Public Service Enterprise Group

PSEG Earnings Conference Call

4th Quarter & Year-end 2012

February 21, 2013

Forward-Looking Statement

Certain of the matters discussed in this report 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,” “hypothetical,” “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 Item 1A. Risk Factors, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A), Item 8. Financial Statements and Supplementary Data —Note 13. Commitments and Contingent Liabilities, and other factors discussed in filings we make with the United States Securities and Exchange Commission (SEC). These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets,
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, transmission planning and cost allocation rules, including rules regarding how transmission is planned and who is permitted to build transmission in the future, and reliability standards,
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators,
- changes in federal and state environmental regulations that could increase our costs or limit our operations,
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units,
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site,
- any inability to balance our energy obligations, available supply and risks,
- any deterioration in our credit quality or the credit quality of our counterparties, including in our leveraged leases,
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs,
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units,
- delays in receipt of necessary permits and approvals for our construction and development activities,
- delays or unforeseen cost escalations in our construction and development activities,
- any inability to achieve, or continue to sustain, our expected levels of operating performance,
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers,
- increase in competition in energy supply markets as well as competition for certain rate-based transmission projects,
- any inability to realize anticipated tax benefits or retain tax credits,
- challenges associated with recruitment and/or retention of a qualified workforce,
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements, and
- changes in technology and customer usage patterns.

All of the forward-looking statements made in this report 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 or results of operations. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this report apply only as of the date of this report. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if internal estimates change, unless otherwise required by applicable securities laws. The forward-looking statements contained in this report 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 in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings is a non-GAAP financial measure that differs from Net Income because it excludes gains or losses associated with Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting, and other material one-time items. PSEG presents Operating Earnings because management believes that it is appropriate for investors to consider results excluding these items in addition to the results reported in accordance with GAAP. PSEG believes that the non-GAAP financial measure of Operating Earnings provides a consistent and comparable measure of performance of its businesses to help shareholders understand performance trends. This information is not intended to be viewed as an alternative to GAAP information. The last slide in this presentation includes a list of items excluded from Income from Continuing Operations to reconcile to Operating Earnings, with a reference to that slide included on each of the slides where the non-GAAP information appears.

PSEG
2012 Q4 and Full Year Review

Ralph Izzo

Chairman, President and Chief Executive Officer

Q4 Earnings Summary

Quarter ended December 31

$ millions (except EPS)	2012	2011
Operating Earnings	$ 207	$ 237
Reconciling Items, Net of Tax	17	123
Income from Continuing Operations	$ 224	$ 360
Net Income	$ 224	$ 360
EPS from Operating Earnings*	$ 0.41	$ 0.47

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

Full-year Earnings Summary

Twelve Months ended December 31

$ millions (except EPS)	2012	2011
Operating Earnings	$ 1,236	$ 1,389
Reconciling Items, Net of Tax	39	18
Income from Continuing Operations	$ 1,275	$ 1,407
Discontinued Operations	-	96
Net Income	$ 1,275	$ 1,503
EPS from Operating Earnings*	$ 2.44	$ 2.74

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG – 2012 Highlights

- **2012 Earnings in-line with guidance**
  - ✓ Achieved operating earnings of $2.44 per share, at the high end of guidance range of $2.25-$2.50, including storm-related costs at PSE&G
  - ✓ PSE&G represented 43% of consolidated operating earnings with growth in transmission

- **Operational excellence**
  - ✓ Record output from CCGTs, continued strong production from Nuclear, and Power's control of O&M supported results
  - ✓ PSE&G recognized for reliability: National ReliabilityOne Excellence Award, Mid-Atlantic Reliability Award, and the Award for Outstanding Response to a Major Outage Event; as well as EEI's Emergency Response Award

- **PSEG disciplined capital investment**
  - ✓ Key regulatory approvals received for major transmission projects
  - ✓ BPU decisions pending on Solar4All Extension and Solar Loan III
  - ✓ Power added 400 MW of new peakers in time to respond to summer demand
  - ✓ Holdings added 40 MW of new solar capacity

PSE&G Responds to Superstorm Sandy

- **New $3.9 Billion Infrastructure Program filed with the NJBPU to strengthen PSE&G's electric and gas system focusing on hardening and resiliency**

- **Plan to invest an additional $1.5 Billion in Transmission grid over the ten-year period**

- **PSE&G's Infrastructure proposal includes:**
  - ✓ Protecting 40 utility installations from severe storms
  - ✓ Making the electric grid smarter and easier to repair
  - ✓ Adding backup distribution lines and system redundancies
  - ✓ Undergrounding 20 miles of overhead distribution lines
  - ✓ Modernizing the gas distribution system

- **Better protection for homes and businesses during severe weather and improved day to day system reliability**

- **Proposed filing creates ~5,800 jobs and stimulates economic activity for New Jersey businesses**

PSEG – Introducing 2013 Guidance

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings. E = Estimate.

