

NYSE: PEG

## 4Q and Year-End 2011 Performance Update

"We closed out the year on a strong note with results at the upper end of guidance" said Ralph Izzo, chairman, president and chief executive officer. He went on to say "2011 was a year of significant accomplishment as we build an energy infrastructure for the future despite challenging market conditions. We are issuing operating earnings guidance for 2012 of \$2.25 - \$2.50 per share. The contribution to earnings from our regulated business is expected to grow year-over-year; and, Power's fuel diversity lends support to its operations during a period of low prices. The decline in pricing, however, is expected to have an impact on 2012's consolidated results. Over the long-term, the progress we made on our operational and financial goals in 2011 should provide for sustainable growth in value. This faith in PSEG's financial picture was recently affirmed by the Board of Directors decision to raise the common dividend 3.6% to an indicated annual rate of \$1.42 per share."

– Ralph Izzo, CEO & Chairman, February 23, 2012

## PSEG – 2011: Balanced Asset Mix Met Market's Challenges

### 2011 Earnings at Top End of Guidance

✓ Operating earnings of \$2.74 compared with guidance of \$2.50 - \$2.75

### Another Year of Accomplishments, Despite Challenging Market Conditions

- ✓ Hope Creek Nuclear produced record levels of generation
- ✓ Record generation from CC fleet demonstrates benefits of diverse fuel mix
- ✓ Hope Creek and Salem license extensions obtained
- ✓ PSE&G won its 10th consecutive Reliability One Award
- ✓ PSE&G received NJBPU approval for additional \$368 million of capital spend, with supportive recovery mechanisms
- ✓ Transmission investments received incentive rate treatment
- ✓ Holdings continues to reduce financial risk through asset sales
- ✓ Awarded 10-year contract to manage the LIPA electric system
- ✓ Holdings acquired 25 MW solar project in Arizona

### O&M Growth Contained, Focus on Operating Efficiency

### Balance Sheet Strengthened, Flexibility Preserved

## PSEG – Introducing 2012 Earnings Guidance



## 4Q and Year-End 2011 Operating Earnings by Subsidiary

	Operating Earnings		Earnings per Share (EPS)	
	4Q 2011	FY 2011	4Q 2011	FY 2011
\$ millions (except EPS)				
<b>PSEG Power</b>	\$134	\$845	\$0.27	\$1.67
<b>PSE&amp;G</b>	99	521	0.19	1.03
<b>PSEG Energy Holdings</b>	(1)	5	0.00	0.01
<b>Enterprise</b>	5	18	0.01	0.03
<b>Operating Earnings*</b>	<b>\$237</b>	<b>\$1,389</b>	<b>\$0.47</b>	<b>\$2.74</b>

\* See Operating Earnings to GAAP reconciliation under the Investor tab at [www.pseg.com](http://www.pseg.com)

## Key Performance Highlights

	As of 12/31/11
<b>Stock Price</b>	\$33.01
<b>2011 Dividends Paid per Share</b>	\$1.37
<b>Dividend Yield (%)</b>	4.2
<b>Return on Average Common Equity**</b>	13.8%
<b>Average Shares Outstanding (000s)</b>	506,982
<b>Debt to Capitalization</b>	41%

\*\* Calculation based on Operating Earnings for 12-month period ended.

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## 3Q 2011 Performance Update

- We reported operating earnings for Q3 2011 of \$0.83 cents per share compared with \$1.03 per share earned in Q3 2010. Our biggest challenge remains the low price of electricity which affects our earnings through reductions in BGS and RPM prices effective on June 1 of this year. Results for the third quarter brought operating earnings for the first nine months of 2011 to \$2.27 per share versus last year's operating earnings of \$2.53 per share. These results support operating earnings for full-year 2011 at the upper end of our guidance of \$2.50 - \$2.75 per share.
- We remain on track with our major capital programs at PSE&G and PSEG Power. Our budgets call for spending \$6.9 billion over 2011 – 2013, with 2011's capital outlays budgeted at \$2.3 billion. The construction of new peaking capacity by PSEG Power in New Jersey and Connecticut is on schedule. These new units represent approximately 400 MW of more efficient, clean capacity to be placed into operation by mid-2012.
- During the past five years, we've invested more than \$2 billion to replace inefficient, older generating units and to upgrade our existing facilities to meet new environmental regulations. We view the EPA's recent technical adjustments to the Cross-State Air Pollution Rule (CSAPR) as favorable for our fleet. We're also well positioned to meet the anticipated requirements under EPA's HAPs-MACT regulation, expected to be issued on December 16. Our experience shows that it is possible to clean the air, create jobs, and power the economy at the same time.

