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## **PUBLIC SERVICE ENTERPRISE GROUP (PSEG),**

a diversified energy holding company with approximately \$43 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.

## **2017 HIGHLIGHTS**

### **PSEG**

- Continued to deliver strong results despite a challenging energy marketplace.
- Maintained an industry-leading financial position, supporting our investment program and dividend growth.
- Named to Dow Jones Sustainability North America Index for the 10th consecutive year.

### **PSE&G**

- Increased investment in transmission and distribution infrastructure.
- Recognized as most reliable utility in the Mid-Atlantic region for 16th consecutive year.
- Achieved first-quartile customer satisfaction for residential electric and gas service, according to J.D. Power.

### **PSEG POWER**

- Set company records for nuclear fleet production, operating at 93.9 percent capacity and generating 31.8 terawatt-hours.
- Retired two remaining coal-fired generating units in New Jersey.
- Continued investment of more than \$2 billion in new, highly-efficient, combined-cycle natural gas power plants in New Jersey, Maryland and Connecticut.

### **PSEG LONG ISLAND**

- Achieved first-quartile customer complaints rate among New York electric and gas utilities, while increasing J.D. Power customer satisfaction scores for the fourth consecutive year.



## A MESSAGE FROM THE CHAIRMAN

**RALPH IZZO**  
Chairman, President  
and Chief Executive Officer

## LOCAL REACH, GLOBAL IMPACT

Over the 115 years since this company was founded, we have worked tirelessly to earn our reputation as an organization that is committed to the development, success and well-being of every individual, business and community we serve.

Today, Public Service Enterprise Group is the corporate parent of PSE&G, New Jersey's largest electric and gas utility; PSEG Power, the state's leading producer of electricity; and PSEG Long Island, which delivers electricity to 1.1 million customers throughout New York's Nassau and Suffolk counties.

As PSEG confronts new evidence of climate change and advocates for ways to combat its effects, our company has grown increasingly aware that, although we conduct business locally, in hundreds of communities, our impact is indeed global.

For more than a century, Public Service has put the goals of sustainability – social awareness, economic growth, sound corporate governance and, in particular, environmental protection – at the forefront of our company's agenda.

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

- We have invested nearly \$2 billion to develop solar energy in New Jersey and 13 other states;
- We are modernizing our underground natural gas system to curb methane emissions;
- We continue to work toward preserving the state's nuclear fleet, which generates more than 90 percent of New Jersey's carbon-free electricity; and
- We are seeking to expand programs that deliver cost savings to every customer through energy efficiency.

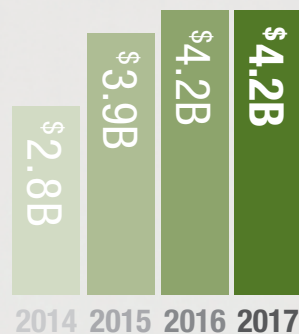
### DIVIDEND PER SHARE





**TOTAL  
CAPITAL INVESTMENTS**

**\$4.2 billion** invested  
in 2017



During 2017, PSEG was named – for the 10th consecutive year – to the Dow Jones Sustainability North America Index, which recognizes companies for their commitment to economic, environmental and social responsibility.

We are prepared to build on that history.

In 2017, we continued our entry into emerging solar-plus-storage technologies with the opening of a project in Caldwell, New Jersey, meant to keep critical municipal operations functioning in the event of long-term storm-related outages, such as those experienced during Superstorm Sandy.

PSE&G also was named 2017 Investor-Owned Utility of the Year by the Smart Electric Power Alliance for building solar farms on landfills and brownfields through our Solar 4 All® program.

More recently, we announced an ambitious new climate goal to reduce our carbon footprint by 13 million tons of CO<sub>2</sub>-equivalent emissions by 2030, from 2005 levels. A significant step toward achieving that goal occurred in June 2017, when we retired our Hudson and Mercer generating units – our last remaining coal-fired units in New Jersey.

Priorities are changing in New Jersey and indeed around the world – change that is evident in a reinvigorated focus on clean energy and mitigating the damaging impacts of climate change.

Throughout our history, Public Service has worked in partnership with communities to help make them better places to work and live.

Our commitment to the ideals of sustainability and environmental stewardship have guided us in the past, and will help assure a future that is based on our vision of providing safe, reliable, economic and greener energy.

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I am pleased to report that, in 2017, we again made excellent progress toward our business objectives. We delivered strong results with full-year non-GAAP earnings exceeding the mid-point of our 2017 guidance.

PSE&G's growth met expectations, fueled by the investment of \$3.1 billion of capital, targeted primarily at improving the reliability and resiliency of our system.

And PSEG Power met its expectations, achieving earnings at the upper end of its guidance range.

Finally, our results benefited from 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 2018, we raised our indicative annual dividend rate to \$1.80 per share from \$1.72 per share. This was the 111th consecutive year our company has provided a dividend and the 14th dividend increase in the last 15 years.

We remain well-positioned to finance our capital program without the need to issue equity, while still having the opportunity for consistent and sustainable growth in our dividend.

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 core commitments: operational excellence, financial strength and disciplined investment.

## **OPERATIONAL EXCELLENCE**

Reliability is key to long-term excellence in the energy industry. In 2017, PSE&G was named the Mid-Atlantic region's most reliable electric utility for the 16th consecutive year by PA Consulting, an industry-benchmarking group.

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.







