

The background of the entire page is a high-angle, close-up photograph of several workers wearing white hard hats and safety glasses. They are wearing high-visibility safety vests with reflective stripes. The image is heavily filtered with a yellowish-gold color, creating a warm and professional atmosphere. The workers appear to be in a focused state, possibly inspecting or working on a task.

Sustainability ability

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Sustainability

We are pleased to share with our customers, communities, shareholders and employees our 2015 Sustainability Report that updates our progress toward this goal in the previous year. The 2015 report is our seventh annual Sustainability Report and allows us to reflect on our progress over the past year with a fresh, new approach that captures our vision to be a recognized leader for people providing safe, reliable, economic and greener energy.

to develop
the energy
company of
the future

About this Report

These pages offer a critical look at the issues that matter most to our company and stakeholders as we strive to enhance the benefits we bring to people and reduce our environmental impact. We note progress in key areas such as strengthening vital infrastructure, creating a more resilient energy system and further improving access to the benefits of energy efficiency and renewable solar power.

We invite you to read more about our approach on the Sustainability section of our corporate website, located at: <http://www.pseg.com/sustainability>.

This report was primarily developed according to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4 (G4). A complete GRI guide is available online and includes the Electric Utility Sector Supplement for reporting on industry-specific information as well as the G4 standards for reporting.

Feedback

We welcome your feedback on our performance and reporting. For additional information about this report, the Global Reporting Initiative information posted on our website or PSEG's sustainability initiatives please contact Angela Ortiz at Angela.Ortiz@pseg.com or send your comments to sustainability@pseg.com.

Message from the Chairman

PSEG has been building a sustainable future for more than 100 years not only for ourselves but for the customers and communities we serve and for the world around us. We are not about to stop. During the past year we made notable progress in our ongoing efforts to grow a brighter energy future responsibly, reliably and efficiently. We completed major infrastructure projects, bringing our customers the benefits of improved reliability while creating thousands of jobs. We moved ahead with a new effort to improve the resiliency of our electric and gas systems against extreme storms. With our eyes on the future as well, we are proud to be a leader in expanding access to energy efficiency and renewable solar power while investing on many fronts to meet the increasing demand for reliable energy from cleaner sources.

Our experience demonstrates that it is possible to power the economy, provide good jobs for people and protect the environment at the same time. Yet for all of our accomplishments, we recognize there is much more to do. Our customers depend on our energy more than ever at a time of unprecedented, indeed intensifying, changes in technology and the climate. The status quo is not an option.

We are focused on initiatives that can produce multiple benefits. For example, we have proposed an expanded effort to modernize our gas system in ways that would enhance safety and reliability, reduce the release of methane, a potent greenhouse gas, and support the creation of more than 500 jobs in New Jersey. We will continue to advocate for universal access to clean, efficient energy solutions.

Our community role remains vital. We have initiatives like our partnership with Sesame Street to help prepare families with young children for emergencies, tying into our focus on safety and resiliency. Our goal is to have an even greater impact in leading our communities toward a sustainable future.

Diversity and inclusion are essential to fostering an environment that can help us improve across the board by becoming more closely aligned with the changing faces of our customers and communities. I am encouraged by the progress we are making thanks to the active participation of employees in a whole range of efforts – from the PSEG Diversity and Inclusion Council to our employee resource groups and community volunteer activities.

Making things better is the essence of what we do as a company with a proud Public Service tradition and a vision based on safe, reliable, economic and greener energy. We are determined to continue working as hard as we possibly can in concert with our stakeholders to turn our challenges into opportunities for growth and development – promoting a safe, secure and prosperous future for our children and grandchildren. With the continued support of our dedicated employees, I remain confident that we are up to the test.



Ralph Izzo
Chairman, President and Chief Executive Officer
Public Service Enterprise Group Incorporated



November 2015

Sustain ability

to make
things
better



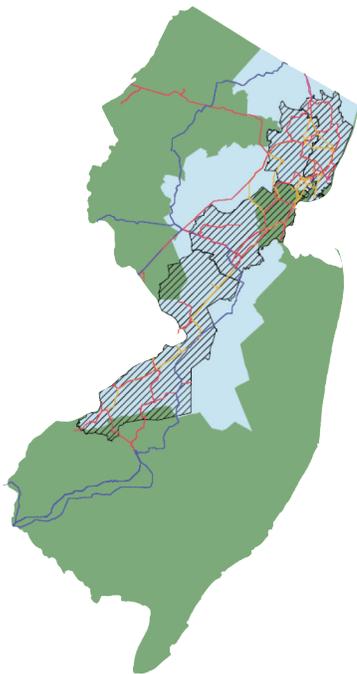
Public Service Enterprise Group Incorporated (PSEG) is New Jersey's largest provider of electric and gas service, serving 2.2 million electric customers and 1.8 million gas customers, approximately 70 percent of the state's population. We also own and operate a 13,250 megawatt fleet of power plants in the Northeast and Mid-Atlantic United States. We have been recognized not only for outstanding reliability, but also for our renewable solar energy and energy efficiency efforts. We are a publicly traded (NYSE: PEG) diversified energy company among the nation's leading utilities with approximately \$35 billion in assets. Our headquarters are in Newark, New Jersey.

2014 Results

Employees	12,689
Total Assets (Dollars in Millions)	\$35,333
Total Revenue (Dollars in Millions)	\$10,886
Income for Continuing Operations (Dollars in Millions)	\$1,518
Earnings per Share - Diluted (Net Income)	\$2.99
Dividend per Share	\$1.48

Public Service Electric and Gas (PSE&G)

PSE&G is a franchised public utility that provides electric and gas distribution and transmission service to over 300 New Jersey communities. PSE&G's 2,600 square mile service territory runs diagonally across New Jersey. The company serves 2.2 million electric and 1.8 million gas customers, or approximately 70% of the state's population.



■ Electric territory
■ Gas territory

Transmission by Voltage

138kv — 345kv —
 161kv — 500kv —
 230kv —

Public Service Electric and Gas

	ELECTRIC	GAS
Customers	2.2 Million	1.8 Million
Growth of Customer Base (2010 – 2014)	0.3%	0.3%
Electric Sales and Gas Sold and Transported	40,737 GWh	2,628M Therms*
Projected Annual Load Growth (2015 – 2017)**	1.1%	0.5%
Projected Annual Load Growth Transmission (2015 – 2017)	0.9%	—
Sales Mix		
Residential	32%	60%
Commercial	58%	36%
Industrial	10%	4%

	TRANSMISSION	ELECTRIC	GAS
Approved Rate of Return***	11.68% ROE	10.3% ROE	10.3% ROE

RENEWABLES AND EFFICIENCY APPROVED PROGRAMS	2009-2014	TOTAL PROGRAM PLAN
Solar Loan Capacity	83 MW	178.5 MW
Solar 4 All Capacity	100 MW	125 MW
Energy Efficiency Annual Electric savings	206 GWh	214 GWh
Energy Efficiency Annual Gas savings	6.5M Therms	7M Therms

* Gas firm only sales.

** Estimated annual growth per year, assumes normal weather.

*** Some projects approved for specific ROE.

PSEG Power

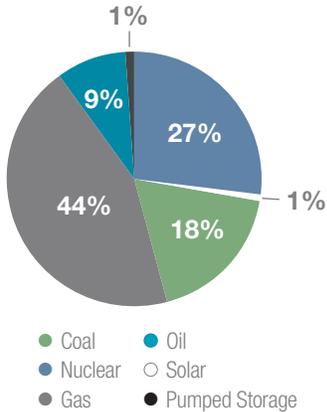
PSEG Power owns a 13,250 megawatt fleet of diverse, low cost and geographically well-positioned generating assets in the Northeast and Mid-Atlantic regions of the United States. PSEG Power also has a 148 MW fleet of grid-connected solar facilities in operation or development throughout the country. Having a balanced portfolio both in terms of fuel mix and market segment (base load, load following and peaking) helps us generate the power that our customers need, when they need it.

Power Plant Locations



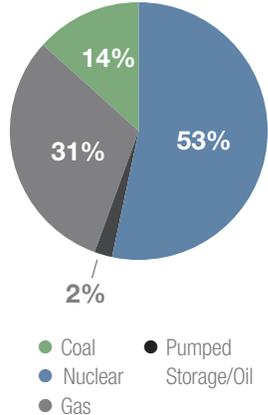
Fuel Diversity

Total MW: 13,359



Energy Produced

Total GWh: 54,962



This year marks PSEG's

113th

year as a company, a testament of our sustainability to our customers, our shareholders and the communities we serve.

PSEG Long Island

PSEG Long Island operates the electric transmission and distribution system of the Long Island Power Authority (LIPA) serving approximately 1.1 million customers in Nassau and Suffolk counties and the Rockaway peninsula of Queens, New York. PSEG Long Island is now in its second year, having begun operations January 1, 2014 under a 12-year agreement. In January 2015 PSEG Power began providing fuel procurement and power management services for LIPA under a separate agreement.

PSEG Vision, Strategy, Scorecard Measures

This year marks PSEG's 113th year as a company, a testament of our sustainability to our customers, our shareholders and the communities we serve. PSEG's vision is to be a recognized leader for People providing Safe, reliable, Economic and Greener energy – today and for our next 113 years – a vision that is consistent with who we are and what we have been throughout our long history.

To achieve this vision and ensure the long-term sustainability of the Company, the efforts of each operating company align with PSEG's business strategy based on three pillars: operational excellence, financial strength, and disciplined investment. A drive toward continuous improvement is a common thread of our efforts.

The Balanced Scorecard is our tool to translate our strategy into tactical measures of success. We establish stretch goals on metrics related to operations, people, green energy, and safe and reliable service, measuring ourselves against top quartile performers in each category. We use our Balanced Scorecard to keep a clear focus on our strategy and the role every employee plays in achieving our goals.

PSEG recognizes that improvement and top performance are not self-sustaining and must be proactively managed on a continuing basis. The company accomplishes this by:

- Defining management accountability for governance, oversight and performance;
- Engaging employees – recognizing that people are the key to executing our strategy;
- Providing disciplined implementation of a shared management model framework which drives each line of business and supporting organization units to top performance levels and ensures continuous improvement;
- Measuring results, using tools such as the Balanced Scorecard through which, and against which, the organization's performance can be assessed against external benchmarks and business goals;
- Realizing synergies, identifying and implementing best practices to optimize organizational scale, resources and improvement efforts;
- Focusing on identifying and satisfying customer needs and objectives;
- Providing a platform for efficient knowledge transfer; and
- Minimizing the impact of personnel changes by providing predictable, consistent guidelines, reflecting the strong values and high standards on which our business is based.

Our Vision

To be a recognized leader for:

People providing

Safe, reliable,

Economic and

Greener energy

Our Values

accountability

continuous improvement

customer focus

diversity and inclusion

ethics and integrity

respect

safety

Sustain ability



to
build on
success

For more than a hundred years we have been operating our business with a focus on sustainability. The yearly release of our sustainability report allows us to share progress with our diverse range of stakeholders, while also discussing challenges on the road ahead. Change is a constant in our industry – and world.

