

**Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
Summary Plan Description**

Public Service Enterprise Group Incorporated

August 1, 2011

This document constitutes a prospectus covering securities that have been registered under the Securities Act of 1933.

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Introduction

The Public Service Enterprise Group Incorporated (“PSEG”) and its participating affiliates (each an “Employer”) maintain the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the “Thrift Plan”) for the benefit of non-represented eligible employees. The Thrift Plan is a powerful tool to help you save money for your future. You may contribute to the Thrift Plan on either a before-tax or after-tax basis to help you reach your financial goals.

The Thrift Plan offers you the opportunity to:

- Lower your taxable income while growing your retirement savings on a tax-deferred basis;
- Make before-tax contributions, after-tax contributions, and Roth elective deferrals from 1% to 50% of your eligible compensation;
- Choose to invest your contributions and company matching contributions in the investment options under the Thrift Plan;
- Receive matching contributions from your Employer (beginning with the first payroll beginning after January 2010 and ending with the first payroll after January 1, 2012, matching contributions are suspended for participants who are also participants in the Public Service Enterprise Group Pension Plan (the “Pension Plan”)); and
- Rollover an eligible distribution from a prior employer’s qualified plan

This booklet is the summary plan description (“SPD”) for the Thrift Plan. The SPD summarizes the key features of the Thrift Plan as of August 1, 2011.

Every effort has been made to provide you with clear, accurate, understandable information about the Thrift Plan. This SPD is based on information in the legal plan documents that govern the Thrift Plan. If there is a difference between the legal documents and this SPD, the provisions in the legal documents will always control.

While PSEG intends to continue the Thrift Plan, it reserves the right to end, suspend, or amend the Thrift Plan at any time, in whole or in part, for any reason. Should this happen, you will be notified.

Prospectus Information

This SPD constitutes a prospectus covering securities that have been registered under the Securities Act of 1933. This SPD/prospectus covers 1,893,292 shares of Public Service Enterprise Group Incorporated common stock. Our common stock is traded on the New York Stock Exchange under the symbol “PEG.”

PSEG files reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). These reports are also available at the Commission’s internet website at www.sec.gov.

This SPD/prospectus is part of a registration statement on Form S-3 Registration No. 333-155677 filed with the Commission on November 25, 2008.

The Commission allows PSEG to “incorporate by reference” the information PSEG files with the Commission. This permits PSEG to disclose important information to you by referring to these filed documents. Any information referred to in this way is considered part of this prospectus, and any information that PSEG files with the Commission after the date of this prospectus will automatically be deemed to update and supersede this information. The following documents that have been (or will in the future be) filed with the Commission are incorporated by reference:

- The most recent Proxy Statement;
- The most recent Annual Report;
- All reports filed by PSEG pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by PSEG’s latest Annual Report; and
- The description of PSEG’s common stock contained in registration statement on Form S-3 Registration No. 333-155677 filed with the Commission on November 25, 2008.

PSEG also incorporates by reference any future filings PSEG makes with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until it files a post-effective amendment that indicates the termination of the offering of the securities made by this prospectus.

PSEG will provide without charge upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this SPD/prospectus. Requests should be directed to:

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

The information in this SPD/prospectus will be updated in writing to reflect any material changes during any period in which offers or sales are being made. When updating information is furnished, documents previously furnished may not be re-delivered, but PSEG will furnish promptly without charge to you, upon written or oral request, a copy of all documents that then constitute part of the prospectus.

Additional Resources

If you have any questions about the Thrift Plan after reading this SPD, there are three resources available to you:

1. The *Your Benefits Desktop* Website contains information on how the Thrift Plan works and the investment options available to you in the *Benefit Details* section. The *Financial Planning* and *Retirement Planning* sections offer tools and information to help you plan your financial future and assess risk tolerance and timelines based on personal goals, etc. To access *Your Benefits Desktop*, go to www.pseg.com/benefits.
2. *Your Benefits Resources*TM can be reached from the homepage of *Your Benefits Desktop*. *Your Benefits Resources* contains personalized information. You can view your account balance, check the status of a transaction, and conduct certain transactions online.
3. Benefits ExpressTM can be reached by calling 1-800-571-0400 and following the voice recognition prompts. By following the voice recognition prompts, you can enroll, conduct transactions, and check your account balance. Benefits Express representatives are available during normal working hours Monday through Friday to answer benefit questions.

Transactions You Can Conduct Online or Over the Phone

The following chart reflects the transactions that you will be able to do from anywhere you have access to a phone or computer. The transactions are discussed in more detail throughout this SPD.

By logging on to <i>Your Benefits Resources</i> you can:	By calling Benefits Express you can:
<ul style="list-style-type: none">• Enroll	<ul style="list-style-type: none">• Enroll
<ul style="list-style-type: none">• Elect not to contribute	<ul style="list-style-type: none">• Elect not to contribute
<ul style="list-style-type: none">• Change how much you contribute	<ul style="list-style-type: none">• Change how much you contribute
<ul style="list-style-type: none">• Invest your account in the available investment funds	<ul style="list-style-type: none">• Invest your account in the available investment funds
<ul style="list-style-type: none">• Transfer your balance among the available investment funds	<ul style="list-style-type: none">• Transfer your balance among the available investment funds
<ul style="list-style-type: none">• Model and/or apply for a loan	<ul style="list-style-type: none">• Model and/or apply for a loan
<ul style="list-style-type: none">• Request a withdrawal or distribution	<ul style="list-style-type: none">• Request a withdrawal or distribution
<ul style="list-style-type: none">• Enroll in Schwab Personal Choice Retirement Account (“PCRA”).	<ul style="list-style-type: none">• Process a rollover from another employer’s qualified plan or an individual retirement account (“IRA”).

Using *Your Benefits Resources* or speaking with Benefits Express is easy to do. To access *Your Benefits Resources*, you have to enter your Social Security Number and password. When you first logon to *Your Benefits Resources*, you will be prompted to pick a password from four to 20 characters (numbers or letters). Be sure to pick a password that you will remember.

Here are some additional administrative details to keep in mind:

- Contribution rate changes will be effective beginning on the next available pay period or as soon as administratively practical following the date on which you make the change.
- Transfers and investment directions are made at the close of the business day on which they are requested (as long as the request is made by 4:00 p.m., Eastern Time).
- Loan agreements and payments are processed each business day and checks typically are mailed within three business days.

In addition to processing transactions, *Your Benefits Resources* or Benefits Express also can help you estimate the taxable portion of a distribution, receive Thrift Plan information or procedures, and find out how your investment funds have performed.

Participation in the Thrift Plan

Who Is Eligible

You are eligible for the Thrift Plan on your date of hire if you are a non-represented employee of an Employer.

Once you complete 1,000 hours of service (generally after six months of employment (if you are a part-time employee, it may be more than six months)), you become eligible to receive matching contributions. For the period beginning with the first payroll beginning after January 2010 and ending with the first payroll after January 1, 2012, matching contributions are suspended for participants who are also participants in the Pension Plan.

When Participation Begins

You are eligible to participate in the Thrift Plan on your date of hire. Your participation in the Thrift Plan will begin as soon as administratively practical after your enrollment is processed. Enrollment is completed online or by calling Benefits Express.

How to Enroll Online

To enroll online, access *Your Benefits Desktop* by going to www.pseg.com/benefits, then click on *Your Benefits Resources*.

Have your Social Security Number and password when you are ready to enroll. When you enroll, you will be asked to choose:

- The percentage of your eligible compensation that you want to contribute;

- Whether you want to make before-tax contributions, after-tax contributions, Roth elective deferrals, or a combination thereof;
- How your contributions will be invested among the available investment options; and
- Who should receive your account balance under the Thrift Plan in the event of your death (see Beneficiary Designation below).

How to Enroll by Calling Benefits Express

If you do not have access to the Internet and cannot enroll online through *Your Benefits Resources*, call Benefits Express at 1-800-571-0400 and follow the voice recognition prompts to speak with a Benefits Express representative. A representative can send you enrollment information and walk you through the decisions you need to make, including designating your beneficiary(ies).

Contributions to the Thrift Plan

Automatic Enrollment

When you are first hired or rehired, you are immediately eligible to contribute to the Thrift Plan. If you do not make an affirmative election to contribute or not to contribute to the Thrift Plan, you will be automatically enrolled in the Thrift Plan. Three percent (3%) of your eligible compensation will be contributed to the Thrift Plan on your behalf as before-tax contributions. You can change this election at any time. Changes will be effective as soon as administratively practical after you request the change. If you are automatically enrolled in the Thrift Plan, you may elect to withdraw the before-tax contributions (together with any associated earnings), provided that you make such election within 90 days of your date of hire or rehire. If you do not make an investment election, your contributions will be invested in the default investment option, which is one of the ten Target Retirement Funds based on your date of birth at the time you are automatically enrolled in the Thrift Plan. You can change the investment direction of your contributions at any time.

Your Contributions

You may elect to contribute from 1% to 50% of your eligible compensation in 1% increments as before-tax contributions, after-tax contributions and/or Roth elective deferrals. Eligible compensation includes base wages or salary, bonuses payable under the Performance Incentive Plan, and overtime (capped at 20% of base pay). Eligible compensation does not include amounts deferred under a non-qualified deferred compensation plan, reimbursements for expenses, certain other incentive compensation awards under the Company's Senior Management Incentive Compensation Plan ("SMICP") or Management Incentive Compensation Plan ("MICP"), other bonuses, including sign-on and retention bonuses, or other miscellaneous payments.