PSEG
2012 Q4 Operating Company Review

Caroline Dorsa
EVP and Chief Financial Officer

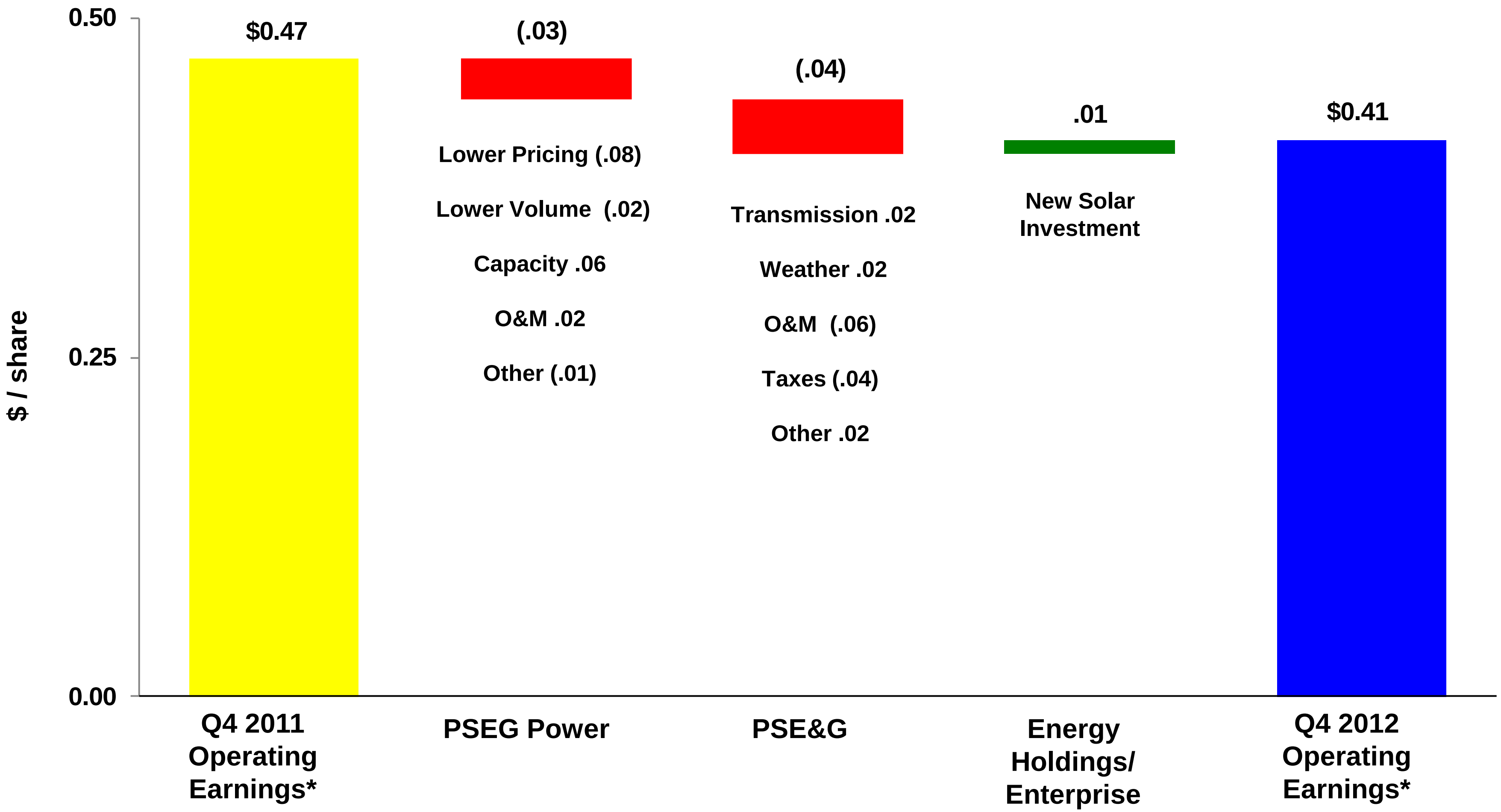
Q4 Operating Earnings by Subsidiary

Quarter ended December 31

	Operating Earnings		Earnings per Share	
$ millions (except EPS)	**2012**	**2011**	**2012**	**2011**
PSEG Power	$ 122	$ 134	$ 0.24	$ 0.27
PSE&G	75	99	0.15	0.19
PSEG Energy Holdings/ Enterprise	10	4	0.02	0.01
Operating Earnings*	$ 207	$ 237	$ 0.41	$ 0.47

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG EPS Reconciliation – Q4 2012 versus Q4 2011



* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

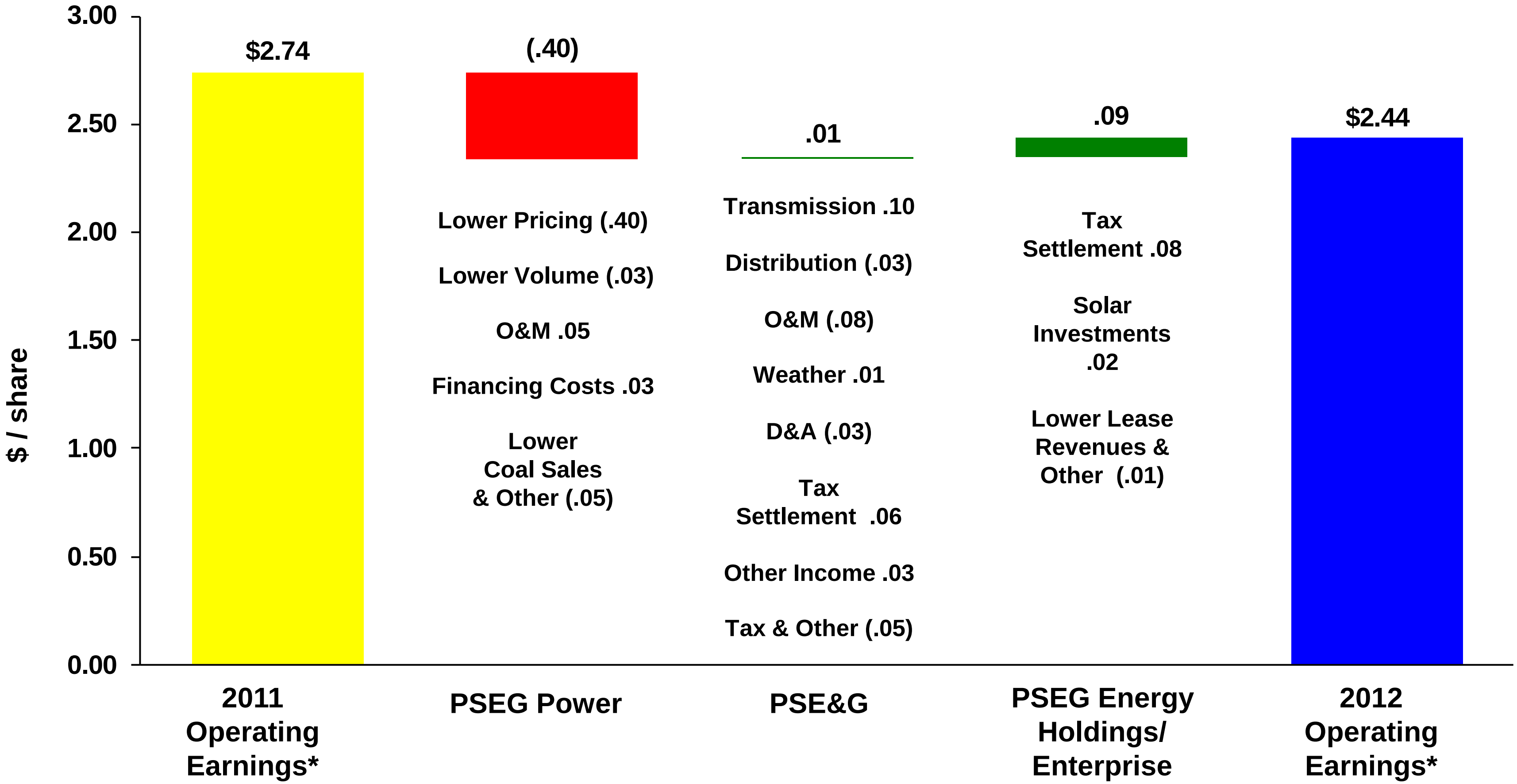
Full-year Operating Earnings by Subsidiary

Twelve Months ended
December 31

	Operating Earnings		Earnings per Share	
$ millions (except EPS)	**2012**	**2011**	**2012**	**2011**
PSEG Power	$ 644	$ 845	$ 1.27	$ 1.67
PSE&G	528	521	1.04	1.03
PSEG Energy Holdings/ Enterprise	64	23	0.13	0.04
Operating Earnings*	$ 1,236	$ 1,389	$ 2.44	$ 2.74

•See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG EPS Reconciliation – Full-year 2012 versus Full-year 2011



* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

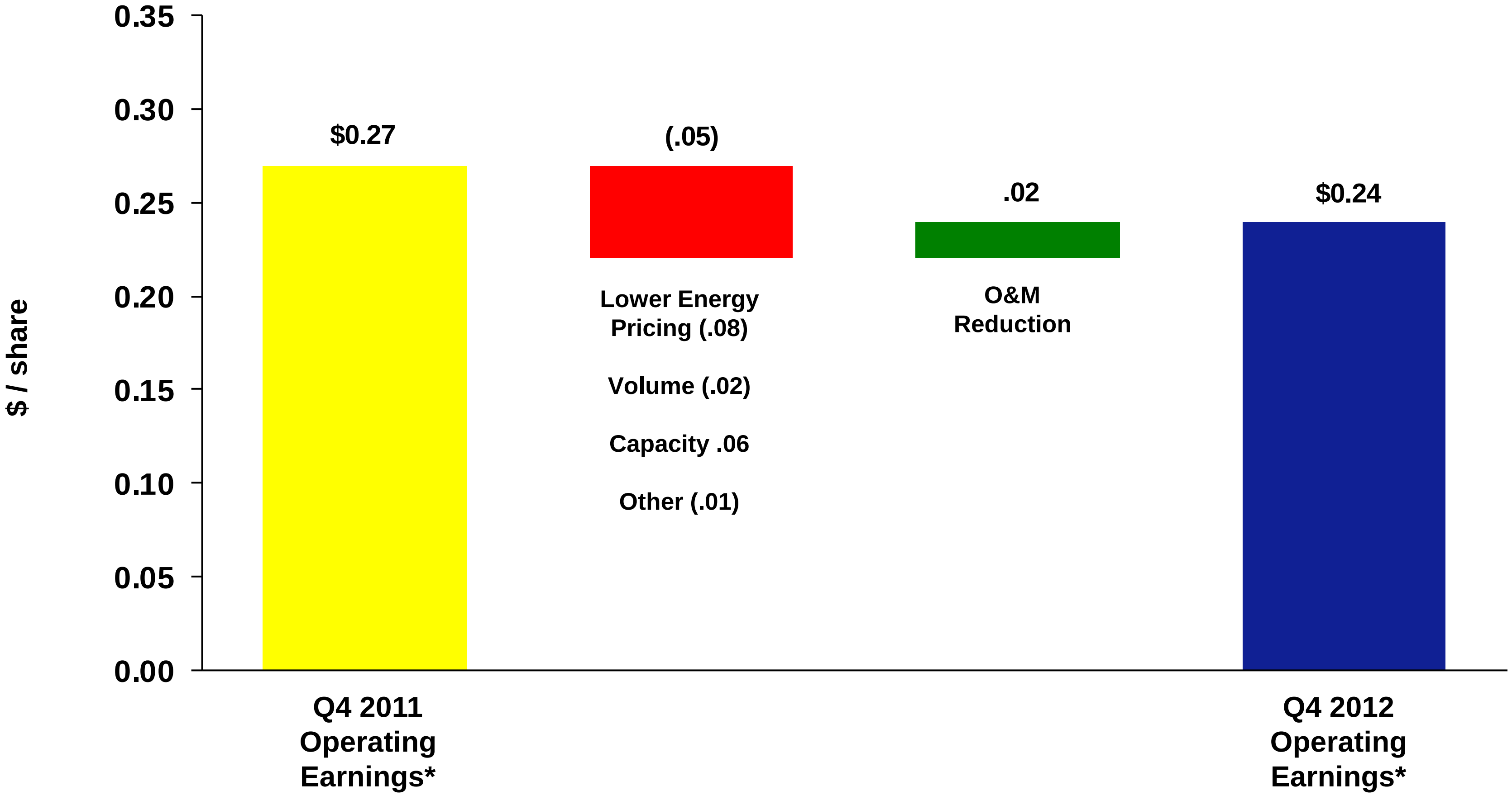
PSEG Power
2012 Q4 Review

PSEG Power – Q4 2012 EPS Summary

$ millions (except EPS)	Q4 2012	Q4 2011	Variance
Operating Revenues	$ 1,281	$ 1,493	$ (212)
Operating Earnings	$ 122	$ 134	$ (12)
Pro Forma Adjustments, Net of Tax**	(13)	92	(105)
Income from Continuing Operations	$ 109	$ 226	$ (117)
Net Income	$ 109	$ 226	$ (117)
EPS from Operating Earnings*	$ 0.24	$ 0.27	$ (0.03)

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.
**Includes the financial impact from Mark-to-Market positions with forward delivery months.

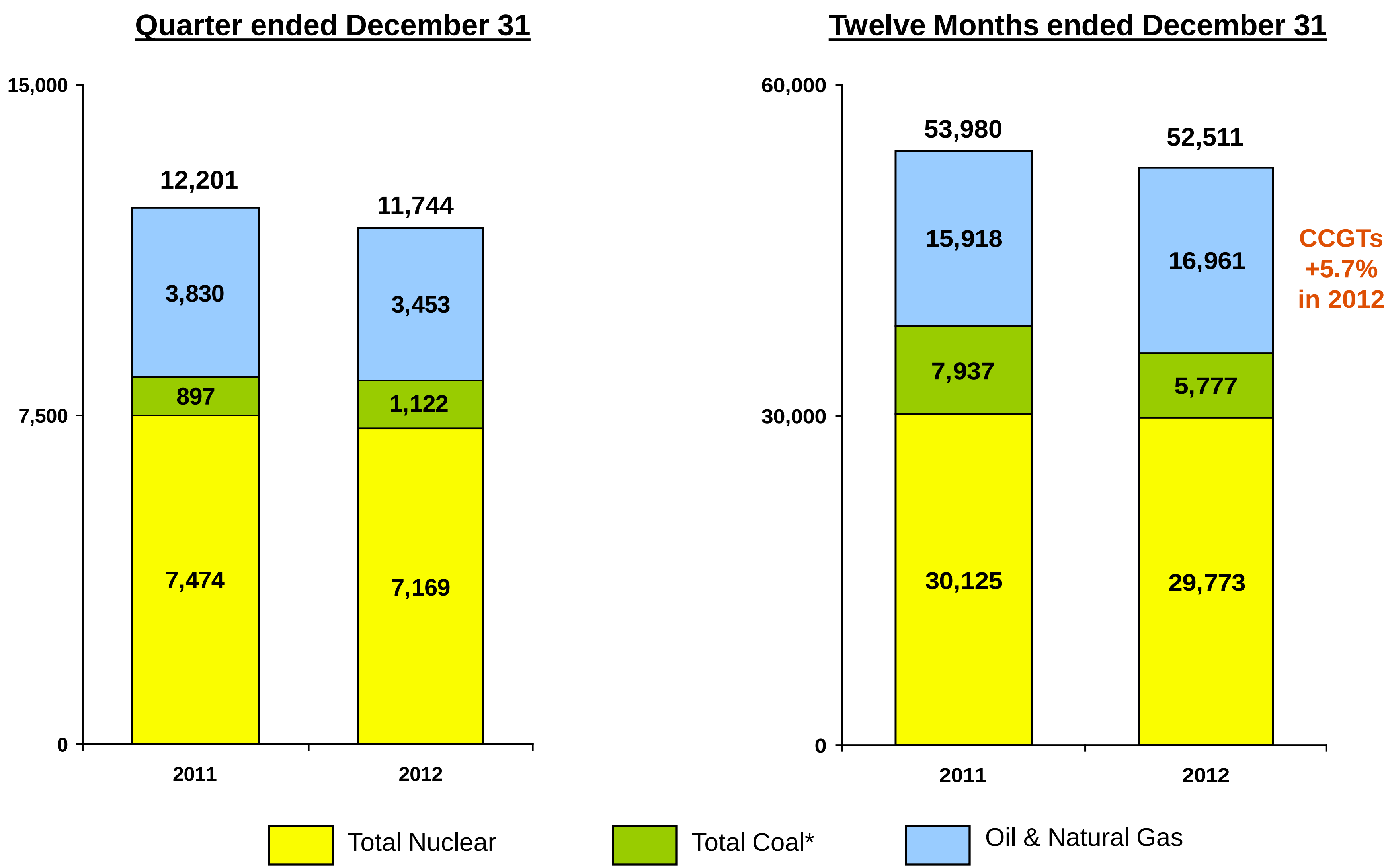
PSEG Power EPS Reconciliation – Q4 2012 versus Q4 2011



* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG Power – Generation Measures

PSEG Power – Generation (GWh)



* Includes figures for Pumped Storages and includes Hudson and Mercer with Gas.

PSEG Power – Capacity Factor Performance

PSEG Power – Capacity Factors (%)

Quarter ended December 31

	2011	2012
Nuclear	91.3%	87.3%
Combined Cycle		
PJM and NY	52.5%	45.3%
Coal*		
NJ (Coal/Gas)	1.0%	1.3%
PA	53.2%	64.0%
CT	0.0%	2.9%

PSEG Power – Capacity Factors (%)

Twelve Months ended December 31

	2011	2012
Nuclear	92.8%	91.1%
Combined Cycle		
PJM and NY	53.8%	56.5%
Coal*		
NJ (Coal/Gas)	24.6%	10.9%
PA	73.9%	67.5%
CT	13.8%	2.9%

Total Nuclear   Oil & Natural Gas   Total Coal*

* Includes figures for Pumped Storage and includes Hudson and Mercer with Gas.

PSEG Power – Fuel Costs

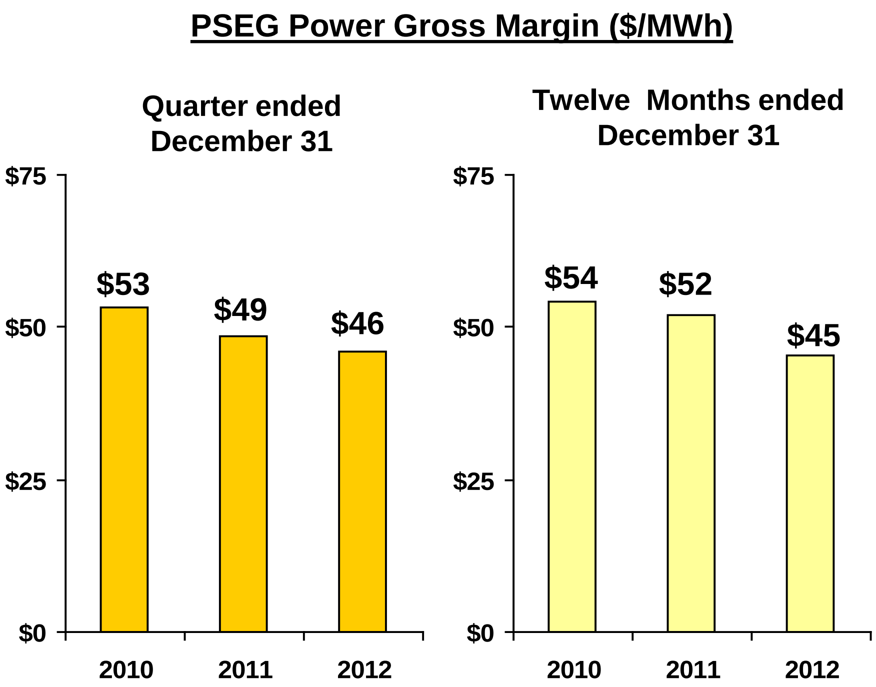
PSEG Power – Fuel Costs

	Quarter ended December 31	
($ millions)	2011	2012
Coal	30.8	32.8
Oil & Gas	136.1	117.6
Total Fossil	166.9	150.4
Nuclear	46.3	50.9
Total Fuel Cost	213.2	201.3
Total Generation (GWh)	12,201	11,744
$ / MWh	17.47	17.14

	Full-year	
($ millions)	2011	2012
Coal	302.1	175.1
Oil & Gas	666.4	525.5
Total Fossil	968.5	700.6
Nuclear	181.7	201.6
Total Fuel Cost	1,150.2	902.2
Total Generation (GWh)	53,980	52,511
$ / MWh	21.31	17.18

PSEG Power – Gross Margin Performance

- ✓ Hedge prices declined year over year but spot prices improved in Q4
- ✓ Migration volumes in line with expectations, headroom narrowed in Q4
- ✓ Combined cycle output sets new record, up 5.7% for the year

