

**The Pension Plan of
Public Service Enterprise Group Incorporated
Summary Plan Description**

Public Service Enterprise Group Incorporated

April 1, 2012

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Introduction

Public Service Enterprise Group Incorporated (“PSEG”) maintains the Pension Plan of Public Service Enterprise Group Incorporated (the “Pension Plan”) for the benefit of its eligible employees and eligible employees of its participating affiliates (PSEG and each participating affiliate is referred to as an “Employer”). The Pension Plan is designed to provide you with a monthly benefit for life that supplements Social Security benefits, other retirement income, and any other personal savings you have set aside for retirement.

This booklet is the summary plan description (“SPD”) for the Pension Plan. The SPD summarizes the key features of the Pension Plan as of April 1, 2012. The provisions of this SPD apply to participants who terminate employment on or after April 1, 2012. If you terminated employment prior to April 1, 2012, the provisions of the SPD in effect when you terminated from employment will apply.

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

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

Additional Resources

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

- The *Your Benefits Desktop* website contains information on how the Pension Plan works. The *Financial Planning* and *Retirement Planning* sections offer tools and information to help you plan your financial future and prepare for your retirement. To access *Your Benefits Desktop*, go to www.pseg.com/benefits.
- *Your Benefits Resources*[™] can be reached from the homepage of *Your Benefits Desktop*. *Your Benefits Resources* contains personalized information. You can estimate the value of your benefit under the Pension Plan.
- Benefits Express[™] can be reached by calling 1-800-571-0400 and following the voice recognition prompts. Benefits Express representatives are available during normal working hours Monday through Friday to answer benefit questions.

Participation in the Pension Plan

Who Is Eligible

You are eligible to participate in the Pension Plan if you are a:

- Non-represented employee hired by a participating PSEG company before January 1, 1996;
- Non-represented employee hired by PSEG Holdings before January 1, 1997; or

- Represented employee hired by a participating PSEG company before January 1, 1997.

If you were otherwise eligible to participate in the Pension Plan, you automatically became a participant on your date of hire.

If you were an employee of Niagara Mohawk Holdings, Inc. (“Niagara Mohawk”) on May 11, 2000, were accruing a benefit under the Niagara Mohawk Pension Plan as of May 11, 2000 and became an employee of the Company or an affiliate as of May 12, 2000, you became a participant in the Pension Plan on May 12, 2000. Please see Appendix A of this SPD for information regarding your benefit.

If you were a participant in the Wisvest Connecticut Pension Plan (“Wisvest Plan”) on December 1, 2002, were employed by Wisvest Corporation or one of its affiliates as of December 5, 2002, and became an employee of the Company or an affiliate on December 6, 2002, you became a participant in the Pension Plan on December 6, 2002. If you were a participant in the Wisvest Plan on December 5, 2002 and were working for Wisvest Corporation on such date, you became a participant in the Pension Plan to the extent of your transferred benefit. Please see Appendix B of this SPD for information regarding your benefit.

Vesting

Being “vested” means you are entitled to a benefit under the Pension Plan. You become vested in your benefit under the Pension Plan upon completion of five years of vesting service, or attainment of age 65 (your normal retirement age), if earlier.

You are credited with a year of vesting service for each 12-consecutive-month period in which you work at least 1,000 hours of service beginning on your date of hire and ending on your date of termination from employment. You are credited with 190 hours of service for each calendar month that you are paid for at least one hour. You receive credit for one hour of service for each hour that you are paid or are entitled to payment by your Employer, even if you are not technically at work. This includes time paid for:

- Vacations and holidays;
- Layoff and back pay;
- Illness or short-term disability; and
- Periods of absence while on jury duty or other periods while you are on an approved leave of absence.

However, you will not be credited with more than 501 hours of service for vesting purposes for any continuous period during which you perform no duties for your Employer for reasons set forth above.

If you are on a military leave of absence, you timely return to work with your Employer and you otherwise satisfy the requirements under the Uniformed Services Employment and Reemployment Rights Act (“USERRA”), you will be credited with the hours that you would have worked had you not been on military leave.

Your Benefit under the Pension Plan

Your benefit under the Pension Plan is determined by a formula. The formula used to determine your benefit depends on when you terminate from employment, whether you are a represented employee or a non-represented employee, a former participant in the Niagara Mohawk Pension Plan or a former participant in the Wisvest Plan. If you are a former participant in the Niagara Mohawk Pension Plan, please see Appendix A of this SPD for information regarding your benefit. If you are a former participant in the Wisvest Plan, please see Appendix B of this SPD for information regarding your benefit.

Your benefit is based on your final average earnings and years of credited service. The next few pages will describe what pay is taken into account under the Pension Plan, how final average earnings are calculated and how years of credited service are determined.

Eligible Pay

Eligible pay is used to determine final average earnings. The determination of final average earnings is discussed below under each of the benefit formulas.

If you are a non-represented employee, prior to March 1, 2010, eligible pay included the total amount of remuneration you received from your Employer. Beginning March 1, 2010, your eligible pay includes base salary, bonuses under the performance incentive plans (“PIP”), overtime (up to 20% of your base salary on a calendar year basis), and elective deferrals to a cafeteria plan, a qualified transportation plan and the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the “Thrift Plan”). Eligible pay does not include deferrals to a nonqualified deferred compensation plan, reimbursements for expenses, certain other incentive compensation awards (other than PIP) or other miscellaneous payments. Eligible pay also does not include amounts received under the Management Incentive Compensation Plan (“MICP”) or the Senior Management Incentive Compensation Plan (“SMICP”).

If you are a represented employee, eligible pay includes base wages or salary, amounts received under the shared savings program and elective deferrals to a cafeteria plan, a qualified transportation plan and the Public Service Enterprise Group Incorporated Employee Savings Plan (the “Savings Plan”). If you are represented by the Utility Workers Union of America Local 601 (“UWUA Local 601”), beginning January 1, 2012, the amount of overtime that will be taken into account for purposes of determining eligible pay is 10% of your base salary. Eligible pay does not include deferred pay, reimbursements for expenses, certain other incentive compensation awards (other than shared savings), or certain other miscellaneous payments.

Your eligible pay each year is limited by the Internal Revenue Service (“IRS”). The below chart reflects that IRS compensation limits for 1995 through 2012. If the compensation limit changes in the future, you will be notified.

<u>Year</u>	<u>Limit</u>	<u>Year</u>	<u>Limit</u>	<u>Year</u>	<u>Limit</u>
1995	\$200,000*	2001	\$200,000	2007	\$225,000
1996	\$200,000*	2002	\$200,000	2008	\$230,000
1997	\$200,000*	2003	\$200,000	2009	\$245,000
1998	\$200,000*	2004	\$205,000	2010	\$245,000
1999	\$200,000*	2005	\$210,000	2011	\$245,000
2000	\$200,000*	2006	\$220,000	2012	\$250,000

* If you were not credited with at least one hour of service on or after January 1, 2002, the limits for 1995 through 2001 are as follows:

<u>Year</u>	<u>Limit</u>	<u>Year</u>	<u>Limit</u>
1995	\$150,000	1999	\$160,000
1996	\$150,000	2000	\$170,000
1997	\$160,000	2001	\$170,000
1998	\$160,000		

If you are on military leave and otherwise satisfy the requirements under USERRA, upon a timely return to work to your Employer, the eligible pay that would have been credited under the Pension Plan while you are on military leave will be taken into account for purposes of determining your final average earnings. If you do not return to work after your military leave or you do not otherwise meet the requirements under USERRA, the eligible pay that would have been credited under the Pension Plan while you are on military leave will not be taken into account for purposes of determining your final average earnings.

Eligible pay that you may receive from your Employer while you are on military leave (differential pay) will be taken into account under the Pension Plan regardless of whether you return to work for your Employer following your military leave.

