PSEG STRATEGY:
BUILDING A SUSTAINABLE, FINANCIALLY SOUND
ENERGY INFRASTRUCTURE COMPANY

EEI Financial Conference • November 12, 2019 • NYSE: PEG

Ralph Izzo
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
Forward-Looking Statements

Certain of the matters discussed in this presentation about us 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,” “hypothesis,” “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 2018 Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- PSE&G’s proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations, and PSE&G’s ability to recover costs and earn returns on authorized investments;
- the impact of any future rate proceedings;
- risks associated with our ownership and operation of nuclear facilities, including regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as financial, environmental and health and safety risks;
- the impact on our New Jersey nuclear plants if such plants are not selected to participate in future Zero Emission Certificate (ZEC) programs, ZEC programs are overturned or modified through legal proceedings or if adverse changes are made to the capacity market construct;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets and leveraged leases;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

All of the forward-looking statements made in this presentation 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, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this presentation apply only as of the date of this presentation. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this presentation 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 and, for PSEG Power, Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in addition to Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings and Adjusted EBITDA are non-GAAP financial measures that differ from Net Income. 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. Non-GAAP Adjusted EBITDA excludes the same items as our non-GAAP Operating Earnings measure as well as income tax expense, interest expense and depreciation and amortization. The last three slides in this presentation (Slides A, B and C) include a list of items excluded from Net Income/(Loss) to reconcile to non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA with a reference to those slides included on each of the slides where the non-GAAP information appears.

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. Management believes non-GAAP Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating operating performance because it provides them with an additional tool to compare business performance across companies and across periods. Management also believes that non-GAAP Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense and depreciation and amortization, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure and whether assets were constructed or acquired. Non-GAAP Adjusted EBITDA also allows investors and other users to assess the underlying financial performance of our fleet before management’s decision to deploy capital. The presentation of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA 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 and non-GAAP Adjusted EBITDA as presented herein may not be comparable to similarly titled measures used by other companies.

Due to the forward looking nature of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA guidance, PSEG is unable to reconcile these non-GAAP financial measures 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, 2019.

<table>
<thead>
<tr>
<th>GAAP: Contribution to PSEG Net Income ($ Millions) and Net Income per Share ($/Share)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>644</td>
</tr>
<tr>
<td>612</td>
</tr>
<tr>
<td>(13)</td>
</tr>
<tr>
<td>PSEG &amp;G</td>
</tr>
</tbody>
</table>

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.
A 116 year Newark-based business investing in critical energy infrastructure, providing safe and increasingly clean energy through two strong businesses.

**Electric & Gas Distribution and Transmission**

*Strategy:* Investments in energy infrastructure and clean energy support reliability and customer expectations and are aligned with public policy.

*Value Proposition:* A $12 Billion - $14.5 Billion investment program expected to produce 7.5% - 8.5% annual compound rate base growth through 2023.

**Regional Competitive Generation**

*Strategy:* Reliable, highly efficient, carbon-advantaged fleet based on nuclear & new combined cycle gas turbines (CCGTs).

*Value Proposition:* Provides substantial free cash flow and positioned to benefit from potential market rule improvements.

**2018**

- **Assets:** $31B
- **Net Income:** $1,067M

- **Assets:** $13B
- **Net Income:** $365M
- **Non-GAAP Operating Earnings:** $502M
# PSEG Investment Platform – sustainable over the long term

<table>
<thead>
<tr>
<th></th>
<th>2014 - 2018</th>
<th>2019 - 2023</th>
<th>2024 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PSE&amp;G</strong></td>
<td>Transmission expansion</td>
<td>Upgrade aging infrastructure and transmission</td>
<td>Continued infrastructure investment - Gas System Modernization Program (GSMP), Electric reliability and modernization</td>
</tr>
<tr>
<td></td>
<td>Storm hardening and resiliency</td>
<td>Storm hardening and resiliency</td>
<td>Clean Energy Legislation</td>
</tr>
<tr>
<td></td>
<td>Renewable and Energy Efficiency (EE) investments</td>
<td>Clean Energy Legislation</td>
<td>• Expanded EE</td>
</tr>
<tr>
<td><strong>PSEG Power</strong></td>
<td>New efficient generation and uprates</td>
<td>Complete CCGT construction</td>
<td>• EV infrastructure</td>
</tr>
<tr>
<td></td>
<td>Solar plant acquisitions</td>
<td>Optimize our fossil generation fleet</td>
<td>• Energy Storage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consider renewable investments</td>
<td>• EC - AMI</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Renewables</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• New technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Customer experience - Greater use of technology to enhance 2-way customer communication</td>
</tr>
<tr>
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</tbody>
</table>