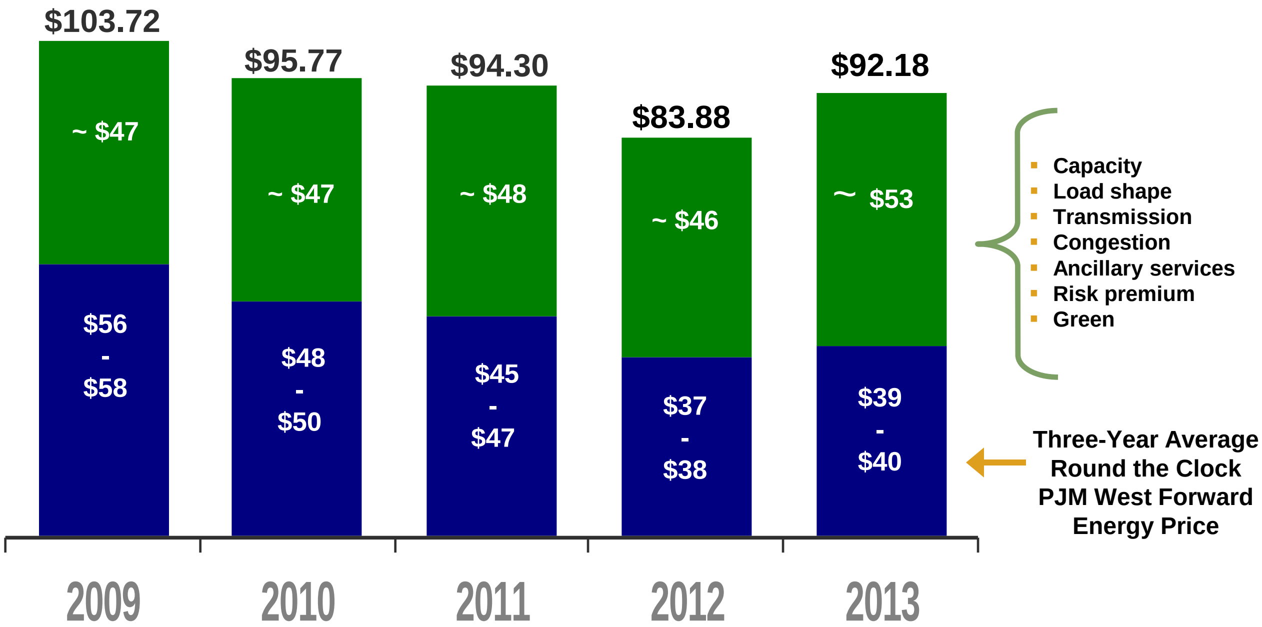


Regional Performance		
Region	**2012 Gross Margin ($M)**	**2012 Performance**
PJM	$2,266	Lower pricing and volume for the year. Higher capacity pricing in the second half of 2012 offset lower pricing from the first half.
New England	$60	Favorable pricing.
New York	$60	Favorable pricing and generation.

Market Perspective – 2013 BGS Auction Results

Full Requirements Component

Capacity Markets/RPM
Growing Renewable Energy/Transmission
Component for Market Risk



… reflect improvement from prior year.

Note: BGS prices reflect PSE&G Zone; results for 2011-2013 will be the new blended prices beginning June 1, 2013.

Hedging Update…

Contracted Energy*

		2013	2014	2015
Base Load (Nuclear and Base Load Coal)	Volume TWh	35	35	35
	% Hedged	100%	80-85%	40-45%
	Price $/MWh	$50	$49	$51
Intermediate Coal, Combined Cycle, Peaking	Volume TWh	20	19	18
	% Hedged	30-35%	0%	0%
	Price $/MWh	$50	$49	$51
Total	Volume TWh	53-55	53-55	52-54
	% Hedged	75-80%	50-60%	25-30%
	Price $/MWh	$50	$49	$51

* Hedge percentages and prices as of February 11, 2013. Revenues of full requirement load deals based on contract price, including renewable energy credits, ancillary, and transmission components but excluding capacity. Hedges include positions with MTM accounting treatment and options.

PSEG Power – Q4 2012 Operating Highlights

Operations

- ✓ Q4 output down 4% from Q4 2011 due mainly to temporary, storm-related outages
- ✓ Nuclear capacity factor of 91.1% for 2012
- ✓ O&M cost control posted year-over-year improvement for operating earnings
- ✓ Salem 2 and Peach Bottom 2 refuelings in Q4 drove output moderately lower

Regulatory and Market Environment

- ✓ 2013 BGS auction priced higher at $92.18/MWh vs. $83.88 in 2012 for PSE&G contract
- ✓ MOPR settlement decision pending at FERC; Federal Court case on LCAPP set for hearing in late March 2013
- ✓ 2013 anticipated baseload output hedged at an average price of $50/MWh

Financial

- ✓ Power redeemed $250 million, 5% Senior Note due 2014 in December 2012; next maturity is a $300 million, 2.50% Senior Note due April 2013
- ✓ Superstorm Sandy cost estimates: $85 million in Q4; $300 million in total over the next two years (excluding insurance recovery)
- ✓ Power’s total debt as a percentage of capital at year-end was 30%