Year of Credited Service

Years of credited service means all of your periods of employment with your Employer commencing with your date of hire and ending when you terminate from employment. You are credited with one year of credited service for each consecutive twelve month period of employment. You will also receive credit for partial years.

If you are on an Employer-approved leave of absence, you will receive credited service for the period of time you are on leave. However, if you do not return to work at the end of the leave, credited service accrues to the earlier of the date you were supposed to return from leave or the first anniversary of the date your leave began. The last sentence will not apply to the extent you were paid by your Employer while on leave (in other words, you will receive credited service for the period you are on paid leave, up to two years, even if you do not return to work at the end of your approved leave).

If you are on military leave and otherwise satisfy the requirements under USERRA, upon a return to work to your Employer, your period of military leave will be taken into account for purposes of determining years of credited service. If you do not return to work after your military leave or you do not otherwise meet the requirements under USERRA, your period of military period will not be taken into account under the Pension Plan.

Benefit Formula – Non-Represented Employee - Date of Termination from Employment is Before January 1, 2012

Your benefit under the Pension Plan is determined under a 5-year final average pay formula.

Determination of Final Average Earnings

Final average earnings mean the average of your eligible pay during the five highest twelve-month periods before your termination date. The following example illustrates how final average earnings is determined.

Your date of hire is October 1, 1990 and your date of termination is December 31, 2009. Your eligible pay during the period January 1, 2000 through December 31, 2009 is as follows (assuming that your highest years of eligible pay are the last ten years of employment):

Period	Eligible Pay
January 1, 2009 – December 31, 2009	\$100,000
January 1, 2008 – December 31, 2008	\$95,000
January 1, 2007 – December 31, 2007	\$90,000
January 1, 2006 – December 31, 2006	\$85,000
January 1, 2005 – December 31, 2005	\$80,000
January 1, 2004 – December 31, 2004	\$75,000
January 1, 2003 – December 31, 2003	\$70,000
January 1, 2002 – December 31, 2002	\$65,000
January 1, 2001 – December 31, 2001	\$60,000
January 1, 2000 – December 31, 2000	\$50,000

Your five highest years of eligible pay are 2005 through 2009. Your final average earnings are equal to \$90,000 (((\$100,000 + \$95,000 + \$90,000 + \$85,000 + \$80,000) / 5).

Formula Used to Determine Benefits

Your accrued benefit under the Pension Plan is determined under the five-year average pay formula. You accrued benefit payable as a single life annuity at normal retirement age (age 65) is equal to:

$$\begin{aligned}
 &1.3\% \times \text{final average earnings up to } \$24,600 \times \text{years of credited service up to } 35 \\
 &\quad \text{Plus} \\
 &1.5\% \times \text{final average earnings over } \$24,600 \times \text{years of credited service up to } 35 \\
 &\quad \text{Plus} \\
 &1.5\% \times \text{final average earnings} \times \text{years of credited service over } 35.
 \end{aligned}$$

The following examples illustrate how your accrued benefit is calculated under the above formula.

Example 1 Assumptions		Example 2 Assumptions	
Retirement age:	65	Retirement age:	65
Years of Credited Service	35	Years of Credited Service	40
Final Average Earnings:	\$50,000.00	Final Average Earnings:	\$50,000.00
(a) 1.3% x \$24,600 x 35	\$11,193.00	(a) 1.3% x \$24,600 x 35	\$11,193.00
Plus		Plus	
(b) 1.3% x \$25,400 x 35	\$13,335.00	(b) 1.3% x \$25,400 x 35	\$13,335.00
Plus		Plus	
(c) 1.5% x \$50,000 x 0	0.00	(c) 1.5% x \$50,000 x 5	\$3,750.00
(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$24,528.00	(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$28,278.00
(e) Monthly Accrued Benefit [(d) ÷ 12]	\$2,044.00	(e) Monthly Accrued Benefit [(d) ÷ 12]	\$2,356.50

Benefit Formula – Non-Represented Employee - Date of Termination from Employment is After December 31, 2011

Your total benefit under the Pension Plan is the sum of (i) your benefit under the five-year final average pay formula determined as of December 31, 2011, and (ii) your benefit under the seven-year final average pay formula beginning on January 1, 2012. Your benefit under both the five-year final average pay formula and the seven-year final average pay formula is based on your final average earnings and years of credited service.

Determination of Final Average Earnings

Final average earnings under the 5-year final average pay mean the average of your eligible pay for the five highest twelve-month periods determined as of December 31, 2011.

Final average earnings under the seven-year final mean the average of your eligible pay beginning on January 1, 2012 during the seven highest 12-month periods determined as of your date of termination from employment. If you work less than seven years after December 31, 2011, your final average earnings under the seven-year final average pay formula will be based on your eligible pay during the period January 1, 2012 through date of termination.

The following example illustrates how final average earnings are determined under the 5-year final average pay formula.

Your date of hire is January 1, 1990 and your date of termination is December 31, 2020.

Your eligible pay during the period January 1, 2002 through December 31, 2011 (the date your accrued benefit was locked-in under the 5-year final average pay formula) is as follows (assuming that your highest years of eligible pay are the last ten years of employment through December 31, 2011):

Period	Eligible Pay
January 1, 2011 – December 31, 2011	\$105,000
January 1, 2010 – December 31, 2010	\$100,000
January 1, 2009 – December 31, 2009	\$100,000
January 1, 2008 – December 31, 2008	\$95,000
January 1, 2007 – December 31, 2007	\$90,000
January 1, 2006 – December 31, 2006	\$85,000
January 1, 2005 – December 31, 2005	\$80,000
January 1, 2004 – December 31, 2004	\$75,000
January 1, 2003 – December 31, 2003	\$70,000
January 1, 2002 – December 31, 2002	\$65,000

Your five highest years of eligible pay are 2007 through 2011. Your final average earnings under the five-year final average pay formula is equal to \$98,000 $((\$105,000 + \$100,000 + \$100,000 + \$95,000 + \$90,000) / 5)$.

Your eligible pay during the period January 1, 2012 through December 31, 2020 (the date your accrued benefit was locked-in under the 5-year final average pay formula) is as follows:

Period	Eligible Pay
January 1, 2020 – December 31, 2020	\$150,000
January 1, 2019 – December 31, 2019	\$145,000
January 1, 2018 – December 31, 2018	\$140,000
January 1, 2017 – December 31, 2017	\$135,000
January 1, 2016 – December 31, 2016	\$130,000
January 1, 2015 – December 31, 2015	\$125,000
January 1, 2014 – December 31, 2014	\$120,000
January 1, 2013 – December 31, 2013	\$115,000
January 1, 2012 – December 31, 2012	\$110,000

Your seven highest years of eligible pay after December 31, 2011 are 2014 through 2020. Your final average earnings is equal to \$135,000 $((\$150,000 + \$145,000 + \$140,000 + \$135,000 + \$130,000 + \$125,000 + \$120,000) / 7)$.

Formula Used to Determine Benefits

Your accrued benefit payable as a single life annuity at normal retirement age (age 65) is equal to the sum of a benefit determined under the five-year final average pay formula determined as of December 31, 2011 (Part A) and a benefit determined under the seven-year final average pay formula beginning as of January 1, 2012 (Part B).

Part (A) 5-Year Final Average Pay¹	Part (B) 7-Year Final Average Pay²
(a) 1.3% x final average earnings up to \$24,600 x years of credited service (up to 35 years) as of December 31, 2011	(a) 1.3% x final average earnings up to \$24,600 x total years of credited service (up to 35) less years of credited service as of December 31, 2011 (up to 35)
Plus	Plus
(b) 1.5% x final average earnings over \$24,600 x years of credited service (up to 35 years) as of December 31, 2011	(b) 1.5% x final average earnings over \$24,600 x total years of credited service (up to 35) less years of credited service as of December 31, 2011 (up to 35)
Plus	Plus
(c) 1.5% x final average earnings x years of credited service (over 35 years as of December 31, 2011)	(c) 1.5% x final average earnings x total years of credited service over 35 years less years of credited service over 35 years as of December 31, 2011

¹Final average earnings and years of credited service are determined as of December 31, 2011.