A key challenge going forward is the need for a resilient infrastructure to improve society's ability to withstand and recover from extreme storms. At the same time, we believe it is critically important to build a future in which energy efficiency is universally available to help safeguard our planet while keeping energy as reliable and affordable as possible.

Our focus on sustainability at PSEG reflects a deep recognition that our continued ability to prosper as a business depends on helping others prosper, too. Thus, we emphasize the importance of defining success not only by the bottom line but also by the environmental and social dimensions of performance. We strive to be both systematic and comprehensive in our approach to sustainability-related issues. Doing so helps us to remain true to our most important commitments and to further improve performance.

How We Manage Sustainability

Employees across the entire company at all levels are involved with managing sustainability. We pride ourselves on being a company with strong leadership, great employees and proven processes to manage sustainability throughout the business.

Leading from the Top

Sustainability begins with our leadership. PSEG's Executive Officer Group is responsible for providing sound leadership and management that contributes to the company's long-term success and sets the right example for employees. Representing a wide range of experience, our officers take an active leadership role not only with regard to our business goals, but also on environmental issues and community engagement.

PSEG established a corporate Environmental, Health and Safety Policy in 1996. This policy, reviewed and approved by the PSEG Board of Directors, reflects the principles by which PSEG operates in eight areas: associate health and safety; nuclear safety; climate change; environmental compliance; risk reduction; pollution prevention and resource conservation; open communication; and continuous improvement.

THE PSEG EH&S POLICY IS AVAILABLE ONLINE AT WWW.PSEG.COM/INFO/ENVIRONMENT/HEALTH.JSP

PSEG has over

12

thousand dedicated employees.

Our external blog, *Energize*, provides a new forum to communicate company news and convey our executives' thought leadership.



Corporate Sustainability Goals

With all of our sustainability efforts we set sights on supporting PSEG's strategic business model as well as our strategic objectives. The sustainability goals we have set for ourselves reflect the alignment between our sustainability approach and the way we conduct our business.

GOAL 1: To be a clear leader in reliability and safety, customer service and providing clean energy.

GOAL 2: To be recognized as a great place to work where engaged employees are our differentiator.

GOAL 3: To be a thought-leader on energy and environmental issues.

GOAL 4: To be a strong partner of all the communities in which we operate, in keeping with our role for over 100 years in promoting a more sustainable future.

Our Material Issues

For this report we focus our efforts on the issues that are most material to our business, the communities we serve and our environmental impacts. We regularly conduct a materiality analysis that assesses risks and opportunities to help identify PSEG's most important issues. Our process allows us to weigh and quantify the degree of importance that our business and stakeholders give

to a variety of issues we must manage. It includes input from investors, customers, local communities, NGOs, employees and other stakeholders to ensure alignment between our sustainability goals and our business objectives.

This materiality matrix framework enables us to map out a clear path through the variety of environmental, financial and social challenges we face. The following are the most important issues to our stakeholders and business based on our materiality analysis:

- Clean Air and Climate Change
- Diversity & Inclusion
- Employee Engagement
- Energy Efficiency
- Financial Performance
- Reliability and Resiliency
- Renewable Energy
- Stakeholder Engagement
- Talent Attraction and Retention

We develop goals and management processes with regard to these issues, which are described in more detail throughout the report.

Awards and Recognition

We are proud of the external recognition that our sustainability commitment, leadership, and compliance receives. Several independent bodies recognized PSEG's achievements in sustainability, investment in our people and

economic accomplishments in 2014, continuing to the present. These awards and honors testify to our employees' continued dedication and to the importance we place on being a long-term leader in economic, social and environmental performance. We are pleased to be recognized for our commitment to pursue responsible policies while creating jobs and fostering economic development.

PSEG's 2014-2015 awards, recognition and honors include:

2015

- PSEG is one of the top ten utilities in the nation for cumulative solar megawatts according to a 2014 Solar Electric Power Association (SEPA) survey.
- PSEG ranked 40th on the 2015 "Top 50 Employers" in **Equal Opportunity Magazine**. The readers of Equal Opportunity magazine selected the top companies in the country for which they would most prefer to work or believe would provide a positive working environment for members of minority groups. This list is based on an annual reader survey mailed each year to randomly selected readers of Equal Opportunity magazine.
- PSEG was named one of the **25 Champions of Good Works** by The Commerce and Industry Association of New Jersey for its volunteer work building playgrounds with KaBoom in Moonachie and Little Ferry, NJ.
- PSEG ranks highest in customer satisfaction with **business natural gas service** and **large business electric service** in the East, according to J.D. Power. This is the first time in PSEG's history that the company achieved this distinction for both electric and gas service in the same year.
- PSEG moved to 23rd on the 2015 **top 100 list of military-friendly employers**, by G.I. Jobs and Military Spouse magazines. The company ranked 29th on the list in 2014.
- PSEG received a **Star of Energy Efficiency Award from the Alliance to Save Energy** for its efforts to make New Jersey hospitals and apartment buildings more energy efficient.

2014

- **PSEG received the prestigious ReliabilityOne Award for the Mid-Atlantic region** for the 13th consecutive year from PA Consulting, a national industry benchmarking group. PSEG was also named America's Most Reliable Electric Utility five out of the past 10 years.
- **PSEG received the Employer of the Year Award** from the Joint Disability Issues Committee of the Newark and Essex County Workforce Investment Boards and the Newark Division of Vocational Rehabilitation Services (DVRS). The company was recognized for its efforts to improve employment opportunities for individuals with disabilities.
- **PSEG was named to the Dow Jones Sustainability North America Index for the seventh consecutive year.** The Dow Jones Sustainability Indices recognize companies that are best in class among their peers in meeting certain economic, environmental and social criteria. PSEG's 2015 Sustainability Report highlights accomplishments and outlines challenges the company faces in its quest to remain a leader in providing safe, reliable, economic and greener energy.
- **PSEG Long Island received the 2014 ENERGY STAR® Partner of the Year — Sustained Excellence Award** from the U.S. Environmental Protection Agency (EPA), for its commitment and dedication to energy efficiency and the ENERGY STAR program.
- **PSEG was named to the 2014 FORTUNE List of Most Admired Companies**, ranking fourth among electric and gas companies in the United States.

**PSEG
was named
America's
Most Reliable
Electric
Utility**

5

out of the past 10 years.

2014 Corporate Highlights

PSEG has continued to make progress – with our dedicated employees again contributing in countless ways to our efforts.

To cite some of the year's highlights:

- We added to the reputation we have built for highly reliable service, as evidenced by PSE&G being recognized as the most reliable electric utility in its region for the 13th year in a row.
- We embarked on a major new effort to improve the resiliency of our electric and gas systems against extreme storms.
- We completed several major transmission projects on time and on budget as we continued to implement our large transmission investment program which is essentially rewiring New Jersey – supporting reliable service long into the future, giving an important boost to New Jersey's economy and creating thousands of jobs.
- Our fossil fueled power plants increased year-over-year electricity output and our combined cycle fleet produced at record levels. Our Linden 1 and Bergen 1 & 2 units also set generation records. And, given the overriding importance of safety, we are especially proud that for the second consecutive year, our fossil fleet achieved a safety performance in the top ten percent of its industry.
- We further enhanced our financial strength, with a balance sheet that has remained one of the strongest in our industry.
- We again delivered substantial savings to our customers and low-cost fuel to our power plants through the access we enjoy to shale gas.
- We had a terrific first year managing the electric system of the Long Island Power Authority – with our PSEG Long Island team

achieving customer satisfaction scores showing the biggest improvement of any utility in the nation.

- And, we continued to demonstrate that utilities can be instrumental in expanding access to the benefits of energy efficiency and solar energy in ways that promote a sustainable future.

In 2014, we provided our shareholders with attractive returns – in keeping with a long-established PSEG objective. We completed 2014 with earnings of \$2.99 per share, compared to \$2.45 in the prior year.

Our strong financial position has allowed us to meaningfully increase our dividend. In 2014 we increased our annual dividend from \$1.44 per share to \$1.48 per share, and in February 2015, we raised our quarterly dividend by 5.4 percent, bringing our indicative annual dividend rate to \$1.56 per share. This was the 11th increase in our dividend in the last 12 years.

PSEG has a long history of paying dividends. We see the potential for our shareholders to continue to benefit from consistent and sustainable growth in our dividend, given our business mix, continued positive cash flow from our generation business and our strong balance sheet.

We are determined to maintain a strong focus on operational excellence, financial strength and disciplined investment. These pillars of our strategy will remain basic to how we run the business. Our goal is to sustain a cycle of continuously improving performance, in keeping with our long-standing commitments to our customers, our employees and not least, our shareholders.

Key Performance Indicators at a Glance

PSEG continues to measure our sustainability key performance indicators, as we strive to advance on our path as a recognized leader for People providing Safe, reliable, Economic and Greener energy. Most of these metrics are tracked monthly in our Balanced Scorecard and therefore are linked to the performance appraisal of our employees, including senior management.

	2011	2012	2013	2014
PEOPLE				
OSHA Recordable Case Incidence Rate	1.51	1.25	1.01	1.57
Lost Time Cases	58	53	29	72
OSHA Recordable Cases	160	133	105	202
Fatalities	0	0	0	0
Lost Time Case Rate	0.55	0.5	0.28	0.56
SAFE AND RELIABLE				
Transmission Reliability (%)	99.973	99.995	99.997	100
SAIFI (System Average Interruption Frequency Index)	0.78	0.67	0.74	0.63
GREEN				
Environmental Violations (2 year average)	7.5	7.0	7.0	5.0*
Reportable Spills (federal level)	51	115**	47	55*
GHG Direct (metric tons CO2e)	17,033,103	13,929,406	14,955,608	15,460,147
GHG Indirect (metric tons CO2e)	1,219,662	1,103,174	1,262,778	1,137,326
Nox (metric tons)	12,211	10,001	10,479	11,062
Sox (metric tons)	14,647	9,155	9,134	9,655
Mercury (metric tons)	0.063	0.0611	0.0674	0.0671

* This includes PSEG LI for the first time

** Approximately 80 federal reportable spills occurred as a result of Super Storm Sandy.

Engaging Our Stakeholders

Building strong relationships with our stakeholders is essential to maintain a high level of trust, understanding and service. We engage with stakeholders in various ways that accommodate their needs and find that we learn a lot in the process. Connecting with our customers, investors, employees, communities, government officials, regulators and suppliers helps us run a better business and meet and often exceed environmental and social expectations.

Some of our stakeholder interests overlap and some compete, so we strive to take a pro-active approach that reaches out to:

- Educate stakeholders on our operations.
- Support and engage in local community activities, initiatives, and betterment programs.
- Respond openly and immediately to stakeholder concerns about construction, design, operation and environmental compliance of our operations.
- Give stakeholders a voice in decisions that could impact them.

Regional Public Affairs managers are an important face of stakeholder engagement in each region of our utility service area and nuclear emergency planning zones. They are trained and experienced in addressing public concerns and facilitating public hearings for stakeholders. They manage each step of stakeholder engagement and make critical decisions to continually improve our stakeholder engagement practices.