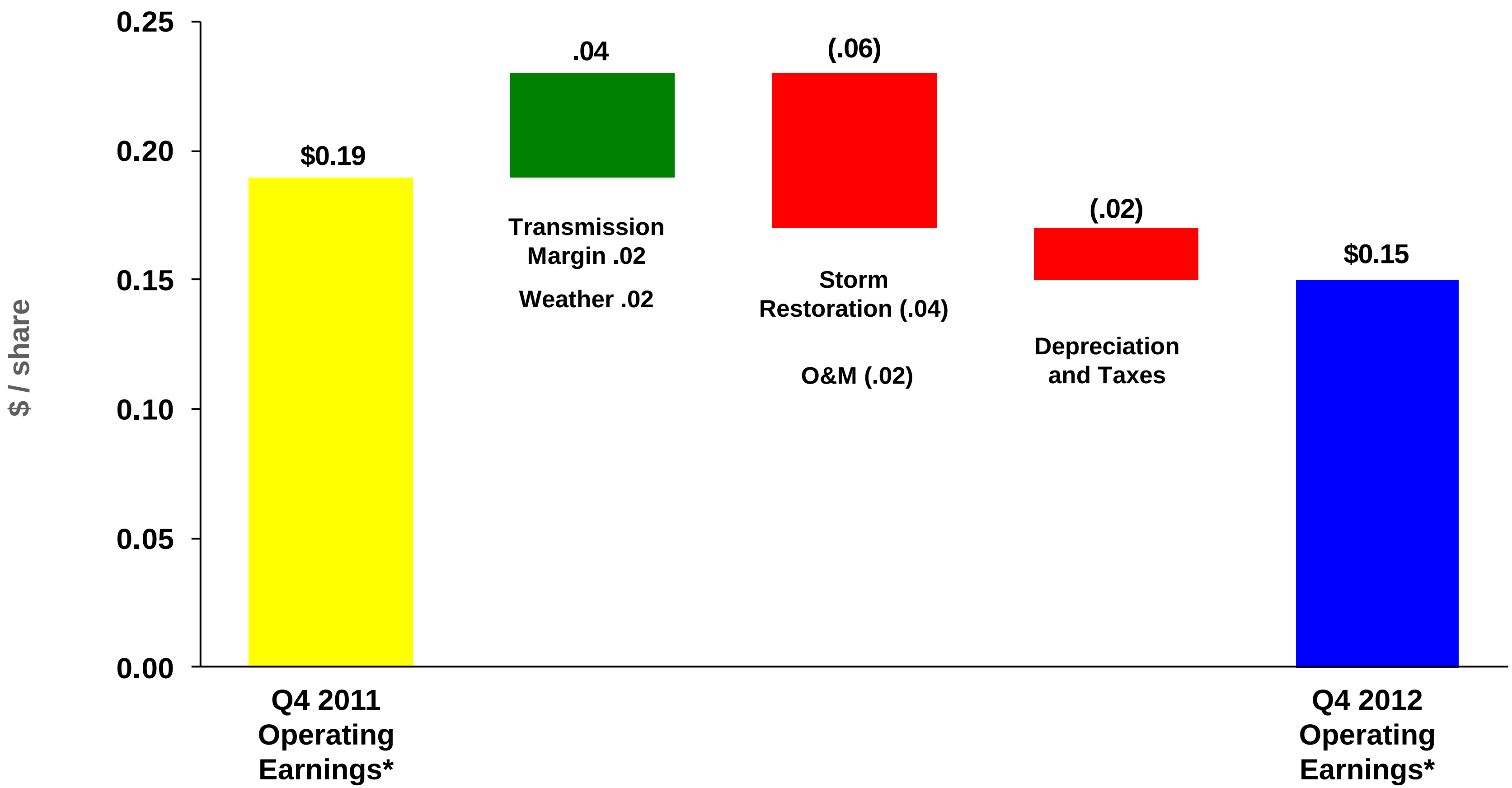
PSE&G
2012 Q4 Review

PSE&G – Q4 Earnings Summary

$ millions (except EPS)	Q4 2012	Q4 2011	Variance
Operating Revenues	$ 1,597	$ 1,608	$ (11)
Operating Expenses			
Energy Costs	779	827	(48)
Operation & Maintenance	416	358	58
Depreciation & Amortization	183	171	12
Taxes Other than Income Taxes	26	31	(5)
Total Operating Expenses	1,404	1,387	17
Operating Earnings / Net Income	$ 75	$ 99	$ (24)
EPS from Operating Earnings	$ 0.15	$ 0.19	$ (0.04)

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSE&G EPS Reconciliation – Q4 2012 versus Q4 2011



* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSE&G – Q4 Operating Highlights

Operations

- ✓ 2.1 million electric service restorations in the aftermath of Superstorm Sandy
- ✓ Q4 storm restoration cost was a ($0.05) impact to operating earnings
- ✓ Heating degree days 21% above Q4 2011 but 2.4% below normal weather
- ✓ Storm-related outages reduced kWh sales by 2.7% in 4Q 2012 and 0.6% for 2012

Regulatory and Market Environment

- ✓ PSE&G filed a new infrastructure program with the NJBPU that proposes to invest $3.9 billion over the next ten years focusing on electric/gas system hardening and resiliency
- ✓ Additional transmission projects of approximately $1.5 billion over the next ten years also proposed for system hardening
- ✓ Annual formula rate transmission revenue increase of $174 million, effective January 1, 2013
- ✓ NJBPU approved deferral of 2012 Superstorm Sandy and Irene costs
- ✓ Construction of major transmission lines underway
- ✓ BPU decisions pending on both Solar filings