²Final average earnings and years of credited service after December 31, 2011.

The following example illustrates how your benefit is calculated.

Assumptions			
Assume that you retire at age 65 with 37 years of credited service – 25 years of credited service as of December 31, 2011 and 12 years of credited service during the period January 1, 2012 through your date of termination.			
Your accrued benefit payable as a single life annuity at age 65 is equal to: Part (A) plus Part (B)			
Part (A) 5-Year Final Average Pay		Part (B) 7-Year Final Average Pay	
Retirement age:	65	Retirement age:	65
Years of Credited Service:	25	Years of Credited Service:	12
Final Average Earnings:	\$94,342.00	Final Average Earnings:	\$119,603.00
(a) $1.3\% \times \$24,600 \times 25$	\$7,995.00	(a) $1.3\% \times \$24,600 \times 10$	\$3,198.00
Plus		Plus	
(b) $1.3\% \times \$69,742 \times 25$	\$26,153.25	(b) $1.5\% \times \$95,003 \times 10$	\$14,250.45
Plus		Plus	
(c) $1.5\% \times \$94,342 \times 0$	\$0	(c) $1.5\% \times \$119,603 \times 2$	\$3,588.09
(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$34,148.25	(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$21,036.54
(e) Monthly Accrued Benefit [(d) \div 12]	\$2,845.69	(e) Monthly Accrued Benefit [(d) \div 12]	\$1,753.05
Total Accrued Benefit Part (A) plus Part (B) \$34,148.25 + \$21,036.54 = \$55,184.79			

Benefit Formula – Represented Employees

Your benefit under the Pension Plan is determined under a 5-year final average pay formula.

Determination of Final Average Earnings

Final average earnings mean the average of your eligible pay during the five highest twelve-month periods before your termination date.

The following example illustrates how final average earnings are determined.

Your date of hire is January 1, 1990 and your date of termination is December 31, 2009. Your eligible pay is as follows (assuming that your highest years of eligible pay are the last ten years of employment):

Period	Eligible Pay
January 1, 2009 – December 31, 2009	\$100,000
January 1, 2008 – December 31, 2008	\$95,000
January 1, 2007 – December 31, 2007	\$90,000
January 1, 2006 – December 31, 2006	\$85,000
January 1, 2005 – December 31, 2005	\$80,000
January 1, 2004 – December 31, 2004	\$75,000
January 1, 2003 – December 31, 2003	\$70,000
January 1, 2002 – December 31, 2002	\$65,000
January 1, 2001 – December 31, 2001	\$60,000
January 1, 2000 – December 31, 2000	\$15,000

Your five highest years of eligible pay are 2005, 2006, 2007, 2008 and 2009. Your final average earnings is equal to \$90,000 $((\$100,000 + \$95,000 + \$90,000 + \$85,000 + \$80,000) / 5)$.

Your accrued benefit payable as single life annuity at normal retirement age (age 65) is equal to:

1.3% x final average earnings up to \$24,600 x years of credited service up to 35

Plus

1.5% x final average earnings over \$24,600 x years of credited service up to 35

Plus

1.5% x final average earnings x years of credited service over 35.

The following examples illustrate how your benefit is calculated.

Example 1 Assumptions		Example 2 Assumptions	
Retirement age:	65	Retirement age:	65
Years of Credited Service	35	Years of Credited Service	40
Final Average Earnings:	\$50,000.00	Final Average Earnings:	\$50,000.00
(a) $1.3\% \times \$24,600 \times 35$	\$11,193.00	(a) $1.3\% \times \$24,600 \times 35$	\$11,193.00
Plus		Plus	
(b) $1.3\% \times \$25,400 \times 35$	\$13,335.00	(b) $1.3\% \times \$25,400 \times 35$	\$13,335.00
Plus		Plus	
(c) $1.5\% \times \$50,000 \times 0$	0.00	(c) $1.5\% \times \$50,000 \times 5$	\$3,750.00
(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$24,528.00	(d) Annual Accrued Benefit [(a) + (b) + (c)]	\$28,278.00
(e) Monthly Accrued Benefit [(d) / 12]	\$2,044.00	(e) Monthly Accrued Benefit [(d) / 12]	\$2,356.50

Pension Equity Adjustment for Members of UWUA Local 601

If you are a member of the UWUA Local 601 and retire or terminate prior to April 30, 2005, the final average earnings used in the calculation of your pension benefit will be increased according to the schedule below. This adjustment is made to provide retirement-benefit equity to UWUA Local 601 members so that final average earnings reflect the combined base pay and lump-sum adjustments that apply to other represented employees between May 1, 1996 and April 30, 2005. If you retire or terminate as a UWUA Local 601 member, but were not a UWUA Local 601 member for the entire period from January 1, 1996 through April 30, 2005, the adjusted amount will be prorated to reflect actual periods of service as a UWUA Local 601 member.

If you terminate from employment after April 30, 2005, your earnings prior to May 1, 2005 will be adjusted pro rata. All earnings after April 30, 2005 are not adjusted.

Date of Retirement		
From	Through	Adjustment
May 1, 2002	April 30, 2003	11.2%
May 1, 2003	April 30, 2004	13.0%
May 1, 2004	April 30, 2005	14.2%

Transfers from a Non-Represented Position to a Represented Position

If you are a non-represented employee (meaning you are in a position that is not covered under a collective bargaining agreement) on December 31, 2011 and you transfer to a represented

position (meaning that you transfer to a position that is covered under a collective bargaining agreement) such that you become a represented employee after December 31, 2011, your benefit will be determined under the five-year final average pay formula as of December 31, 2011, under the seven-year final average pay formula during the period January 1, 2012 to your date of transfer to a represented position, and under a five-year final average pay formula after your date of transfer to a represented position.

This transfer provision does not apply to non-represented employees who become represented employees as a result of unionization.

If you transfer back to a position in which you again become a non-represented employee, please contact Benefit Express regarding how your benefit will be calculated.

Transfers from Represented to Non-Represented

If you are a represented employee (meaning you are in a position that is covered by a collective bargaining agreement) on December 31, 2011 and you transfer to a position in which you become a non-represented employee (meaning you are in a position that is not covered by a collective bargaining agreement) after December 31, 2011, your benefit will be determined under the five-year final average pay formula until your date of transfer to a non-represented position and under a seven-year final average pay formula after your date of transfer to a non-represented position.

If you transfer back to a position in which you again become a represented employee, please contact Benefit Express regarding how your benefit will be calculated.

Additional Pension Benefit

If you retire before age 65, you will receive an additional monthly pension amount of \$4.00 for each full year of credited service (partial years of service are rounded up). This additional benefit ends the month after you reach age 65 or die before age 65. For example, if you retire with 30 years of credited service, you will receive an additional pension amount of \$120 per month until you reach age 65. In the event of your death, this benefit is not paid to your survivor.

Maximum Benefits

The IRS imposes a limit on your annual benefit amount. The limit for 2012 is \$200,000. If you are affected by this limit you will be notified.

Receiving Your Benefit

When Your Benefit Is Paid

When you terminate from employment, you are eligible to receive a Pension Plan benefit if:

- You have at least five years of vesting service; or
- You have reached age 65.

What does retirement mean for purposes of the Pension Plan?

Under the Pension Plan, there are different types of retirement - - normal retirement, early retirement, disability retirement and phased retirement.

Normal Retirement

The Pension Plan provides for normal retirement at age 65. At age 65, you are automatically vested in the Pension Plan even if you have less than five years of service. If you retire on or after attaining age 65, you will receive an unreduced benefit.

