

POWERING PROGRESS



2018
ANNUAL
REPORT

EMPOWERING PEOPLE
POWERING LIFE

PUBLIC SERVICE
ENTERPRISE GROUP
(PSEG), a diversified
energy holding company
with approximately
\$45 billion in assets,
is one of the nation's
most reliable electric
and gas transmission
and distribution utilities,
as well as a leading
wholesale energy
producer.

2018 HIGHLIGHTS

PSEG

- Continued to deliver strong financial results and maintained one of the strongest financial positions in the industry, supporting our investment program and dividend growth.
- Continued its transformation as one of the nation's leading clean energy providers.
- Named to the Dow Jones North America Sustainability Index for the 11th consecutive year.

PSEG&G

- Received the 2018 Outstanding Customer Reliability Experience Award and 17th consecutive ReliabilityOne Award as the most reliable utility in the Mid-Atlantic region.
- Completed first distribution base rate review since 2010, setting a firm foundation for utility's future.
- Became the first U.S. public utility to obtain SAFETY Act recognition from the U.S. Department of Homeland Security for anti-terror measures.

PSEG POWER

- Set a new record for the Hope Creek nuclear plant's longest continuous production run at 517 days.
- Set a new record for overall safety performance at PSEG Fossil.
- Placed new combined-cycle natural gas power plants in service in Maryland and New Jersey; completing construction on a third new plant in Connecticut.

PSEG LONG ISLAND

- Met or exceeded all 30 scorecard metrics in Long Island Power Authority's Operating Services Agreement.
- Achieved first-ever top-quartile ranking among residential customers for J.D. Power customer satisfaction index.
- Maintained the lowest customer complaint rate among all major New York public utilities.





RALPH IZZO
Chairman, President
and Chief Executive Officer

A MESSAGE FROM THE CHAIRMAN

POWERING PROGRESS More than a century ago, PSEG founder Thomas McCarter committed our company “to develop the State of New Jersey and to make it a better place to live.”

Our ongoing mission remains unchanged: to provide energy in ways that work toward the betterment of the state and communities we serve. We have a civic responsibility to ensure

all customers have access to a safe, reliable and sustainable energy supply, and to provide it as efficiently and affordably as possible.

But today, as we confront the urgent need to address global climate change by reducing greenhouse gas emissions, we are obligated to do more. We must also commit ourselves to a low-carbon, clean energy future.

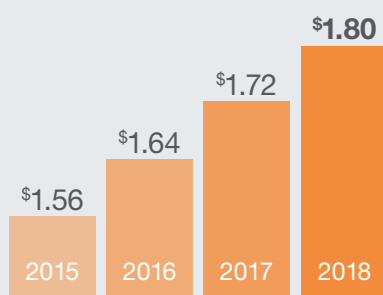
Concern for clean air and a healthy climate is the driving force behind PSEG’s ongoing transformation from a traditional electric and gas utility to a national clean energy leader.

PSEG has established a strong record of leadership in working toward a cleaner, greener energy industry:

- We have invested more than \$1.7 billion to develop solar energy in New Jersey and 13 other states;
- We are supporting New Jersey’s efforts to become a national leader in offshore wind generation;
- We continue to work toward preserving New Jersey’s nuclear fleet, which is a critical component of New Jersey’s clean energy portfolio; and most recently,
- We have proposed a sweeping \$3.6 billion investment in our Clean Energy Future program.

Clean Energy Future, which calls for historic investments in energy efficiency, electric vehicle charging infrastructure, energy storage and advanced metering, is perhaps the most significant step in PSEG’s evolution as a green energy provider.

DIVIDEND PER SHARE



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Our proposal is ambitious and far-reaching in its approach to transforming New Jersey's energy sector –in ways that are good for public health; increase safety, reliability and resiliency; create thousands of jobs; and achieve economic savings for customers.

PSEG already has one of the smallest carbon footprints of any energy company in the United States – thanks in large part to our transition away from power plants that burn coal in favor of low- and zero-carbon resources. As a result, we reduced our company's carbon emissions by more than 20 percent in a span of three years.

PSEG may be a local utility and energy provider for New Jersey and Long Island, but the impact of our business is global. The urgent need for worldwide carbon reductions means we have a duty as corporate citizens to do even more.

Our customers depend on the safe, reliable, around-the-clock energy we provide. But we also understand that is no longer enough.