Financial

- ✓ PSE&G earned its authorized return in 2012
- ✓ Issued $400 million of secured, 30-year medium-term notes at 3.80%

PSEG Energy Holdings/Enterprise
2012 Q4 Review

PSEG Energy Holdings/Enterprise – Q4 2012 Earnings Summary

$ millions (except EPS)	Q4 2012	Q4 2011	Variance
Operating Earnings	$ 10	$ 4	$ 6
Lease Transaction Activity	30	(3)	33
Gain on Asset Sale	-	34	(34)
Net Income	$ 40	$ 35	$ 5
EPS from Operating Earnings*	$ 0.02	$ 0.01	$ 0.01

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG Energy Holdings/Enterprise – Q4 Operating Highlights

Financial

- ✓ Added 2 solar projects with 40 MW of capacity; total solar capacity now at 69 MW
- ✓ LILO/SILO issues resolved with 2012 IRS tax settlement

PSEG

PSEG Financial Highlights

- **Introducing 2013 operating earnings guidance of $2.25 - $2.50 per share**
  - ✓ Focused on maintaining operating efficiency and customer reliability
  - ✓ PSE&G expected to provide ~50% of 2013 operating earnings

- **Initiating a new $5.4 billion, ten-year infrastructure spending program to strengthen PSE&G's infrastructure and communications, and to enhance customer reliability and service**

- **Increased common dividend to indicative annual rate of $1.44 per share; positioned for future growth**

- **Executing on existing transmission capital spending program**

- **Financial position remains strong**
  - ✓ Positive cash from Power and increasing cash flow from PSE&G supports dividend growth and funds capital spending program without the need to issue equity
  - ✓ Debt as a percentage of capital was 41% at December 31, 2012

PSEG 2013 Operating Earnings Guidance - By Subsidiary

$ millions (except EPS)	**2013E**	**2012A**
PSE&G	$580 – $635	$528
PSEG Power	$535 – $600	$644
PSEG Energy Holdings/Enterprise	$25 – $35	$64
Operating Earnings*	$1,140 – $1,270	$ 1,236
Earnings per Share	**$ 2.25 – $ 2.50**	**$2.44**

* See Slide 35 for Items excluded from Income from Continuing Operations to reconcile to Operating Earnings.

PSEG Liquidity as of December 31, 2012

Company	Facility	Date	Facility	Usage	Liquidity
				($Millions)	
PSE&G	5-year Credit Facility	Apr-16	$600	$276	$324
PSEG / Power	5-Year Credit Facility (Power)	Mar-17	1,600	65	1,535
	5-Year Credit Facility (Power)	Apr-16	1,000	0	1,000
	5-Year Bilateral (Power)	Sep-15	100	100	0
	5-year Credit Facility (PSEG)	Mar-17	500	4	496
	5-year Credit Facility (PSEG)	Apr-16	500	0	500
		Total	$4,300	$445	$3,855
				PSEG Money Pool ST Investment	$222
				PSE&G ST Investment	$65
				Total Liquidity Available	**$4,142**
				Total Parent / Power Liquidity	**$3,753**

Items Excluded from Income from Continuing Operations to Reconcile to Operating Earnings

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Reconciling Items Excluded from Continuing Operations to Compute Operating Earnings
(Unaudited)

Pro-forma Adjustments, net of tax	*Three Months Ended December 31,*		*Year Ended December 31,*	
	2012	*2011*	*2012*	*2011*
Earnings Impact ($ Millions)				
Gain (Loss) on Nuclear Decommissioning Trust (NDT) Fund Related Activity (PSEG Power)	$ 3	$ -	$ 52	$ 50
Gain (Loss) on Mark-to-Market (MTM)[a] (PSEG Power)	23	92	(10)	107
Lease Related Activity (PSEG Energy Holdings)	30	(3)	36	(173)
Storm O&M (PSEG Power)	(39)	-	(39)	-
Gain on Sale of Qwest Building (PSEG Energy Holdings)	-	34	-	34
Total Pro-forma adjustments	**$ 17**	**$ 123**	**$ 39**	**$ 18**
Fully Diluted Average Shares Outstanding (in Millions)	**507**	**507**	**507**	**507**
Per Share Impact (Diluted)				
Gain (Loss) on NDT Fund Related Activity (PSEG Power)	$ -	$ -	$ 0.10	$ 0.10
Gain (Loss) on MTM[a] (PSEG Power)	0.05	0.18	(0.02)	0.21
Lease Related Activity (PSEG Energy Holdings)	0.06	-	0.07	(0.34)
Storm O&M (PSEG Power)	(0.08)	-	(0.08)	-
Gain on Sale of Qwest Building (PSEG Energy Holdings)	-	0.06	-	0.06
Total Pro-forma adjustments	**$ 0.03**	**$ 0.24**	**$ 0.07**	**$ 0.03**

(a) Includes the financial impact from positions with forward delivery months.

Please see Slide 2 for an explanation of PSEG's use of Operating Earnings as a non-GAAP financial measure and how it differs from Net Income.