Early Retirement

You will be eligible for an early retirement benefit under the Pension Plan if you terminate employment when your age plus your years of credited service equal at least 80 - known as the Rule of 80. For example, you will be eligible for an early retirement benefit if you are age 59 with 21 years of credited service at the time you terminate from employment ($59 + 21 = 80$).

If you meet the Rule of 80, you can commence payment of your benefit when you terminate employment. If, at the time you terminate from employment, you are at least age 60, or you are at least age 55 and completed at least 25 years of credited service, your monthly benefit will not be reduced for early commencement.

If you do not meet any of the above criteria for an unreduced benefit, and you commence payment of your benefit before reaching age 60, your monthly benefit will be reduced by 7% per year, prorated for each month that you are under age 60.

The following chart illustrates how early retirement reductions are determined (assuming for each that you retire on your birthday):

Age	Service	Reduction Percentage
54	26	42%
55	25	None
56	24	28%
57	23	21%
58	22	14%
59	21	7%
60	20	None
61	19	None
62	18	None
63	17	None
64	16	None
65	N/A	Normal Retirement

If you are not eligible for an unreduced benefit at the time of your retirement, you may elect to defer the commencement of your benefit to a future age. Your reduction will be based upon your age at the time you commence payment of your benefits. For example, if you retire at age 54 and do not want to receive a 42% reduction in your benefit (six years times 7%), you can elect to begin your benefit at age 58, and then you would only have a 14% reduction in your benefit (two years times 7%).

Your accrued benefit and your years of credited service remain frozen as of your retirement date regardless of when you commence payment of your benefit.

Disability Retirement

If you become disabled while you are employed, your employment is terminated as a result of that disability, and you have at least five years of credited service, you may be eligible to receive a disability pension benefit. If you are eligible for a disability pension benefit, your benefit will be unreduced regardless of your age when you commence payments. If you believe that you are entitled to a disability retirement benefit, please contact Benefit Express.

If you have at least 20 years of service. If you have 20 or more years of service, in order to be eligible for a disability benefit under the Pension Plan, you must have a physical or mental condition which renders you totally incapable of performing any further work for your Employer. The determination of whether you are disabled and, therefore, entitled to a disability pension benefit, will be made by PSEG's medical department.

If you have less than 20 years of service. If you have less than 20 years of service, you *must* be eligible to collect Social Security disability benefits to receive a disability pension benefit under the Pension Plan. The initial determination of disability will be made by PSEG's medical department. Disability pension benefits will be payable if the PSEG medical department determines that you are expected to meet the requirements for Social Security disability benefits.

You must apply separately for Social Security disability benefits and be approved for such benefits within 30 months of your first day of termination or your disability pension benefits under the Pension Plan will be discontinued. Your disability pension benefits also will be discontinued if you are denied Social Security disability benefits.

If your disability pension benefits are discontinued because you do not get approval for Social Security disability benefits within 30 months of your first day termination and you do not meet the criteria for normal retirement or early retirement at the time payment of your disability benefits begin, you will be considered a terminated vested participant. If you elect to have your terminated vested benefit paid in the form of a lump-sum, the lump-sum amount will be actuarially reduced to reflect amounts that have already been paid out as disability pension benefits. If you elect to have your terminated vested benefit paid in the form of an annuity, your annuity payments will not be actuarially reduced to reflect amounts that have already paid out as disability pension benefits, but will be actuarially reduced for early commencement prior to age 65.

Phased Retirement

If (i) you are employed by an Employer, (ii) you attain age 65 or attained age 62 and your age plus years of credited service equal or exceed 80, and (iii) you and your Employer enter into an agreement whereby your hours will be reduced to no more than 24 hours per week (on average), you may elect to commence payment of your benefit under the Pension Plan. Your election is irrevocable. You continue to accrue a benefit under the Pension Plan after you commence payments. Your benefit will be recalculated when you terminate employment and offset by the payments you received. See the Phased Retirement Procedures for more information.

If You Terminate Employment Before Retirement – Terminated Vested Benefit

Even if you terminate employment before you are eligible for normal retirement or early retirement, you will still receive a benefit as long as you have at least five years of service. Your vested accrued benefit becomes payable to you on your 65th birthday. However, you may elect to receive your benefit at any time before age 65. If you elect to receive your benefit before age 65, your benefit will be actuarially reduced for early commencement. In lieu of annuity, you may elect to receive your benefit in the form of a lump sum (see page 19). Please contact Benefits Express for more information regarding the actuarial reduction of your benefit.

Age 70½ Distributions – Required Minimum Distributions

The Pension Plan requires that you begin receiving payments on your “required beginning date.” Your required beginning date is April 1 of the calendar year following the calendar year in which you reach age 70½ even if you have not yet retired.

If you are not married, your required minimum distribution payments will be made as if you elected a single life annuity. If you are married, your required minimum distribution payments will be made as if you elected a joint and 50% survivor annuity with your spouse as the beneficiary.

If you fail to receive required minimum distribution payments, you will be subject to a 50% excise tax on the amount that should have been distributed to you.

At the time you retire, you may change your form of payment. For example, if you elect to have your required minimum distribution payments paid in the form of a single life annuity, at retirement, you can elect to have your remaining benefit paid in the form of a joint and 50% survivor annuity.

How Your Benefit Is Paid

Choosing what form of payment to have your Pension Plan benefit is a personal decision. You may consider speaking with your tax advisor or financial planner before making your decision.

When you are ready to commence payment of your benefit, contact Benefits Express at least 60 to 90 days before your benefit commencement date. You will receive additional information and materials at that time.

Normal Forms of Payment

If you are not married (including if you have a domestic partner or have a same-sex spouse) at the time payment of your benefit commences, the normal form of payment is a single life annuity. If you are married at the time payment of your benefit commences, the normal form of payment is a qualified joint and survivor annuity (a joint and 50% survivor annuity with your spouse as the beneficiary).

Optional Forms of Payment

In lieu of your normal form of payment, you can elect to have your benefit paid in one of the optional forms of payment described below.

Single Life Annuity

This form of payment provides payments for your lifetime only. No payments will be made after your death.

This is the normal form of payment if you are not married at the time payments commence. If you are married at the time payments commence, your spouse must provide written consent to your election of a single life annuity.

Joint and 50% Survivor Annuity

You will receive a reduced monthly benefit until your death and then 50% of this amount will be paid to your beneficiary after your death. This is the normal form of payment if you are married (with your spouse as the beneficiary).

If you are married at the time payments commence and you designate a beneficiary other than your spouse, your spouse must provide written consent to your beneficiary designation.

Your benefit is determined by multiplying your monthly benefit payable as a single life annuity by the applicable percentage shown in the chart below:

If you Retire at Age	The Annuity Factor Is
65 or above	90%
60 – 64	91%
55 – 59	92%
54 and under	93%

The applicable percentage is decreased by 1/12 of 0.8% for each month by which your beneficiary is younger than you are, or increased by 1/12 of 0.8% for each month by which your beneficiary is older than you are. The applicable percentage shall not exceed 98%.

An Example

Assume you are age 65, married, and your beneficiary is also age 65. If you retire with final average earnings of \$50,000 and 35 years of credited service, your pension benefit as a joint and 50% survivor annuity would be calculated as follows:

Monthly pension as a Single Life Annuity	=	\$2,044.00
Monthly pension during your lifetime (90% of \$2,044.00)	=	\$1,839.60
Monthly pension to your beneficiary after your death (50% of \$1,839.60)	=	\$919.80

If your beneficiary) is 60 months (five years) younger than you, the monthly pension would be calculated as follows:

1/12 of .08% x 60 months	=	45%
90% - 4%	=	86%
86% of the monthly pension as a single life annuity (86% of \$2,044.00)	=	\$1,757.84
Monthly pension benefit to your beneficiary (50% of \$1,757.84)	=	\$878.92

If your beneficiary is 60 months (five years) older than you, the monthly pension would be adjusted to be 94% of the single life annuity amount rather than 86% as shown above. Once an adjustment for age is made, the amount of the payment made on your behalf during your lifetime does not change.

