

**Public Service Enterprise Group Incorporated
Adoption Assistance Plan
Summary Plan Description**

Public Service Enterprise Group Incorporated

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Every effort has been made to provide you with clear, accurate, understandable information about the Public Service Enterprise Group Incorporated Adoption Assistance Plan. This summary is based on information in the legal plan documents that govern the Plan. If there is a difference between the legal documents and this summary, decisions about participation, benefits payable, and the administration of the Plan will always be made according to the provisions in the legal documents.

Also, this is a description of the Plan under current law. Because laws are subject to change, the Plan also may change.

While Public Service Enterprise Group Incorporated intends to continue the Adoption Assistance Plan described in this summary, it reserves the right to end, suspend, or amend the Plan at any time, in whole or in part. Should this happen, you will be notified.

10/5/2005

Introduction

Public Service Enterprise Group Incorporated (“PSEG”) and its participating affiliate companies (each an “Employer”) have offered the Adoption Assistance Plan (the “Plan”) to help you pay expenses associated with the adoption of a child. If you adopt a child and your situation qualifies for benefits, the Adoption Assistance Plan may reimburse you for a portion of your eligible expenses.

Additional Resources

If you have questions about the Adoption Assistance Plan after reading this document, call 1-800-571-0400 and follow the voice recognition prompts to speak with a Benefits Express™ representative. Representatives are available Monday through Friday, during normal working hours.

In addition, the *Your Benefits Desktop* website contains information on the all benefit programs available to you. To access *Your Benefits Desktop*, go to www.pseg.com/benefits.

Who Is Eligible

You are eligible for adoption assistance benefits if you are an active permanent employee scheduled to work at least 20 hours per week. You must have been actively employed by your Employer for six months prior to the start of the adoption proceedings to be eligible for reimbursement.

You are *not* eligible for benefits under the Adoption Assistance Plan if you are:

- A temporary, summer, or seasonal employee;
Or
- A vacation or illness replacement;
Or
- Employed for an anticipated limited duration or a special project;
Or
- A leased employee.

Adoption Assistance Plan Benefits

You do not have to enroll for coverage under the Adoption Assistance Plan. You may file a claim after you incur eligible adoption expenses any time during the year.

You may be reimbursed \$.50 for each \$1.00 of eligible adoption expenses, up to the maximum of \$5,000 per child (\$6,000 in the case of a child with special needs). There is no annual or lifetime limit to the amount of reimbursement you may receive. Reimbursement is non-taxable for Federal income tax purposes but is subject to all applicable withholding tax requirements. This reimbursement is not counted for Pension or Thrift or Savings Plan purposes and does not increase any entitlements with respect to life insurance benefits.

Adoption of Foreign Children

If you adopt a child who is not a citizen or resident of the United States, expenses are not considered eligible and reimbursement will not be made until after the adoption becomes final.

Reimbursement may be made only after the child has been placed in your home. A child is considered to be placed in the home on the day the adoptive parents have a legal obligation for the expenses of the child.

Eligible Child and Child with Special Needs

In general, an eligible child is any individual, who at the time a qualified adoption expense is paid or incurred, must be:

- Unmarried;
- Under the age of 18;
- Physically or mentally incapable of caring for himself or herself; or
- A citizen of the United States (includes any possession of the United States).

If you and your spouse both work for PSEG Companies, your combined maximum reimbursement amount is \$5,000 for each legally adopted child.

A child with special needs is an otherwise eligible child who meets the additional requirements:

1. A State must have determined that the child cannot or should not be returned to the parents' home; and
2. A State must have determined that it is reasonable to conclude that the child cannot be placed with adoptive parents without adoptive assistance because of a specific factor or condition. Examples of a specific factor or condition include:
 - Child's ethnic background,
 - Age,
 - Membership in a minority or sibling group,
 - Medical condition or handicap; and
3. A special needs child must be a citizen of the United States (includes any possession of the United States).