PSEG Stakeholder Engagement Council

PSEG's Stakeholder Engagement Council is led by an executive from our External Affairs organization and includes representatives from different parts of the company. The role of the Council is to consider key issues the company is facing (short and long term), consider at the same time the interests and concerns of our key stakeholder groups and devise engagement strategies to find common denominators and design mutually beneficial strategies.

Ways We Engage Specific Stakeholders

Accountability is one of PSEG's most important core values, informing our efforts to build even stronger stakeholder relationships. We recognize that our credibility ultimately depends not on words but deeds – on living up to our commitments and taking responsibility for our actions and results.

The importance of maintaining good, transparent lines of communication with our stakeholders cannot be overemphasized. Our experience is that different stakeholder groups prefer to communicate in different ways. We provide stakeholders numerous channels tailored to the needs of each group, to communicate interests and especially to resolve conflicts or concerns.

This interactive process helps us improve as a socially responsible company. We incorporate stakeholder feedback into our business planning with an eye toward creating shared wins with the communities we serve.

Communications Tools

Customers

PSE&G

PSE&G CUSTOMER SERVICE WEBSITES AND PHONE LINE (CONTACT US):
[HTTP://WWW.PSEG.COM/INFO/CONTACT.JSP](http://www.pseg.com/info/contact.jsp)

CUSTOMER SERVICE CENTER LOCATIONS: [HTTP://PSEG.COM/HOME/CUSTOMER_SERVICE/BILL/CENTERS.JSP](http://pseg.com/home/customer_service/bill/centers.jsp)

UTILITY OUTAGE INFORMATION:

- **WEBSITE:** [HTTP://WWW.PSEG.COM/HOME/CUSTOMER_SERVICE/OUTAGE_INFO/INDEX.JSP](http://www.pseg.com/home/customer_service/outage_info/index.jsp)
- **REAL-TIME MAP:** [HTTP://WWW.PSEG.COM/OUTAGECENTER/INDEX.JSP](http://www.pseg.com/outagecenter/index.jsp)

ELECTRIC RELIABILITY PROJECTS WEBSITE: [HTTP://WWW.PSEG.COM/FAMILY/PSEANDG/POWERLINE/RELIABILITY_PROJECTS/INDEX.JSP](http://www.pseg.com/family/pseandg/powerline/reliability_projects/index.jsp)

PSEG Long Island

CUSTOMER SERVICE WEBSITES AND PHONE LINE (CONTACT US):
[HTTPS://WWW.PSEGLINY.COM/PAGE.CFM/HOME/CUSTOMERSERVICE/CONTACTUS](https://www.psegliny.com/page.cfm/home/customerservice/contactus)

CUSTOMER SERVICE CENTER LOCATIONS: [HTTPS://WWW.PSEGLINY.COM/PAGE.CFM/ACCOUNT/PAYMENT/CUSTOMERSERVICECENTERS](https://www.psegliny.com/page.cfm/account/payment/customerservicecenters)

OUTAGE INFORMATION:

- **TWITTER:** [HTTP://TWITTER.COM/#!/PSEGDELIVERS](http://twitter.com/#!/PSEGDELIVERS)
- **WEBSITE:** [HTTPS://WWW.PSEGLINY.COM/C.CFM/OUTAGE](https://www.psegliny.com/c.cfm/outage)

ELECTRIC RELIABILITY IMPROVEMENT PROJECTS: [HTTPS://WWW.PSEGLINY.COM/PAGE.CFM/ABOUTUS/CURRENTINITIATIVES/RELIABILITYPROJECTS](https://www.psegliny.com/page.cfm/aboutus/currentinitiatives/reliabilityprojects)

Communities

CORPORATE CITIZENSHIP WEBSITE: [HTTPS://WWW.PSEG.COM/INFO/COMMUNITY/NEW_SITE/INDEX.JSP](https://www.pseg.com/info/community/new_site/index.jsp)

DIVERSITY AND INCLUSION WEBSITE: [HTTPS://WWW.PSEG.COM/INFO/CAREERS/DIVERSITY.JSP](https://www.pseg.com/info/careers/diversity.jsp)

PSEG FOUNDATION: [HTTPS://WWW.PSEG.COM/INFO/COMMUNITY/NEW_SITE/OUR_GIVING/GUIDELINES.JSP](https://www.pseg.com/info/community/new_site/our_giving/guidelines.jsp)

ESTUARY ENHANCEMENT PROGRAM WEBSITE: [HTTP://WWW.PSEG.COM/INFO/ENVIRONMENT/ESTUARY.JSP](http://www.pseg.com/info/environment/estuary.jsp)

ENERGY AND ENVIRONMENTAL RESOURCE CENTER (EERC) WEBSITE AND FACEBOOK ACCOUNT:

- **WEBSITE:** [HTTP://WWW.PSEG.COM/FAMILY/POWER/EERC/INDEX.JSP](http://www.pseg.com/family/power/eerc/index.jsp)
- **FACEBOOK:** [HTTP://WWW.FACEBOOK.COM/PSEG.EERC](http://www.facebook.com/PSEG.EERC)

LONG ISLAND COMMUNITY PARTNERSHIPS: [HTTPS://WWW.PSEGLINY.COM/PAGE.CFM/COMMUNITY](https://www.psegliny.com/page.cfm/community)

Investors

INVESTOR RELATIONS WEBSITE: [HTTP://WWW.PSEG.COM/INFO/INVESTORS/INDEX.JSP](http://www.pseg.com/info/investors/index.jsp)

INVESTORS FACTBOOK: [HTTP://INVESTOR.PSEG.COM/SITES/PSEG.INVESTORHQ.BUSINESSWIRE.COM/FILES/DOC_LIBRARY/FILE/FACTBOOK.PDF](http://investor.pseg.com/sites/pseg.investorhq.businesswire.com/files/doc_library/file/factbook.pdf)

2014 ANNUAL REPORT WEBSITE: [HTTP://INVESTOR.PSEG.COM/SITES/PSEG.INVESTORHQ.BUSINESSWIRE.COM/FILES/DOC_LIBRARY/FILE/PSEG-AR2014.PDF](http://investor.pseg.com/sites/pseg.investorhq.businesswire.com/files/doc_library/file/pseg-ar2014.pdf)

News and Media

Social Media

SOCIAL MEDIA WEBSITE: [HTTP://WWW.PSEG.COM/INFO/MEDIA/SOCIAL/INDEX.JSP](http://www.pseg.com/info/media/social/index.jsp)

YOUTUBE CHANNEL: [HTTP://WWW.YOUTUBE.COM/PSEGVIDEO](http://www.youtube.com/PSEGVIDEO)

TWITTER CHANNELS:

- FOLLOW **@PSEGDELIVERS** FOR THE LATEST CUSTOMER SERVICE INNOVATIONS AND STORM UPDATES.
- FOLLOW **@PSEGNEWS** FOR THE LATEST NEWS, HAPPENINGS, JOB OPPORTUNITIES AND THE PEOPLE AND ORGANIZATIONS THAT SUPPORT THE COMMUNITIES WE SERVE.
- FOLLOW **@PSEGLI** TO CONNECT WITH PSEG LONG ISLAND THE UTILITY THAT PROVIDES ELECTRICAL SERVICE TO LONG ISLAND AND THE ROCKAWAYS.

FACEBOOK:

- OUR **CORPORATE FACEBOOK PAGE** FEATURES NEWS, ENERGY-SAVING AND SAFETY TIPS, STORM UPDATES, JOB POSTINGS, POLICY DISCUSSIONS AND MORE.
- **PSEG LONG ISLAND'S FACEBOOK PAGE** FOCUSES ON CONVERSATIONS ABOUT OUR NEW ELECTRIC COMPANY WHICH SERVES LONG ISLAND AND THE ROCKAWAYS.

CORPORATE BLOG: [HTTP://ENERGIZEPSEG.COM/](http://energizepseg.com/)

PRESS RELEASES AND MEDIA RELATIONS WEBSITE: [HTTP://PSEG.COM/INFO/MEDIA/NEWS.JSP](http://pseg.com/info/media/news.jsp)

Sustainability

ability



to boost
economic
vibrancy

Affordable and reliable energy is fundamental to the economic prosperity of the communities we serve. PSEG is proud to be a strong contributor to our economy by creating jobs, paying wages and supporting local suppliers. Yet it's not only the scale of our economic activity that makes a difference, but our ability to deliver results.

We have achieved a best-in-class utility growth rate by executing well on our investment program, which is closely aligned with our customers' needs and public policy goals. We are further strengthening our stakeholder relationships by investing heavily in grid enhancements, improving the efficiency and seamlessness of the transmission system, expanding energy efficiency programs, and greening our generation fleet. Our record of delivering on our commitments and realizing growth provides a strong platform on which to build for the future.

We recognize that to continue contributing to the economy to the extent that we do, we need to remain financially strong ourselves despite facing external challenges such as extreme weather, difficult energy markets and uncertainty about the direction of energy policy. We manage these challenges through our ongoing focus on operational excellence, financial strength and disciplined investment. We believe that this strategy will continue to serve us well while positioning us to meet our enduring commitments to our stakeholders.

Creating Business and Jobs in the communities We Serve

PSEG's role as an economic engine has continued to grow from year to year. We directly employ more than 12,000 people and spend \$1 billion annually on wages. In addition, we provide another \$150 million in

financial support to retirees and survivors. The businesses and suppliers we work with provide additional jobs in the region. Several of our facilities are the primary economic engines of their communities, including our Salem and Hope Creek nuclear facilities, the largest employer in Salem County, New Jersey, with over 1,500 employees.

Investments Fueling Economic Growth

Economic development is part and parcel of what we do as an energy company that invests on many levels in efforts that strengthen communities and promote prosperity. Our forecast includes more than \$15 billion in capital spending over the next 5 years, most of which is dedicated to vital infrastructure improvements. As we continue to invest in our system, our efforts are having an increasingly powerful impact – creating thousands of jobs, providing business for many other firms and contributing to the economy's long-term health and competitiveness.

PSE&G's transmission investment program is a case in point. The Bloustein School of Planning & Public Policy at Rutgers University evaluated the economic impact of seven of our large-scale transmission projects designed to improve the flow of electricity across the state – and found that these efforts would not only produce a more reliable electric system, but also create 6,000 jobs a year over 10 years.

Our forecast includes more than

15

billion dollars in capital spending over the next 5 years.

A spirit of caring is at the heart of PSE&G's strong customer service tradition, and is exemplified by dedicated employees like Shikia Washington, a PSE&G credit and collections representative.



Local tax payments and the funding of charitable organizations also fuel economic development by contributing to local services. Annually we spend approximately \$375 million on state and local taxes, which help fund roads and services such as job training to grow the economy. The PSEG Foundation funds another \$7 million through its philanthropic activities.

MORE ON OUR ECONOMIC DEVELOPMENT AND EMPLOYMENT IMPACT IN THE REGION IS AVAILABLE ONLINE AT: [HTTP://WWW.PSEG.COM/INFO/MEDIA/IMPACTNJ.JSP](http://www.pseg.com/info/media/impactnj.jsp)

Putting Customers First

PSEG strives for top quartile performance in providing safe, reliable, economic and greener energy. We ensure customer satisfaction with a focus on safe, reliable service at costs that we try to keep as low as possible. In doing so, we must constantly manage costs to maximize value to our customers and shareholders alike.