PSEG must become a leader in clean energy, as well, for the benefit of our customers and for the good of the planet.



I am pleased to report that, during 2018, we once again made excellent progress toward our business objectives.

Noteworthy during an eventful year were successful outcomes for two of our company's top priorities.

The first came in the spring, when the New Jersey Legislature and Gov. Phil Murphy enacted a package of clean energy legislation – including a Zero Emissions Certificate program that recognizes nuclear power as a critical component of New Jersey's clean energy portfolio and an important element of a diverse generation supply.

Then, in October, PSE&G reached a settlement with the New Jersey Board of Public Utilities that establishes new distribution base rates and sets a firm foundation for our utility's future, while keeping bills for the typical combined electric and gas residential customer at levels that are 30 percent lower than they were in 2008.

PSE&G's growth met expectations, fueled by the investment of approximately \$3 billion of capital, targeted at improving the reliability and resiliency of our system.

PSEG Power continued its emphasis on safety and operational excellence.

Finally, our results benefited from the control of operations and maintenance costs by both PSE&G and PSEG Power.

Our strong financial position has supported the growth in our dividend. In February 2019, we raised our indicative annual dividend rate to \$1.88 per share, from \$1.80 per share. This is the 112th consecutive year our company has provided a dividend and the 15th dividend increase in the last 16 years.


Our commitment, as always, is to deliver sustainable, long-term value to our customers, our communities, our employees and our shareholders by focusing on these fundamental objectives: operational excellence, financial strength and disciplined investment.

OPERATIONAL EXCELLENCE

Reliability is central to long-term excellence and financial strength in the energy industry.

In 2018, PSE&G received the Outstanding Customer Reliability Experience Award and, for the 17th consecutive year, the ReliabilityOne Award for Outstanding Reliability Performance in the Mid-Atlantic Region, both from PA Consulting, an industry benchmarking group.





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The Customer Reliability award recognized PSE&G's digital assets, including a redesigned website, text alerts and grid technology upgrades that speed restoration after an outage. We hope to do more.

Reliability at PSEG also means ensuring that our power plants are operating at peak efficiency to provide power when needed, at the most affordable cost to the customer.

In 2018, Hope Creek set a new record for its longest-ever continuous production run – 517 consecutive days online. For the first time in its 32-year operating history, Hope Creek also achieved what is known as a “breaker-to-breaker” run, operating nonstop between its two scheduled refueling outages.

Two new power plants were placed into service in 2018: Sewaren 7, a 538-megawatt combined-cycle natural gas plant in New Jersey, and the Keys Energy Center in Prince George's County, Maryland, a 761-megawatt combined-cycle gas plant. A third, a 485-megawatt facility in Bridgeport, Connecticut, will be completed in mid-2019.

In 2018, three PSEG business groups – Fossil, Customer Operations and Delivery Projects & Construction – achieved top-decile performance in safety.

PSEG Long Island continued its rise as the most improved large utility in the nation over the last five years, according to J.D. Power data, including residential customer satisfaction scores that increased at twice the rate of the average electric utility.

FINANCIAL STRENGTH

Over time, PSEG has emphasized the importance of financial strength as a key differentiator in our business. Financial strength helps keep us well-positioned to finance our capital program without the need to issue incremental equity, while still having the opportunity for consistent and sustainable growth in our dividend.

In recent years, we have increasingly focused on investments in our regulated utility business. As a result, PSE&G net income grew approximately 10 percent in 2018. Today, the utility represents more than two-thirds of our non-GAAP operating earnings, a portion that we expect will continue to grow.

Growth of the utility continues to offset the challenges at PSEG Power that are the result of a changing energy marketplace driven by persistently lower prices. In response to those market conditions, as well as a desire to reduce our company's

carbon footprint, our generation portfolio has been reconfigured to establish a cleaner, more efficient fleet. While we continue to find ways to increase the efficiency and performance of PSEG Power's assets, we target lowering costs – without compromising safety or reliability.

Our strong balance sheet continues to provide us with a competitive advantage as we adapt to recently enacted changes in the federal corporate tax code. We maintain a solid financial profile capable of meeting our growth objectives and continuing our long history of providing dividends to shareholders.