However, there are annual limits on the amount of before-tax contributions, Roth elective deferrals and the total contributions (including matching contributions) that can be made to the Thrift Plan on your behalf. The limits are described on [page 9](#).

- Contributions automatically are deducted from your pay and contributed to your account under the Thrift Plan.
- You may stop or restart Thrift Plan contributions at any time. Changes will take effect the next available pay period or as soon as administratively practical after you make your request.
- You can change your contribution percentage at any time. The new contribution percentage will be effective the next available pay period or as soon as administratively practical after you make your request.
- You choose how your contributions are invested among the available investment options.
- You are never locked into your investment choices. You may make changes daily, and the changes will take effect after close of market on the business day they are received.
- Before-tax contributions, matching contributions, rollover contributions and earnings on all contributions are tax-deferred for as long as they remain in the Thrift Plan. Please consult your tax advisor regarding the taxation of your account upon withdrawal from the Thrift Plan.

Your contributions to the Thrift Plan will not affect the amount of compensation that is taken into account under the Pension Plan or the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated (the “Cash Balance Pension Plan”).

How Before-Tax Contributions Work

When you make before-tax contributions to the Thrift Plan, your contributions are withheld from your pay before Federal (and in most cases state and local) income taxes are deducted. Since your income taxes are based on your pay after your before-tax contributions are withheld, your current taxable income is reduced - meaning you pay less in income taxes now.

Additionally, earnings (if any) attributable to your contributions are not subject to immediate taxation. Any earnings are not taxed until you receive a distribution from the Thrift Plan.

However, there are some restrictions on withdrawing before-tax contributions while you are still actively employed. See *Taking a Loan or Withdrawal from Your Account* on page 27 for more information.

How After-Tax Contributions Work

When you make after-tax contributions to the Thrift Plan, your current taxable income is not reduced. However, you can withdraw after-tax contributions more easily than before-tax contributions while you are actively employed, providing more flexibility.

Before-Tax vs. After-Tax-An Example

This chart (on page 7) illustrates the differences between making before-tax and after-tax contributions. Assume this participant:

- Is married;

- Files a joint tax return;
- Claims two exemptions;
- Takes the standard deduction;
- Earns \$40,000 a year; and
- Saves \$2,000 in before-tax or after-tax dollars in the Thrift Plan.

Example of Saving with Before-Tax vs. After-Tax Dollars		
	Saving with After-Tax Dollars	Saving with Before-Tax Dollars
Gross pay	\$40,000	\$40,000
Before-tax contributions	-	\$2,000
W-2 taxable pay	\$40,000	\$38,000
Approximate Federal income tax (15%)*	\$6,000	\$5,700
FICA tax (7.65%)*	\$3,060	\$3,060**
Total taxes withheld	\$9,060	\$8,760
After-tax contributions	\$2,000	-
Spendable income	\$28,940	\$29,240
Tax savings	\$0	\$300

*Based on estimated tax percentages. Actual tax amounts may be different. For 2011, FICA tax is 5.65%.

By saving \$2,000 on a before-tax basis, this participant's annual take-home pay would be \$300 more than had he saved \$2,000 on an after-tax basis.

How Roth Elective Deferrals Work

Similar to after-tax contributions, when you make Roth elective deferrals to the Thrift Plan, your current taxable income is not reduced - Roth elective deferrals are withheld from your after-tax pay. However, any earnings on Roth elective deferrals will not be taxable to you at the time of distribution - the earnings grow tax-free and are tax-free upon distribution. Like before-tax contributions, there are restrictions on withdrawing Roth elective deferrals while you are actively employed.

Employer Matching Contributions

After your first 1,000 hours of employment (approximately six months if you are a full-time employee (if you are a part-time employee, it may be more than six months)), your Employer matches \$0.50 for every dollar you contribute to the Thrift Plan, up to 8% of your eligible compensation. Your Employer match is 100% vested at all times.

During the period beginning with the first payroll beginning after January 2010 and ending with the first payroll after January 1, 2012, matching contributions are suspended for participants who are also participants in the Pension Plan.

Matching contributions are credited to your account each pay period in cash.

Lump-Sum Contributions

You also may make separate lump-sum contributions to the Thrift Plan. Lump-sum contributions must be in amounts of at least \$250. Lump-sum contributions are made on an after-tax basis and are not eligible for matching contributions.

Your lump-sum contributions, together with your before-tax contributions, after-tax contributions and Roth elective deferrals cannot exceed 50% of your pay. In addition, please be aware that there are limits that exist on the total amount of contributions that can be made to the Thrift Plan on your behalf. See [page 9](#) (Thrift Plan Contribution Limits) for more information on these limits.

Lump-sum contributions are not withheld from your pay. If you wish to make a lump-sum contribution, you must remit a personal check to the Thrift Plan. Contact Benefits Express for more information regarding lump-sum contributions.

Rollover Contributions

If, before joining an Employer, you were a participant in a similar qualified retirement plan with your former employer, you may roll over your eligible rollover distribution (before-tax and after-tax contributions) from your former employer's plan to the Thrift Plan. You also may roll over amounts from certain IRAs. You may make a rollover contribution even if you have not yet elected to make other contributions to the Thrift Plan.

Rollover contributions will be invested in accordance with your investment election on file. If you have not made an investment election, your rollover contributions will be invested in one of the ten Target Retirement Funds based on your date of birth. You can change the investment direction of your rollover contributions at any time.

Rollover contributions are subject to the withdrawal rules of the Thrift Plan.

To make a rollover contribution, call Benefits Express at 1-800-571-0400 and follow the voice recognition prompts to speak to a Benefits Express representative. The representative will tell you what information you will need to provide to make a rollover contribution. Generally, you will need:

- A check from the former employer's plan, if you are rolling over your balance from a former employer's plan directly; and
- If you received a distribution from a former employer's plan and wish to deposit that amount in the Thrift Plan, you must do so within 60 days of receipt, by cashier's check, certified check, or money order. No other form of payment will be accepted.

You can also log on to *Your Benefits Resources* to process a rollover contribution. If you do not have Internet access, call Benefits Express at 1-800-571-0400 and follow the voice recognition prompts to request a Rollover Contribution Form.

If you would like additional information about rollover contributions, contact Benefits Express.

Cash Balance Pension Plan Contributions

If you are a participant in the Cash Balance Pension Plan, you may direct up to 50% of the amount that your Employer contributes each year to the Cash Balance Pension Plan on your behalf, to be deposited in your Thrift Plan account (in 10% increments). You will be required to make an election to indicate the percentage, if any, of the contribution for the following year that you want allocated to the Thrift Plan. For example, in November 2011 your election of an amount to be deposited in your Thrift Plan account will apply to the contribution that your Employer makes to your Cash Balance Pension Plan account for 2012. That allocation will be added to your Thrift Plan account at the beginning of 2013. Allocations from the Cash Balance Pension Plan vest according to the Cash Balance Pension Plan's vesting schedule. All Participants who perform an hour of service on or after January 1, 2008 are 100% vested in their account balance.

Please note: It is important that you plan carefully when considering an allocation from your Cash Balance Pension Plan. As previously referenced, there are limits on the total contributions that can be made to the Thrift Plan on your behalf and if those limits are exceeded, the excess amount will be refunded to you. See *Thrift Plan Contribution Limits* below. The refunded amount would have provided tax-deferred savings had it remained in either the Thrift Plan or the Cash Balance Pension Plan.

Thrift Plan Contribution Limits

- **Annual IRS before-tax contribution limit** - The Internal Revenue Service (IRS) limits the amount of before-tax contributions and Roth elective deferrals that can be made to the Thrift Plan on your behalf each calendar year. For 2011, the annual limit on before-tax contributions and Roth elective deferrals is \$16,500. If you elect to make both before-tax contributions and Roth elective deferrals, the combination of the two cannot exceed \$16,500. These limits may be changed in the future. If the limits are changed, you will be notified. For more information regarding annual limit amounts, go to the *Benefits Details* section of *Your Benefits Desktop* or call a Benefits Express representative.

If your before-tax contributions reach the IRS annual limit during the year, your contributions automatically will change to after-tax contributions for the rest of the year. The following January, contributions automatically will begin again on a before-tax basis, until you reach the IRS limit for that year. If you do not want to make after-tax contributions, you must change your before-tax contribution percentage election to zero percent (0%). Your before-tax contribution percentage will remain at 0% until you make a change (your before-tax contribution percentage will **not** be reset in the following year).

If you begin working for an Employer during the year and had been making contributions to a previous employer's 401(k) plan, it is your responsibility to monitor whether your contributions will reach this limit. If your contributions exceed the IRS limit, you need to contact Benefits Express by December 1 of the year you begin working at your Employer. Call Benefits Express at 1-800-571-0400 and follow the voice recognition prompts to speak to a Benefits Express representative to find out procedures for receiving a refund. If you do not notify Benefits Express, you are subject to taxation on the excess amount you contributed above the IRS limit.

- **Salary limit** - The IRS limits the amount of compensation that can be considered each year for purposes of (1) making contributions to the Thrift Plan, and (2) receiving matching contributions, if eligible. For 2011, the IRS limit on compensation is \$245,000. Once your eligible compensation reaches the IRS limit, your contributions will stop for the year. For more information regarding this limit, go to the *Benefits Details* section of *Your Benefits Desktop* or call a Benefits Express representative at 1-800-571-0400.
- **415 limit** - The IRS also imposes an annual limit on the total amount of employee contributions and matching contributions that may be made to the Thrift Plan. This limit is referred to as the “415 limit.” For 2011, the IRS limit is the lesser of 100% of your eligible compensation or \$49,000. For more information regarding this limit, go to the *Benefits Details* section of *Your Benefits Desktop* or call a Benefits Express representative.