Ineligible Child

In general, an ineligible child is any individual who does not meet the qualifications for reimbursement of adoption expenses paid or incurred, stated below:

- Child of the employee's spouse, employee's ex-spouse, or same-sex domestic partner;
- Child who is related to the employee or employee's spouse or same-sex domestic partner:
 - Grandchild, stepchild, niece, nephew, cousin, brother, sister, aunt, or uncle.
- Child who is covered as a dependent due to custody or legal guardianship.

Eligible Expenses

Eligible expenses for reimbursement under this Plan must be directly associated with the legal adoption process and cannot be covered through another source. This includes the following expenses:

- Reasonable and necessary adoption fees, court costs, and attorney fees;
- Placement fees;
- Traveling expenses, including amounts expended for meals and lodging, and other expenses that are directly related to the legal adoption of an eligible child; and
- Translation and immigration assistance fees for the child.

Limitation of Benefits

If you own more than 5% of the stock of any Employer, the benefits available under the Plan may be limited.

Ineligible Expenses

Expenses not eligible for reimbursement under this Plan include the following:

- Any expenses for which a deduction or credit is allowed for Federal income tax purposes;
- Any expenses to the extent that funds for the expenses are eligible to be reimbursed under any Federal, State, or local program;
- Any expense that is incurred in violation of Federal or State law;
- Any payment prohibited by the State in which the adoption is finalized;
- Any voluntary donation or contribution to adoption agency(ies);
- Any expense that is incurred in carrying out any surrogate parenting arrangement;
- Any expenses for the biological parents, such as living, counseling, and medical expenses;
- Any expenses incurred to obtain guardianship or custody of a child for dependency purposes—not associated with the legal adoption of the child;
- Any expenses for personal items, such as food and clothing;
- Any expense that is incurred in connection with the adoption of a child of the employee's spouse;
- Any expense that is incurred in connection with the adoption of a child that is related to the employee or employee's spouse:
 - Grandchild, stepchild, niece, nephew, cousin, brother, sister, aunt, uncle
- Any expense incurred after termination of employment; and
- Any expense not listed under "Eligible Expenses."

How to File a Claim

To file a claim for reimbursement, complete the Adoption Reimbursement Form and send it to the Employee Benefits Department as indicated on the form. Attach appropriate documentation of the adoption and original receipts for eligible expenses.

Adoption Reimbursement Forms are available on the *Forms* section of *Your Benefits Desktop* or by calling Benefits Express.

The deadline for claim filing is 12 months from the date the child was placed in your home.

Remember to enroll the child under medical and dental benefit programs.

If a Claim Is Denied

Your Employer makes every effort to resolve disagreements quickly and informally. However, the Plan has formal procedures in place should you need to appeal a Plan decision.

If a claim for benefits is denied in whole or in part, you, your beneficiary, or your representative will receive written notification within 90 days of when the Plan Administrator receives the claim (subject to extension under special circumstances). The notification will include the reason(s) for denial with reference to the specific Plan provisions on which the denial is based, a description of any additional information needed to process the claim, and an explanation of the claim review procedure. Should this happen, or if you believe the amount of your benefit payment is wrong, you may contact the Plan Administrator to review the reason for the denial. You may also appeal the Plan Administrator's final decision to the Employee Benefits Committee.

Within 60 days of receiving your initial denial, you may submit a written request, asking that the Employee Benefits Committee reconsider your claim. Your request should be sent to:

Public Service Enterprise Group, Inc.
Secretary—Employee Benefits Committee
80 Park Plaza, T-21F
P.O. Box 1171
Newark, NJ 07101-1171

If you believe there is an error in your benefit amount, your request for reconsideration must include the reason(s) you think there is an error, and, whenever possible, copies of any documents or records that support your appeal. You, your beneficiary, or your representative has the right to review pertinent documents affecting your claim and to submit additional information or comments.