DISCIPLINED INVESTMENT

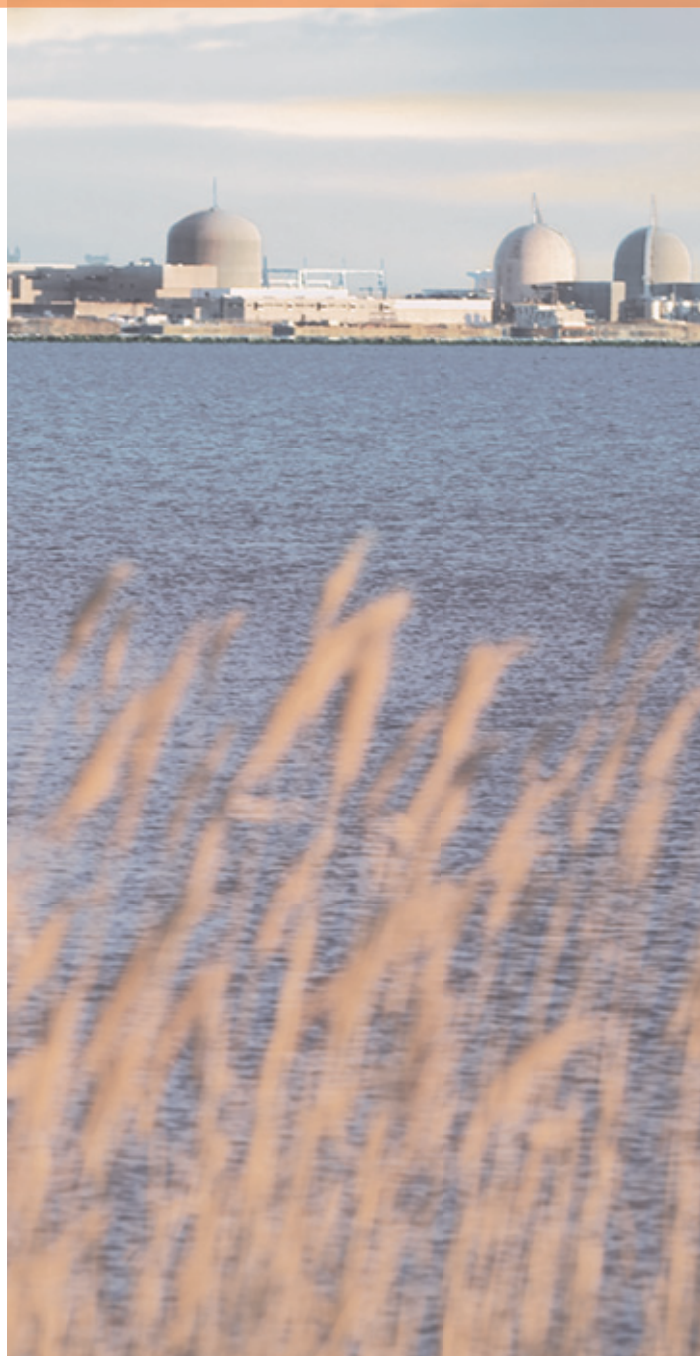
Energy markets are evolving, and our investments are evolving, as well.

PSE&G's investment of \$3 billion in its transmission and distribution infrastructure in 2018 provided for approximately 13 percent growth in rate base to \$19 billion. Of this amount, PSE&G's investment in transmission represents 45 percent, or \$8.7 billion, of the company's rate base at the end of 2018.

In 2019, we intend to invest approximately \$3 billion at PSE&G and PSEG Power to achieve our commitments



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to provide safe, clean and affordable energy. Our five-year capital investment program stands at approximately \$12 billion to \$17 billion, with regulated utility investments representing more than 90 percent of our planned capital expenditures.

PSEG Power's share of capital investment continues to decline as we near completion of our investment in construction of three new combined-cycle natural gas generation units. Our final new plant, in Bridgeport, Connecticut, is expected to be placed in service in mid-2019.

Phase I of our three-year Gas System Modernization Program will be completed in early 2019, replacing approximately 450 miles of cast-iron and unprotected steel natural gas infrastructure with more durable plastic materials.

Phase II, which represents a nearly \$1.9 billion investment that will create roughly 3,200 jobs and will replace 875 miles of pipes along with other gas infrastructure improvements, also began this year.

We also completed the first phase of our post-Superstorm Sandy Energy Strong program, which hardened and improved the resiliency of our electric and gas systems against extreme weather, and have

proposed a five-year, \$2.5 billion extension of this critical infrastructure work that is under consideration by the BPU.