Please note: In determining whether the 415 limit is reached, the following contributions are taken into account: your before-tax contributions, after-tax contributions, Roth elective deferrals, lump-sum contributions, matching contributions, and allocations to your account from the Cash Balance Pension Plan. Your catch-up contributions are not taken into account for purposes of determining whether the 415 limit is reached. Therefore, it is important that you keep this limit in mind when determining contributions to your Thrift Plan account - if the 415 limit is exceeded in a plan year, the excess amount will be refunded to you.

- **Highly Compensated Employee (“HCE”) limits**—The IRS imposes limits on the amount of before-tax contributions, after-tax contributions, Roth elective deferrals and matching contributions that can be made to the Thrift Plan on behalf of participants who are considered “highly compensated.” The limits ensure that the highly-compensated employees do not receive a disproportionately greater benefit from the Thrift Plan than other participants. As a result, it may be necessary from time to time to lower contribution amounts or refund contributions made by or on behalf of highly compensated employees.

For 2011, an employee will be treated as a highly compensated employee if his or her compensation for 2010 was \$110,000 or more, or the employee is a 5% or more owner in PSEG.

Catch-Up Contributions - For Participants Age 50 or Older

If you are at least age 50 by the end of the year and your before-tax contributions are subject to one of the IRS limits or the Thrift Plan 50% contribution limit, you have the opportunity to contribute additional before-tax contributions. These additional contributions are called “catch-up contributions.” For 2011, the limit on catch-up contributions is \$5,500. This limit may be changed in the future. If the limit is changed, you will be notified. For more information regarding this annual limit, go to the *Benefits Details* section of *Your Benefits Desktop* or call a Benefits Express representative.

Changing the Amount and Way You Save

The flexibility of the Thrift Plan allows you to make changes to your account. You can:

- Change your contribution percentage;
- Change between before-tax contributions, after-tax contributions and Roth elective deferrals; or
- Stop contributing to the Thrift Plan.

To make changes or to stop your contributions, log on to *Your Benefits Resources* or call Benefits Express at 1-800-571-0400. Your change will be effective the next available pay period or as soon as administratively practical after your request is made.

To view your personalized information any other time, log on to *Your Benefits Resources* from the homepage of *Your Benefits Desktop* or contact Benefits Express at 1-800-571-0400.

Keeping Track of Your Thrift Plan Account

Each quarter, you will receive a personal statement showing the value of your Thrift Plan account. This statement documents all activity - including your contributions, Employer matching contributions, investment results, transfers and loan activity, and withdrawals.

Investment Choices

The Thrift Plan gives you the flexibility to decide how you want your Thrift Plan account invested. You have several investment options to choose from, including:

- Three pre-mix portfolios;
- Ten target retirement funds;
- Seven investment funds; and
- A self-directed brokerage account - the PCRA.

For added flexibility, you can invest in any combination of pre-mix portfolios, target retirement, and investment fund options. Your investment choices must be in 1% increments.

The Thrift and Pension Investment Committee (“TPIC”) is responsible for selecting the investment options available under the Thrift Plan. The TPIC may change the investment options from time to time under the Thrift Plan. If any changes are made, you will be notified in advance and given an opportunity to redirect your investments.

The Thrift Plan is intended to constitute a plan described in section 404(c) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and regulations issued thereunder. The fiduciaries of the Thrift Plan may be relieved of liability for any losses which are the direct result of investment instructions given by a participant or beneficiary.

Changing Your Investment Decisions

You may change your investment directions for future contributions to the Thrift Plan at any time. Your change will be effective the next available pay period or as soon as administratively practical after you request the change.

You also may change how you invest your existing account balance at any time by transferring all or part of your investment among investment funds. However, you cannot transfer funds directly from the Stable Value Fund to the PCRA. If you transfer out of the Stable Value Fund, there is a three-month waiting period until you may transfer Stable Value Fund money into the PCRA. You must make changes in 1% increments.

Automatic Rebalancing

This feature will automatically reallocate your Thrift Plan core fund balance on the last business day of each quarter. Your core fund balance will be reallocated according to your current investment elections. This feature rebalances your investments to maintain the percentage breakdown you set up when you originally allocated your account balance within the core fund options. If, over the last quarter, one fund has performed drastically better or worse than the other funds in which you are invested, your percentage allocation will be unbalanced. This feature maintains your investment drivers and your risk and return tolerance. To request this feature, contact Benefits Express. Once you have requested it, your balance will be rebalanced automatically each quarter unless you call Benefits Express and ask to discontinue the service. Automatic rebalancing is subject to contracts governing the investments held in the core funds.

ESOP Transfers

If you decide to transfer money from your Employee Stock Ownership Plan (“ESOP”) fund into your core funds, you must transfer all of the money from your ESOP fund. You cannot transfer a portion and leave a balance in the ESOP fund. Once your transfer is made, your ESOP fund is closed. Also, you cannot transfer money into the ESOP fund.

Your Investment Options

There are many things to consider when choosing an investment mix that is right for you. You will want to give some thought to the following:

- **Risk and return** - All investments involve some degree of risk and return. Risk is how variable a return on an investment may be over time, while return is the gain or loss on your investment. Generally, investments that have the potential to yield the highest return involve the greatest amount of risk. Consider your risk comfort level when making your decisions. Periodically, all Thrift Plan participants will receive a report on the performance of each of the investment options.
- **Time** - The earlier you begin to save, the more time your savings will have to grow. Investing is a long-term process. When planning for retirement, it is generally appropriate to focus on the long-term value of your investments rather than on daily performance.
- **Diversification** - Investing in a variety of funds allows you to spread your risk among different investments.

- **Other savings** - Do you have other savings for retirement? Consider how your additional savings may coordinate with the Thrift Plan to meet your retirement needs.

Your Benefits Desktop offers a range of tools to help you save for your future. The *Financial Planning* section includes tools to help you set your savings goals, and determine your risk tolerance and timelines.

From the *Your Benefits Desktop* homepage, you can link to *Your Benefits Resources* where you can view your personal account information, including personalized rates of return, and perform certain transactions. On the Knowledge Center menu, you will find various “Tools and Calculators.” These tools range from helping you determine how much to save, how a loan will impact your long-term savings, and much more. Under *Fund Performance*, you will find information about *your* investment options and their historical rates of return. You can also request or view the fund prospectus’ to help you make informed investment decisions.

Available Core Funds

Fund information is available on the *Documents & Publications* section of Your Benefits Desktop or by calling Benefits Express at 1-800-571-0400. It is important to read the fund prospectus before you invest in any fund. Certain funds are professionally managed for the Thrift Plan and do not have a separate prospectus.

The core funds under the Thrift Plan are: the Stable Value Fund, the Diversified Bond Fund, the Large Company Stock Index Fund, the Institutional Developed Markets Index Fund, the Mid-Cap Index Fund, the Small-Cap Index Fund and the Enterprise Common Stock Fund

Following is a brief description of the available core funds:

Stable Value Fund

The Stable Value Fund seeks the preservation of principal while producing returns greater than other savings alternatives (for example, money markets, bank savings accounts, etc.).

The Stable Value Fund invests in a diversified portfolio of investment contracts issued by high quality financial institutions such as insurance companies and banks. The credited rate of the Stable Value Fund is the average yield being earned by all investments in the Stable Value Fund. As older investments mature and new investments are made, the average rate of the Stable Value Fund changes. By design, the Stable Value Fund’s credited rate will change in the direction of new investment rates. Over time, returns are expected to be consistent with returns generated by intermediate term, high quality bonds.

Types of investments include traditional fixed rate investment contracts (“GICs”) as well as security backed investment contracts supported by high quality fixed income securities. These securities represent all sectors of the broad fixed income market. Included are corporate bonds, mortgage-backed securities, asset-backed securities, and United States Government securities.

The Stable Value Fund is the most conservative option in the Thrift Plan and carries relatively low risk. Credit quality is one of the most important considerations for the Stable Value Fund. To maintain a high level of quality, the Stable Value Fund is managed in accordance with strict

credit and diversification guidelines. The Stable Value Fund manager concentrates on investments receiving the highest credit quality ratings: an AA rating average.

The investment manager for the Stable Value Fund is:

INVESCO Fixed Income
400 West Market Street, Suite 3300
Louisville, KY 40202

Diversified Bond Fund

The Diversified Bond Fund seeks to moderately outperform on a total return basis (income plus capital appreciation) the total U.S. investment grade bond market as represented by the Barclays Capital Aggregate Bond Index. Its investment manager invests in a broadly diversified portfolio of bonds from several categories including: U.S. Treasuries and agency securities, commercial and residential mortgage-backed securities, asset-backed securities, and corporate bonds. The Diversified Bond Fund may also use interest rate futures. All bonds in the Diversified Bond Fund are denominated in U.S. dollars.

The Diversified Bond Fund is considered to be one of the least risky core fund options available under the Thrift Plan. However, there is no guarantee that units of the Diversified Bond Fund will not lose value.

The Diversified Bond Fund is subject to interest rate risk, which means that when interest rates in the market rise, there is a corresponding decline in the market value of bonds such as those held by the Diversified Bond Fund. The opposite is also true. Some of the bonds in the Diversified Bond Fund also may be subject to credit risk, which refers to the possibility that the issuer of the bond will not be able to make principal and interest payments when they are due.

The investment manager for the Diversified Bond Fund is:

BlackRock Financial Management
40 East 52nd Street
New York, NY 10022
212-754-5560

Large Company Stock Index Fund

The Large Company Stock Index Fund seeks long-term growth through capital appreciation and dividend income.