Customer Service

PSE&G is proud of its strong customer service tradition. Each year we set quantitative targets for customer satisfaction as one of our top goals

and do so with a strong focus on continuous improvement. We measure customer perception of our service using a Customer Perception Index (CPI) as well as transactional surveys, and the results are used to benchmark a database of approximately 100 companies. Employees receive feedback on how we can improve our service based on the results.

Reliability is a cornerstone of excellence in our industry. In 2014, PSE&G was named the Mid-Atlantic region's most reliable electric utility for the 13th consecutive year by PA Consulting, an industry benchmarking group. While proud of this recognition, we are even prouder of our employees, who have a strong tradition of being there for our customers – day in and out – and in storms and emergencies.

PSE&G performs well in customer satisfaction when compared to other utilities. In recent surveys, J.D. Power ranked PSE&G highest in gas business service customer satisfaction and the highest in electric service business customer satisfaction among large utilities in the eastern United States. These outstanding customer satisfaction scores can be directly tied to a number of targeted improvements we

made for business customers. We established a Business Solutions Center and enhanced a range of customer-friendly tools – including an online portal to programs, products and services designed for the business community. We find a personal touch goes a long way as well. Our executives and customer account representatives meet with customers one-on-one to better understand their needs and help resolve specific issues.

PSE&G's focus on improving the resiliency of the grid and increasing operational efficiency has also translated into strong performance in a number of areas of customer satisfaction, including price and billing and payment, among others. We have further sharpened this focus by making system enhancements targeted to the needs of hospitals, water treatment plants and other critical facilities that serve the public.

Using New Tools to Build Even Stronger Customer Relationships

Increasingly, our customers are online – and we are, too, in our ongoing efforts to better serve them. Based on lessons learned from our experience during Superstorm Sandy, we have increased messaging across all channels to better communicate with customers before, during and after storms. PSE&G is the number one utility on Twitter, with more than 80,000 followers. Our mobile web includes a range of capabilities for customers to receive text alerts about their bills and power outages. And we are using tools like Facebook to alert customers about project work being done in their communities.

To provide our customers even more access to our customer service team, we are one of

the few remaining utility companies that offers customers in-person assistance through 16 urban walk-in Customer Service Centers.

Delivering Savings to Customers with Low-Cost Natural Gas

In addition to enjoying the benefits of reliability, PSE&G's residential customers have reaped substantial savings from low-cost natural gas supplies and the astute management of our natural gas transportation and storage assets. Since 2009, reductions in the cost of natural gas supply have lowered residential gas bills by about 47 percent – savings the typical customer about \$792 annually. Our electric customers also benefit from low-cost natural gas supplies, given the role of natural gas as a major fuel for electricity production.

Although we do our best to keep bills low, we know some customers will still struggle to heat their homes. We provide simple, yet effective, energy conservation tips to lower usage and bills. We also partner with state and federal agencies to spread the word about a variety of payment assistance programs for low-income customers, as well as for those customers who may have larger paychecks but have fallen on hard times.

The availability of low-cost domestic gas reserves will continue to have important implications. With gas prices low, we believe this is an ideal time to modernize our system – replacing older pipes and making other critical improvements that would enhance safety and reliability while keeping energy as affordable as possible.

**PSEG has
more than**

185

thousand followers
on Twitter, Facebook
and LinkedIn.



Helicopters, transporting crews and materials, aid in building new power lines and preserving pristine land.

Making a Strong System Even Stronger

We have been investing in essential infrastructure for more than 100 years. While older parts of our system have served their purpose, a heightened focus on replacing aging infrastructure is critical going forward.

Two huge events crystallized the need to modernize our infrastructure: the blackout of 2003 affecting 60 million people and almost a decade later, Superstorm Sandy, which knocked out power to 90 percent of our customers and caused horrendous devastation across New Jersey, New York and the wider region. Nor have we forgotten that only a year before Sandy, New Jersey was also hit hard by Hurricane Irene and a rare October snowstorm.

Our infrastructure investments are driven by two R's – reliability and resiliency. In 2014, we completed construction of the \$390 million North Central reliability line and placed into service the \$400 million Burlington-Camden line, as well. These two 230-kilovolt projects will make an important contribution to system reliability across New Jersey. In 2015, we marked a significant milestone with the completion of the new 500-kilovolt Susquehanna - Roseland power line, a major grid upgrade that improves the interstate flow of power to support safe, reliable electric service for millions of people throughout the region.

The new Susquehanna - Roseland power line modernizes a vital transmission artery first built in the 1920s by construction crews using teams of horses, mules and oxen to pull wagons loaded with heavy equipment over barely existing roads. Now, instead of using mules, we have helicopters transporting equipment and workers to aid construction in remote areas while also helping limit impacts on pristine land.

All in all, more than 60 percent of PSE&G's \$11 billion, 5-year capital investment program is related to transmission. The tools in our kit may have changed over the last 100 years, but reliability remains fundamental. We are determined to support the high standard of reliable service that is our company's hallmark.

Improving Resiliency

Also at PSE&G, we are moving ahead with our \$1.2 billion Energy Strong program to harden and improve the resiliency of our system to extreme weather. We are on track to complete the replacement of 250 miles of low-pressure cast iron gas mains in or near flood-prone areas, increasing the reliability of gas service. We have also begun work to harden, raise or in some cases relocate 29 substations that were flooded during Superstorm Sandy or Hurricane Irene.

The importance of improving resiliency is increasingly recognized around the country. PSEG Long Island recently received approval for a federally funded three-year program of grid reinforcements. This \$729 million grant will be invested in projects to upgrade or replace more than 1,000 miles of mainline circuit facilities, elevate and protect flood-prone substations and install innovative automation that isolates faults, all of which will allow us to limit the number of customers impacted by an outage and significantly speed their restoration if power is lost.

Modernizing Our Gas System

Much more needs to be done to proactively modernize our network. PSE&G's gas distribution system currently operates and maintains over 4,800 miles of cast iron and unprotected steel mains – the largest such system in any single utility. In 2015, we proposed a new Gas System Modernization

Program to replace old cast iron and steel equipment with strong, durable plastic piping. This effort would support a safe, clean and reliable gas system well into the future while creating 500 jobs in New Jersey. With today's lower gas bills, we believe it makes sense to make these investments now.

Modernizing our gas system in this way will involve a host of improvements, including the installation of excess flow valve safety devices, the reduction of methane emissions by the equivalent of 122,000 tons of carbon dioxide per year, and further benefits from a higher-pressure system that allows the use of high-efficiency appliances by customers.

Our energy is increasingly important to support today's busy lifestyles and a competitive economy. We will continue moving ahead with a wide range of infrastructure improvements that are essential to meet our customers' evolving needs and help make the future event brighter for all we serve.

Optimizing Value

Reliability at PSEG is also about having power plants that are available to run as needed to help meet the energy needs of millions of people. Our generation fleet is not only one of the largest in the Northeastern United States, but also one of the most diverse by fuel mix and dispatch capability. This diversity improves our ability to meet market demand around the clock from season to season, as was evident during the last two harsh winters, as well as throughout the summer. Some of our generating units have dual-fuel capability, providing us with additional flexibility in responding to various market conditions.

We have also been able to get more out of our existing generation assets through various plant improvements. For example, we have installed advanced gas path (AGP) technology at our Linden and Bergen combined-cycle units, making these units more fuel efficient and increasing their capacity. Similar improvements are scheduled to be made from 2017 through 2019 at our Bethlehem Energy Center near



PSE&G's Gas System Modernization Program is designed to accelerate the replacement of older gas mains and service lines with new plastic pipes, supporting a safe, clean, reliable gas system well into the future.

Customers like Jane and Jack Campion of Bayonne, New Jersey, are reaping benefits from the access PSE&G enjoys to low-cost gas supplies in the region.



Albany, New York. In total, these upgrades are expected to produce a net power increase of 152 megawatts – the equivalent of building a new, three-unit peaking station. Through other economic investments, we have increased the capacity of our existing nuclear units as well.

In addition, PSEG Power recently announced plans to construct and operate a new, clean natural gas-fired 755 megawatt combined-cycle unit at the Keys Energy Center in Maryland. The Keys facility will be equipped with state-of-the-art emissions control technology, including:

- A combination of low nitrogen oxide (NOx) combustors and a selective catalytic reduction (SCR) system to reduce NOx emissions;
- An oxidation catalyst to reduce carbon monoxide emissions; and
- Air-cooled condensers to continuously recycle water for cooling purposes.

We are also updating our Sewaren generating station as part of our growth strategy to meet the increasing demand for electricity from cleaner sources. The new power plant, Sewaren 7, will be a highly efficient, clean dual-fuel 540 MW combined-cycle facility, to be built on the site of our existing Sewaren generation station in Woodbridge, New Jersey. By repowering an existing generation site, PSEG is able to take advantage of existing infrastructure, replacing older, less efficient generating units with cleaner more efficient technology. The new plant is expected to generate about 350 jobs during its two-year construction phase and will employ up to 28 full-time workers.

The new Keys Energy Center and Sewaren 7 projects represent a total investment of \$1.5 billion and reflect our vision of America's energy future – cleaner, affordable and efficient. When completed, the plants will have a total generating capacity of 1,300 megawatts, enough power to meet the needs of more than one million homes.

Our investments in clean, efficient power facilities testify to our strong environmental commitment, yet also make an important contribution, we believe, to our competitive position. Older generating units across the country are expected to retire in light of increasingly strict environmental requirements. We are ahead of many of our peers in having already made extensive environmental improvements across our fleet. We will continue to support market rules to ensure fair competition, provide proper incentives and protect the interests of consumers.

Sound Financial Performance

Financial strength enhances our ability to sustain superb operations, deploy capital effectively and deliver value to our customers and shareholders, while also making meaningful contributions to our communities. One sign of our financial strength is our dividend. PSEG has one of the longest records of paying dividends in corporate America, extending for almost 110 years. In February 2015, we increased our quarterly dividend by 5.4 percent. This was the 11th increase in our dividend in the last 12 years.

Financial management is especially challenging in a changing and sometimes uncertain economic and regulatory climate. Our financial results depend on many risk factors including, but not limited to, commodity prices; regional market rules; environmental regulations; and state and federal energy regulation. We strive to manage or mitigate these risks to make disciplined investment decisions.

KEY METRICS ON OUR FINANCIAL PERFORMANCE CAN BE FOUND IN THE ABOUT US SECTION OF THIS REPORT AND OUR 2014 ANNUAL REPORT WHICH IS AVAILABLE ON OUR WEBSITE.

Working with Suppliers

We value suppliers who share our commitment to reliability, quality and integrity. We have strong relationships with our suppliers and depend on them to meet the highest standards of service.

Working with as many suppliers as we do is a complex process that requires thoughtful and meticulous management. We expect our suppliers to meet our ethical standards and have a procurement and supplier management process that conforms to the highest standards in the industry.