A COMPANY WITH A PURPOSE

In the coming year, we will continue our leadership role in the energy industry while navigating an ever-changing marketplace.

PSEG's core values – starting with fundamental commitments to safety and integrity – will continue to guide our company. Our success for 116 years has been based on putting our energy to work for the greater benefit of our customers, our communities our shareholders and the larger society around us.

To this end, PSEG expanded its focus on Corporate Citizenship and created a senior leadership role committed to corporate sustainability, strengthening partnerships with key stakeholders and working to ensure that Public Service is both understanding of and acting in the best interests of New Jersey.

Through the PSEG Foundation and corporate giving, we invest in the communities we serve with emphasis on the environment, safety, STEM education, workforce development, diversity and inclusion. Employee citizenship

is reflected on and off the job, through dedicated service to and volunteerism in our communities.

In 2018, we deepened our commitments to building a more diverse, inclusive and purpose-driven workforce and culture.

More than one-third of PSEG Foundation giving was focused on diversity and inclusion priorities in our communities, and nearly one-fifth of PSEG's total supplier spend was with minority-, women- and veteran-owned businesses.

We hosted the inaugural 2018 PSEG Leadership & Diversity Summit in December, earned a perfect score on the LGBTQ-focused 2018 Human Rights Council Corporate Equality Index and were named to Forbes' America's Best Employers for Diversity list.

LOCAL REACH, GLOBAL IMPACT

PSEG strives to put the goals of sustainability – social awareness, economic growth, sound corporate governance and especially environmental stewardship – at the forefront of our mission.

PSEG is committed to assuming a leadership role and powering progress toward a more sustainable, low-



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carbon energy supply. That means helping customers use less energy, use cleaner energy, while also spending less on their bills.

We at PSEG remain dedicated to growing a brighter, greener energy future. As a workforce, we are dedicated to driving change toward a cleaner tomorrow for our local and global communities. I continue to be thankful for our employees' efforts, contributions and commitment to making a difference.

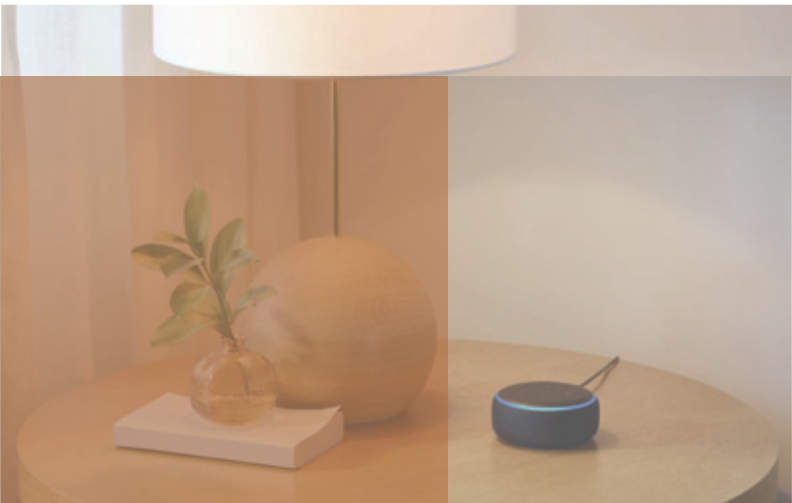
We thank you, our shareholders, for your loyalty and support. We will continue to work hard to maintain your confidence and trust.

Sincerely,



Ralph Izzo
Chairman, President and Chief Executive Officer
Public Service Enterprise Group

Feb. 27, 2019



BOARD OF DIRECTORS

WILLIE A. DEESE is the retired Executive Vice President of Merck & Co., Inc, Kenilworth, NJ, which develops, manufactures and distributes pharmaceuticals.

WILLIAM V. HICKEY is the retired Chairman of the Board and Chief Executive Officer of Sealed Air Corporation, Elmwood Park, NJ, which manufactures food and specialty protective packaging materials and systems.

RALPH IZZO is the Chairman of the Board, President and Chief Executive Officer of PSEG.

SHIRLEY ANN JACKSON is the President of Rensselaer Polytechnic Institute, Troy, NY, a major technological research university.

DAVID LILLEY is the retired Chairman of the Board, President and Chief Executive Officer of Cytec Industries Inc., Woodland Park, NJ, which is a global specialty chemicals and materials company.