The Large Company Stock Index Fund employs a “passive management” - or indexing - investment approach designed to track the performance of the Standard & Poor’s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Large Company Stock Index Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.

The Large Company Stock Index Fund is subject to broad stock market risk (for example, an economic downturn that impacts all stocks). The Large Company Stock Index Fund’s total

return, like the stock market generally, will fluctuate within a wide range, so an investor could lose money over short or even long periods. Historically, stock markets have moved in cycles, with periods of rising and falling prices.

The *Wall Street Journal* mutual fund quotation listing for the Vanguard Institutional Index Fund is “InstPlus” under The Vanguard Group. The ticker symbol is VIIIX.

The investment manager for the Large Company Stock Index Fund is:

The Vanguard Group
Institutional Division
P.O. Box 2600
Valley Forge, PA 19482-2600
1-800-523-8066

Institutional Developed Markets Index Fund

The Institutional Developed Markets Index Fund seeks long-term growth of capital. The Institutional Developed Markets Index Fund does not buy securities directly; instead, it invests in Institutional Shares of two Vanguard international index funds: Vanguard European Stock Index Fund and Vanguard Pacific Stock Index Fund. The combination of the two underlying index funds, in turn, seeks to track the investment results of the Morgan Stanley Capital International (MSCI) Europe, Australasia, Far East (EAFE) Index. The MSCI EAFE Index includes approximately 1,000 common stocks of companies located in Europe, Australia, Asia, and the Far East. The Institutional Developed Markets Index Fund may invest in options, futures, and other derivative instruments.

As with all stock funds, the Institutional Developed Markets Index Fund’s share price can fall because of weakness in one or more of its primary equity markets, a particular industry, or specific holdings. Funds that invest overseas generally carry more risk than funds that invest strictly in U.S. assets. The Institutional Developed Markets Index Fund is particularly subject to: (1) currency risk—a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency; and (2) foreign investment risk—risks can result from varying stages of economic and political development, differing regulatory environments, trading days, and accounting standards, and higher transaction costs of non-U.S. markets. Investments outside the U.S. could be subject to governmental actions such as capital or currency controls, nationalization of a company or industry, expropriation of assets, or imposition of high taxes.

The *Wall Street Journal* mutual fund quotation listing for the Institutional Developed Markets Index Fund is “DevMktInst” under The Vanguard Group. The ticker symbol is VIDMX.

The investment manager for the Institutional Developed Markets Index Fund is:

The Vanguard Group
Institutional Division
P.O. Box 2600
Valley Forge, PA 19482-2600
1-800-523-8066

Mid-Cap Index Fund

The Mid-Cap Index Fund seeks long-term growth through capital appreciation. The Mid-Cap Index Fund employs a “passive management” - or indexing - investment approach designed to track the performance of the MSCI US Mid Cap 450 Index, a broadly diversified index of stocks of medium-sized U.S. companies. The Mid-Cap Index Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index.

The main risks that could adversely affect the value of the Mid-Cap Index Fund’s shares and the total return on investment include the risk that the stock price of one or more of the companies in the Mid-Cap Index Fund’s portfolio will fall, or will fail to rise. General financial market conditions and factors related to a specific company or industry can adversely affect a stock’s performance. This type of risk is generally greater for mid-sized companies, which tend to be more vulnerable to adverse developments relative to larger companies. Broad stock market risk also may affect the price of the Mid-Cap Index Fund’s investments, regardless of how well the companies in which it invests perform.

The *Wall Street Journal* mutual fund quotation listing for the Mid-Cap Index Fund is “Mid Cp Inst” under The Vanguard Group. The ticker symbol is VMCIX.

The investment manager for the Mid-Cap Index Fund is:

The Vanguard Group
Institutional Division
P.O. Box 2600
Valley Forge, PA 19482-2600
1-800-523-8066

Small-Cap Index Fund

The Small-Cap Index Fund seeks long-term growth of capital and income. The Small-Cap Index Fund employs a “passive management” - or indexing - investment approach designed to track the performance of the MSCI US Small Cap 1750 Index, a broadly diversified index of stocks of smaller U.S. companies. The Small-Cap Index Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting within the index. This Small-Cap Index Fund may also invest in stock futures and options, contracts, warrants, convertible securities and swaps.

The Small-Cap Index Fund is considered to be one of the most risky core fund options available through the Thrift Plan. Investments in small-sized companies are more vulnerable to financial

risks and other risks than larger companies and may involve a higher degree of price volatility than investments in the general equity markets.

The *Wall Street Journal* mutual fund quotation listing for the Small-Cap index Fund is “SmCapInst” under The Vanguard Group. The ticker symbol is VSCIX.

The investment manager for the Small-Cap Index Fund is:

The Vanguard Group
Institutional Division
P.O. Box 2600
Valley Forge, PA 19482-2600
1-800-523-8066

Enterprise Common Stock Fund

The Enterprise Common Stock Fund seeks to achieve a shared interest between participants and shareholders of their Employer’s ultimate parent, PSEG. It invests primarily in the common stock of Public Service Enterprise Group Incorporated. In addition, the Enterprise Common Stock Fund holds a small amount in liquid investments.

This is not a diversified fund as it consists of a single stock. It is, therefore, subject to stock market risk, industry-specific risk (utility industry), and company-specific risk (a single stock). The Enterprise Common Stock Fund’s return may fluctuate significantly from year to year.

The *Wall Street Journal* quotation listing is NYSE Composite “Transactions,” “PubSvcEnt”. The ticker symbol is PEG.

Dividends will be reinvested unless a participant elects to receive the dividends in cash. To receive the dividends in cash, contact Benefits Express.

Available Pre-Mix Portfolios

A pre-mix portfolio is a pre-determined combination of investment funds offered through the Thrift Plan. Rather than having to pick among specific funds that align with your risk comfort level and diversification strategy, you may select one of the pre-mix portfolio options described here. Generally, you pick just one pre-mix portfolio and your contributions are invested accordingly. These mixes are reviewed periodically and are subject to change. You will be notified prior to any change becoming effective.

The pre-mix portfolio options have been designed to address three different levels of risk and return characteristics: conservative, moderate, and aggressive. Investment experts have recommended the percentages for each portfolio. Your contributions are invested according to the mixes shown here:

Conservative Portfolio

The Conservative Pre-Mix Portfolio seeks total return (capital appreciation and current income) with minimal risk by maintaining 60% of its investments in fixed-income investments and 40% of its investments in stocks. To achieve its goal, the portfolio seeks to maintain specific percentages within a mix of five existing Thrift Plan funds:

- 40% Stable Value Fund
- 20% Diversified Bond Fund
- 20% Large Company Stock Index Fund
- 10% Institutional Developed Markets Index Fund
- 10% Small-Cap Index Fund.

A diversified mix of growth and income investments, the Conservative Pre-Mix Portfolio is designed for individuals who have shorter-term investment goals and/or prefer conservative investments. The portfolio has the lowest risk of all the pre-mix portfolios and is expected to provide the lowest returns. It is partly subject to the same risk as the investment funds that make it up: some credit/default risk, interest rate risk, broad stock market risk (40% of this portfolio has stock exposure), volatile sector risk, foreign market risk, and currency fluctuation risk.

Moderate Portfolio

The Moderate Pre-Mix Portfolio seeks capital appreciation (growth) and current income by maintaining 60% of its investments in stocks and 40% of its investments in fixed-income investments. To achieve its goal, the portfolio seeks to maintain specific percentages within a mix of existing Thrift Plan funds:

- 25% Large Company Stock Index Fund
- 20% Stable Value Fund
- 20% Diversified Bond Fund
- 20% Institutional Developed Markets Index Fund
- 15% Small-Cap Index Fund.

A diversified mix of growth and income investments, the Moderate Pre-Mix Portfolio is designed for individuals who have both short-term and long-term investment goals and/or prefer a mix of moderate investments. It is partly subject to the same risks as the investment funds that make it up: some credit/default risk, interest rate risk, broad stock market risk (60% of this portfolio has stock exposure), volatile sector risk, foreign market risk, and currency fluctuation risk.

Aggressive Portfolio

The Aggressive Pre-Mix Portfolio seeks long-term growth through capital appreciation by maintaining 80% of its investments in stocks and 20% of its investments in fixed-income investments. To achieve its goal, the portfolio seeks to maintain specific percentages within a mix of existing Thrift Plan funds:

- 30% Large Company Stock Index Fund

- 25% Institutional Developed Markets Index Fund
- 25% Small-Cap Index Fund
- 20% Diversified Bond Fund.

A diversified mix of growth and income investments, the Aggressive Pre-Mix Portfolio is designed for individuals who have longer-term investment goals and/or prefer aggressive investments. The portfolio has the highest risk of all the pre-mix portfolios and is expected to provide the highest returns. It is partly subject to the same risks as the investment funds that make it up: some credit default risk, interest rate risk, broad stock market risk (80% of this portfolio has stock exposure), volatile sector risk, foreign market risk, and currency fluctuation risk.