Investments are aligned with system needs, customer expectations and NJ’s Clean Energy agenda.
Climate Strategy – PSEG Power’s fleet transformation is addressing climate change

PSEG Generation Carbon Emission Intensity vs. PJM and USA (2005 - 2018)

PSEG's generation fleet continues to be much less carbon intensive than PJM and USA averages.

50% less = ~2.5 million cars

43% decline 2005-2018

- Nuclear: Higher capacity factors, and capacity uprates
- Coal: Lower capacity factors, and plant retirements
- Gas: Increasing efficiency

NOTE: 2005 is PSEG’s Baseline Year.
PSEG is committed to real reductions in PSEG Power’s CO₂ intensity and emissions and strengthening PSE&G’s system to withstand a climate challenged world.

PSEG is Powering Progress
To find out more, visit www.pseg.com/poweringprogress

Reducing CO₂ Intensity/Emissions
- Goal to cut PSEG Power’s CO₂ emissions 80% by 2046 from 2005 levels, and achieve net-zero CO₂ emissions by 2050, assuming advances in technology and public policy.
- PSE&G is a leader in methane reduction through Gas System Modernization Program; founding partner of EPA’s Methane Challenge.
- Advocating for a national price on carbon.
- Plans to retire PSEG Power’s one remaining coal unit in mid-2021.
- No plans to build or buy new fossil generation.
- Third lowest CO₂ emissions rate and top 10 producer of zero carbon generation(1).

Clean Energy & Resiliency
- Clean Energy Future – Filings intended to expand energy efficiency, electric vehicle infrastructure, energy storage and energy cloud offerings to the broadest set of customers at the least cost.
- Continuing Energy Strong reliability and resiliency infrastructure improvements to minimize the impact of extreme weather events.

Governance / ESG Disclosure
- Board of Directors oversees sustainability matters and the transition to a net-zero future.
- Membership in CEO Climate Dialogue.
- First PSEG Climate Report in 2020 to follow TCFD framework.
- PSEG Annual Sustainability Report to be published in December 2019.
- 2019 CDP and EEI Template Updated.
PSE&G – New Jersey’s largest:

- Electric and Gas Distribution utility
- Transmission business
- Investor in renewables and energy efficiency
- Appliance service provider

<table>
<thead>
<tr>
<th></th>
<th>Electric</th>
<th>Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>2.3 Million</td>
<td>1.8 Million</td>
</tr>
<tr>
<td>5-Year Annual Customer Growth*</td>
<td>0.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>2018 Electric and Gas Sales</td>
<td>41,889 GWh</td>
<td>2,630M Therms**</td>
</tr>
</tbody>
</table>

Sales Mix (2018)

- Residential: 33% 58%
- Commercial: 58% 38%
- Industrial: 9% 4%

PSE&G 2018 Rate Base

- Distribution: 52%
- Transmission: 45%
- Solar & EE: 3%
- Total: ~$19B

*ANNUAL CUSTOMER GROWTH USES 2013 AS BASE YEAR.
**GAS FIRM SALES ONLY.
PSE&G’s $12B - $14.5B investment program focused on reliability, resiliency, grid modernization and clean energy

Over 90% of investment receiving contemporaneous or near-contemporaneous regulatory treatment

PSE&G Capital Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Transmission</th>
<th>Electric Distribution</th>
<th>Gas Distribution</th>
<th>Clean Energy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019E</td>
<td>1,500</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>3,750</td>
</tr>
<tr>
<td>2020E</td>
<td>1,500</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>3,750</td>
</tr>
<tr>
<td>2021E</td>
<td>1,500</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>3,750</td>
</tr>
<tr>
<td>2022E</td>
<td>1,500</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>3,750</td>
</tr>
<tr>
<td>2023E</td>
<td>1,500</td>
<td>750</td>
<td>750</td>
<td>750</td>
<td>3,750</td>
</tr>
</tbody>
</table>
Energy Strong II: Recent settlement continues critical energy infrastructure program