Your claim will be thoroughly reconsidered after your request is received. Within 60 days of when your appeal is received by the Employee Benefits Committee (subject to extension under special circumstances), you will receive a written response to your appeal. This response will explain the reason(s) for the decision, and refer to the specific Plan provisions that are the basis for the decision. The decision of the Employee Benefits Committee following this review is final.

Administrative Information

Plan Name and Number

Public Service Enterprise Group Incorporated Adoption Assistance Plan—543

Plan Type

The Adoption Assistance Plan is a “welfare benefit plan.”

Employer Identification Number

22-2625848

Plan Sponsor and Administrator

The Adoption Assistance Plan is sponsored and administered by PSEG and its participating affiliate companies. You may contact the Plan Administrator at:

Public Service Enterprise Group, Inc.
Corporate Benefits
80 Park Plaza, T-21F
P.O. Box 1171
Newark, NJ 07101-1171
973-430-7000

Agents for Service of Legal Process

Legal process concerning the Plan may be served on the Corporate Secretary of PSEG at the following address. In addition, legal process may be served on the Plan Administrator.

Public Service Enterprise Group, Inc.
Corporate Benefits
80 Park Plaza, T-4B
P.O. Box 1171
Newark, NJ 07101-1171

Plan Year

The records for the Plan are kept on a calendar year basis; that is, January 1 through December 31.

Plan Funding

The Plan is funded by contributions from PSEG and its participating affiliate companies. No employee contributions are required or permitted.

Plan Amendment or Termination

PSEG and its participating affiliate companies expect to continue the Adoption Assistance Plan. However, they reserve the right, subject to contracts to which they are party, to amend, modify, or terminate the Plan. The decision to do so may be due to changes in Federal or State laws, the requirements of the Internal Revenue Code or the Employee Retirement Income Security Act of 1974 (ERISA), or any other reason.

PSEG and its participating affiliate companies specifically reserve the right to alter, amend, increase, decrease, or terminate such benefits to the full extent permitted by law at any time, in their sole discretion. If PSEG and its participating affiliate companies do change or terminate the Plan, they may decide to set up a different plan providing similar, identical, or lesser benefits. A Plan change may transfer Plan assets and debts to another plan or split a plan into two or more parts, subject to collective bargaining agreements.

If the Plan is amended, benefits to which you are entitled before the change are paid under the former provisions. The amount and form of any final benefit you or your beneficiary receives will depend on any contract provisions affecting the Plan, and PSEG's decisions.

Your Rights under ERISA

As a participant in the Plan, you are entitled to certain rights and protections under ERISA, which provides that all Plan participants shall be entitled to:

- Examine (without charge) at the Plan Administrator's office and at other specified locations—such as work sites and union halls—all Plan documents. These may include insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefits Administration, such as detailed annual reports.
- Obtain copies of all Plan documents and other Plan information by writing to the Plan Administrator. The Plan Administrator may charge a reasonable fee for these copies.
- Review a summary of the Plan's annual financial report. The Plan Administrator is required by law to make available to each participant a copy of this summary annual report. The summaries are available on the *Documents & Publications* section of *Your Benefits Desktop*.
- Receive a written explanation of the reason for the denial if your claim for a benefit is denied—in whole or in part. You have the right to have the Plan Administrator review and reconsider your claim.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries," have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one—including your employer, your union, or any other person—may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your ERISA rights.

Enforce Your Rights

If your claim for a benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce your ERISA rights. For instance:

- If you request materials from the Plan Administrator and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials—unless the materials were not sent because of reasons beyond the control of the Plan Administrator.
- If you have a claim for benefits which is denied or ignored—in whole or in part after a final review—you may file suit in a State or Federal court.
- If it should happen that Plan fiduciaries misuse the Adoption Assistance Program’s money, or if you are discriminated against for asserting your ERISA rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court.

If you file suit, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees if it finds your claim frivolous.

Assistance with Your Questions

If you have any questions about the Adoption Assistance Program, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.