BARRY H. OSTROWSKY is the President and Chief Executive Officer of RWJ Barnabas Health, West Orange, NJ, a comprehensive integrated health care delivery system of hospitals, programs and services.

THOMAS A. RENYI is the retired Executive Chairman of The Bank of New York Mellon Corporation, New York, NY, a provider of banking and other financial services to corporations and individuals. (Retiring from PSEG Board at 2019 Annual Meeting.)

LAURA A. SUGG is the retired President of the Australasia Division of Conoco Phillips Corporation, Houston, Texas, a worldwide oil and gas exploration and development company.

RICHARD J. SWIFT is the retired Chairman of the Board, President and Chief Executive Officer of Foster Wheeler Ltd., Clinton, NJ, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services.

SUSAN TOMASKY is the retired President – AEP Transmission of American Electric Power Corporation, Columbus, OH, an electric utility holding company with generation, transmission and distribution businesses.

ALFRED W. ZOLLAR is the retired General Manager – Tivoli Software division of International Business Machines Corporation, Armonk, NY, a worldwide information technology and consulting company.

STOCKHOLDER INFORMATION



STOCK EXCHANGE LISTINGS

New York (PSEG Common Stock) Trading Symbol: **PEG**

ANNUAL MEETING

Please note that the annual meeting of stockholders of Public Service Enterprise Group (PSEG) Incorporated will be held on **Tuesday, April 16, 2019 at 1 p.m.** at the **Newark Museum, 49 Washington St., Newark, NJ.**

STOCKHOLDER SERVICES

Please include your shareholder account number in any inquiry you may have about stock transfer, dividends, dividend reinvestment, direct deposit, missing or lost certificates, change of address requests, or for any other account specific request.

STOCKHOLDER SERVICES ON THE INTERNET

Please visit the EQ Shareowner Services site: **www.shareowneronline.com**. The EQ Shareowner Online website offers online access and transaction processing to shareholders.

HOW TO CONTACT SHAREOWNER SERVICES

Toll free: **800-242-0813**
(weekdays, 8 a.m. – 8 p.m. ET)
Web: **www.shareowneronline.com**

MAILING ADDRESS

EQ Shareowner Services
P.O. Box 64874, St. Paul, MN 55164-0874

SECURITY ANALYSTS AND INSTITUTIONAL INVESTORS

For information contact: Senior Director – Investor Relations: **973-430-6565**

TRANSFER AGENT

The transfer agent for the Common Stock is: Equiniti Trust Company, Shareowner Services
PO Box 64874, St. Paul, MN 55164-0874

ENTERPRISE DIRECT

PSEG offers Enterprise Direct, a stock purchase and dividend reinvestment plan. For more information,

including a plan prospectus and an enrollment form, call or send us an e-mail with your current mailing address.

DIVIDENDS

Dividends on the common stock of PSEG, as declared by the Board of Directors, are generally payable on the last business day of March, June, September and December of each year.

DIRECT DEPOSIT OF DIVIDENDS

Your quarterly common stock dividend payments can be deposited electronically to your personal checking or savings account. More information, including instructions and a downloadable form, is available on the EQ Shareowner Services website **www.shareowneronline.com** or by contacting EQ Shareowner Services by phone. It's a free service.

DEPOSIT OF CERTIFICATES

To eliminate the risk and cost of loss, shareholders can deposit their certificates with EQ Shareowner Services, or take advantage of DRS, a convenient service for holding and tracking your shares and still receive a paid dividend. For more information, contact EQ Shareowner Services on the web or by phone.

GO GREEN WITH ELECTRONIC DELIVERY

Sign up to receive future proxy statements and related documents (Annual Report and Form 10-K) by electronic delivery. It will help PSEG fulfill its commitment to reduce our environmental impact. Log on to the appropriate site listed below, depending on the nature of your ownership:

- If you are a stockholder of record, please go to **www.proxyconsent.com/peg**
- For shares held in the ESPP, go to **https://enroll.icsdelivery.com/peg**
- For shares held in Employees Benefit Plans, go to **www.proxyconsent.com/peg**
- If your shares are held by a bank or broker, go to **https://enroll.icsdelivery.com/peg**

Forward-Looking Statements – The statements contained in this communication that are not purely historical, are “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. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: <https://investor.pseg.com/sec-filings>. All of the forward-looking statements made in this communication 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 communication apply only as of the date hereof. 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.



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