- $842M total spending (Clause $692M, Stipulated Base $150M)
  - $741M Electric (Clause $641M, Stipulated Base $100M): substation life cycle and flood mitigation, contingency reconfiguration and grid modernization
  - $101M Gas (Evenly split between Clause and Stipulated Base): M&R station life cycle
- Program work began Q4 2019, extending through December 2023
- Improves reliability and resiliency, modernizes system
Clean Energy Future program designed to achieve the goals of NJ’s Clean Energy Act

~$3.5 Billion, 6 year investment program filed in January 2019 providing cost-effective and innovative solutions supporting NJ’s clean energy goals

- **Energy Efficiency**: Helps achieve the Clean Energy Act targets of 2% and 0.75% electric and gas savings requirements
- **Electric Vehicles**: “Smart” electric vehicle infrastructure: Residential, workplace, multi-family, travel corridors
- **Energy Storage**: Utility-scale systems to defer additional distribution investment, enable additional solar, and enhance resiliency
- **Energy Cloud – AMI**: Accelerated roll-out of ~2 million electric meters and supporting infrastructure

<table>
<thead>
<tr>
<th>Program Investment</th>
<th>$ Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency*</td>
<td>$2.5</td>
</tr>
<tr>
<td>Electric Vehicles</td>
<td>$0.3</td>
</tr>
<tr>
<td>Energy Storage</td>
<td>$0.1</td>
</tr>
<tr>
<td>Energy Cloud – AMI</td>
<td>$0.6</td>
</tr>
<tr>
<td><strong>Investment Total</strong></td>
<td><strong>$3.5</strong></td>
</tr>
</tbody>
</table>

*Agreement to extend regulatory schedule into March 2020
Customer bills will remain in line with inflation, even with inclusion of our active and proposed programs.

**Combined Typical Monthly Residential Electric and Gas Customer 2024 Bill Impacts** of Projected Program Asks

- Bills remained flat in real terms from 2016 to 2019, even with inclusion of GSMP I, ES I, 2018 Rate Case and ZECs.
- Over the next 5 years, the impact of GSMP II, ES II and proposed CEF programs on customer bills will be ~2%/year, flat in real terms.

... and EE will help lower bills going forward.

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*Average monthly bill for a typical residential electric customer that uses 6,920 kilowatt-hours per year and a typical residential gas heating customer that uses 1,040 therms per year.** May 1, 2019 rates reflect June 1, 2019 BGS-RSOP supply charges including the results of the 2019 BGS-RSOP auction. E=estimate.*
PSEG Power’s generating assets mainly located in three competitive markets

- **Solar Source assets:**
  - Solar (414 MW DC/325 MW AC)

- Major assets located near key load centers
- Completed construction program of three new, highly efficient combined-cycle units
- Positioned to benefit from market volatility
PSEG Power’s fleet transformed: more efficient and reduced carbon footprint

Additions
- Kearny 13/14 - 267 MW
- New Haven 2-4 - 129 MW
- Solar Assets - 40MW
- Solar Assets - 19 MW
- Solar Assets - 38 MW
- Peach Bottom EPU Upgrade - 130 MW
- Bergen 2 AGP Upgrade - 31 MW
- Solar Assets - 178 MW
- Solar Assets - 20 MW
- Solar Assets - 89 MW
- BEC AGP Upgrade - 33 MW
- Keys Energy Center - 761 MW
- Sewaren 7 - 638 MW
- Peach Bottom MUR Upgrade - 34 MW
- Bridgesport Harbor 5 - 485 MW
- BEC AGP Upgrade - 23 MW
- Solar Assets - 53 MW
- Heat Rate Optimization Initiatives