Joint and 75% Survivor Annuity

You will receive a reduced monthly benefit until your death and then 75% of this amount will be paid to your beneficiary after your death. If you are married at the time payments commence, your spouse must provide written consent to your election of a joint and 75% survivor annuity even if you designate your spouse as the beneficiary.

Your benefit is determined by multiplying your benefit payable as a single life annuity by the applicable percentage shown in the chart below:

If you Retire at Age	The Annuity Factor Is
65 or above	87%
60 – 64	88%
55 – 59	89%
54 and under	90%

The applicable percentage is decreased by 1/12 of 0.9% for each month by which your beneficiary is younger than you are, or increased by 1/12 of 0.9% for each month by which your beneficiary is older than you are. The applicable percentage shall not exceed 96.5%.

As Example

Assume you are age 65, married, and your beneficiary is also age 65. If you retire with final average earnings of \$50,000 and 35 years of credited service, your benefit as a joint and 75% survivor annuity would be calculated as follows:

Monthly pension as a single life annuity	=	\$2,044.00
Monthly pension during your lifetime (87% of \$2,044.00)	=	\$1,778.28
Monthly pension to your beneficiary	=	\$1,333.71

After your death
(75% of \$1,839.60)

If your beneficiary is 60 months (five years) younger than you, the monthly pension would be calculated as follows:

1/12 of 0.9% x 60 months	=	4.5%
87% - 4.5%	=	82.5%
82.5% of the monthly pension benefit as a single life annuity (82.5% of \$2,044.00)	=	\$1,686.30
Monthly pension benefit to your beneficiary (75% of \$1,757.84)	=	\$1,264.73

If your beneficiary is 60 months (five years) older than you, the monthly pension would be adjusted to be 94.5% of the single life annuity amount rather than 82.5% as shown above. Once an adjustment for age is made, the amount of the payment made on your behalf during your lifetime does not change.

Joint and 100% Survivor Annuity

You will receive a reduced monthly benefit until your death, and then this same amount will be paid to your beneficiary after your death. If you are married at the time payments commence, your spouse must provide written consent to your election of a joint and 100% survivor annuity even if you designate your spouse as the beneficiary.

Under this option, your monthly pension amount is adjusted by multiplying the amount you would have received under a single life annuity by 77%, decreased by 1/12 of 1% for each month (1% each year) by which your beneficiary is younger than you are, or increased by 1/12 of 1% for each month by which your beneficiary is older than you are. The applicable percentage shall not exceed 95%.

An Example

Assume you are age 65, married, and your spouse (or beneficiary) is also age 65. If you retire with final average earnings of \$50,000 and 35 years of credited service, your benefit as a Joint and 100% Survivor Annuity would be calculated as follows:

Monthly pension as a single life annuity	=	\$2,044.00
Monthly pension during your lifetime (77% of \$2,044.00)	=	\$1,573.88
Monthly pension to your beneficiary after your death	=	\$1,573.88

If your beneficiary is 60 months (five years) younger than you, the monthly pension would be calculated as follows:

1/12 of 1% x 60 months	=	5%
77% - 5%	=	72%

72% of the monthly pension as a single life annuity = \$1,471.68
(72% of \$2,044.00)

Monthly pension benefit to your beneficiary = \$1,471.68
(72% of \$2,044.00)

If your beneficiary is 60 months (five years) older than you, the monthly pension would be adjusted to be 82% of the single life annuity amount rather than 72% as shown above. Once an adjustment for age is made, the amount of the payment made on your behalf during your lifetime does not change.

Please note: Under the joint and 100% survivor annuity, you cannot designate a non-spouse beneficiary who is more than 10 years younger than you.

Pop-Up Feature

If you elect a joint and survivor annuity (50%, 75% or 100%) and your beneficiary dies within five years of the date payments commence, your monthly pension benefit will be adjusted and paid as a single life annuity. This change will occur on the first day of the month following the death of your beneficiary and the increased amount will be paid to you for life.

Lump-Sum Payment

If you terminate employment and you do not meet the criteria for normal retirement, early retirement benefit or disability retirement, you can elect to have your benefit paid as a single lump-sum. If you meet the criteria for normal retirement, early retirement or disability retirement, you cannot elect a lump-sum payment. The lump-sum amount is the actuarial present value of your accrued benefit payable as a single life annuity. If you are married at the time the lump payment is made, your spouse must provide written consent to your election of a lump-sum payment.

You can elect to have the lump-sum paid directly to you, rolled over to another employer's plan or rolled over to an Individual Retirement Account ("IRA"). If you elect to have the lump-sum paid to you, 20% will be withheld for Federal income tax. State income taxes will not be withheld unless you elect to have such taxes withheld. If you are under age 59½, an early withdrawal excise tax may apply.

If the Pension Plan's Adjusted Funding Target Attainment Percentage ("AFTAP") is less than 80%, you may not be permitted to elect to have your entire benefit paid in a lump sum. The AFTAP is the ratio of a Pension Plan's asset values as compared to the Pension Plan's benefits that have accrued up to a valuation date. For more information regarding the Pension Plan's AFTAP, refer to the annual AFTAP notice. The latest notice can be found on *Your Benefits Desktop*.

Payment of Small Amounts

If the total value of your benefit is less than \$1,000 at the time you terminate employment, you will receive a lump-sum distribution of your benefit. You will receive paperwork allowing you to directly roll over the distribution to another employer's plan or an IRA.

If you do not elect a direct rollover, 20% of your distribution will be withheld for Federal income tax. If you are under age 59½, an early withdrawal excise tax may apply.

Applying for Benefits and Changing Your Election

When you make a request to commence payment of your benefit, you will receive notice regarding your distribution options. The notice will be given to you no more than 90 and no less than 30 days before your benefit commencement date. The notice will include:

- The terms of the normal form of payment - - a joint and 50% survivor annuity (if you are married) or the single life annuity (if you are not married);
- Your right to make, and the effect of, an election to waive the normal form of payment;
- The right of your spouse to consent, or refuse to consent, to a waiver of the normal form of benefit (a joint and 50% survivor annuity), if you are married; and
- The eligibility conditions, other material features, and relative values of the forms of payment;
- Your right to defer payment until a later date and the consequence of not deferring payment; and
- Your right to make (and the effect of) a revocation of an election to waive the benefit.

You can change the payment form up until the benefit commencement date. If you are married and elect a form of payment other than a joint and 50% survivor annuity with your spouse as the beneficiary, your spouse must consent in writing to your election.

To commence payment of your benefit, including the election of a payment form, you must contact Benefits Express.

Death Benefits

If You Die After Commencement of Benefits

Your spouse or your other designated beneficiary may receive a benefit if you elect a joint and survivor annuity option form of payment.

Pre-Retirement Death Benefits

If you are married or have a domestic partner (as defined later), are vested in your benefit, and die before payment of your benefit commences, your spouse or domestic partner will receive a benefit from the Pension Plan.

- **If you die while you are actively employed** - If you are an active employee at the time of your death, your spouse or domestic partner will receive an immediately payable lifetime annuity benefit equal to 50% of what you would have been entitled to receive as a single life annuity had you retired on the date of your death, actuarially adjusted for the age difference between you and your spouse or domestic partner.

If you are receiving payments at the time of your death because you have attained age 70½, your spouse or domestic partner will receive the greater of the pre-retirement survivor benefit or the survivor benefit under a joint and 50% survivor annuity.

- **If you die while on military leave** - If you die while you are military leave and are married or have a domestic partner, you will be treated as being returning to work on the

day before your death. Your spouse or domestic partner will receive an immediately payable lifetime annuity benefit equal to 50% of what you would have been entitled to receive as a single life annuity had you retired on the date of your death, actuarially adjusted for the age difference between you and your spouse or domestic partner.