– Ralph Izzo, CEO & Chairman, November 1, 2011

## PSEG – 3Q 2011: Company execution strong in the quarter

### Q3 2011 results

- ✓ Solid Q3 operating earnings per share of \$0.83 versus \$1.03 in Q3 2010, despite considerable challenges
- ✓ Hurricane Irene was the worst storm in company history; caused service interruptions to over 800,000 customers throughout NJ
- ✓ Fuel flexibility and active coal management
- ✓ Continued focus on operational goals

### Market conditions

- ✓ EPA air requirements expected to influence markets
- ✓ NJBPU continued hearings on need for additional subsidized capacity
- ✓ Federal district court will allow PSEG's LCAPP suit to proceed (denied BPU's motion to dismiss on October 19)

### Company continues to receive recognition

- ✓ 2011 Dow Jones Sustainability Index - World Index

### Leveraged lease reserve

- ✓ Energy Holdings fully reserved its \$264 million gross investment in a lease receivable from Dynegy resulting in an after-tax charge of \$170 million, or \$0.34 per share

## PSEG – Reaffirming 2011 Guidance



## 3Q 2011 Operating Earnings by Subsidiary

\$ millions (except EPS)	Operating Earnings		Earnings per Share (EPS)	
	2011	2010	2011	2010
<b>PSEG Power</b>	\$258	\$338	\$0.51	\$0.67
<b>PSE&amp;G</b>	154	155	0.30	0.30
<b>PSEG Energy Holdings</b>	4	24	0.01	0.05
<b>Enterprise</b>	4	4	0.01	0.01
<b>Operating Earnings*</b>	\$420	\$521	\$0.83	\$1.03

## Key Performance Highlights

	As of 9/30/11
<b>Stock Price</b>	\$33.37
<b>Dividends Paid per Share</b>	\$1.0275
<b>Dividend Yield (%)</b>	4.1%
<b>Return on Average Common Equity**</b>	14.7%
<b>Average Shares Outstanding (000s)</b>	506,963
<b>Debt to Capitalization</b>	43.8%

NYSE: PEG

## 2Q 2011 Performance Update

"We reported operating earnings for the second quarter of 2011 of \$0.59 cents per share compared with \$0.63 cents per share earned in 2010's second quarter. These results bring operating earnings for the first half of 2011 to \$1.44 per share compared with \$1.50 per share earned in 2010's first half. We are maintaining our forecast of operating earnings for 2011 of \$2.50 - \$2.75 per share.

Although our results are being affected by lower realized energy prices, we are seeing the benefits of increased levels of investment at PSE&G as well as the benefits of cost control and reliability that come with the operational focus of a dedicated workforce. Regulatory approvals for several important initiatives should allow PSEG to maintain its position as a reliable supplier of low-cost, clean energy for the long term. We take pride in the long-term implications of our Salem and Hope Creek life extensions; the focus and discipline we apply to our investment portfolio, which is reflected most recently in the successful sale of our Texas assets; and the recasting of our capital program. Now you can see an even greater emphasis on regulated investments from energy efficiency to electric and gas distribution to transmission -- all at fair, risk-adjusted returns yielding important customer benefits. This progress continues with a healthy balance sheet ensuring financial flexibility."

– Ralph Izzo, CEO & Chairman, August 3, 2011

## PSEG – 2Q 2011

### Results of \$0.59 vs. \$0.63 in Q2 2010

Maintaining our 2011 earnings guidance of \$2.50-\$2.75 per share

#### Focused on Operational Excellence

- ✓ PSE&G focused on meeting reliability
- ✓ Power's generation volumes declined 6% in the quarter
- ✓ Power continues to optimize fuel flexibility

#### Foundation laid for the future

- ✓ PSEG Nuclear received 20-year operating license extension for Hope Creek and Salem Generating Stations
- ✓ Completed sales of both Texas generating plants

#### Investments for the future

- ✓ PSE&G capital program increased by 15% to \$5.2 billion
- ✓ Received BPU approval for \$368 million of new capital programs and FERC approval for incentive rate treatment for 3 transmission projects
- ✓ EPA released CSAPR; Final HAPs/MACT rule expected in November