Retirements/Sales
- Kearny 10 (122 MW)
- Kearny 11 (128 MW)
- Burlington 9 (184 MW)
- Kearny 9 (21 MW)
- HEDD Units (1,545 MW)
- Hudson 2 (565 MW)
- Mercer 1/2 (632 MW)
- Sale of Keystone/Conemaugh (776 MW)
- Sewaren 1-4 (445 MW)
- Bridgesport Harbor 3 (385 MW)

YEAR TO YEAR VARIANCES IN UNIT CAPACITY RATINGS MAY IMPACT OVERALL FLEET SIZE
Potential investment in Ørsted’s Ocean Wind is aligned with New Jersey’s clean energy policy goals

- PSEG exercised an option to potentially acquire a 25% equity interest in the 1,100 MW Ocean Wind project
- Ocean Wind was the winner of New Jersey’s first offshore wind solicitation in June 2019
- The Ocean Wind project will be located off the coast of Atlantic City and is scheduled to come on-line in 2024
- Potential investment is subject to advanced due diligence, negotiations toward a joint venture agreement and any required regulatory approvals
PSEG has controlled O&M with actions focused on continuous improvement

PSEG O&M Expense (1)
2014 – 2019E CAGR: (1.4%)

Cost control actions
- Continued focus on vendors to ensure maximum value
- Frequent organizational reviews to drive efficiency and cost optimization
- Managed pension and OPEB expense
- ‘Best practices’ teams focused on improving performance while managing costs
- Technology investments to improve productivity
PSEG Power’s free cash flow improves post CCGT construction, increasing support of utility investments

**PSEG Power**

**2019E – 2023E Capital Spending**

- Maintenance
- Environmental / Regulatory
- Growth

**PSE&G**

**2019E – 2023E Capital Spending**

- Transmission
- Gas Distribution
- Electric Distribution
- Clean Energy

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1) CAPITAL INCLUDES IDC AND AFUDC AND EXCLUDES NUCLEAR FUEL; E – ESTIMATE
2) KEYSTONE AND ONEMAUGH HAVE BEEN EXCLUDED FROM Q4 2019 AND BEYOND
3) HASHED PORTION OF THE CHART REPRESENTS CEF FILINGS. CEF-EE FILING UPDATED TO REFLECT THE EXTENSION OF THE PROCEDURAL SCHEDULE INTO MARCH 2020. NO CHANGE TO TOTAL FILING POSITION. UPDATED JULY 30, 2019
Strategic focus continues to deliver solid results

PSEG non-GAAP Operating Earnings per Share*

2013 - 2018 CAGR ~4%

2019E Guidance
$3.20 - $3.30

SEE SLIDE A FOR ITEMS EXCLUDED FROM NET INCOME TO RECONCILE TO NON-GAAP OPERATING EARNINGS.
**BASED ON THE MID-POINT OF 2019 NON-GAAP OPERATING EARNINGS GUIDANCE OF $3.20 TO $3.30 PER SHARE.
E = ESTIMATE.
Opportunity for consistent and sustainable dividend growth

Annual Dividend Per Share
(2014-2019E CAGR: 4.9%)

PSE&G 2019
Net Income Guidance Range

PSE&G EPS

*INDICATIVE ANNUAL 2019 PSEG COMMON DIVIDEND RATE PER SHARE. E=ESTIMATE.
NOTE: ALL FUTURE DECISIONS REGARDING DIVIDENDS ON THE COMMON STOCK ARE SUBJECT TO APPROVAL BY THE BOARD OF DIRECTORS.
PSEG Meeting Takeaways

Enhanced Stability, Risk Mitigated
- Regulatory & Policy Focus De-risks/Presents Opportunities
  - Next distribution base rate case not required before year-end 2023
  - ZEC award preserves nuclear and supports stable gross margin
  - Power fleet efficiency & geographic diversity improved with new CCGTs
  - Capacity market stability through May 2022

Regulated Growth Plan In Place, Added ZEC Revenue
- Among Highest Regulated Growth Rates
  - Rate Base CAGR at 7.5% - 8.5% (2019E-2023E) fueled by GSMP II, ES II settlement, CEF filings, and transmission investment
  - At PSEG Power, ZECs awarded to all 3 NJ nuclear plants
  - NJ’s Clean Energy Act has investable potential

