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July 30, 2010

PSEG Announces 2010 Second Quarter Results
$0.44 Per Share From Net Income
$0.65 Per Share of Operating Earnings

Company Maintains 2010 Operating Earnings Guidance of $3.00-$3.25 Per Share

Susquehanna-Roseland In-Service Date Delayed

(July 30, 2010 – Newark, NJ) - Public Service Enterprise Group (PSEG) reported today Second Quarter 2010 Net Income and Income from Continuing Operations of $224 million or $0.44 per share as compared to $311 million or $0.61 per share for the Second Quarter of 2009. Operating Earnings for the second quarter of 2010 were $331 million or $0.65 per share compared to the Second Quarter of 2009 Operating Earnings of $318 million or $0.63 per share.

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. Operating Earnings exclude the impact of returns/(losses) associated with Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and other material one time items. The table below provides a reconciliation of PSEG's Net Income to Operating Earnings (a non-GAAP measure) for the first quarter. See Attachment 12 for a complete list of items excluded from Income from Continuing Operations in the determination of Operating Earnings.

PSEG CONSOLIDATED EARNINGS (unaudited)
Second Quarter Comparative Results
2010 and 2009

	Income ($millions)		Diluted Earnings Per Share	
	2010	**2009**	**2010**	**2009**
Net Income/Income from Continuing Ops	$224	$311	$0.44	$0.61
Less: Excluded Items	107	7	0.21	0.02
Operating Earnings (Non-GAAP)	$331	$318	$0.65	$0.63
		Avg. Shares	**507M**	**507M**

"Although our results continue to be affected by weak economic conditions and low energy prices, our employees' dedication to operational efficiency continues to provide important support for our earnings," said Ralph Izzo, chairman, president and chief executive officer of PSEG. He went on to say, "With the implementation of an increase in electric and gas rates at the start of the summer and extremely warm weather conditions, we are reaffirming our operating earnings guidance for 2010 of $3.00 - $3.25 per share." Operating Earnings guidance by company for the full year is as follows:

Operating Earnings

	2010E	**2009A**
PSEG Power	$1,060 - $1,135	$1,205
PSE&G	$425 - $455	$321
PSEG Energy Holdings	$30 - $40	$43
Parent	$5 - $15	$10
Total	$1,520 - $1,645	$1,579
Earnings Per Share	$3.00 - $3.25	$3.12

Ralph Izzo indicated that PSE&G has notified the PJM Interconnection that the in-service date for the eastern portion of the Susquehanna-Roseland transmission line has been delayed by 2 years to 2014 with the in-service date for the western portion of the line delayed until 2015. He added, "We are disappointed by the delay, but look forward to meeting the region's reliability requirements in partnership with our regulators and PJM." The delays are due to on-going environmental permit reviews.

Operating Earnings Review and Outlook by Operating Subsidiary

See Attachment 6 for detail regarding the quarter-over-quarter reconciliations for each of PSEG's businesses.

PSEG Power

PSEG Power reported operating earnings of $239 million ($0.47 per share) for the second quarter of 2010 compared with operating earnings of $253 million ($0.50 per share) for the second quarter of 2009. PSEG Power's operating earnings for 2009 have been adjusted to reflect the inclusion of the results for the Texas gas-fired generating assets transferred from PSEG Energy Holdings during the fourth quarter of last year.

PSEG Power's results in the second quarter of 2010 were supported by a 20% increase in generation. Demand increased due to warmer than normal weather which more than offset the impact on earnings from a decline in pricing aiding earnings by $0.02 per share. Lower realized pricing includes the effect of customer migration from BGS. Although the level of customer migration is consistent with the Company's expectations, market prices for energy were lower than anticipated. As a result, the impact on margins from customer migration away from BGS reduced earnings by $0.01 per share quarter-over-quarter. Included in Power's fuel expense is an impairment of excess sulfur dioxide emissions allowances which reduced earnings by $0.02 per share. A decline in margin associated with other trading related activity reduced Power's earnings during the quarter by $0.02 per share. A quarter-over-quarter decline in depreciation and O&M more than offset an increase in interest expense aiding earnings by $0.01 per share. An increase in the effective tax rate reduced earnings by $0.02 per share.

