

**Short Term Disability Benefits Program for
Benefits 2000 Participants**

October 2005

Contents

Topic	Page
Introduction.....	1
Who Is Eligible	2
Receiving Your Benefit	3
When Your Disability Begins.....	4
During Your Disability Leave	5
When Your Disability Ends	5
Family and Medical Leave Act.....	6
Claim Denial and Appeal Procedures	6
Administrative Information	7

Every effort has been made to provide you with clear, accurate, understandable information about the Short Term Disability (STD) Benefits Program.

This is a description of the program under current law. Because laws are subject to change, the program also may change.

While the Company intends to continue the program described in this summary, it reserves the right to end, suspend, or amend it at any time, in whole or in part. Should this happen, you will be notified. 10/10/2005

Introduction

Occasionally, an illness or injury keeps you from work. Unfortunately, your day-to-day expenses continue—even while you are away from work. To help you meet those financial obligations, the Company provides you with short term disability benefits. The Short Term Disability Benefits Program (“STD Benefits Program”) provides pay if illness, pregnancy, an injury unrelated to employment, or a work-related injury not covered by Workers’ Compensation prevents you from working.

The STD Benefits Program is provided automatically at no cost to you. If you are a non-represented employee, you are eligible for full-pay benefits as of your hire date. If you are a represented employee, you are eligible for pay benefits after you have completed two years of services.

When your STD benefits end, additional benefits may be available at the State Plan Rate. If you qualify, you will receive a portion of your pay, up to a maximum that changes each year.

Additional Resources

If you have any questions regarding the STD Benefits Program, there are resources available to help you:

- The *Your Benefits Desktop* website contains information on the STD Benefits Program. To access *Your Benefits Desktop*, go to www.pseg.com/benefits.
- The Business Center—Employee Services is available to answer disability questions. Call 1-800-571-0400 and follow the voice recognition prompts to speak with a Business Center—Employee Services representative.
- For information on the State Plan Rate benefits, see the posting on the official Employer bulletin board at your facility.

Who Is Eligible

Non-Represented Employees

If you are a non-represented employee, you are eligible for full-pay benefits as of your hire date if you:

- Were hired by PSEG on or after January 1, 1996 and non-represented affiliate employees hired after January 1, 1997;

And

- Are scheduled to work at least 20 hours per week;

And

- Were not hired to work on a temporary or limited basis.

Represented Employees (Not Including PSEG Power CT)

You are eligible for full pay benefits after two years of employment if you are a permanent, represented employee hired, acquired, or made permanent by:

- PSEG Power LLC between January 1, 1997 and April 31, 2005;

Or

- PSEG Power NY between May 1, 2000 and October 31, 2005;

And

- Are scheduled to work at least 20 hours per week;

And

- Were not hired to work on a temporary or limited basis.

You are eligible for 95% pay benefits after two years of employment if you are a permanent, represented employee hired, acquired, or made permanent by:

- PSEG Power LLC on or after May 1, 2005;

Or

- PSEG Power NY on or after November 1, 2005;

And

You are *not* eligible for disability benefits if you:

- Receive (or are eligible to receive) unemployment compensation or similar benefits under any State or Federal law;
- Receive (or are eligible to receive) benefits under a cash sickness benefit or similar law of any State, other than New Jersey or the Federal government;
- Receive (or are eligible to receive) benefits under any Workers' Compensation law, occupational disease law, or similar legislation of any State or the Federal government (other than for permanent, partial disability previously incurred). If you receive these benefits at the same time that you receive payments under the STD Benefits Program, you must return any payment made under this Plan;
- Are disabled by an intentional, self-inflicted injury or by an injury you receive while committing a crime in the first, second, or third degree;
- Are disabled by war or an act of war, declared or undeclared;
- Are disabled during any period when confinement in a penal or correctional institution occurs as the result of a criminal conviction or other offense;
- Receive pay for or profit from work, including any day you begin to work but do not complete it due to illness;
- Refuse to be examined by a legally licensed physician chosen by the Employer;
- Become ill while out of work due to a labor dispute;
- Are not under the care and supervision of a legally licensed physician;
- Refuse or fail to submit to a physical examination or promptly supply proper information about your condition;
- Refuse or fail to obtain reasonable medical treatment and other procedures requested by a legally licensed physician; or
- Refuse to deliver a signed Release of Medical Information Form.

- Are scheduled to work at least 20 hours per week;

And

- Were not hired to work on a temporary or limited basis.