Target Retirement Funds

Target Retirement Funds gradually shift their emphasis from more aggressive investments to more conservative ones as their target date nears. The year in the Target Retirement Fund name refers to the approximate year (the target date) when an investor in the Target Retirement Fund would retire. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date. Target Retirement Fund suggestions are based on an estimated retirement age of approximately 65. The investment manager for the Target Retirement Funds is:

The Vanguard Group
 P.O. Box 2600
 Valley Forge, PA 19482-2600
 1-800-523-8066

Below are the Target Retirement Funds available under the Thrift Plan:

Target Retirement Income

The Target Retirement Income Fund seeks to provide current income and some capital appreciation. The Target Retirement Income Fund invests in other Vanguard mutual funds according to an asset allocation designed for investors currently in retirement. It allocates approximately 70% of assets to bonds and money market instruments, and 30% of assets to stocks. The Target Retirement Income Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Bond Market II Index, Vanguard Total Stock Market Index Fund, Vanguard Inflation-Protected Securities Fund, Vanguard Total International Stock Index Fund and Vanguard Prime Money Market Fund.

At any given time, the Target Retirement Income Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement Income Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds; inflation-indexed bonds issued by the U.S. government; and mortgage-backed securities.

The Target Retirement Income Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement Income Fund's indirect short-term investments consist of high-quality, short-term money market instruments.

Target Retirement 2010

The Target Retirement 2010 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2010 (the target year). It allocates approximately 51% of assets in stocks and 49% in bonds

The Target Retirement 2010 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2010 Fund gradually after the target year. The Target Retirement 2010 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2010, the Target Retirement 2010 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2010 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Bond Market II Index Fund, Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund and Vanguard Inflation-Protected Securities Fund.

At any given time, the Target Retirement 2010 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2010 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2010 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds; inflation-indexed bonds issued by the U.S. government; and mortgage backed securities.

Target Retirement 2015

The Target Retirement 2015 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2015. It allocates approximately 61% of assets to stocks, and 39% to bonds

The Target Retirement 2015 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2015 Fund gradually after the target year. The Target Retirement 2015 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2015, the Target Retirement 2015 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2015 Fund's targeted asset allocation is among

the following underlying funds: Vanguard Total Bond Market II Index Fund, Vanguard Total Stock Market Index Fund and Vanguard Total International Stock Index Fund.

At any given time, the Target Retirement 2015 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2015 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2015 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2020

The Target Retirement 2020 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2020. It allocates approximately 69% of assets to stocks and 31% to bonds.

The Target Retirement 2020 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2020 Fund gradually after the target year. The Target Retirement 2020 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2020, the Target Retirement 2020 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2020 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market II Index Fund and Vanguard Total International Stock Index Fund.

At any given time, the Target Retirement 2020 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2020 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2020 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2025

The Target Retirement 2025 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2025. It allocates approximately 76% of assets to stocks and 24% to bonds

The Target Retirement 2025 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2025 Fund gradually after the target year. The Target Retirement 2025 Fund's asset allocation will become more conservative over time, meaning that

the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2025, the Target Retirement 2025 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2025 Fund's targeted asset allocation is among the following underlying funds is as follows: Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market II Index Fund and Vanguard Total International Stock Index Fund.

At any given time, the Target Retirement 2025 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2025 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2025 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2030

The Target Retirement 2030 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2030. It allocates approximately 84% of assets to stocks and 16% to bonds

The Target Retirement 2030 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2030 Fund gradually after the target year. The Target Retirement 2030 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2030, the Target Retirement 2030 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2030 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund and Vanguard Total Bond Market II Index Fund.

At any given time, the Target Retirement 2030 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2030 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2030 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2035

The Target Retirement 2035 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2035. It allocates approximately 90% of assets to stocks and 10% to bonds

The Target Retirement 2035 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2035 Fund gradually after the target year. The Target Retirement 2035 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2035, the Target Retirement 2035 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2035 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund and Vanguard Total Bond Market II Index Fund.

At any given time, the Target Retirement 2035 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2035 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2035 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2040

The Target Retirement 2040 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2040. It allocates approximately 90% of assets to stocks and 10% to bonds

The Target Retirement 2040 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2040 Fund gradually after the target year. The Target Retirement 2040 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2040, the Target Retirement 2040 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2040 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund and Vanguard Total Bond Market II Index Fund.

At any given time, the Target Retirement 2040 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2040 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2040 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2045

The Target Retirement 2045 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2045. It allocates approximately 90% of assets to stocks and 10% to bonds

The Target Retirement 2045 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2045 Fund gradually after the target year. The Target Retirement 2045 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2045, the Target Retirement 2045 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2045 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, Vanguard Total Bond Market II Index Fund.

At any given time, the Target Retirement 2045 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2045 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2045 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Target Retirement 2050

The Target Retirement 2050 Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire within a few years of 2050. It allocates approximately 90% of assets to stocks and 10% to bonds

The Target Retirement 2050 Fund is designed for an investor who plans to withdraw the value of an account in the Target Retirement 2050 Fund gradually after the target year. The Target Retirement 2050 Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2050, the Target Retirement 2050 Fund's asset allocation should become similar to that of the Target Retirement Income Fund. The Target Retirement 2050 Fund's targeted asset allocation is among the following underlying funds: Vanguard Total Stock Market Index Fund, Vanguard Total International Stock Index Fund, and Vanguard Total Bond Market II Index Fund.

At any given time, the Target Retirement 2050 Fund's asset allocation may be affected by a variety of factors, such as whether the underlying funds are accepting additional investments.

The Target Retirement 2050 Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks, including emerging markets.

The Target Retirement 2050 Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

Schwab Personal Choice Retirement Account (“PCRA”)

The PCRA is a self-directed brokerage account that allows you to choose and manage a wide selection of investments, including mutual funds, stocks, and bonds. When you contribute or transfer funds to the PCRA, they are placed in a Schwab Money Market Fund until you contact Schwab directly with investment instructions. You can place orders with Schwab through the Internet or over the telephone.

The broker for the PCRA is:

Charles Schwab & Co., Inc.
101 Montgomery
San Francisco, CA 94104
415-667-7000

The PCRA allows you more hands-on control over your investment decisions and the ability to develop a more personalized investment strategy. Likewise, you will be solely responsible for researching, selecting, and maintaining your PCRA portfolio.

You must maintain a \$500 balance in the Thrift Plan core fund options. The annual PCRA fee of \$50.00 automatically will be deducted from your Thrift Plan core fund balance when you open the account and the first business day of each calendar year thereafter.

To begin participating in a PCRA, you must complete an enrollment kit and be assigned an account number from Schwab. You can request an enrollment kit by speaking to a Benefits Express representative or online at www.schwabpcra.com.

PCRA Transfers and Balances

If you transfer funds to the PCRA, they will be deposited in a Schwab Money Market Fund until you contact Schwab directly with investment instructions. The minimum fund transfer to the PCRA is \$1,000, and there is no limit on the number of transfers you can make. Transfers to the PCRA are made in \$1 increments rather than expressed as a percentage. However, you must maintain a \$500 balance in the Thrift Plan core fund options.

To make a change or transfer account balances, log on to *Your Benefits Resources* or contact Benefits Express.

ESOP Fund

If you were hired before August 1, 1986, were a participant in the TRASOP or PAYSOP and never received a distribution from these plans, an ESOP fund under the Thrift Plan was established for you. The value of your ESOP fund is invested in PSEG Common Stock. Cash dividends on those shares are distributed to you via paper checks on a quarterly basis.

No new contributions can be directed into the ESOP fund. You cannot transfer any portion of your existing account balance to the ESOP fund.

The Thrift Plan Trustee will vote the shares of Enterprise Common Stock beneficially owned by you under the ESOP fund (whether vested or not vested) in accordance with your direction. You will be given notice of the opportunity to vote and a request for voting instructions for such shares. If you do not provide voting instructions, such shares will not be voted by the Trustee.

If PSEG should grant to the holders of Enterprise Common Stock rights to subscribe to an issue or issues of PSEG securities, any such rights attached to shares of Enterprise Common Stock owned by the ESOP fund will be sold and the net proceeds will be used to purchase additional shares of Enterprise Common Stock for the ESOP fund. The resulting increase in the value of the Enterprise Common Stock Fund will be allocated to your Thrift Plan account to the extent of your interest in the ESOP fund.

In the case of any Enterprise Common Stock purchased by the Thrift Plan Trustee from PSEG for the ESOP fund, there will be no brokerage commissions or service charges. If the Trustee were to purchase shares of Enterprise Common Stock on the open market, it is the Thrift Plan Trustee's policy to select brokers on the basis of best net execution.

Information relating to the purchase, holding, and sale of Enterprise Common Stock held in the Enterprise Common Stock Fund, as well as the exercise of voting, tender, and similar rights with respect to Enterprise Common Stock held in the Enterprise Common Stock Fund is held by the Thrift Plan Trustee in a way to maintain its confidentiality. Neither the Thrift Plan Trustee nor the recordkeeper will disclose participant directions with respect to Enterprise Common Stock held in the Enterprise Common Stock Fund to your Employer or any employer.

Transfers from the ESOP Fund

You may choose to transfer your entire ESOP fund balance into any of the other investment options. However, partial transfers are not permitted out of the ESOP fund. Once you transfer your shares out of the ESOP fund, you cannot transfer them back in.

If a portion of your ESOP fund is set aside to satisfy a Qualified Domestic Relations Order ("QDRO"), Enterprise Common Stock may be transferred out of the ESOP fund or withdrawn at any time. A QDRO is a court order providing child support, alimony, or marital property rights to a spouse, former spouse, child, or other dependent, according to a State domestic relations law.

Financial Engines

Financial Engines® is a personal asset management company that will provide professional management services to you. Financial Engines® is an integrated, state-of-the-art online investment advisory service. Together, these services are designed to give you the tools to help you better manage your Thrift Plan account for retirement.