The nuclear generating units operated by PSEG Power performed at an average capacity factor of 88% during the quarter resulting in a capacity factor of 92.5% for the first half of the year. The results for the quarter include the effect of a 25-day refueling outage at Salem 1. Including Power's 50% interest in the Peach Bottom units, the fleet operated at an average capacity factor during the quarter of 92.6%. Performance in the second half of the year, however, will be impacted by an unplanned 17-day outage at Salem 1 during the month of July to repair a transformer. The unit returned to service on July 24. The unplanned outage is expected to reduce Salem's capacity factor for the full year by 5%, however, given year-to-date positive results for the rest of the nuclear fleet, the outage is expected to lower the full year capacity factor for the fleet by approximately 0.5%.

Generation from the coal-fired fleet increased 77% during the quarter in response to weather-related demand. The combined cycle fleet benefited from market opportunities, operating at an average capacity factor of 53% in the quarter.

Power's operating earnings for 2010 are forecast at $1,060 - $1,135 million compared to operating earnings for 2009 of $1,205 million. Full year operating earnings will be affected by continued lower forward energy pricing.

Power's coal and nuclear production is 100% hedged for 2010 at an average price of $72 per MWh versus average hedge prices in place for 2009 of $78 per MWh. Power continues to hedge its expected generation in future years consistent with past practice. At mid-2010, approximately 66% of Power's anticipated coal and nuclear generation is hedged for 2011 with hedges in place for 26% of Power's anticipated coal and nuclear generation for 2012.

Power's full year earnings comparisons will also be affected by greater than anticipated erosion in margins from BGS customer migration as well as volume declines associated with other full requirement contracts. The forecast includes the impact of the unscheduled 17-day outage at Salem 1. These items will be partially offset by an increase in generation volume, a decline in depreciation expense and continued focus on O&M. In addition, Power's full year earnings will reflect the impact of a one-time increase in taxes related to the enactment of health care legislation recognized in March 2010 along with the impairment of sulfur-dioxide emissions allowances.

PSE&G

PSE&G reported operating earnings of $75 million ($0.15 per share) for the second quarter of 2010 compared with operating earnings of $43 million ($0.09 per share) for the second quarter of 2009.

PSE&G's results were driven by warmer than normal weather. The THI Index which takes temperature and humidity into account was 41% above normal during the second quarter and 131% higher than year ago levels. An increase in demand related revenues aided earnings by $0.03 per share; an increase in weather related sales added $0.01 per share. Higher transmission revenues added $0.01 per share. A reduction in operating and maintenance expense was offset by a one-time $0.02 per share charge related to expenses disallowed in the rate case. A reduction in the effective tax rate improved earnings by $0.01 per share.

PSE&G's weather normalized electric sales showed a slight improvement during the quarter as increased sales to the residential and commercial sectors were largely offset by continued weakness in the industrial sector.

PSE&G received approval from the New Jersey Board of Public Utilities (BPU) for an increase in electric rates of $73.5 million on June 7, 2010; the BPU subsequently approved an increase in gas rates of $26.5 million on June 18. The rate increase provides for a 10.3% return on equity and a 51.2% equity ratio. As part of the rate agreement, the rate of return authorized in this agreement will also apply to the investment programs approved in 2009. PSE&G also agreed to refund $122 million to electric customers over a 24-month period to resolve a long-standing issue associated with the state's de-regulation law. The refund was recognized in the second quarter, and resulted in a charge of $0.14 per share against PSE&G's net income. This item was excluded from our operating earnings.