Receiving Your Benefit

Generally, benefits are paid at the same time your salary would be paid if you were at work. The number of days of full pay for which you are eligible is based on your length of service with your Employer.

If your basic workweek is less than five days, your benefits are reduced proportionally. For example, a four-day workweek (eight hours per day) would entitle you to 80% of the days listed in the chart below.

Holidays are not considered days of disability. You will receive holiday pay rather than disability benefits for these days.

These charts show how long you can receive full-pay benefits under the STD Benefits Program, based on your years of service and represented status. Service includes all periods of employment with your Employer.

Non-Represented Employees

Service	Number of Working Days You Will Receive Pay
1 day but less than 1 year	11 days
1 year but less than 2 years	22 days
2 years but less than 4 years	44 days
4 years but less than 6 years	66 days
6 years but less than 8 years	88 days
8 years but less than 10 years	110 days
10 years or more	132 days

Represented Employees (Not Including PSEG Power CT)

Service	Number of Working Days You Will Receive Pay
2 years but less than 4 years	44 days
4 years but less than 6 years	66 days
6 years but less than 8 years	88 days
8 years but less than 10 years	110 days
10 years or more	132 days

If you have received any benefits under the STD Benefits Program during the 12 months preceding the first day of an absence, subtract that number of days from those shown on the chart that applies to you. However, any benefits paid to you under the State Plan Rate during the 12 months prior to your current illness will not affect your pay benefits under this Plan.

State Plan Rate Benefit

If you are disabled and not eligible to receive pay benefits under the STD Benefits Program, you may be able to collect benefits at the State Plan Rate. This benefit can pay up to two-thirds of your average, weekly pay, subject to a maximum that changes each year. The maximum benefit amount is posted on official Employer bulletin boards at each facility. State Plan Rate benefits are generally available for up to 26 weeks. To be eligible, you must have worked at least 20 out of the preceding 52 weeks, or have earned \$5,200 during that period with any employer.

If your pay benefits under the STD Benefits Program are payable for less than 26 weeks and you remain disabled, you may be eligible to receive State Plan Rate benefits until the end of that time period.

Under State law, the total benefits paid to you annually at the State Plan Rate cannot exceed one-third of your total annual wages.

When you receive State Plan Rate benefits, you do not receive benefits for the first seven days of your disability. If your disability extends beyond 21 days, you will be paid for the first seven days of disability retroactively.

If You Receive Other Benefits

Your STD benefits will be reduced dollar-for-dollar by any other benefits payable to you from a government or private retirement pension or permanent disability benefits/allowance program to which your Employer has contributed on your behalf.

Special Benefits Extensions

If you become disabled within 14 days of terminating your employment or going on a leave of absence and are not covered under another employer's plan, you may be eligible to receive benefits under the STD Benefits Program at the State Plan Rate.

When Your Disability Begins

Once your absence due to disability begins, or when you anticipate it beginning (for example, after scheduled surgery), notify your manager or supervisor. Your manager or supervisor will then have information sent to you. Once you receive this information, you must:

1. Complete the Authorization for Release of Medical Information Form. This information will help in gathering medical documentation from your health care providers.

2. Mail the form to:

PSEG Disability Benefits Plan
80 Park Plaza, T-2C
P.O. Box 1171
Newark, NJ 07101-1171

A postage-paid, pre-addressed envelope should be included in the information sent to you.

3. Inform your physician/health care provider that in some circumstances your Employer may contact him or her to obtain additional medical information. However, it is your responsibility to provide the Employer with the appropriate medical documentation to support your disability status.

4. Have your physician or health care provider fax the Attending Physician's Statement of Non-Occupational Illness/Injury Form to 973-621-2868 within three working days of when you receive the information on your disability benefits.

During Your Disability Leave

A Disability Nurse Case Manager may telephone you on behalf of your Employer from time to time during your disability. It is your responsibility to cooperate with the Case Manager and to ensure that your Employer receives the required medical information in a timely manner. If proper documentation is not provided to your Employer within the requested time, your manager or supervisor will be notified.

Throughout your leave, it is your obligation to have your medical provider supply your Employer with updated information confirming your disability status.

In addition, you may be required to:

- Prove that you visited a legally licensed physician on your first day of absence; and
- Submit to a medical exam at the PSEG Medical Department or with an Employer-designated physician, at your Employer's expense.

