non-GAAP)	<u>\$ 13</u>	<u>\$ 19</u>	<u>\$ 41</u>	<u>\$ 55</u>	<u>\$ 72</u>
PSEG Fully Diluted Average Shares Outstanding (in millions)	507	508	507	508	508

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