PSE&G's operating earnings for 2010 are forecast at $425 million - $455 million compared to 2009 operating earnings of $321 million. Operating earnings will be influenced by a full year of return on capital projects approved by the BPU in 2009, the increase in electric and gas distribution rates, an increase in transmission revenue effective at the beginning of the year, growth in weather normalized sales and focus on operating expenses.

PSE&G notified PJM that it has not obtained certain environmental approvals that are required for completion of the Eastern and Western segments of the Susquehanna – Roseland transmission line. Consequently, at this time, we do not expect the Eastern portion of the line to be in service before June 2014, and we do not expect the Western portion to be in service before June 2015.

PSEG Energy Holdings

PSEG Energy Holdings reported operating earnings of $12 million ($0.02 per share) for the second quarter of 2010 versus operating earnings of $21 million ($0.04 per share) during the second quarter of 2009. The results for 2009 have been adjusted to reflect the transfer of the Texas gas-fired generating assets to PSEG Power during the fourth quarter of 2009.

The decline in operating earnings for the quarter reflects lower gains on lease sales and lower project earnings which together reduced quarter over quarter earnings by $0.05 per share. Tax benefits primarily associated with the start-up of solar projects in Ohio and Florida added $0.02 per share to earnings. A decline in interest expense aided earnings comparisons by $0.01 per share.

PSEG Energy Holdings terminated one cross-border lease during the quarter. The successful termination reduced Holdings potential cash tax liability to $550 million at the end of June. In addition, Holdings has deposited $320 million with the IRS to defray potential interest costs associated with this disputed tax liability, reducing our potential cash exposure to $230 million.

Holdings operating earnings for 2010 are forecast at $30 million to $40 million compared to 2009 operating earnings of $43 million. The decline reflects the loss of income on terminated leases, and a reduction in gains from the termination of leases.

Financings

PSEG completed several financings during the quarter at Power and PSE&G with funds used to finance our capital expenditures and redeem higher cost debt facilities.

FORWARD-LOOKING STATEMENT

Readers are cautioned that statements contained in this presentation about our and our subsidiaries' future performance, including future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. 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. Although we believe that our expectations are based on reasonable assumptions, they are subject to risks and uncertainties and we can give no assurance they will be achieved. The results or developments projected or predicted in these statements may differ materially from what may actually occur. Factors which could cause results or events to differ from current expectations include, but are not limited to:

• Adverse changes in energy industry law, policies and regulation, including market structures, transmission planning and rules 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 operations of our generating units.
• Changes in nuclear regulation and/or developments in the nuclear power industry generally 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 trading risks.
• Any deterioration in our credit quality.
• Availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs.
• Any inability to realize anticipated tax benefits or retain tax credits.
• 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.
• Increase in competition in energy markets in which we compete.
• Adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in discount rates and funding requirements.
• Changes in technology and customer usage patterns.

For further information, please refer to our Annual Report on Form 10-K, including Item 1A. Risk Factors, and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. These documents address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this presentation. In addition, any forward-looking statements included herein represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

The following attachments can be found on www.pseg.com:

Attachment 1 - Operating Earnings and Per Share Results by Subsidiary
Attachment 2 - Consolidating Statements of Operations
Attachment 3 - Consolidating Statements of Operations
Attachment 4 - Capitalization Schedule
Attachment 5 - Condensed Consolidated Statements of Cash Flows
Attachment 6 - Quarter-over-Quarter EPS Reconciliation
Attachment 7 - Year-over-Year EPS Reconciliation
Attachment 8 - Generation Measures
Attachment 9 – Retail Sales and Revenues
Attachment 10 – Retail Sales and Revenues
Attachment 11 - Statistical Measures
Attachment 12 – Reconciling Items Excluded from Continuing Operations to Compute Operating Earnings

Public Service Enterprise Group (NYSE:PEG) is a publicly traded diversified energy company with annual revenues of more than $12 billion, and three principal subsidiaries: PSEG Power, Public Service Electric and Gas Company (PSE&G) and PSEG Energy Holdings.

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