Financial Strength Remains Intact
- Stable credit metrics (FFO/Debt, credit ratings) enables accelerated return of excess deferred taxes and increases rate base
- Higher 54% equity ratio at PSE&G post rate case settlement
- Conclusion of Power’s construction program will improve cash flow
- No new equity needed to finance existing 2019-2023 capital plan
- Dividend: 2019 indicative $0.08 increase to $1.88 per share
# Reconciliation of Non-GAAP Operating Earnings

**Public Service Enterprise Group Incorporated - Consolidated Operating Earnings (Non-GAAP) Reconciliation**

<table>
<thead>
<tr>
<th>Reconciling Items</th>
<th>Year Ended December 31</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gain) Loss on Nuclear Decommissioning Trust (NDT)</td>
<td>$1,438</td>
<td>$1,574</td>
<td>$887</td>
<td>$1,679</td>
<td>$1,518</td>
<td>$1,243</td>
<td></td>
<td></td>
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<tr>
<td>Fund Related Activity, pre-tax (PSEG Power)</td>
<td>144</td>
<td>(133)</td>
<td>(5)</td>
<td>(24)</td>
<td>(138)</td>
<td>(86)</td>
<td></td>
<td></td>
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<tr>
<td>(Gain) Loss on Mark-to-Market (MTM), pre-tax (PSEG Power)</td>
<td>117</td>
<td>167</td>
<td>168</td>
<td>(157)</td>
<td>(111)</td>
<td>125</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storm O&amp;M, net of insurance recoveries, pre-tax (PSEG Power)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(172)</td>
<td>27</td>
<td>54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Retirements and Dispositions, pre-tax (PSEG Power)</td>
<td>(51)</td>
<td>975</td>
<td>669</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Related Activity, pre-tax (PSEG Enterprise/Other)</td>
<td>8</td>
<td>77</td>
<td>147</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform</td>
<td>(74)</td>
<td>(427)</td>
<td>(391)</td>
<td>150</td>
<td>104</td>
<td>(27)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Reform</td>
<td>-</td>
<td>(745)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Earnings (non-GAAP)</strong></td>
<td>$1,582</td>
<td>$1,488</td>
<td>$1,475</td>
<td>$1,476</td>
<td>$1,400</td>
<td>$1,309</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>PSEG Fully Diluted Average Shares Outstanding (in millions)</th>
<th>507</th>
<th>507</th>
<th>508</th>
<th>508</th>
<th>508</th>
<th>508</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$2.83</td>
<td>$3.10</td>
<td>$1.75</td>
<td>$3.30</td>
<td>$2.99</td>
<td>$2.45</td>
<td></td>
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<tr>
<td>(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)</td>
<td>0.28</td>
<td>(0.26)</td>
<td>(0.01)</td>
<td>(0.05)</td>
<td>(0.27)</td>
<td>(0.17)</td>
<td></td>
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<tr>
<td>(Gain) Loss on MTM, pre-tax (PSEG Power)</td>
<td>0.23</td>
<td>0.33</td>
<td>0.33</td>
<td>(0.34)</td>
<td>0.05</td>
<td>0.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storm O&amp;M, net of insurance recoveries, pre-tax (PSEG Power)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.34)</td>
<td>0.05</td>
<td>0.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant Retirements and Dispositions, pre-tax (PSEG Power)</td>
<td>(0.10)</td>
<td>1.92</td>
<td>1.32</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Related Activity, pre-tax (PSEG Enterprise/Other)</td>
<td>0.02</td>
<td>0.15</td>
<td>0.29</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform</td>
<td>(0.14)</td>
<td>(0.84)</td>
<td>(0.78)</td>
<td>0.31</td>
<td>0.21</td>
<td>(0.06)</td>
<td></td>
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</tr>
<tr>
<td>Tax Reform</td>
<td>-</td>
<td>(1.47)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Earnings (non-GAAP)</strong></td>
<td>$3.12</td>
<td>$2.93</td>
<td>$2.90</td>
<td>$2.91</td>
<td>$2.76</td>
<td>$2.58</td>
<td></td>
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</tr>
</tbody>
</table>

(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% statutory rate for 2018 and 40.85% statutory rate for prior years, 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.