#### Financing position

- ✓ Fitch affirmed the credit ratings of PSEG, Power and PSE&G – Rating Outlook is Stable

## PSEG – Maintaining 2011 EPS Guidance



## 2Q 2011 Operating Earnings by Subsidiary

\$ millions (except EPS)	Operating Earnings		Earnings per Share (EPS)	
	2011	2010	2011	2010
<b>PSEG Power</b>	\$186	\$229	\$0.36	\$0.45
<b>PSE&amp;G</b>	105	75	0.21	0.15
<b>PSEG Energy Holdings</b>	5	12	0.01	0.02
<b>Enterprise</b>	5	5	0.01	0.01
<b>Operating Earnings*</b>	<b>\$301</b>	<b>\$321</b>	<b>\$0.59</b>	<b>\$0.63</b>

\* See Operating Earnings to GAAP reconciliation under the Investor tab at [www.pseg.com](http://www.pseg.com)

## Key Performance Highlights

	As of 6/30/11
<b>Stock Price (as of 6/30/11)</b>	<b>\$32.64</b>
<b>Dividends Paid per Share</b>	<b>\$0.3425</b>
<b>Dividend Yield (%)</b>	<b>4.2%</b>
<b>Return on Average Common Equity**</b>	<b>16.1%</b>
<b>Average Shares Outstanding (000s)</b>	<b>506,761</b>

\*\* Calculation based on Operating Earnings for 12-month period ended.

**NYSE: PEG**

## 1Q 2011 Performance Update

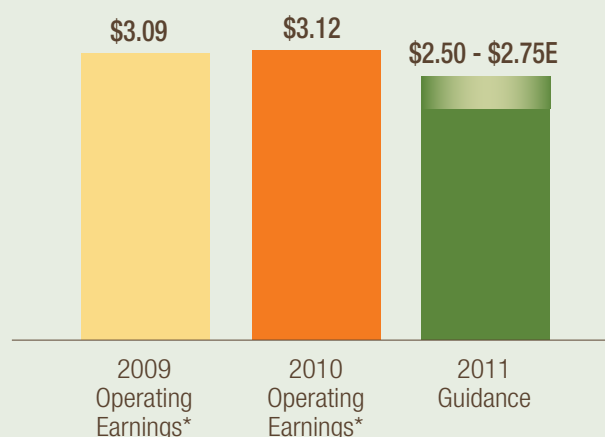
"We reported operating earnings for the first quarter of 2011 of \$0.85 cents per share compared with operating earnings of \$0.87 cents per share earned in 2010's first quarter. PSEG is managing well in difficult market conditions. Our employees' on-going commitment to reliability and safety has supported operations in the face of severe winter weather conditions. In addition, our teams worked round-the-clock to verify the effectiveness of all procedures and equipment in place to respond to natural disasters following the earthquake-and-tsunami related damage at the Fukushima nuclear plant in Japan. Power's nuclear fleet operated at an average capacity factor of 99% during the first quarter of 2011 compared to 97% in the year-ago quarter. Recently completed upgrades at our New Jersey coal stations support their operation under more stringent environmental rules. PSE&G experienced a slight increase in weather-normalized electric sales of 0.3% during the quarter. A return of growth would be welcome, as we confront a market place still challenged by lower pricing. We continue to forecast operating earnings for 2011 of \$2.50 - \$2.75 per share. Although there are signs of economic recovery, a decline in contracted energy and capacity prices from year-ago levels beginning in the second quarter will have an impact on our full year operating earnings. A strong balance sheet, investment in projects that garner reasonable returns and a focus on operations will all support our long-term results."