- If you are not employed and have not commenced payment of your benefit at the time of your death, your spouse or domestic partner may elect to receive an immediate payable annuity or an annuity at age 65..

Unless an alternate payee is named under a Qualified Domestic Relations Order (QDRO), which is a court-ordered property settlement that results from a divorce or child custody case, this payment will be made to your spouse or domestic partner.

If you have not commenced payment of your benefit in the form of a joint and survivor annuity and you are single and do not have a domestic partner, no benefits will be paid under the Pension Plan upon your death.

For purposes of pre-retirement death benefits, your same-sex partner qualifies as a domestic partner under the Pension Plan if:

- You and your same-sex partner live in New Jersey and you have obtained a domestic partnership certificate or a civil union certificate.
- You and your same-sex partner live outside of New Jersey in a jurisdiction which provides for registration of domestic partnerships, civil unions or same-sex marriages, and you have obtained a domestic partnership certificate, civil union certificate or a marriage license.
- You and your same-sex partner live outside of New Jersey in a jurisdiction which does not provide for registration of domestic partnerships, civil unions or same-sex marriages, and you and your same-sex partner meet all of the following requirements:
 - Share a common residence together and intend to do so indefinitely;
 - Are jointly responsible for each other's common welfare as evidenced by joint financial arrangements or joint ownership of real estate or personal property;
 - Are jointly responsible for each other's basic living expenses during the same-sex domestic partnership, civil union or marriage;
 - Are each at least 18 years of age and are mentally competent to enter into a contract;
 - Are not in a marriage or a member of another same-sex domestic partnership, civil union or marriage (unless married to each other);
 - Are not eligible to be claimed as a dependent of another person (other than your same-sex partner for Federal income tax purposes);
 - Are not related to your same-sex partner by blood or affinity up to and including the fourth degree on consanguinity (blood relation);
 - Have chosen to share each other's lives in a committed relationship of mutual caring; and

- Have not terminated another same-sex partnership within the last 180 days for any reason other than death of the other partner.

You may be required to provide documentation your same-sex partnership or marriage. Intentionally providing false information may be considered grounds for termination or other legal action.

Situations Affecting Your Benefits

If You Terminate Employment and Are Later Re-Employed

If you terminate employment and are later re-employed, you will receive credit under the Pension Plan for all your previous service with your Employer. However, any service with your Employer after you are re-employed shall not count as credited service for purposes of determining your accrued benefit under the Pension Plan. This is because upon re-employment, you will no longer be eligible to accrue a benefit under the Pension Plan. Instead you will participate in the Cash Balance Plan if you are not a represented employee or the Cash Balance Plan for Represented Employees if you are a represented employee.

If you were vested when you terminated, your period of subsequent employment will be taken into account for purposes of determining eligibility for early retirement benefits. If you were not vested when you terminated, there are limitations of when your prior service will be recognized upon re-employment.

If you terminate employment, commence payment of your benefit, are later re-employed by a PSEG Company, your payments may be suspended during your period of reemployment. If your payments are suspended, upon subsequent termination, your benefits will re-start.

Please call Benefits Express for more information regarding your benefits upon reemployment.

If You Transfer

If you transfer between represented and non-represented status or among affiliate companies within the PSEG group of companies, your service will be taken into account for purposes of vesting purposes and eligibility for retirement.

Tax Treatment of Rollovers and Other Plan Benefits

Tax Treatments of Plan Benefits

When benefits are paid, they are taxable income to you in the year you receive them. If you receive a monthly benefit, Federal income tax taxes will be withheld from your payments unless you waive withholding. The amount that is withheld is a standard amount unless you specifically request otherwise in writing. You must make an election if you would like state income taxes to be withheld.

If you elect the lump-sum payment, 20% of your payment will be withheld for Federal income tax unless you make a direct rollover to another employer's plan or an IRA. (Special rules may apply if you are over age 70½.) See page 23 for information on rollovers of Pension Plan benefits.

You will receive more detailed tax information when you request a payment from the Pension Plan.

10% Penalty Tax

The IRS may assess a 10% early withdrawal excise tax on the taxable portion of any lump-sum payment you receive from the Pension Plan before you are age 59½. This tax is in addition to your ordinary income taxes on the money. This tax is not withheld from your distribution but is assessed on your federal income tax return. There is no penalty if payment is made:

- When you terminate from employment after age 55;
- After you reach age 59½;
- On account of disability or death; or
- Pursuant to a Qualified Domestic Relations Order (QDRO).

Tax laws change frequently. You may want to consult with your tax advisor before making a final decision on your payment option. Both timing and the form of payment can impact taxes.

Rollovers of Plan Benefits

If you terminate employment after you become vested in your benefit under the Pension Plan and you elect to receive a lump-sum payment (assuming you are otherwise eligible to elect a lump-sum), you may make a direct rollover of such payment to another employer's plan or IRA to avoid the 20% withholding tax and the 10% penalty tax, if applicable, or you may elect to receive the lump-sum payment and make a participant rollover within 60 days to an eligible retirement plan or IRA.

Direct Rollover

A direct rollover occurs when you transfer your Pension Plan benefit value 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 Plan Trustee of the designated qualified plan or IRA. You are responsible for delivering this check to that trustee.

If your surviving spouse receives the lump-sum payment (but not an alternate payee receiving a distribution under a Qualified Domestic Relations Order), he or she can rollover the lump-sum payment to an IRA or another employer's plan.

Your surviving domestic partner can rollover a lump-sum payment to an inherited IRA.

Participant Rollover

You can elect to receive your payment and then roll over all or part of the payment into another qualified plan or an IRA. You have 60 days from the time you receive the payment to complete the rollover and avoid tax penalties. Also, if you elect this option instead of the direct rollover option, 20% of your payment will be withheld for Federal income taxes despite the fact that you will owe no taxes on the amounts rolled over.

If a Claim Is Denied

Every effort will be made to resolve disagreements quickly and informally. However, the Pension 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 the Employee Retirement Income Security Act of 1974, as amended (“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
Newark, NJ 07102-1171.

Your appeal must include the reason for your appeal and documents or records that support your appeal. You 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 a civil suit under Section 502(a) of ERISA.

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

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 Pension Plan will ever become top-heavy, but if it does, the following provisions will go into effect:

- An accelerated vesting schedule will apply for Plan participants: and
- Certain additional minimum benefits will be provided.

You will receive more information of the top-heavy provisions if, and when, the Pension Plan becomes top-heavy.

No Right to Employment

Being a participant in the Pension Plan does not give an employee the right to continue employment with his or her Employer or any PSEG Company.

Insured Benefits

Your benefits under the Pension Plan are insured by the Pension Benefit Guaranty Corporation (“PBGC”), a Federal government agency. If the Pension Plan terminates (ends) without enough funds to pay all benefits, the PBGC will step in to pay benefits up to certain limits. Most participants will receive the benefits that they otherwise would have received under the Pension Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Pension Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Pension Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Pension Plan terminates; (3) benefits that are not vested because you have not worked long enough for your Employer; (4) benefits for which you have not met all of the requirements at the time the Pension Plan terminates; (5) certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Pension Plan’s normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed you still may receive some of those benefits from the PBGC depending on how much money the Pension Plan has and on how much the PBGC collects from Employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the Federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s website - - link to the PBGC from the *External Links* section of *Your Benefits Desktop*.

Non-Assignment of Benefits and Qualified Domestic Relations Orders (QDROs)

Interest in your benefit under the Pension 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 Pension Plan benefit, 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.

Forfeitures

If you terminate employment before you reach age 65 and before you have completed five years of service, you will not be entitled to any Pension Plan benefit.

Administrative Information

Plan Name and Number

The Pension Plan of the Public Service Enterprise Group Incorporated - 001

Plan Type

The Pension Plan is a defined benefit pension plan.

Employer Identification Number

22-2625848.