PSEG Nuclear's fleet – Salem, Hope Creek and Peach Bottom – operated at a 93.9 percent capacity factor for the year and produced a record 31.8 terawatt-hours of electricity. Hope Creek, which operated at 100 percent, also produced a record 10.6 TWh for the year.

Construction continued on two power plants scheduled to be operational in 2018: Sewaren 7, a 540-megawatt combined-cycle natural gas plant in New Jersey, and the Keys Energy Center in Prince George's County, Maryland, a 755-megawatt combined-cycle gas plant, as well as toward the 2019 completion of a 485-megawatt facility in Bridgeport, Connecticut.

In 2017, we improved on our record-setting 2016 safety performance, achieving a record-low number of reportable injuries for the second consecutive year.

Residential customer satisfaction scores at PSE&G reached their highest levels ever for both electric and gas service, according to J.D. Power – achieving first-quartile performance together for the first time.

PSEG Long Island achieved vast improvements, and currently has the lowest rate of customer complaints to the state regulatory agency of all electric and gas utilities in New York.

## **FINANCIAL STRENGTH**

Over time, PSEG has emphasized the importance of financial strength as a key differentiator in our business. Our strategy – implemented nearly a decade ago – has transitioned our business mix to one that is not as reliant on changes in the price of energy.



Successful execution of our capital program at PSE&G and increased output, coupled with strong cost control at PSEG Power, offset earnings effects experienced earlier in 2017 due to mild weather conditions.

For several years, we have increased focus on investments in our regulated utility business. As a result, PSE&G net income grew 9.4 percent in 2017. Today, the utility represents more than 65 percent of non-GAAP operating earnings, and its share is forecast to continue to grow in future years.

Non-GAAP operating earnings per share from our regulated utility business grew 8.6 percent in 2017. PSE&G's earnings have grown at an annual rate of approximately 13 percent over the past five years.

Growth of the utility is offsetting the challenges for PSEG Power, which are primarily due to a changing energy marketplace driven by lower prices. In response, our generation portfolio has been reconfigured to establish a more efficient, less carbon-intensive fleet. At the same time, we continue to find ways to increase the efficiency and performance of PSEG Power assets while 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 continue to evolve in response to the persistence of low-priced natural gas. As mentioned above, we are meeting these challenges with increased investments in our regulated utility and extended cost-efficiencies for our PSEG Power assets.

PSE&G's investment of \$3.1 billion in its transmission and distribution infrastructure in 2017 provided for approximately 13 percent growth in rate base to \$17 billion. Of this amount, PSE&G's investment in transmission has grown to represent 46 percent, or \$7.8 billion, of the company's consolidated rate base at the end of 2017.

This year, we intend to invest \$3.3 billion at PSE&G and PSEG Power to achieve our commitments to provide safe, clean and affordable energy. Our five-year capital investment program stands at approximately \$15 billion, with regulated utility investments representing 90 percent of our planned capital expenditures.

PSEG Power's share of capital investment will decline as we near completion of our \$2 billion investment in construction of three new combined-cycle natural gas generation units.

In 2017, we received regulatory approval to expand investments in our Energy Efficiency program by \$69 million – building upon legacy programs in hospitals, multi-family housing and municipal programs, while adding others.





We also continued progress in our three-year, \$905 million Gas System Modernization Program, replacing an aging system of cast-iron and unprotected steel gas mains to improve reliability and safety, and to curb emissions of climate-damaging methane.

We continue to move ahead with our post-Superstorm Sandy Energy Strong program to harden and improve the resiliency of our electric and gas systems against extreme weather.

PSEG Power's Solar Source portfolio continued to grow during 2017, bringing its total operating capacity to 414 megawatts, comprising 23 utility-scale solar facilities in 14 states.

## **EMBRACING CHANGE**

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 – continue to guide our company. Our success for more than a century has been based on putting our energy to work for the greater benefit of our customers, our shareholders and the larger society around us.

We will continue to seek to influence public policy in an effort to mitigate flaws in the design of wholesale power markets that do not recognize the environmental and fuel diversity benefits of our Salem and Hope Creek nuclear facilities. Our goal is to preserve nuclear energy as a critically important resource, benefiting the state's environment, economy and energy reliability.

Looking ahead, we anticipate resolution of our first regulatory distribution base rate review by the New Jersey Board of Public Utilities since 2010. We also plan to continue our momentum of





modernization of our infrastructure, seeking approval of extensions to our Energy Strong and Gas System Modernization programs, as well as new investments in energy efficiency, electric vehicles and other clean energy programs.

## **OUR ENERGY, OUR FUTURE, OUR PLANET**

Our understanding of the world – and the role we play in it – is evolving. Energy is at the heart of every life, every family and every community. We are always thinking about our future and the impact that energy has on our planet.

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 at Public Service remain dedicated to growing a brighter and greener energy future responsibly, reliably and efficiently. 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  
February 26, 2018



## BOARD OF DIRECTORS

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

**ALBERT R. GAMPER, JR.** is the retired Chairman of the Board and Chief Executive Officer of CIT Group, Inc., Livingston, NJ, a commercial insurance company.

**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.

**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.

**HAK CHEOL (H.C.) SHIN** is the Vice Chair and Executive Vice President of 3M Company, St. Paul, MN, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets.

**RICHARD J. SWIFT** is the retired Chairman of the Financial Accounting Standards Advisory Council and 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, and served in various leadership roles, including senior management positions, in every IBM software group division.

## 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 17, 2018 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](http://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](http://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: Vice President – 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](http://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](http://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](http://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: <http://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.





**PSEG**

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