PSEG's management practices and code of business conduct, our Standards of Integrity, are woven into everything we do, including our relationships with suppliers. When considered for a new contract of any type, suppliers go through a rigorous pre-qualification review. After contract award, the performance of key suppliers is monitored by PSEG Procurement in concert with the Corporate Health and Safety organization. In addition, a third-party compliance auditor verifies certain health and safety information to conform with regulatory and PSEG standards. Key suppliers are graded based upon performance metrics and incentives are included in a majority of key supplier contracts.

Supplier Spending

PSEG is one of New Jersey's biggest supporters of local business and spends more than \$1 billion annually with New Jersey vendors. We distribute this benefit annually to approximately 1,500 vendors across the state.

Supplier Diversity

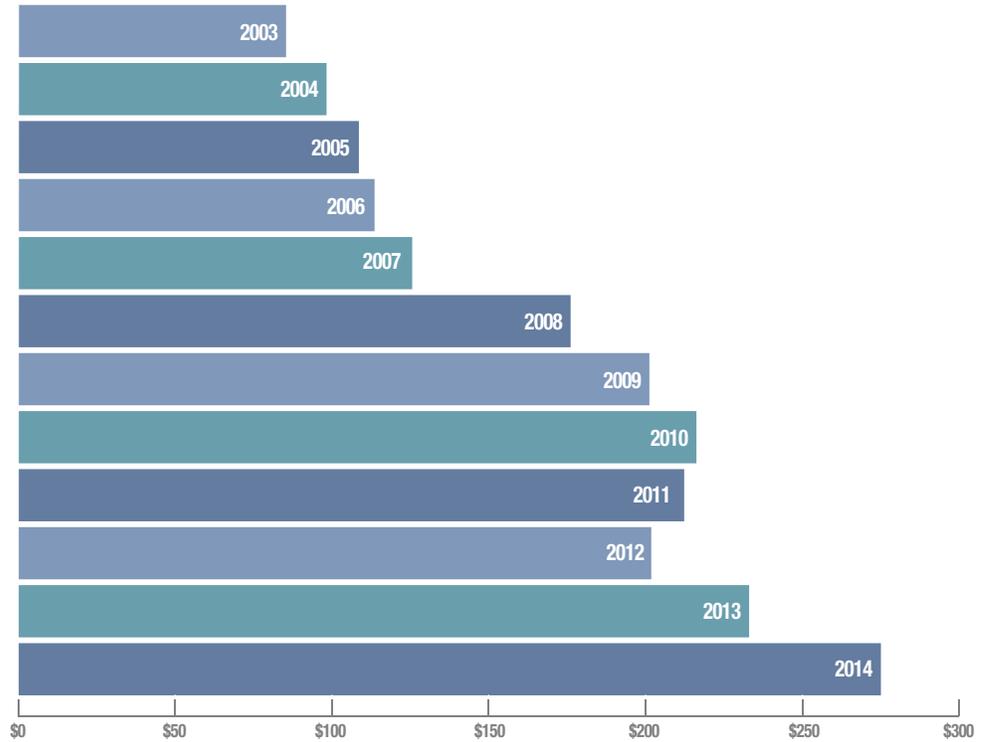
We believe it is important to build a supplier list that reflects our diverse customer base. PSEG's Supplier Diversity Program has proactively engaged minority and women-owned business (MWBs) for more than 25

**The new
Sewaren 7
plant is
expected to
generate
about**

350

jobs during its two-year construction phase and will employ up to 28 full-time workers.

Total Spent on Minority and Women Owned Businesses (Millions)



years to level the playing field and increase the range of perspectives and capabilities among our service providers. We are proud to have reached a record level of more than \$275 million of business with women- and minority owned companies in 2014. Also during the year, we added 19 new certified minority and women-owned businesses to our active roster and awarded contracts resulting in newly identified diverse suppliers providing products and services in several key areas.

We are working hard to build on this success. Supplier diversity goals are tied directly to PSEG's performance indicators and are linked to PSEG's executive leadership and managers. Moving forward, PSEG intends to continue to expand our supplier diversity

goals in appropriate increments that will take into consideration upcoming construction projects, company infrastructure developments, sustainability projects and system improvements. Our spending with MWBEs has more than doubled over the past 10 years and currently represents approximately 12 percent of our total spending with our suppliers.

PSEG works with more than 200 MWBEs across a broad array of business needs, including, but not limited to: construction services; engineered equipment; paving and vegetation management; tools and hardware; office equipment; and more. Toward this effort, PSEG has developed strategies, training, communication and processes that educate, offer exposure to and understanding of our supplier diversity process and business needs. Suppliers receive

regular mentoring, development, coaching, certification assistance and additional support by participating in our process.

We host multiple annual minority and women-owned procurement matchmaking fairs at our Newark headquarters and at our nuclear site in Salem, New Jersey. At no fee to the suppliers, PSEG's Procurement organization brings all of its sub-groups together to interview MWBE suppliers for procurement opportunities and share information that clarifies how to do business with us.

Demographics are shifting, creating a steady increase in the number of minority and women-owned businesses across the region. Like our parent company, PSEG Long Island is sourcing from this widening pool of diverse suppliers through our supplier diversity program, as well. Tapping into this pool helps us strengthen our connection to the community, lower costs and improve efficiency. PSEG Long Island is demonstrating more than just social responsibility by making the supplier diversity model part of our business strategy. We are benefiting our customers, suppliers and community.

To develop and expand our supplier diversity process to a world class level, PSEG is a corporate member or sponsor of the following supplier diversity organizations:

- New York & New Jersey Minority Supplier Development Council
- Minority Supplier Development Council PA-NJ-DE
- New Jersey's BPU Supplier Diversity Development Council
- New Jersey Association of Women Business Owners
- Women Presidents' Educational Organization
- Regional Alliance for Small Contractors
- Edison Electric Institute – Supplier Diversity Group
- National Hispanic Business Group
- Hispanic Business Council of Commerce & Industry of New Jersey
- New Jersey African American Chamber of Commerce

PSEG has received many business awards for promoting supplier diversity. The company also holds board-level positions on the New York and New Jersey Minority Supplier Development Council, the New Jersey BPU's Supplier Diversity Development Council, New Jersey Commerce and Industry Group and the New Jersey Association of Women Business Owners. PSEG supports and accepts business ownership certification from the State of New Jersey, National Minority Supplier Development Council, Women's Business Enterprise National Council, New Jersey Transit, Port Authority and others.

Jennifer Marin, president of Endot Industries, a women-owned New Jersey firm that supplies materials for PSEG's gas delivery business, credited PSEG's recent investments with her company's growth during a tough economy. "The most recent award for the Energy Strong program was instrumental in allowing us to maintain a more stable work force and retain employees during winter months – when layoffs are more prominent due to slow business," explained Marin. "Energy Strong also helped Endot to maintain a healthy sales volume when our water pipe sales are off due to the slow housing market."

We are proud to have reached a record level of more than

275

million dollars of business with women- and minority owned companies in 2014.

Sustain ability



to excel in
providing
green
energy

Sustainable green energy strategies to promote job creation, economic growth and a healthy environment have never been more needed than they are today. PSEG is proud to be a leader in undertaking green generation initiatives that create jobs and grow the economy while protecting the environment.

PSEG has invested substantially in clean generation technologies in recent years while working hard to reduce our environmental footprint. These efforts place us in the forefront of our industry in implementing environmental solutions to meet our sustainability challenges. Environmental stewardship will remain a core component of our mission.

As a leader in low-carbon energy, PSEG has long advocated for federal legislation to limit and reduce greenhouse gas (GHG) emissions. Absent a comprehensive legislative solution, we have supported public policies to cost-effectively reduce greenhouse gases. With our sustainability focus in mind, we invest in carefully selected energy efficiency and solar projects that help meet carbon reduction goals, contribute to economic development and create jobs.

Our Approach

Environmental stewardship and sustainability require strong commitments and excellent management. Our Environmental, Health and Safety Policy (EH&S) establishes our commitment and the PSEG EH&S Program Guide outlines our management approach to environmental health and safety.

The PSEG EH&S Policy describes our commitment to conduct our business in a safe, environmentally friendly and responsible manner. We underscore our commitment to

safety through our emphasis on a strong safety culture and continually strive for excellence in every part of our operations. We also require that our employees and business processes comply with all relevant environmental, health and safety laws and regulations.

Our strong relationships with the public sector, renewable energy developers and policymakers help us identify and implement innovative environmental solutions. PSEG continues to embrace public-private partnerships that have contributed to New Jersey's well-being and prosperity for more than a century. These partnerships support our ability to invest in areas such as energy efficiency and solar energy, which are critical to a sustainable energy future.

PSEG envisions climate change as a business and a social challenge ... and also an extraordinary opportunity for new investment and growth. We believe that energy companies can be instrumental in helping society address climate change in comprehensive, practical ways – with the goal of assuring that the benefits of a green economy are accessible to all. There is no easy solution to climate change, but real results can be achieved when action is taken on a broad array of fronts, by all sectors of society.

PSEG was one of the first companies in our industry to recognize the need to address climate change by establishing our initial

PSEG met a goal of reducing its greenhouse gas emissions

25

percent from 2005 levels 14 years ahead of schedule.

carbon emission goals in the early 1990s. Today, PSEG's carbon emissions per megawatt hour and per customer are best in class.

We have established and achieved a significant number of carbon reduction goals over the past two decades. In 2004, through EPA's Climate Leaders Program, PSEG voluntarily pledged to reduce its GHG emissions intensity by 18% from 2000 levels by 2008. PSEG surpassed this goal by achieving a 31% reduction.

Subsequently, we established a new goal to reduce our GHG emissions by 25% from 2005 levels by 2025. In 2011, PSEG met that goal 14 years ahead of schedule.

We accomplished this goal through energy efficiency programs, deployment of renewable energy, increasing nuclear output, building clean and efficient natural gas plants, and shifting output from coal to natural gas.

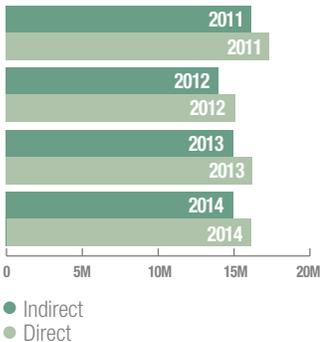
PSEG aims to build on this success to further reduce emissions and provide more low-carbon energy, as well as implementing programs for climate adaptation and resiliency. Our climate strategy has now shifted from an overall reduction approach to one that focuses on strategies that meet society's 21st century priorities – with a particular emphasis on investments that expand access to the benefits of energy efficiency and solar energy

We believe that energy efficiency must be the centerpiece of a comprehensive effort to build a sustainable energy future because of its enormous potential to lower emissions and reduce energy bills. Utilities like PSE&G can be instrumental in making energy efficiency as universally available as the safe, reliable electricity and gas that our customers depend on today. More about our energy efficiency programs can be found in the following pages.