As part of their new service, Financial Engines® offers you two options:

- **Online Advice:** The online advice option is available to you at no additional charge. This service is for do-it-yourself investors who are comfortable building a wealth strategy and making it happen on their own. The on-line advice gives you access to professional

recommendations and tools so that you can create a retirement plan. This service is available on *Your Benefits Desktop*.

- **Fee Based Professional Management:** You can also partner with a professional advisor and take advantage of the Professional Management option. An investment advisor can build an investment plan for you, pick the investments, and help keep you on track. If you use the Professional Management option, you will not be able to make investment changes to your account as an investment advisor will be doing this for you. Under the Professional Management program, your ESOP fund under the Thrift Plan will be fully liquidated upon enrollment in the Professional Management program. Therefore, if you wish to retain your interest in the ESOP fund, you should not enroll in Professional Management program at this time.

Vesting

Being “vested” means you are entitled to your entire account balance under the Thrift Plan (your contributions and any matching contributions).

You are 100% vested in your account balance under the Thrift Plan. Your account balance includes before-tax contributions, after-tax contributions, Roth elective deferrals, matching contributions, rollover contributions, amounts transferred to the Thrift Plan from other Employer qualified plans, and associated earnings.

Amounts that you elect to transfer from the Cash Balance Pension Plan will vest under the Thrift Plan according to the Cash Balance Pension Plan’s vesting schedule. See [page 9](#) for more information.

Taking a Loan or Withdrawal from Your Account

The Thrift Plan is primarily designed to be a long-term savings and investment vehicle - giving you an additional source of retirement income. There may be times, however, when you need to make a withdrawal from the Thrift Plan while you are still an active employee. The availability of funds and tax implications for withdrawal depends on your Thrift Plan contributions. Withdrawals of before-tax contributions and Roth elective deferrals are more restricted than withdrawal of after-tax contributions. You cannot withdraw any amounts that you transfer from the Cash Balance Pension Plan until you terminate employment.

After-Tax Contributions and Employer Matching Contributions

You may withdraw part or all of the value of your own after-tax contributions (including their earnings) and the matching contributions and their associated earnings at any time. The withdrawal must be for at least \$200 (unless such withdrawal is 100% of the current value of this portion of your Thrift Plan account).

If you withdraw any of your after-tax contributions and/or matching contributions that have not been in the Thrift Plan for at least 24 months, future matching contributions to your Thrift Plan account will be suspended for three months. If you are not receiving matching contributions at

the time of the withdrawal of your after-tax contributions and/or matching contributions that have not been in the Thrift Plan for at least 24 months, you will not be permitted to make contributions to the Thrift Plan for three months. This means that if you are a Pension Plan participant whose matching contributions are suspended for the period beginning with the first payroll beginning after January 2010 and ending with the first payroll after January 1, 2012, and you elect to withdraw after-tax contributions and/or matching contributions that have not been in the Thrift Plan for at least 24 months, you will not be permitted to make contributions to the Thrift Plan for three months.

Before-Tax Contributions

Age 59½ In-Service Withdrawal

If you are at least age 59½, you can withdraw part or all of your account balance except amounts invested in the PCRA and amounts transferred from the Cash Balance Pension Plan. The minimum withdrawal you may make is the lesser of:

- \$200; or
- 100% of the current value of your Thrift Plan account balance excluding:
 - Cash Balance Pension Plan contributions; and
 - PCRA balances.

Please note that there may be adverse tax consequences of withdrawing your Roth elective deferrals before they have been in the Thrift Plan for at least 5 years. For more information or to initiate a withdrawal, log on to *Your Benefits Resources* or call Benefits Express.

Hardship Withdrawals

Regardless of your age, if you are actively employed by an Employer, you may withdraw before-tax contributions, Roth elective deferrals, after-tax contributions (subject to certain restrictions), and matching contributions, from the Thrift Plan to satisfy an immediate and heavy financial hardship - up to the amount required to meet your financial needs. The request for withdrawal must be to pay for:

- Uninsured and unreimbursed medical expenses incurred by you, your spouse or your eligible dependents (as defined by the IRS);
- Costs directly related to the purchase of your primary residence (not a second home or investment property and not for mortgage payments);
- Unpaid education and related fees for the next 12 months of post-secondary education for yourself, your spouse, or your children and your other eligible dependents (as defined by the IRS) (cannot be used to repay student loans);
- Prevention of foreclosure on the mortgage of your home or eviction from your primary residence;

- Burial or funeral expenses for your deceased parents, spouse, children or other dependents (as defined by the IRS);
- Expenses for the repair of damages to your principal residence that would qualify for the casualty deduction under Section 165 of the Internal Revenue Code of 1986, as amended (the “Code”) (determined without regard to whether the loss exceeds 10% of your adjusted gross income).

After you take a hardship withdrawal, you will not be able to make contributions to the Thrift Plan for 6 months. **After your suspension, you will have to log on to *Your Benefits Resources* or call Benefits Express to re-enroll in the Thrift Plan.**

Before your request for a hardship withdrawal can be processed, you must use any other funds that may be reasonably available to you (e.g., Thrift Plan loans and withdrawal of after-tax savings in the Thrift Plan). The Plan Administrator or its delegatee has the sole and final authority to determine whether a hardship exists, whether a hardship withdrawal will be permitted, and the amount needed to alleviate the hardship based on the documentation provided.

Hardship withdrawals are processed each business day. To initiate a withdrawal, log on to *Your Benefits Resources* or call Benefits Express. You will receive a check for the amount of your withdrawal as soon as administratively possible. **Please note:** Amounts allocated to your account from the Cash Balance Pension Plan are not available for hardship withdrawals.

If you have a portion of your Thrift Plan balance in the PCRA and need to access these funds for withdrawal, you must first transfer them back to one of the core funds.

A Note on Taxes

The amount of your hardship withdrawal is taxable income (except for the amount attributable to after-tax contributions). If you withdraw funds before you reach age 59½, you also may be subject to a 10% tax penalty. You cannot rollover your hardship withdrawal to an IRA or another employer’s plan.

Please note that there may be adverse tax consequences of withdrawing your Roth elective deferrals before they have been in the Thrift Plan for at least 5 years.

For more details, see *Tax Treatments of Plan Benefits* on [page 35](#) and consult your tax advisor.

Loans

While you are actively employed, you may be eligible to take loans from the Thrift Plan. The Thrift Plan limits the amount you can borrow as a loan to:

- A minimum of \$1,000; and
- The lesser of 50% of your account balance minus any outstanding loans or \$50,000 minus your highest outstanding loan balance in the past twelve months.
- Only one new loan during a calendar year is permitted, and you cannot have more than two outstanding loans at any time.

In determining the amount you have available for a loan, the value of your entire account will be considered, including your ESOP fund. However, no amount will be loaned directly from your (i) ESOP fund, (ii) allocations from the Cash Balance Pension Plan, and (iii) PCRA. If you need to access the money held in the PCRA for a loan, you will first have to transfer the amount needed to one of the core funds.

Repaying the Loan

You can take from 12 to 60 months to repay your loan. You will repay the principal and interest through after-tax payroll deductions in equal bi-weekly or weekly installments (depending on your payroll frequency). You can make a lump sum repayment at any time to repay your loan in whole or in part.

The interest rate charged on any loan will be the prime rate as published by JP Morgan Chase Bank as of the first day of the quarter in which the loan was taken.

Loan repayments, including interest, are invested in the same funds and at the same percentage as your current contributions. If you are not contributing to the Thrift Plan at the time of your loan repayments, your repayments will be invested based on your last investment election. Interest you pay on a loan is taxable earnings when you eventually withdraw the money.

If you are on an unpaid military leave, your loan repayments will be suspended during this leave. Upon a return to employment, your loan will re-amortized. Interest will continue to accrue on your loan while you are on military leave.

If you are on an approved unpaid leave of absence (other than military), your loan repayments will be suspended until the earlier of (i) the expiration of the term of the loan, or (ii) 12 months. If the term of your loan has not expired while you are on leave, upon a return to active employment, your loan will be re-amortized over the remaining term of the loan.

Log on to *Your Benefits Resources* or contact Benefits Express for an Early Repayment Notice or other loan payoff information. Early loan repayments are processed on a monthly basis.

If you terminate employment, you must pay off all loan balance(s) within 60 days. Otherwise, any outstanding loan amounts will be treated as deemed distributions and your Thrift Plan account balance will be offset by the amount of the deemed distributions. Deemed distributions are subject to applicable taxes and early withdrawal penalties.

If You Fail to Make Loan Payments

If you are actively employed and fail to make your loan payments, you have until the end of the quarter following the quarter in which the first payment was missed to bring your account up to date (including payment of interest). If you do not resume payments, including paying all missed amounts, by the end of this grace period, the loan is defaulted and treated as a deemed distribution. The amount of your outstanding loan balance, including interest, will be treated as taxable income for the year in which the deemed distribution occurs. You will receive a Form 1099-R the following January which will reflect the amount of the taxable income.

If you have a current loan in default and wish to apply for a second loan, you must pay back the first loan plus interest before you are eligible to take another loan.

PCRA Withdrawals

Any balance you have allocated to the PCRA, although used in factoring the amount you have available for transaction in-service withdrawal or loan, cannot be used directly to fund in-service withdrawals or loans. To make this money available for a loan or an in-service withdrawal, you first must transfer the amount to the core fund options. This may require the sale of securities held in the PCRA. It could take as long as four days to transfer assets from the PCRA into the core fund since individual stocks take three business days to settle.

ESOP Withdrawals

If you have a balance in the ESOP fund at any time, you may withdraw it in the form of cash or stock. You must withdraw 100% of your balance in the ESOP fund. Partial withdrawals from the ESOP fund are not allowed.