– Ralph Izzo, CEO & Chairman, May 5, 2011

## PSEG – 1Q 2011

- ✓ **Results of \$0.85 vs. \$0.87 in Q1 2010**
- ✓ **Maintaining our 2011 earnings guidance of \$2.50-\$2.75 per share**
- ✓ **Regulatory/Market Environment**
  - ✓ EPA proposals on HAPs-MACT, 316b regulations
  - ✓ PSEG Nuclear's on-going community outreach efforts support local, state and federal understanding of reactor design and emergency procedures in place at Salem and Hope Creek
  - ✓ FERC decision on MOPR supports competitive wholesale markets
  - ✓ PSE&G awaiting FERC approval of incentive rate treatment on \$1.3 billion of transmission investment
  - ✓ NJBPU decisions expected on \$400 million of incremental PSE&G capital infrastructure and energy efficiency spending
- ✓ **Focused on building a financially strong, environmentally friendly energy business**

## PSEG – Maintaining 2011 EPS Guidance



## 1Q 2011 Operating Earnings by Subsidiary

\$ millions (except EPS)	Operating Earnings		Earnings per Share (EPS)	
	2011	2010	2011	2010
<b>PSEG Power</b>	\$267	\$312	\$0.53	\$0.62
<b>PSE&amp;G</b>	163	117	0.32	0.23
<b>PSEG Energy Holdings</b>	(3)	7	(0.01)	0.01
<b>Enterprise</b>	4	3	0.01	0.01
<b>Operating Earnings*</b>	<b>\$431</b>	<b>\$439</b>	<b>\$0.85</b>	<b>\$0.87</b>

\* See Operating Earnings to GAAP reconciliation under the Investor tab at [www.pseg.com](http://www.pseg.com)

## Key Performance Highlights

	As of 3/31/11
<b>Stock Price (as of 3/31/11)</b>	<b>\$31.51</b>
<b>Dividends Paid per Share</b>	<b>\$0.3425</b>
<b>Dividend Yield (%)</b>	<b>4.3%</b>
<b>Return on Average Common Equity**</b>	<b>16.7%</b>
<b>Average Shares Outstanding (000s)</b>	<b>507,132</b>

\*\* Calculation based on Operating Earnings for 12-month period ended.

NYSE: PEG

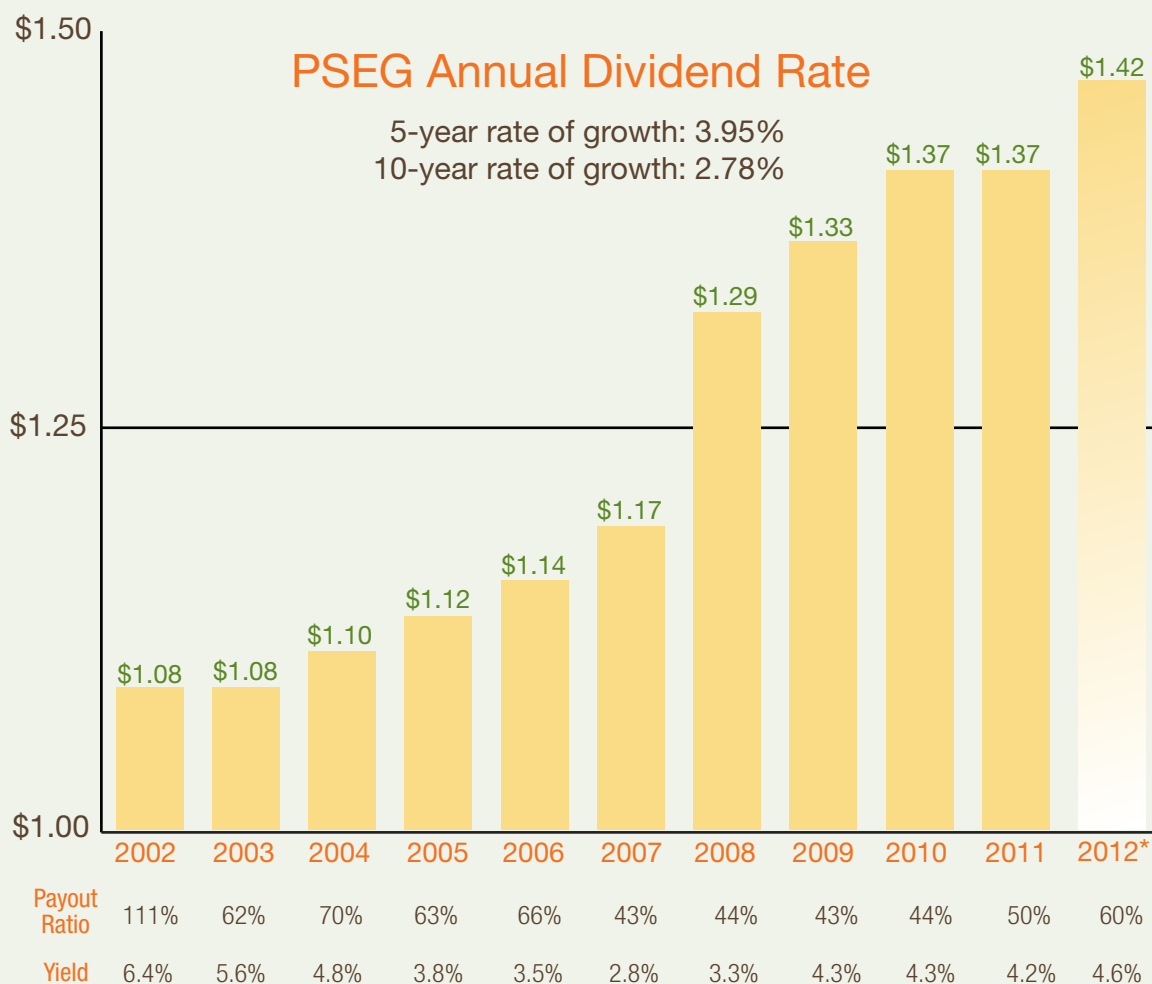
## PSEG Dividends – 105 Years and Counting