Please see page 3 for an explanation of PSEG’s use of operating earnings as a non-GAAP financial measure and how it differs from net income.
## Reconciliation of Non-GAAP Operating Earnings for PSE&G and PSEG Enterprise/Other

### PSE&G Operating Earnings (Non-GAAP) Reconciliation

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$1,067</td>
<td>$973</td>
<td>$889</td>
<td>$787</td>
<td>$725</td>
<td>$612</td>
</tr>
<tr>
<td>Tax Reform</td>
<td>-</td>
<td>(10)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Earnings (non-GAAP)</td>
<td>$1,067</td>
<td>$963</td>
<td>$889</td>
<td>$787</td>
<td>$725</td>
<td>$612</td>
</tr>
<tr>
<td><strong>PSEG Fully Diluted Average Shares Outstanding (in millions)</strong></td>
<td>507</td>
<td>507</td>
<td>508</td>
<td>508</td>
<td>508</td>
<td>508</td>
</tr>
</tbody>
</table>

### PSEG Enterprise/Other - Operating Earnings (Non-GAAP) Reconciliation

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Income (Loss)</td>
<td>$6</td>
<td>$122</td>
<td>$(20)</td>
<td>$36</td>
<td>$33</td>
<td>$(13)</td>
</tr>
<tr>
<td>Lease Related Activity, pre-tax</td>
<td>8</td>
<td>77</td>
<td>147</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform&lt;sup&gt;a&lt;/sup&gt;</td>
<td>(1)</td>
<td>(32)</td>
<td>(55)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Reform</td>
<td>-</td>
<td>(147)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Earnings (non-GAAP)</td>
<td>$13</td>
<td>$20</td>
<td>$72</td>
<td>$36</td>
<td>$33</td>
<td>$(13)</td>
</tr>
<tr>
<td><strong>PSEG Fully Diluted Average Shares Outstanding (in millions)</strong></td>
<td>507</td>
<td>507</td>
<td>508</td>
<td>508</td>
<td>508</td>
<td>508</td>
</tr>
</tbody>
</table>

<sup>a</sup> Income tax effect calculated at a combined leveraged lease effective tax rate.
Reconciliation of Non-GAAP Operating Earnings for PSEG Power

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$365</td>
<td>$479</td>
<td>$18</td>
<td>$856</td>
<td>$760</td>
<td>$644</td>
</tr>
<tr>
<td>(Gain) Loss on NDT Fund Related Activity, pre-tax (a)</td>
<td>144</td>
<td>(133)</td>
<td>(5)</td>
<td>(24)</td>
<td>(138)</td>
<td>(86)</td>
</tr>
<tr>
<td>(Gain) Loss on MTM, pre-tax (b)</td>
<td>117</td>
<td>167</td>
<td>168</td>
<td>(157)</td>
<td>(111)</td>
<td>125</td>
</tr>
<tr>
<td>Storm O&amp;M, net of insurance recoveries, pre-tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(172)</td>
<td>27</td>
<td>54</td>
</tr>
<tr>
<td>Plant Retirements and Dispositions, pre-tax</td>
<td>(51)</td>
<td>975</td>
<td>669</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform (c)</td>
<td>(73)</td>
<td>(395)</td>
<td>(336)</td>
<td>150</td>
<td>104</td>
<td>(27)</td>
</tr>
<tr>
<td>Tax Reform</td>
<td>-</td>
<td>(588)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating Earnings (non-GAAP)</td>
<td><strong>$502</strong></td>
<td><strong>$505</strong></td>
<td><strong>$514</strong></td>
<td><strong>$653</strong></td>
<td><strong>$642</strong></td>
<td><strong>$710</strong></td>
</tr>
</tbody>
</table>

PSEG Fully Diluted Average Shares Outstanding (in millions) | 507 | 507 | 508 | 508 | 508 | 508 |

(a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
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(c) Income tax effect calculated at 28.11% statutory rate for 2018 and 40.85% statutory rate for prior years, except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

PLEASE SEE PAGE 3 FOR AN EXPLANATION OF PSEG'S USE OF OPERATING EARNINGS AS A NON-GAAP FINANCIAL MEASURE AND HOW IT DIFFERS FROM NET INCOME.