We are proud to be active in efforts that have made New Jersey a leader in solar energy. So far, PSE&G has built 27 community-based, grid-connected solar facilities totaling more than 75 megawatts, providing clean electricity to all of our customers. Larger solar facilities like those we are building on landfills generate power at 50 to 60 percent of the cost of rooftop solar – increasing access to the benefits of clean, renewable energy at less cost than many alternatives. We are looking to build on this success by providing our customers with more community-based grid solar solutions.

PSE&G is a long-time participant in EPA's Natural Gas STAR program, a voluntary initiative that encourages natural gas companies to adopt cost-effective technologies and practices that reduce methane emissions. As of 2013, we have had cumulative reductions of methane emissions of 574,285 thousand cubic feet

Indirect and Direct GHG Emissions
(Metric Tons CO₂e)



PSEG offers no-cost charging and free parking to employees participating in our electric car incentive program at three company locations.



(Mcf) since joining the program in 1993. Since 2011, PSE&G has reduced methane emissions 2% annually for a total of 32,000 million tons of CO2 equivalent.

We have also taken steps to reduce sulfur hexafluoride (SF6) emissions. From 2012 to 2013, we reduced SF6 emissions from PSE&G's electrical transmission and distribution equipment by approximately 12,500 million tons of CO2 equivalent.

Reducing Emissions from Mobile Sources and Promoting Electric Vehicles

Also, PSEG has been taking steps to reduce greenhouse gas emissions from mobile sources. In 2013, PSEG launched an Employee Electric Car Initiative Pilot Program, where employees who commute in an electric car may receive no-cost charging and parking for three years at three company locations (Newark, Edison and Salem). Last year, we opened the largest electric car charging facility in New Jersey as part of this program. PSE&G is a pledged supporter of the Northeast Electric Vehicle Network, which was established to accelerate the deployment of electric vehicles (EVs).

Lack of convenient charging stations remains an impediment that keeps potential EV drivers from going all electric. There is no charging station equivalent to the thousands of filling stations that serve gas-powered cars. PSE&G is doing its part to meet this need through an EV charging station pilot program. We are partnering with hospitals and businesses, a university, a condominium developer and a government agency to install a total of 50 plug-in stations. And we are looking for 20 more participants in the program.

In addition to having PSE&G pick up the cost of the charging equipment, our partners get the further benefits of aiding the environment, spurring the wider acceptance of EVs, burnishing their reputations as environmentally conscious

organizations and helping to attract and retain employees and tenants who might also be EV car owners. In order to be considered for the pilot, the site must be in PSE&G's service area, with a demonstrated, immediate, on-site demand from five electric car drivers. PSE&G provides the smart-charging equipment, and our partners pay to install them.

While helping to increase the number of charging plugs available in the state, PSE&G is also capturing a range of data from these charging stations, like times of peak use, peak and total electric demand, number of plugs used and more. In turn, we use this data to gain a better understanding of how people and organizations use these charging stations in real life.

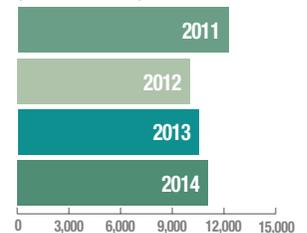
PSE&G continues to take action to lower the emissions from our own fleet of vehicles. We have improved the fuel efficiency of our fleet by 15% over the past 5 years. Almost 50% of our light duty vehicles are now hybrids, and 66% of our aerial lift trucks now have electric drives, allowing the operation of the lift without running the engine. We have also increased the purchases of aerial lift trucks with a "cab comfort option" which reduces engine idling time by running the cab temperature control equipment off of the electric drive battery.

Building Partnerships

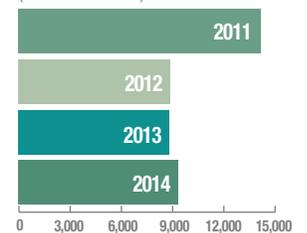
Climate adaptation is an area of increased focus for us as we increase resiliency. PSEG is a founding member of the New Jersey Climate Adaptation Alliance, which was formed in 2011 by a diverse group of stakeholders. The Alliance's focus is on climate change preparedness and adaptation in key impacted sectors, including energy infrastructure.

Expanding this approach to a national stage, PSE&G collaborated with the U.S. Department of Energy (DOE), along with sixteen other utilities, to launch the Partnership for Energy

NOx Emissions
(Metric Tons)



SO2 Emissions
(Metric Tons)



Mercury Emissions
(Metric Tons)



Sector Climate Resilience in April 2015. This Partnership is a voluntary program aimed at enhancing energy security against the impacts of extreme weather and climate change. The Partnership will develop resources to facilitate risk-based decision making and pursue cost-effective strategies to improve the resiliency of the nation's energy infrastructure.

Energy Efficiency

For the communities we serve – and our nation as a whole – energy efficiency represents an enormous investment opportunity. In fact, the cost of saving a kilowatt-hour of electricity is lower than the cost of generating and delivering the next kilowatt-hour of electricity. We will continue to support solutions that promote investment in energy efficiency as one of the most cost effective ways to build a sustainable energy economy.

Energy Efficiency at PSE&G

The customers who could benefit most from energy efficiency cost savings are often the ones least able to make the up-front financial commitment. The hurdles to such investments vary, ranging from a lack of energy expertise and awareness, limited access to capital or credit, difficulty finding technical assistance and/or qualified contractors, to skepticism about the payback and competing priorities for investment dollars. In essence, the benefits of energy

efficiency are undervalued, misunderstood and obscured by barriers both real and perceived. Public policy and well-designed programs can overcome these hurdles and unleash the potential for energy efficiency.

PSE&G's energy efficiency programs are designed to serve the broadest range of customers. For example, we target many of our energy efficiency efforts to hospitals, residential multifamily housing, non-profits and municipal buildings, and thus ensure the societal benefits are distributed more widely across the communities we serve in New Jersey.

Targeted Investment

PSE&G's energy efficiency programs have targeted a range of stakeholders over the past several years, from hospitals and government entities to homeowners and small-business operators. These initiatives have included:

- Hospital Efficiency Program
- Residential Whole House Efficiency Program
- Direct Install Program for Small Businesses
- Direct Install Program for Government Facilities/Non-Profits Residential Multifamily Housing Program
- Residential Programmable Thermostat Program in Urban Enterprise Zones
- Warehouse Lighting Pilot Program

Through these programs, we typically pay the up-front costs for the energy efficiency work

PSE&G's award-winning energy efficiency program for hospitals has achieved outstanding results.

We have invested \$120 million at 33 hospitals

which has saved them \$12 million to date that can be used to improve medical care

and enough energy to power 10,000 homes



and participants repay a portion of the cost over time, interest free, on their utility bill.

We have already invested nearly \$300 million in these efforts, and in May 2015 received approval from the New Jersey Board of Public Utilities (BPU) to invest an additional \$95 million to extend the Hospital Efficiency Program, the Residential Multifamily Housing Program and the Direct Install for Government Facilities/Non-Profits Program which will now include small businesses customers.

This extension will enable PSE&G to serve a roster of hospitals, healthcare facilities and residential multi-family housing units that are currently on program waiting lists. It will also allow us to offer energy efficiency assistance for the first time in several years to small business customers in 25 Urban Enterprise Zones (UEZs) while also continuing energy efficiency efforts for government facilities and non-profits.

Between 2009 and 2014 our programs have achieved annualized electric and gas savings that could power 30,000 homes and provide enough natural gas to supply 6,500 homes throughout the year.

Hospital Efficiency Program

PSE&G identified hospitals as a high energy-usage sector facing unique challenges and market barriers that required more than traditional energy efficiency rebates to overcome.

Our \$174 million Hospital Efficiency Program finances major energy efficiency upgrades to help hospitals reduce energy costs and thus focus on their core mission. It is the only program we know of where the utility bears all of the up-front capital costs and enables these large users to repay their share of the costs over time on their utility bill. On average, hospitals repay about 30 percent of the cost of

improvements over three years, interest free on their PSE&G bill. There are 37 hospitals in the program with work completed at 33 to date. The recently approved extension to the program will allow PSE&G to address the 12 hospitals currently on the waiting list.

More than \$3.4 million in energy efficiency work was recently completed at Robert Wood Johnson (RWJ) University Hospital Rahway through PSE&G's Hospital Efficiency Program. This will save the hospital more than \$300,000 annually in energy costs. "For almost 100 years, this hospital has provided critical medical services to the people in this region," said RWJ Rahway President and CEO Kirk Tice. "The energy efficiency improvements made possible through the PSE&G program will not only help us use energy more efficiently, they will also save us hundreds of thousands of dollars annually in energy costs, and greatly improve the infrastructure that we rely on for the comfort and convenience of patients, visitors and staff."

Residential Multifamily Housing Program

This program encourages the installation of energy efficiency improvements by providing cost-effective energy saving opportunities for eligible multifamily housing projects. Participating building owners repay a portion of the total cost of the project interest-free on their PSE&G bill over a five- or ten-year repayment period. This program has already made more than 10,000 apartments more energy efficient and the recent program extension will allow PSE&G to serve the waiting list of approximately 45 multifamily projects comprised of more than 10,000 additional apartments. In addition to improved energy efficiency, this effort also typically enhances comfort and safety along with resident satisfaction.



PSE&G and Robert Wood Johnson University (RWJ) Hospital Rahway recently marked the completion of energy efficiency improvements that will save the hospital more than \$300,000 annually in energy costs.

PSE&G is investing almost

400

million dollars to help fund energy efficiency efforts with customers that can most use the help.

Direct Install for Government Facilities/ Non-Profits Program

The Direct Install Program currently provides energy efficiency services to government and non-profit facilities. PSE&G pays for 100 percent of the total cost upfront to install recommended energy efficiency measures and program participants repay 30 percent of the cost interest free, over three years on their PSE&G bill. The program extension granted earlier this year will allow us to continue this work with government and non-profit customers while also making the program available for the first time since 2012 to small businesses located in the 25 UEZs in PSE&G's service territory.

Tracking Progress

Our programs have shown that the hurdles to energy efficiency investments in urban areas and in high energy-use sectors can be overcome. By the end of 2014, PSE&G had directly installed measures and/or provided incentives to more than 10,000 residential customers, 100 schools, 600 businesses, 300 government agencies and approximately 30 hospitals and 25 apartment buildings, many of which are senior housing. We also completed 575 projects for urban small businesses (prior to the most recent program extension), audited more than 6,000 residential houses, provided weatherization/seal-up services to 4,400 homes and deeper retrofits to 1,600 homes, and provided more than 28,000 programmable thermostats and 400,000 energy-efficient light bulbs to urban residents.

PSE&G has also managed a "Standard Offer" program for approximately 20 years among its residential and small and large commercial customers. Participants in the program submit a proposal to install energy savings measures, such as lighting, heating, cooling or insulation, and receive standard incentives based on savings of natural gas and electricity. To date the Standard Offer program has paid out more

than \$1 billion in incentives and saved more than 15 million megawatt-hours of electricity and 220 million therms of natural gas.

PSE&G is also one of several utilities in New Jersey that run the BPU's Comfort Partners energy efficiency program for low income residents. Through Comfort Partners, PSE&G has improved the energy efficiency of more than 60,000 homes, helped those customers hold the line on their energy costs and saved 5.5 million kilowatt hours of electricity and 5.7 million therms of natural gas.