Plan Sponsor

The Pension Plan is sponsored by Public Service Enterprise Group Incorporated and certain affiliate companies for their employees. A complete list of the affiliate companies participating in the Pension Plan may be obtained by participants and beneficiaries upon written request to the Plan Administrator, and is available for examination by participants as required under ERISA.

The address of the plan sponsor is as follows:

Public Service Enterprise Group, Inc.
Corporate Benefits
80 Park Plaza, T-21F
Newark, NJ 07102.

Employee Benefits Committee

The Employee Benefits Committee is the named fiduciary and Plan Administrator of the Pension Plan. The Employee Benefits Committee has the authority to interpret the terms of the Pension Plan. The Employee Benefits Committee will adopt rules and procedures that are necessary to administer the Pension Plan. The Employee Benefits Committee may retain vendors to assist with the administration of the Pension 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 Pension Plan and their beneficiaries.

You may contact the Plan Administrator at:

Public Service Enterprise Group, Inc.
Secretary – Employee Benefits Committee
80 Park Plaza, T-21F
Newark, NJ 07102
973-430-7000.

Pension Investment Committee

The Pension Investment Committee is a fiduciary of the Pension Plan as to the investment of Pension Plan assets. The Pension Investment Committee may retain vendors to assist with them and consult with counsel. When performing their duties, the members of the Pension Investment Committee will act solely in the interest of the participants in the Pension Plan and their beneficiaries.

You may contact the Pension Investment Committee at:

Public Service Enterprise Group, Inc.
80 Park Plaza
Newark, NJ 07102
973-430-7000.

Recordkeeping Services

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

Agents for Service of Legal Process

Legal process concerning the Pension Plan may be served on the Corporate Secretary of PSEG at the following address.

Public Service Enterprise Group, Inc.
Corporate Secretary
80 Park Plaza, T-4B
Newark, NJ 07102.

In addition, legal process may be served on the Pension Plan Trustee or Plan Administrator.

Plan Year

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

Pension Plan Funding

The Pension Plan is paid for entirely by your Employer. You are not required, and are not permitted, to make contributions to the Pension Plan. The assets of the Pension Plan are held in a master trust. The money in the trust can be used only to pay benefits and administrative costs of the Pension Plan and cannot be returned to any Employer until all benefits have been paid.

Pension Plan Trustee

The Pension 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.

Plan Amendment and Termination

PSEG and its participating affiliating companies expect to continue the Pension Plan. However, PSEG reserves the right, subject to contracts to which they are party, to amend, modify, or terminate the Pension 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 Pension 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 Pension 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 Pension Plan documents. These may include insurance contracts and copies of all documents filed by the Pension 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 Pension Plan documents and other Pension Plan information by writing to the Plan Administrator. The Plan Administrator may make a reasonable charge for these copies.
- Review a summary of the Pension 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 Pension Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Pension Plan. The people who operate the Pension Plan, called "fiduciaries," have a duty to do so prudently and in the interest of you and other Pension 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 Pension 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 Pension Plan fiduciaries misuse the Pension 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 Pension 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.

Appendix A
Former Participants in the Niagara Mohawk Pension Plan

If you are a former participant in the Niagara Mohawk Pension Plan, your benefit under the Pension Plan will be determined in accordance with this Appendix A.

Represented Niagara Mohawk Participants

If you are a represented Niagara Mohawk participant, your benefit under the Pension Plan is the greater of the amount determined under the Niagara Mohawk cash balance formula or the transition formula.

Niagara Mohawk Cash Balance Formula. An account was established for you under the Pension Plan effective May 12, 2000 with an opening balance equal to your balance under the Niagara Mohawk Pension Plan.

As of the last day of each calendar month, beginning May 31, 2000, an amount is credited to your account equal to a percentage of your compensation (as defined on page 3) for the month as a represented employee. The percentage shall be based on your years of service (generally, increased on January 1, of each year) in accordance with the following schedule:

Years of Service	Percentage
0 but less than 5	4.0%
5 but less than 10	5.0%
10 but less than 15	6.0%
15 but less than 20	7.0%
20 or more	8.0%

Your service with Niagara Mohawk is taken into account for purposes of determining your Niagara Mohawk cash balance formula benefit. As of the last day of each calendar month, your account will be credited with interest based on the account balance as of the last day of the preceding calendar month. Interest continues to be credited until the account is paid or payments commence. Interest is based on the 30-year Treasury Securities rate for the September preceding the calendar year in which interest is applied.

Transition Formula. The benefit under the transition formula is determined using 5-year final average earnings. Using 5-year final average earnings means that your transition benefit is based on your final average earnings (the average of your eligible earnings, up to the annual IRS dollar limit, beginning on January 1, 1995 during the 5 highest 12-month periods before your termination date) and your years of credited service, as follows:

1.05% of final average earnings not in excess of \$16,500 Plus 1.45% of final average earnings in excess of \$16,500, x credited service up to 10 years
Plus
1.35% of final average earnings not in excess of \$16,500 Plus 1.75% of final average earnings in excess of \$16,500, x credited service over 10 years and up to 30 years
Plus
1% of final average earnings, x credited service over 30 years (up to 40 years total service).

When Payments Begin

Normal Retirement Benefit. If you terminate employment on or after reaching your normal retirement age (age 65), you will be entitled a benefit under this Appendix A.

Early Retirement Benefit. If you terminate from employment on or after reaching early retirement age, but before reaching normal retirement age, you will be entitled to your accrued benefit with a potential reduction for earlier commencement.

You will attain your early retirement age (i) upon attainment of age 55 and completion of 10 years of service, (ii) if your years of service plus your age equal 80, or (iii) if you were laid off due the Albany Steam Station closing on or after October 31, 2004.

If you retire before age 65, you will receive an additional monthly pension amount of \$4.00 for each full year of credited service (partial years of service are rounded up). This additional benefit ends when you reach age 65 or die before age 65. For example, if you retire with 30 years of credited service, you will receive an additional pension amount of \$120 per month until you reach age 65. In the event of your death, this benefit is not paid to your survivor.

If you elect to commence payment of your benefit before your normal retirement age, the benefit amount (expressed as a single life annuity) will be the greater of: (i) the reduced accrued benefit payable at that early retirement age under the cash balance formula; or (ii) the amount determined by applying the transition formula and multiplying the resulting amount by the early retirement commencement factor from the following table based on:

- the number of years or parts thereof, by which the month of the date payments begin precedes the month in which you attain your normal retirement age; and

- whether the sum of your age as of your last birthday and credited service as your last anniversary date of employment is at least 86 (“86 points”):

Number of Years	Without 86 points	With 86 points
1	100.0%	100.0%
2	100.0%	100.0%
3	100.0%	100.0%
4	100.0%	100.0%
5	100.0%	100.0%
6	95.0%	100.0%
7	90.0%	100.0%
8	85.0%	100.0%
9	80.0%	100.0%
10	75.0%	100.0%

Terminated Vested Benefit. If you terminate from employment before attaining your normal retirement age or your early retirement age, and you elect to commence payment before your normal retirement age, your benefit will be reduced by one-half percent for each month by which the date payments commence precedes your normal retirement age. You will be entitled to this amount, if it is greater than the reduced accrued benefit determined as of that payment start date under the cash balance formula.

Required Minimum Distributions. You are required to commence payment of your benefit by the later of April 1 of the calendar year following the calendar year in which you attain age 70½ or terminate from employment.

Death Benefits

If you are vested in your benefit and die before payments commence, a pre-retirement death benefit will be paid to your surviving spouse or other beneficiary.