Receiving Your Benefit

When Your Benefit Is Paid

You are eligible to receive your account balance from the Thrift Plan when you:

- Turn age 59½;
- Terminate employment;
- Become disabled (you are considered disabled when any physical or mental condition renders you incapable of performing further work, as certified in writing by your physician and approved by the Plan Administrator or its delegee;
- Retire; or
- Are laid off (you are involuntarily terminated because of a reduction in work force at a time when there is no further work available with your Employer).

To receive benefits from the Thrift Plan, you must contact Benefits Express at 1-800-571-0400 and follow the voice recognition prompts to speak with a representative.

How Your Benefit is Paid

If at the time you terminate employment, your account balance is more than \$1,000, there are several forms of distribution available to you.

- You may elect a total distribution of your account at any time. Such amount will be paid in a lump-sum payment. (subject to Federal income tax withholding as described later).
- You may elect a partial distribution of your account at any time. The minimum amount of any partial distribution shall be \$200. You must specifically request a distribution from your ESOP fund (and such withdrawal must be 100% of your ESOP fund).

- If at the time your employment ends, you are retirement eligible, an additional payment option is available to you. You may elect to receive your distribution in quarterly or annual installment payments for up to 10 years. Installment payments are subject to certain minimum amounts payable depending on how you choose to receive the installments:

You are considered to be retirement eligible when your employment ends (for reasons other than death) if you (1) are at least age 65 (normal retirement age) or older; (2) are a participant in the Pension Plan and your age and service equal or exceed 80; (3) are a participant in the Cash Balance Plan or in the Cash Balance Plan for Represented Employees, and are least age 55 with at least 5 years of service; or (4) are eligible for a disability pension benefit under the Pension Plan.

- If a portion of your Thrift plan account consists of money transferred from the Arden, Fluidics, or U.S. Energy Partners Plan, you have the following additional forms available to you for the portion of your Thrift Plan account that is attributable to your transferred Arden, Fluidics, or U.S. Energy Partners Plan account:
 - Payable at least annually over any number of years as you specify (such period cannot extend beyond your life expectancy or the joint life expectancies of yourself and your beneficiary);
 - Monthly, quarterly, or annual installments for a period not to exceed 10 years.
- If a portion of your Thrift Plan account consists of money transferred from the U.S. Energy Partners Plan, you have the following additional forms available to you for the portion of your Thrift Plan account that is attributable to your transferred U.S. Energy Partners Plan account:
 - 50% or 100% Joint and Survivor Annuity; or
 - Single Life Annuity.

In the case of any lump-sum cash payment from the Thrift Plan (other than hardship withdrawals), you may elect to have any whole shares of Enterprise Common Stock held in the Enterprise Common Stock Fund and/or your ESOP fund distributed in kind (fractional shares will be paid in cash).

In addition, if you choose to receive the value of your account as a lump-sum cash payment, you may choose to have the distribution paid to you or to have the distribution rolled over to another employer's plan or an IRA. If the distribution is paid directly to you, 20% will be withheld for Federal income taxes. If you receive your share of the Enterprise Common Stock Fund or the ESOP fund, shares will be withheld for taxes.

If you choose to roll over the taxable value of your account directly to another employer's qualified plan or IRA, no taxes will be withheld from the portion you are rolling over. If you

receive your share of the Enterprise Common Stock Fund or the ESOP, whole shares may be rolled over, if the receiving plan will accept them, and fractional shares will be treated as cash.

You can elect an in-kind distribution (the underlying assets and not cash are distributed) of the portion of your account that is invested in the PCRA, provided that you directly roll over the in-kind distribution to an IRA maintained by the vendor that administers the in-kind. You should check with the vendor that it will accept the in-kind distribution.

Payment of Small Amounts

If your account balance is \$1,000 or less at the time you terminate employment, you will receive a lump-sum distribution of your entire account balance. You cannot defer this payment, but you may have it directly rolled over to an IRA or another employer's qualified plan. To do so, you must call Benefits Express within 60 days of terminating employment.

If payment is made in a lump sum and you do not elect a direct rollover to another plan or IRA, 20% of your taxable distribution will be withheld for Federal income taxes. Please consult your tax advisor for further information.

Distributions upon Death

If you should die prior to the distribution of your entire account balance under the Thrift Plan, your beneficiary is eligible to receive your remaining account balance in a lump sum.

If your beneficiary is your surviving spouse (not a same sex marriage), your surviving spouse may elect to have your account balance paid to him or her, or rolled over to another qualified plan or an IRA.

If your beneficiary is someone other than a surviving spouse (not a same sex marriage), your beneficiary may elect to have your account balance paid to him or her or rolled over to an inherited IRA.

If your beneficiary elects to have your account balance paid to him or her, 20% will be withheld for Federal income tax.

If you do not name a beneficiary, or if your named beneficiary predeceases you, your account balance will be paid to your surviving spouse, and if none, to your estate.

If upon your death, you are receiving installment payments, the remainder of your Thrift Plan account will be paid to your beneficiary in a lump-sum cash payment.

If you die prior to the complete distribution of your account consisting of Arden, Fluidics, or U.S. Energy Partners Plan money, your beneficiary may elect to receive such portion of your account either in installment payments as described on [page 32](#) for participants with Arden, Fluidics, or U.S. Energy Partners Plan money in their Thrift Plan accounts or in a lump-sum payment.

Minimum Distributions

If your employment with all Employers has ended, you must begin to receive distributions from your account under the Thrift Plan no later than April 1 of the calendar year following the

calendar year in which you reach age 70½. These payments are referred to as “minimum distributions” and the date by which such payments must commence (the April 1 of the calendar year following the calendar year in which you turn 70½) is referred to as the “required beginning date.”

You must affirmatively elect to receive each annual minimum distribution payment at the required beginning date. If in any year you fail to elect a minimum distribution payment, your entire account balance will be distributed to you.

If a Claim Is Denied

Your Employer will make every effort to resolve disagreements quickly and informally. However, the Thrift Plan has formal procedures in place should you need to appeal a 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, or its delegee, receives the claim. If the Plan Administrator, or its delegee, requires additional time to decide your claim, you will receive notice of the extension and a decision will be made within 180 days of the date that your claim was received.

The written notification of the denial of your claim will include the reasons for denial with reference to the specific Plan provisions on which the denial is based, a description of any additional information needed to perfect your claim, an explanation of the claims review procedure, and a statement that following a denial of an appeal, you have the right to bring suit under Section 502 of ERISA.

Within 60 days of receiving the written notice of the denial of your claim from the Plan Administrator, or its delegee, 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 07102-1171

Your appeal must include the reason for your appeal and documents or records that support your appeal. You, your beneficiary, or your representative has the right to review relevant documents relating to your claim.

Your appeal will be considered by the Employee Benefits Committee. Within 60 days of its receipt of your appeal to the Employee Benefits Committee, you will receive a written response to your appeal. If the Employee Benefits Committee requires additional time to decide your appeal, you will receive notice of the extension and a decision will be made within 120 days of the date that your appeal was received.

The written notification of the denial of your appeal will include the reasons for denial with reference to the specific Plan provisions on which the denial is based, and a statement that following a denial of an appeal, you have the right to bring suit under Section 502 of ERISA.

The decision of the Employee Benefits Committee following this review is final.

Choosing Your Beneficiary

If you are single, you may name anyone you wish as your beneficiary. If you are married, your spouse is automatically your beneficiary. If you elect someone other than your spouse as beneficiary, your spouse must provide a written, notarized consent.

Same-sex domestic partners must be named and are not automatic beneficiaries. Written consent to designate someone other than the same-sex domestic partner does not apply.

If you do not name a beneficiary, or if your named beneficiary predeceases you, your account balance will be paid to your surviving spouse, and if none, to your estate.

You may change your beneficiary at any time by logging on to *Your Benefits Resources* or by calling Benefits Express.

Situations Affecting Your Benefits

If You Transfer to an Affiliate Company

If you transfer to another PSEG Company, you will not be considered to have terminated your employment for purposes of the Thrift Plan, even if your new Employer does not participate in the Thrift Plan. If your new Employer does not participate, you can reallocate your account among the available investment options and make in-service withdrawals, but you cannot make contributions or take loans.

Withdrawals, Distributions, and Rollovers

Tax Treatments of Plan Benefits

When you participate in the Thrift Plan, you pay no income taxes on your before-tax contributions as long as they remain in the Thrift Plan. You also pay no income taxes on matching contributions, allocations from the Cash Balance Pension Plan, or on any earnings when they are credited to your account. You will not owe any taxes on withdrawals or of your after-tax savings, but you will owe taxes on their earnings upon withdrawal.

When you withdraw tax-deferred money (the value of your account less after-tax contributions and Roth elective deferrals (including earnings)), the amount of the withdrawal (or distribution) is treated as taxable income subject to income tax unless you elect a direct rollover.

If you are not at least age 59½ at the time of the withdrawal or distribution, you may be subject to a 10% early withdrawal tax. However, the 10% early withdrawal tax does not apply if the withdrawal or distribution is made under certain circumstances, including:

- Your death;
- Your disability;
- Your retirement or termination in or after the year in which you turn age 55;
- To pay for unreimbursed medical expenses in excess of 7½% of your annual pay; or
- Withdrawal for any reason after age 59½.

Additionally, if the distribution is rolled over to an IRA or another employer's plan (as described earlier), taxes are deferred until a later time.

There may be adverse tax consequences of withdrawing your Roth elective deferrals before they have been in the Thrift Plan for at least 5 years.