Energy Efficiency – PSEG Long Island

PSEG Long Island has a number of effective energy efficiency programs designed to help customers save energy and money while also helping the environment.

PSEG Long Island spent about \$70 million on our Efficiency Long Island (ELI) portfolio of programs in 2014, saving customers over 263 million kilowatt-hours of energy and lowering peak demand by over than 55 MW. The ELI program, established in 2009, has a long-term goal of reducing peak demand by 520 MW by 2018, and so far has reduced peak demand by 251 MW.

National Recognition

In light of the performance of the ELI program, PSEG Long Island was honored with an ENERGY STAR Partner of the Year – Sustained Excellence Award in 2014 by the U.S. Environmental Protection Agency (EPA) for our commitment and dedication to energy efficiency and the ENERGY STAR program.

Our efforts were recognized for the results they are delivering, too. For example, our Home Performance programs have served over 12,000 customers, saving 16.8 million kWh of energy, which is equivalent to removing approximately 2,439 cars from the road a year. Also, ENERGY STAR-certified light emitting

diodes (LED) sales have increased from almost 3,500 in 2010 to more than 600,000 in 2013. LED lighting uses 75% less energy and lasts 25 times as long as incandescent bulbs.

An Array of Energy Efficiency Programs

Efficiency Long Island contains a portfolio of programs targeted to residential customers and local businesses. Among them are:

- **Energy Efficient Products Program:**

The goal of this program is to bring proven ENERGY STAR technologies to customers so they can benefit from energy savings, thereby lowering their electric bills. Rebates and incentives are offered on a variety of ENERGY STAR rated appliances, lighting fixtures, and household electrical equipment.

- **Home Performance Direct (HPD) Program:**

This is a free program for customers that have central air conditioning. The program includes a comprehensive home assessment (CHA) and select, free efficiency upgrades. The CHA provides recommendations for cost-effective improvements that may qualify for financial incentives. Non Central Air Conditioning customers can still qualify for a free CHA through New York State's Green Jobs Green NY (GJGNY) program with financial incentives through the HPwES program, described below.

- **Home Performance with ENERGY STAR® Program:**

This free program is designed to save homeowners up to 20% on their monthly energy bills. Based upon the recommendations from the comprehensive home assessment during the initial audit, a homeowner can make additional improvements and take actions to stop wasting energy and start saving money. Specifically, these improvements might involve a home's insulation, heating and cooling system, windows, appliances and lighting.

- **Residential Energy Affordability**

Partnership (REAP) Program: The REAP program is for income-eligible customers.

A REAP technician (PSEG Long Island contractor) will come to the home and provide a free home energy survey and educate the customer on how to use less electricity by practicing energy efficiency. During the home energy survey, the technician may install high-efficiency lighting, energy efficient appliances, pipe insulation and domestic hot water flow devices.

- **Cool Homes - Central Air Rebate Program:**

A new, efficient central air conditioning system can reduce cooling energy costs by up to 40% compared to older inefficient models and save customers as much as \$500 a year on their electric bill. Rebates for new and replacement installations are available, as well as rebates for geothermal and ductless mini-split systems. Participating contractors are eligible to receive quality installation incentives as well.

- **Commercial Efficiency Rebate Program:**

Customers can receive cash incentives for installing energy efficient electric equipment in their facilities. Rebates are available for a range of energy-saving measures.

- **Energy Assessment Program:**

Services are provided for business customers to assess their energy demand and analyze energy conservation measures – free of charge to customers. This program is specifically for small businesses interested in becoming more energy efficient.

- **Technical Assistance Program:**

PSEG Long Island's Technical Assistance (TA) program provides co-funding to customers who require engineering and design services in order to qualify for certain rebates or certifications. The TA program supports LEED certification and requirements, ENERGY STAR benchmarking certification and requirements, and will fund approved studies to determine the energy savings potential of a technology.

The Cool Homes program saves customers as much as

500

dollars a year on their electric bill.

Larger solar facilities produce power at

50

to 60 percent of the cost of rooftop solar.

Renewable Energy

Our renewable energy initiatives have helped make New Jersey one of the leading states for solar energy development – creating jobs, spurring economic activity and helping the state meet its renewable energy targets. New Jersey ranks third in the number of solar installations in the nation and PSE&G is fifth in the nation among utilities for cumulative solar megawatts interconnected, according to the Solar Electric Power Association (SEPA). PSE&G also leads the nation in the development of landfill and brownfield solar farms.

We are aggressively helping New Jersey meet its renewable energy goals. New Jersey's RPS requires load serving entities in the state to procure 22.5 percent of the electricity they sell to customers from qualifying renewable energy by 2021. Also included in that goal is a specific allocation for solar power. PSEG is helping to meet the RPS target by directly developing solar projects and providing financing for solar projects. PSE&G's solar investments create a demand for technology that will transform the way we generate electricity and create green jobs.

Our Approach

Our approach to solar development includes direct ownership of large-scale, grid connected projects through our Solar 4 All Program, and a Solar Loan Program targeted to businesses and homeowners that need financing for their projects.

Solar 4 All™

Solar 4 All is a 125 megawatt-dc (MW-dc) program that utilizes rooftops, solar farms, utility poles and landfills/brownfields for large-scale, grid connected solar projects. As of mid-2015, more than 101 MW-dc of the 125MW-dc total are in service.

Solar 4 All helps New Jersey reach its solar power goals, helps promote a cleaner

environment, turns landfills and brownfields green with solar power and spurs economic development by creating good jobs and making the state a center for solar development. In fact, the Solar 4 All Program will create, on average, about 300 jobs a year between 2010 and 2016. The program also benefits PSE&G customers directly by connecting solar power into the electric grid. Solar 4 All will eventually provide enough solar electricity to power about 20,000 average-size New Jersey homes annually.

Solar 4 All is also helping to turn landfills and brownfields green. Of the 26 centralized solar projects currently in service, four are located on PSE&G remediated brownfield sites in New Jersey: Trenton, Silver Lake/Edison, Linden, and Hackensack and three are located on closed New Jersey landfill sites in Bordentown, Deptford, and Kearny. These sites provide more than 30MW-dc of solar capacity.

These landfill solar projects benefit from economics of scale compared to the typical residential net metered solar project.

Solar 4 All also features 40MW-dc of pole-attached solar, which saves space while generating highly distributed solar energy. A 40MW-dc solar farm would require about 140 acres, or about 110 football fields, of land. The 40MW-dc of utility pole-mounted solar units occupies no real estate. More than 174,000 pole-attached solar units are installed in PSE&G electric service territory around the state.

Over the next few years, PSE&G will be building an additional 21MW-dc of solar capacity on additional landfills and brownfields in the utility's electric service territory. Solar 4 All will also support 3MW-dc of solar generation featuring unique solar technologies centered on energy storage and grid-hardening applications.

Solar Loan

The 178.5 MW-dc Solar Loan program is the second piece of PSE&G's solar development strategy. This program encourages business and residential customers in our electric service territory to install solar energy systems on their homes and businesses. PSE&G solar loans can help make solar ownership affordable by financing a major portion of the solar system and providing a unique repayment option that locks in a guaranteed value of the Solar Renewable Energy Certificates (SRECs) the system is expected to generate.

The Solar Loan Program has granted more than \$250 million in loans and helped more than 1,000 customers finance over 80 megawatts-dc of solar capacity on their homes and businesses.

PSEG Solar Source

PSEG Solar Source, a subsidiary of PSEG Power Ventures, develops, owns and operates utility-scale solar facilities outside our New Jersey service area. PSEG Solar Source has been able to expand its portfolio to 148 megawatts of clean, renewable energy – with 12 facilities in operation or development in 9 states. We are proud to be a part of efforts across the country to combat climate change and increase the amount of locally generated renewable energy while spurring the economy as well. And, we are actively exploring opportunities to add to PSEG Solar Source's portfolio.

PSEG Solar Source's operating facilities are:

- PSEG Mars Solar Garden, a 2.2-MW facility located adjacent to the Mars Snackfood's U.S. headquarters in Hackettstown, New Jersey.
- PSEG Shasta Solar Farm, two adjacent solar facilities totaling 4.4 MW located in Shasta County, California.
- PSEG Wyandot Solar Farm, a 12-MW solar farm in Wyandot County, Ohio.
- PSEG Jacksonville Solar Farm, a 15-MW solar facility in Jacksonville, Florida.

- PSEG Milford Solar Farm, a 15-MW solar farm in Milford, Delaware.
- PSEG Badger 1 Solar Farm, a 19.3-MW solar facility located west of Phoenix, Arizona.
- PSEG Queen Creek Solar Farm, a 25.2-MW solar farm in Queen Creek, Arizona.
- PSEG Essex Solar Center, a 3.6-MW solar farm in Essex, Vermont.
- PSEG El Paso Solar Energy Center, a 13-MW solar farm in El Paso, Texas.

Renewable Energy – PSEG Long Island

New York State has established a goal of obtaining 30% of its energy from renewable energy by 2015. PSEG Long Island is working to do our part toward achieving that goal. We have moved aggressively to integrate solar energy into our service area, from both the wholesale and retail sides of the market. Overall, PSEG Long Island has installed over 145 MW of solar through 2014.

Over the past few years, PSEG Long Island has seen an explosion of interest in our rooftop solar program. Over 15,000 customers have taken advantage of the program, installing about 125 MW dc of clean solar power on their homes. This program provides a fixed incentive for a block of power, which then resets to a lower incentive once the prior block is filled. PSEG Long Island also has a feed-in tariff program for larger commercial projects. This program has resulted in the installation of about 27 MW of solar power.

In addition, PSEG Long Island put out a solicitation for up to 280 MW of grid-connected renewable energy in 2014. To date, 122 MWs of projects have been authorized.

Nuclear Power

Nuclear power continues to hold several advantages for helping to meet the country's future energy needs. Nuclear generation emits no carbon or other pollutants associated with



PSE&G's clean energy-producing solar farms built on landfills and former industrial properties called brownfields feed power into the electric grid to the benefit of all customers.

fossil fueled plants, while providing tremendous economic and job benefits for the region.

We believe a systematic approach to nuclear energy management ensures public safety, and the recent success of our application to relicense two facilities is further endorsement of our management expertise. We also recognize the importance of educating the public about nuclear energy and have been recognized for our community outreach efforts. More than 25,000 stakeholders have toured our nuclear plants and community information center in the past five years.

Nuclear Fleet

Our nuclear power generating fleet consists of the Salem and Hope Creek nuclear generating stations in Lower Alloways Creek, New Jersey and part ownership of the Peach Bottom nuclear generating station in Delta, Pennsylvania. PSEG has taken steps to ensure that nuclear power will be part of New Jersey's future. First, we received 20-year license extensions to the Hope Creek unit and both Salem units, ensuring these plants can continue to operate well into the 21st century.