**PSEG is continuing its remarkable record of paying common dividends.** The year 2012 represents the 105th consecutive year PSEG or its predecessor company will be paying dividends to the holders of its common stock. PSEG has paid dividends each year since 1907 – a record matched only by General Electric and Exxon Mobil.

**The Board of Directors of PSEG declared a 3.6% increase in the common stock dividend on February 21, 2012.** The Board increased the quarterly dividend to 35.5 cents per share from 34.25 cents per share. The indicated annual common dividend rate is \$1.42 per share.

The Board's action also represents a revision of the company's dividend payout policy from its prior stated goal of paying out 40% - 50% of earnings as dividends to a policy that pays out a greater percentage of earnings as dividends, with an expectation for future dividend growth.

PSEG's dividend payment history has been accompanied by growth in the dividend. The recent approved change results in a compound annual rate of growth in the dividend of 2.8% over the past decade. All future common dividends are subject to Board approval.



\*2012 yield calculation based on PEG stock price as of February 21, 2012; payout ratio based on the mid-point of 2012 earnings guidance. Payout ratio = percent of income paid to shareholders as common dividends; Yield = annual dividend as a percent of the year end stock price.

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## Public Service Enterprise Group Delivering Value: Today and Tomorrow

An energy provider meeting  
the needs of customers  
and shareholders

### Meeting Commitments

- Achieved earnings targets
- Operational excellence drove results
- Sharpened business focus
- Balance sheet strengthened
- 104<sup>th</sup> year of paying a common dividend

### Delivering Value Today

- 2011 earnings guidance of \$2.50 - \$2.75 reflects challenging power markets
- focus on operational excellence and stringent cost controls
- Core business investments providing attractive returns
- Strong financial position – credit metrics, liquidity

### Positioned for the Future

- Balanced business mix
- Power benefits from asset mix, fuel flexibility, hedging program
- Federal and State policies provide opportunities for growth – Leadership position in energy policy
- T&D investments providing growth and supporting N.J. economic recovery
- Strong financial position and cash flow provide flexibility in volatile markets – No need to issue equity

### Financial Highlights

Year Ended December 31,	2010	2009	2008
<b>(\$millions)</b>			
Operating Revenues	11,793	12,035	12,609
Operating Earnings	1,584	1,567	1,479
Net Income	1,564	1,592	1,188
<b>Per Share (Diluted)</b>			
EPS from Operating Earnings (non GAAP)**	3.12	3.09	2.91
EPS as Reported	3.08	3.14	2.34
Dividend Paid Per Share	1.37	1.33	1.29
Book Value Per Share	19.04	17.37	15.36
<b>Shares Outstanding (millions)</b>			
	507	507	508
<b>Ratios (%)</b>			
Debt to Capital	44.5	45.1	47.9
Return on Equity*	17.1	18.7	20.2
Return on Invested Capital*	10.9	11.9	12.2
Payout Ratio*	44%	43%	44%
<b>Earnings Contribution* (%)</b>			
PSEG Power	69	76	75
PSE&G	27	21	24
PSEG Energy Holdings & Other	4	3	1
<b>Stock Performance – Price Per Share</b>			
High	34.93	34.14	52.30
Low	29.01	23.65	22.09
Year-End	31.81	33.25	29.17
<b>Operating Earnings</b>			
PSEG Power	1,091	1,193	1,107
PSE&G	430	321	360
PSEG Energy Holdings	49	43	36