If you do not provide the necessary proof of disability or submit to a medical exam, you may be denied benefits.

Your Employer will keep your medical information confidential. The details of your medical condition will not be discussed with either your manager or supervisor—only your ability or inability to perform your work.

When Your Disability Ends

If it is determined that you are able to return to work for restricted duty or regular duty by your physician or health care provider, it is your responsibility to:

- Contact the Case Manager immediately at 1-877-445-0154; and
- Make sure that your physician or health care provider provides a return to work certificate on his or her letterhead stating:
 - You are released to return to regular duty; or
 - Any restrictions or limitations of your ability to perform your usual job duties and the estimated duration of those restrictions.

If a return to work examination is required, it will be scheduled at the PSEG Medical Department by the Case Manager. You will be notified by the Case Manager of the time and place for this examination.

Family and Medical Leave Act

The Family and Medical Leave Act of 1993 (FMLA) provides time off for you after the birth of a baby or placement with you of a child for adoption or foster care, to care for a seriously ill family member, or for your own personal illness. If you qualify, you may be eligible for up to six months off after the birth of a baby or placement with you of a child for adoption or foster care, or up to 12 weeks to care for a seriously ill family member or for your own personal illness. An FMLA leave is unpaid. However, depending on the circumstances of your absence, it may be covered by the FMLA in addition to the STD Benefits Program. In those instances, you may receive pay for a portion or all of your FMLA leave or you may be eligible for additional, unpaid leave. Paid sick days, which qualify for leave pursuant to the FMLA will be credited against your FMLA entitlement.

Please call 1-800-571-0400 and follow the voice recognition prompts to connect to the Business Center—Employee Services to discuss FMLA eligibility and the extent to which any unpaid leave has been reduced by the paid sick days which you have already received or are continuing to receive under the STD Benefits Program, from the first day of your current disability.

Claim Denial and Appeal Procedures

Your Company Employer will make every effort to resolve disagreements quickly and informally. However, the Plan has formal procedures in place should you need to appeal a Plan decision. You may appeal the carrier's decision through the Employee Benefits Committee.

You may submit a written request, asking that the Employee Benefits Committee reconsider your claim. Your request should be sent to:

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

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

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

Administrative Information

Plan Name and Type

The Short Term Disability Benefits Program is a “welfare benefit plan.”

Employer Identification Numbers

Employer	Employer Identification Number
Public Service Enterprise Group	22-2625848
Public Service Electric and Gas Company	22-1212800
PSEG Power LLC	22-3663480
PSEG Power New York Inc.	22-3692584
PSEG Power Midwest	22-3793974
PSEG Services Corporation	22-3690428
PSEG Energy Holdings	22-2983750
PSEG Resources	22-2625851
PSEG Global	22-2625846
PSEG International Services	22-3240433
PSEG Global USA	22-2982989
PSEG New Hampshire	02-0483084
PSRC II, INC.	51-0392786
PSEG U.S. Services	52-2168601

Plan Sponsor and Administrator

The STD Benefits Program is sponsored by your Employer. The program is administered through the Employee Benefits Committee and the Corporate Benefits Department. 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

The Employee Benefits Committee is responsible for establishing rules under which the STD Benefits Program is administered and for the transaction of business.

Agent for Service of Legal Process

Legal process concerning the STD Benefits Program may be served on the Employer’s Corporate Secretary at the following address. In addition, legal process may be served on the Plan Administrator:

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

Plan Year

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

Plan Funding

The Employer pays the full cost for your STD benefits.

Plan Amendment or Termination

PSEG and its participating affiliate companies expect to continue the STD Benefits Program. However, they reserve the right, subject to contracts to which they are party, to amend, modify, or terminate the Plan. The decision to do so may be due to changes in Federal or State laws, the requirements of the Internal Revenue Code, or the Employee Retirement Income Security Act of 1974 (ERISA), or any other reason. PSEG and its participating affiliates specifically reserve the right to alter, amend, increase, decrease, or terminate such benefits to the full extent as permitted by law at any time, in their sole discretion. If PSEG and its participating affiliate companies change or end the Plan, they may decide to set up a different plan providing similar, identical, or lesser benefits.

If the STD Benefits Program is terminated, you will not have any further rights—other than the payment of benefits for expenses incurred before the Plan was terminated. The amount and form of any final benefit you or your beneficiary(ies) receives will depend on any contract provisions affecting the Plan, and the Plan sponsor's decisions.