If you have a surviving spouse, your spouse will be entitled to a pre-retirement survivor annuity, unless you waived this benefit with your spouse’s consent. If you die after reaching normal retirement age, your spouse will receive an annuity or an actuarially equivalent lump-sum payment. If you die before reaching normal retirement age, your spouse may elect to receive either an annuity or an actuarially equivalent lump-sum as of the first day of the month following the date of your death, or to defer payment in either form to a later date, no later than the date that you would have been your normal retirement age. If you spouse dies before receiving a distribution, your benefit will be paid to your spouse’s estate in a lump-sum. However, no benefits will be payable to your spouse’s estate (or any other person) if your spouse dies after the first month for which an annuity payment is made. If the total value of your benefit does not exceed \$5,000, your spouse will receive a lump-sum payment.

If you not have a surviving spouse, or if you waived the pre-retirement survivor annuity, a pre-retirement death benefit will be payable to your beneficiary (including your spouse) in a lump-sum. If you have not designated a beneficiary, or your beneficiary does not survive you, the lump-sum payment will be paid to your spouse, if any. Otherwise, the lump-sum payment will be made to your estate.

Please contact the Plan Administrator for information regarding the waiver of the pre-retirement survivor annuity.

Vesting

If you have at least one hour of service on or after January 1, 2008, you are 100% vested in your benefit under the Pension Plan.

Payment

Benefit is not more than \$1,000. If the total value of your benefit is less than \$1,000 at the time you terminate employment, you will receive a lump-sum distribution of your benefit. You will receive paperwork allowing you to directly roll over the distribution to another employer's plan or an IRA.

If you do not elect a direct rollover, 20% of your distribution will be withheld for Federal income tax. If you are under age 59½, an early withdrawal excise tax may apply.

Benefit is more than \$1,000. If you are not married on the date payments commence, you benefit will be paid in the form of a single life annuity. You can waive the single life annuity and elect an actuarially equivalent lump-sum payment (generally, equal to your account balance).

If you are married on the date payments commence and you are not eligible for the early retirement option, your benefit will be paid in the form of an Automatic Surviving Spouse Option ("ASSO"), which is a joint and 50% survivor annuity. You can waive the ASSO, with your spouse's written consent, and elect one of the following forms of payment:

- An actuarially equivalent lump-sum payment,
- A joint and 100% survivor annuity,
- A joint and 75% survivor annuity,
- A joint and 25% survivor annuity,
- A joint and 100% survivor annuity with a pop-up feature,
- A joint and 75% survivor annuity with a pop up feature,
- A joint and 50% survivor annuity with a pop up feature,
- A joint and 25% survivor annuity with a pop up feature, or
- A single life annuity.

Under the pop up feature, if your spouse predeceases you, the amount payable to you will be increased to the amount that you would receive if you elected a single life annuity.

If you are married on the date payments commence and you are eligible for the early retirement option, your benefit will be paid in the form of an ASSO, which is a joint and 50% survivor annuity. You can waive the ASSO, with your spouse's written consent, and elect one of the following forms of payment:

- An actuarially equivalent lump-sum payment,
- A joint and 100% survivor annuity,
- A joint and 75% survivor annuity,
- A joint and 25% survivor annuity,
- A joint and 100% survivor annuity with a pop-up feature,
- A joint and 75% survivor annuity with a pop up feature,
- A joint and 50% survivor annuity with a pop up feature,
- A joint and 25% survivor annuity with a pop up feature,
- A single life annuity, or
- The early retirement option. Until your normal retirement date, you receive the amount that would be payable to you as a single life annuity. If you die before reaching your normal retirement date, your spouse will be paid the amount that would he/she would receive if you elected a joint and 100% survivor annuity. As of your normal retirement age, your benefit will be paid in the form of annuity that you elect (one of the above annuity forms of payment). You must make your election before the date payments commence.

Under the pop up feature, if your spouse predeceases you, the amount payable to you will be increased to the amount that you would receive if you elected a single life annuity.

Disability Pension Benefit

If you meet the requirements for a disability pension benefit, as discussed on page 14 of the SPD, your disability pension benefit will be calculated under this Appendix A.

Appendix B Former Wisvest Plan Participants

If you are a former participant in the Wisvest Plan, your benefit under the Pension Plan will be determined in accordance with this Appendix B.

Benefit

The accrued benefit for former Wisvest Plan participants is equal to the greater of:

- (a) The Wisvest Active Participant's Frozen Accrued Benefit as of December 6, 2002, taking into account service and earnings under the Wisvest Plan up until that date, and
- (b) The accrued benefit under the Pension Plan of Public Service Enterprise Group, Inc., including service and earnings under the Wisvest Plan. Refer to the section called "Your Benefit Under the Pension Plan" in this document for more information.

Early Retirement Benefits. You attain your early retirement age upon age 55 and 10 years of service. You may elect to commence payment of your benefit any time after you terminate. Your benefit will be actuarially reduced for early commencement.

Disability Retirement Benefits. If you are determined to be disabled as described on page 14 of the SPD, your disability pension benefit will be determined under this Appendix B.

Deferred Pensions. If you terminate employment after completing at least five years of service, you will be entitled to a benefit payable at age 65. If you have at least 10 years of service at the time you terminate employment, you can commence payment of your benefit on or after attaining age 55. If you have less than 5 years of service at the time you terminate employment, upon attaining age 65, you will receive your Wisvest Active Participant's Frozen Accrued Benefit.

Death Benefits. If you die after you commence payment of your benefit, benefits are payable after your death if you elected a joint and survivor annuity or a period certain annuity and the period certain has not expired.

If you are vested in your benefit and die before payments commence, a pre-retirement death benefit will be paid to your surviving spouse or other beneficiary.

If you have a surviving spouse, your spouse will be entitled to a pre-retirement survivor annuity, unless you waived this benefit with your spouse's consent. If you die after reaching normal retirement age, your spouse will receive an annuity or an actuarially equivalent lump sum payment. If you die before reaching normal retirement age, your spouse may elect to receive either an annuity or an actuarially equivalent lump sum as of the first day of the month following the date of your death, or to defer payment in either form to a later date, no later than the date that you would have reached your normal retirement age. If your spouse dies before receiving a distribution, your benefit will be paid to your spouse's estate in a lump sum. However, no benefits will be payable to your spouse's estate (or any other person) if your spouse dies after the first month for which an annuity payment is made. If your benefit does not exceed \$5,000 your spouse will receive a lump sum payment.

If you do not have a surviving spouse, or if you waived the pre-retirement survivor annuity, a pre-retirement death benefit will be payable to your beneficiary (including your spouse) in a lump sum. If you have not designated a beneficiary, or your beneficiary does not survive you, the lump sum payment will be paid to your spouse, if any. Otherwise, the lump sum payment will be made to your estate.

Please contact the Plan Administrator for information regarding the waiver of the pre-retirement survivor annuity.

Forms of Payment

Benefit is not more than \$1,000. If the total value of your benefit is less than \$1,000 at the time you terminate employment, you will receive a lump-sum distribution of your benefit. You will receive paperwork allowing you to directly roll over the distribution to another employer's plan or an IRA.

If you do not elect a direct rollover, 20% of your distribution will be withheld for Federal income tax. If you are under age 59½, an early withdrawal excise tax may apply.

Benefit is more than \$1,000. If you are not married on the date payments commence, you benefit will be paid in the form of a single life annuity. You can waive the single life annuity and elect an actuarially equivalent lump sum payment (generally, equal to your account balance).

If you are married on the date payments commence, your benefit will be paid in the form of a joint and 50% survivor annuity. You can waive the ASSO, with your spouse's written consent, and elect one of the following forms of payment:

- An actuarially equivalent lump sum payment,
- Single life annuity;
- Period Certain Annuities. A single life annuity payable for your lifetime guaranteed for either ten or 15 years, as you elected.
- A joint and 100% survivor annuity,
- A joint and 75% survivor annuity,
- A joint and 50% survivor annuity,
- A joint and 25% survivor annuity,
- A joint and 50% survivor annuity with a pop-up feature,
- A single life annuity.

Under the pop-up feature, if your spouse predeceases you, the amount payable to you will be increased to the amount that you would receive if you elected a single life annuity.