**PSEG**

Assets (as of 12/31/2010): **\$29.9 B**  
Market Capitalization (as of 12/31/2010): **\$16.1 B**



**PSE&G**

Traditional Transmission & Delivery

Electric Customers: **2.2M**  
Gas Customers: **1.8M**



**PSEG**  
*Power LLC*

Wholesale Energy



**PSEG**  
*Energy Holdings*

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**Investor Relations: 973.430.6565**

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This document contains forward-looking information. Actual results may differ from those anticipated. Information describing the significant factors that could cause results to differ from those anticipated are described in Public Service Enterprise Group's filings with the SEC, which are available on our website [www.pseg.com](http://www.pseg.com). Information provided is as of April 1, 2011, any forward-looking statements included herein represent our estimates as of this date, and we disclaim any obligation to update the information provided.

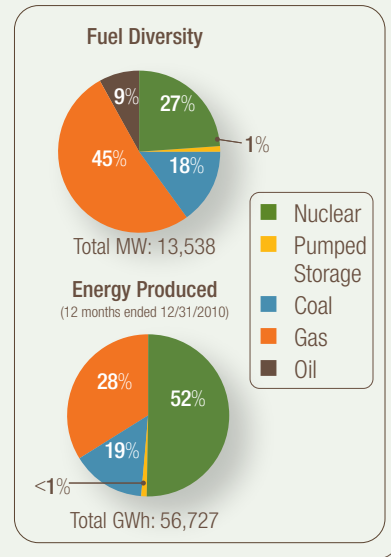
\*Calculation based on Operating Earnings for 12-month period ended

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PSEG's family of businesses consists of valuable assets in attractive markets, providing strong returns and significant opportunity for growth



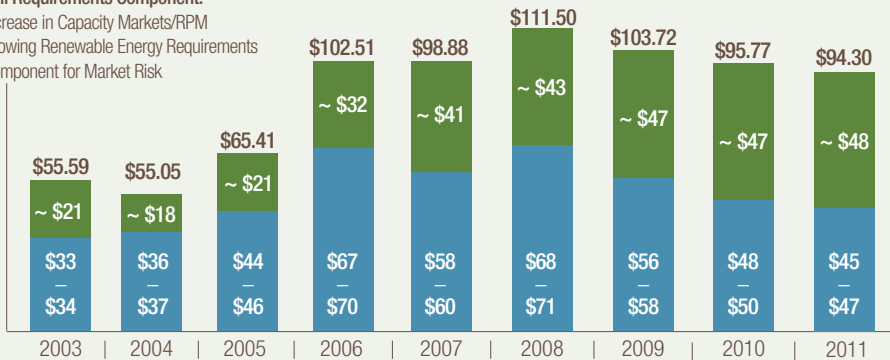
PSEG Power's assets are located in attractive markets near load centers



### Market Perspective – BGS Auction Results

#### Full Requirements Component:

Increase in Capacity Markets/RPM  
Growing Renewable Energy Requirements  
Component for Market Risk



- Full Requirements:**
  - Capacity
  - Load shape
  - Transmission
  - Congestion
  - Ancillary services
  - Risk premium
  - Green
- 3 Year Average:**
  - Round the clock PJM
  - West Forward Energy Price

Note: BGS prices reflect PSE&G zone



Well Positioned to Meet Anticipated Regulatory Requirements

Current Regulations and Compliance Measures					
Description	Hudson (NJ)	Mercer (NJ)	Keystone (PA)	Bridgeport (CT)	Conemaugh (PA)
NO <sub>x</sub>	SCR	SCR	SCR	Low NO <sub>x</sub> Burners	SCR 2014
SO <sub>2</sub>	Scrubber	Scrubber	Scrubber	Ultra-Low Sulfur Coal	Scrubber
Mercury/Particulate	Baghouse & Activated Carbon	Baghouse & Activated Carbon	Scrubber & SCR, ESP	Baghouse & Activated Carbon	Scrubber & SCR, ESP

■ Capital Spend Planned

■ No Additional Capital Spend Planned

\* Activated Carbon under consideration