As mentioned in the section entitled *Receiving Your Benefit* on page 31, when you receive a taxable eligible rollover distribution, 20% of the amount of distribution is withheld for Federal income taxes unless you elect a direct rollover.

If it is not mandatory based on your state of residence, you also may elect to have state withholding tax taken from your withdrawal or distribution. To do so, you can contact a Benefits Express representative or you can make the election online at the time a withdrawal or distribution is made.

Direct Rollovers of a Distribution

As an alternative to receiving a lump-sum distribution, you elect a direct rollover and defer taxes. A rollover occurs when you transfer part or all of your distribution from the Thrift Plan to an IRA or another employer's plan that accepts rollovers. If you choose to roll over your distribution, you will receive a check payable to the trustee of the other plan or the IRA custodian. You are responsible for delivering this check to the other plan or the IRA.

Similar rules apply to eligible rollover distributions to beneficiaries and alternate payees under a QDRO. A surviving spouse or an alternate payee who is a former spouse may choose to have a distribution rolled over into another employer's plan or an IRA. A non-spouse beneficiary may elect to have a distribution directly rolled over to an inherited IRA.

Participant Rollovers of a Distribution

If your distribution is paid directly to you, you can roll over all or a part of the distribution to another employer's plan or to an IRA. You have 60 days from the date that you receive the distribution to complete the rollover and avoid tax penalties. Also, if you elect this option instead of the direct rollover option, 20% will be withheld for Federal income taxes despite the fact that you will owe no taxes on the amounts rolled over.

For tax questions, please consult with your personal tax advisor.

Additional Information

Top-Heavy Provisions

A plan is considered “top-heavy” when 60% or more of the benefits from the plan are payable to certain highly paid or “key” employees. It is unlikely that the Thrift Plan will ever become top-heavy, but if it does, certain additional, minimum benefits will be provided.

A more detailed explanation of these provisions will be provided if and when the Thrift Plan becomes top-heavy.

Plan Benefits Not Insured

All of the assets of the trust fund are allocated to the individual accounts of the Thrift Plan participants. Therefore, the Thrift Plan is not eligible for the benefit insurance coverage provided by the Pension Benefit Guaranty Corporation (“PBGC”).

No Right to Employment

Being a participant in the Thrift Plan does not give you the right to continue employment with your Employer, nor is it a guarantee that contribution levels will remain unchanged in future years.

No Implied Promises

Nothing in this document says or implies that participation in the Thrift Plan is a guarantee of continued employment with your Employer or any PSEG company.

Non-Assignment of Benefits and Qualified Domestic Relation Orders (QDRO)

Interest in your account under the Thrift Plan cannot, by you or your Employer, be sold, used as collateral for a loan, given away, otherwise transferred, garnished, or attached by creditors except as provided for by law.

An exception to this rule is a QDRO. A QDRO is a court order based on state domestic relations laws for child support, alimony payments or marital property rights that may provide for payment of a portion of your benefit to another person. As soon as you become aware of any court proceedings that might affect your Thrift Plan account, please contact the Plan Administrator. See below for Plan Administrator information.

You may request a copy of the QDRO procedures, without charge, from Benefits Express.

Payment to a Legal Representative

If you (or your beneficiary) are unable to care for your own affairs, any payments due may be paid to someone who legally is authorized to conduct your affairs.

Administrative Information

Plan Name and Number

The Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan – 004.

Plan Type

The Thrift Plan is a profit sharing plan with cash or deferred arrangement. The Thrift Plan is intended to constitute a plan described in section 404(c) of ERISA, and the regulations thereunder. The fiduciaries of the Thrift Plan may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by a participant or beneficiary.

Employer Identification Number

22-2625848.

Plan Sponsor and Administrator

The Thrift Plan is sponsored by Public Service Enterprise Group Incorporated and certain of its affiliate companies for employees of participating affiliate companies. A complete list of the affiliate companies participating in the Thrift Plan may be obtained by participants and beneficiaries upon written request to the Plan Administrator, and is available for examination by participants and beneficiaries as required under ERISA. See [Your Rights under ERISA](#) on [page 40](#). The address of the Thrift Plan sponsor is as follows:

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

Employee Benefits Committee

The Employee Benefits Committee is the named fiduciary and Plan Administrator of the Thrift Plan. The Employee Benefits Committee will adopt rules and procedures that are necessary to administer the Thrift Plan. The Employee Benefits Committee may retain vendors to assist with the administration of the Thrift Plan and consult with counsel. When performing their duties, the members of the Employee Benefits Committee will act solely in the interest of the participants in the Thrift Plan and their beneficiaries.

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

Recordkeeping Services

To the extent not paid by an Employer, recordkeeping and Plan Trustee fees related to the operation of the Thrift Plan are charged to the Thrift Plan trust fund.

Agents for Service of Legal Process

Legal process concerning the Thrift Plan may be served on the Corporate Secretary of PSEG at the following address. In addition, legal process may be served on the Thrift Plan Trustee or 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 Thrift Plan are kept on a calendar-year basis; that is, January 1 through December 31.

Plan Funding

The Thrift Plan is funded with employee and Employer Contributions.

Plan Trustee

The Thrift Plan Trustee is The Bank of New York Mellon and their address is:

The Bank of New York Mellon
111 Sanders Creek Pkwy
East Syracuse, NY 13057

Trust Fund

All contributions made to the Thrift Plan on behalf of participants shall be held in the Thrift Plan trust. The ESOP fund is held under the trust.

The Bank of New York Mellon is the Thrift Plan's trustee pursuant to the Master Employee Benefits Trust Agreement between the Bank of New York Mellon and PSEG.

The Trustee is responsible for investment and management of the ESOP fund and the Enterprise Common Stock Fund.

You may obtain copies of the Master Employee Benefits Trust Agreement from:

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

Service Center

Benefits Express processes all Thrift Plan transactions. The address is:

Benefits Express (PSEG)
100 Half Day Road
Lincolnshire, Illinois 60069-3242
1-800-571-0400

Additional Information about Public Service Enterprise Group Incorporated

A copy of PSEG's most recent Annual Report to Stockholders has been furnished to each participant in the Thrift Plan. PSEG will promptly furnish, without charge, an additional copy of the annual report as well as all reports filed by PSEG with the Securities Exchange Commission to any employee who requests it by writing to:

Public Service Enterprise Group, Inc.
Director, Investor Relations
80 Park Plaza, T-6B
P.O. Box 1171
Newark, NJ 07101-1171

Each participant with a balance in the ESOP fund or the Enterprise Common Stock fund will receive copies of all future annual reports, proxy statements, and other communication furnished to PSEG stockholders generally.

Plan Amendment and Termination

PSEG and its participating affiliating companies expect to continue the Thrift Plan. However, PSEG reserves the right, subject to contracts to which they are party, to amend, modify, or terminate the Thrift Plan at any time and for any reason. .

After all benefits have been paid and other requirements of the law have been met, any remaining Thrift Plan assets will be, at the discretion of your Employer, either used to purchase benefits, distributed to Plan participants, or reverted to your Employer in accordance with the rules and regulations promulgated under ERISA and the Code.

Your Rights under ERISA

As a participant in the Thrift 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—all Plan documents. These may include insurance contracts and copies of all documents filed by the Thrift Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefit Security 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 make a reasonable charge for these copies.

- Review a summary of the Thrift 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.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Thrift Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Thrift Plan. The people who operate the Thrift 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 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 rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, 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 that is denied or ignored—in whole or in part—after final review, you may file suit in a State or Federal court.
- In addition, if you disagree with the Thrift Plan’s decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in a Federal court.
- If it should happen that Plan fiduciaries misuse the Thrift Plan’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, for example, if it finds your claim frivolous.

Assistance with Your Questions

If you have any questions about the Thrift Plan, 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 Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security 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 Employee Benefits Security Administration.

FUND PERFORMANCE

The information below reflects how the investment options under the Thrift Plan have performed over a specific time period. Average annual returns are as of July 31, 2011.

	1 Year	3 Years	5 Years
Mixed Portfolios			
Conservative Portfolio	10.50%	4.70%	4.40%
Moderate Portfolio	13.70%	4.50%	4.20%
Aggressive Portfolio	17.40%	4.30%	3.90%
Stable Value			
Stable Value	3.70%	3.70%	4.10%
Bond			
Diversified Bond	4.50%	6.30%	5.80%
Large-Cap Equity			
Large Company Stock Index	19.60%	2.90%	3.60%
Mid-Cap Equity			
Mid-Cap Index	25.20%	6.50%	4.80%
International Equity			
Institutional Developed Markets Index	16.90%	-0.90%	-0.20%
Small-Cap Equity			
Small-Cap Index	25.30%	7.30%	5.50%
Company Stock			
Enterprise Common Stock	3.40%	-4.00%	2.90%
ESOP	3.80%	-3.90%	3.60%
Target Retirement			
Target Retirement Income	10.30%	6.00%	5.90%
Target Retirement 2010	12.90%	5.30%	5.10%
Target Retirement 2015	13.90%	5.10%	4.80%
Target Retirement 2020	14.80%	4.70%	4.50%
Target Retirement 2025	16.00%	4.30%	4.10%
Target Retirement 2030	17.20%	3.90%	3.80%
Target Retirement 2035	18.40%	3.70%	3.60%
Target Retirement 2040	18.30%	3.80%	3.70%
Target Retirement 2045	18.30%	3.70%	3.60%
Target Retirement 2050	18.40%	3.80%	3.70%

Past results are not a guarantee of future performance. The value of investments will fluctuate and is not guaranteed. All investments are subject to certain risks.