We are also in the process of obtaining an early site permit, the first step needed for the construction of a new plant, for a site north of our Hope Creek reactor. With access to available transmission, proximity to energy users and available land, our South Jersey site is one of the best locations for a nuclear unit in the nation. If an early site permit is granted, it would be valid for 20 years, allowing PSEG Nuclear additional time to decide whether to apply for a combined construction and operating license.

ADDITIONAL INFORMATION ABOUT OUR NUCLEAR POWER FLEET IS AVAILABLE ONLINE AT: [HTTP://WWW.PSEG.COM/FAMILY/POWER/NUCLEAR/INDEX.JSP](http://www.pseg.com/family/power/nuclear/index.jsp)

Emergency Preparedness

PSEG Nuclear maintains a strong emergency response plan. As part of this plan, we work closely with the states of New Jersey and Delaware to protect the health and safety of the public. The Nuclear Regulatory Commission (NRC) assesses the capabilities of the plan by requiring us to perform a full-scale exercise that includes the participation of government agencies at least once every two years. A recent exercise was performed in May 2015 with no issues. We perform these exercises to maintain the skills of our emergency responders and conduct additional drills quarterly.

Water

Stewardship of water resources remains a priority for PSEG in the areas where we operate. PSEG's power plants use water to drive steam turbines, for cooling in boilers and to reduce air emissions. As discussed in the section on air quality, PSEG has installed technologies that reduce emissions of NOx and SO2. However, many of these technologies rely on the injection of water to achieve this environmental benefit. As a result, overall water use for these facilities has increased. The largest volume of water is linked to non-contact cooling water systems. Several different systems are in use ranging from once-through systems to wet cooling towers and a wet/dry hybrid cooling tower.

Once-through systems withdraw high volumes of water with relatively low water consumption rates but they also have impacts to local aquatic habitats. PSEG has addressed these impacts in several ways, including the installation of state-of-the-art technologies and the restoration of marsh habitats. Cooling towers withdraw significantly less water but with a relatively higher consumption rate. To offset this, PSEG has at two locations chosen to use an available alternate water source, "Reclaimed Wastewater Effluent," to limit reliance on potable water supplies.



Maintenance manager Dave Williams participates in high-angle rescue training at the Mercer Generating Station.

Meeting water quality standards continues to be an issue we manage at our plants daily. PSEG has designed and installed systems to treat industrial wastewater at its facilities, reduce the concentration of pollutants in the discharge and reduce the potential for stormwater to carry pollutants from its facilities.

Guidelines and Verification

PSEG guidelines call for all of our power plants to ensure that they maintain the quality and quantity of water on both the intake and discharge sides of their operations. We use best available technology to safely remove and return fish to rivers during water intake at our facilities. We also monitor pH and temperature of the water returned to rivers and we are in compliance with state environmental quality permits. We treat all effluents on-site before discharge and both our measured and reported water data are externally verified in several ways by federal and state regulatory agencies.

Biodiversity

Providing safe, reliable and efficient energy to meet the needs of our customers requires maintenance of lines that pass through local ecosystems. We work closely with experts, including the New Jersey Audubon Society and The Nature Conservancy, to integrate biodiversity considerations and mitigate ecosystem impacts from design through project construction and maintenance. PSE&G is currently working with New Jersey Audubon to evaluate practices for the management of vegetation along its 1,100 miles of transmission Rights of Way. Information gathered from this effort will be used to develop sustainable maintenance practices that will balance the safety and reliability needs of the utility system with the need to maintain diverse habitats from migratory and sensitive species.

PSEG works with local conservation organizations such as the Hackensack Riverkeeper to support the maintenance of osprey platforms and facilitate increasing populations of this endangered species. Several of PSEG's facilities are home to active platforms including Hudson Generating Station in Jersey City. PSEG is also a partner with a broad group of stakeholders in the Abbott Marshlands Stewardship Council. This important resource area is located in Mercer County adjacent to PSEG Power's Mercer Generating Station and also has several transmission lines crossing over it. Through this collaboration PSEG works with other stakeholders to protect and preserve the marsh habitat and educate the public on marsh ecology and benefits.

Environmental Impact Assessment

The cornerstone of our approach to maintaining biodiversity is an environmental impact assessment process for our projects. This includes an evaluation of biodiversity impacts, using inventory maps created by the New Jersey Geographic Information System. In addition, we file our Environmental Impact Statements (EIS) and Environmental Assessments (EA) with the appropriate regulatory agencies such as the New Jersey Department of Environmental Protection, the Board of Public Utilities, and the National Park Service. Our EIS and EA reports are publicly available through those agencies and we post updates to project websites for many of our larger projects.

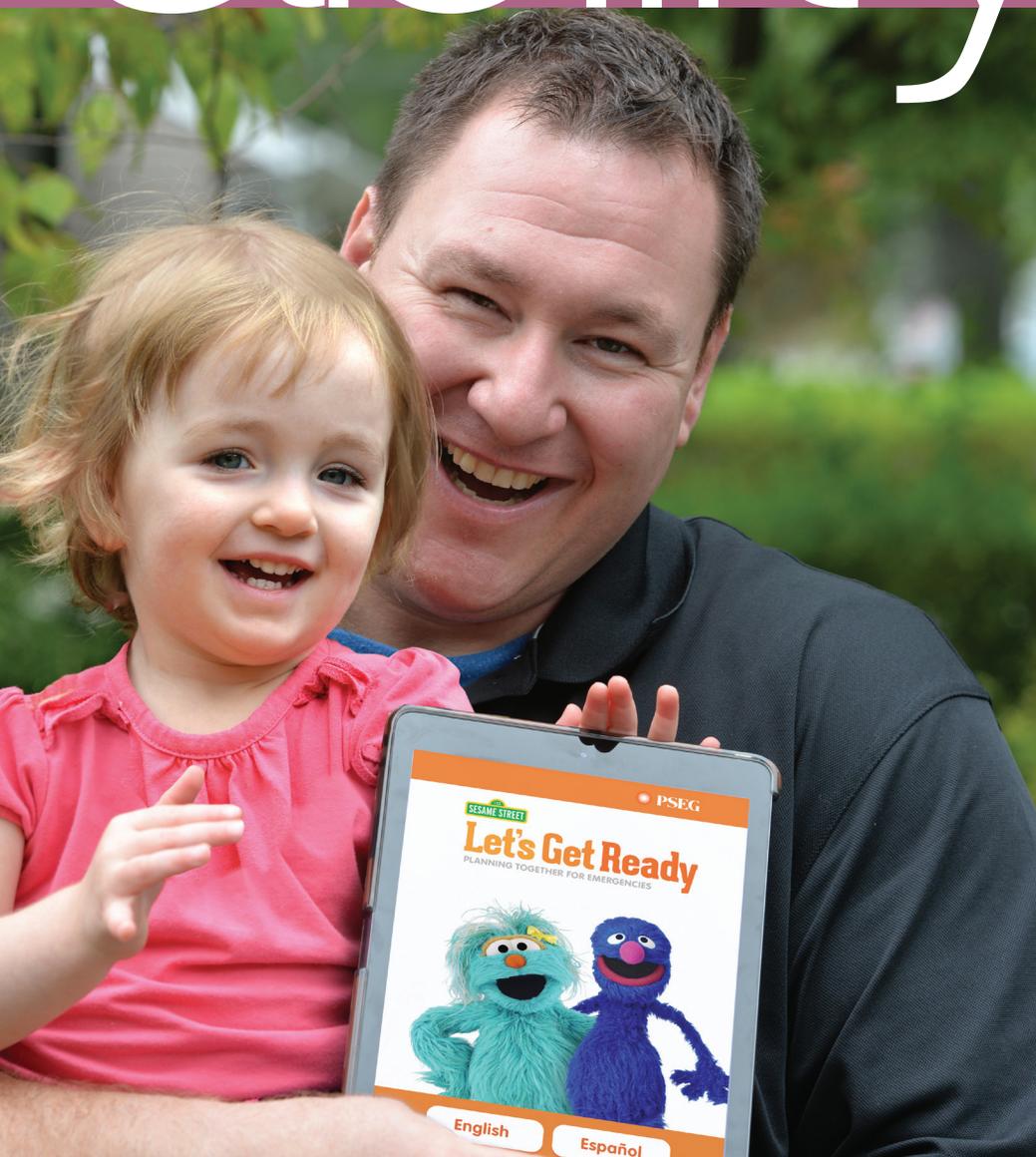
As a result, while we advance the development of projects to maintain and improve the reliability of our energy systems, we have worked closely with regulators and environmental stakeholders to mitigate the environmental impacts of those projects. In addition, PSEG has sought out and partnered with others to identify practices that will lead to improved habitat diversity.



Duc Tran, PSEG Fossil environmental specialist, oversees traveling screens installed at PSEG's Hudson generating station to provide fish a safe return to the river.

Sustain ability

to help
people
be their
best



PSEG is a company with strong ethical values and a deep commitment to its employees. We understand that our success ultimately depends on our ongoing ability to attract, develop and retain a highly skilled, diverse and engaged workforce. Indeed, our people are the key to achieving operational excellence.

Each year we review our people strategy to ensure we are engaging and motivating employees. Our goal is to promote an environment where employees develop and utilize skills, feel comfortable sharing their ideas and concerns, and directly support the achievement of key business objectives. We believe these efforts contribute to a high-performance culture.

Employee engagement is an important part of our journey to improve as a company. Our engagement initiatives focus on issues such as comfort in speaking up and building employee capabilities through our People Strong curriculum, and fostering diversity and inclusion to ensure we move forward effectively as one team. We want to build a culture where everyone not only contributes but feels valued and appreciated, and has a range of opportunities for growth and development.

We identify and manage numerous risks and opportunities through our people strategy. Part of the reality of our business is the commitment of maintaining employee and public safety, good relations with our labor unions and an engaged workforce.

Business Ethics and Values

A good name is more than a source of pride: it gives us credibility in the marketplace, in the communities where we work and among current and potential employees. Our Standards of

Integrity and PSEG values form the foundation of our ethics program.

Standards of Integrity

PSEG is committed to conducting operations in accordance with the highest ethical standards and in compliance with the law. These Standards of Integrity (“Standards”) and the PSEG values embody that commitment. Our core values – Accountability, Continuous Improvement, Customer Focus, Diversity, Integrity, Respect and Safety – guide our conduct wherever we operate. We require every employee and contractor to uphold our values and standards to work with PSEG.

The PSEG Standards of Integrity, reviewed and approved by the PSEG Board of Directors, is a specific policy commitment that describes the company’s expectation of employee and contractor conduct in the workplace. Our Standards of Integrity set common expectations for interaction with investors, customers, coworkers, competitors, vendors, government officials, the media and others. Our entire staff of management, administrative, supervisory and technical associates must complete training on the Standards of Integrity and results are reported to the Audit Committee of the Board of Directors annually. We ensure accountability by defining responsibility, reporting breaches, tracking results and responding to issues.

THE FULL STANDARDS OF INTEGRITY ARE ONLINE AT:
[HTTP://PSEG.COM/FAMILY/ABOUT/INTEGRITY/PDF/STANDARDS.PDF](http://PSEG.COM/FAMILY/ABOUT/INTEGRITY/PDF/STANDARDS.PDF)

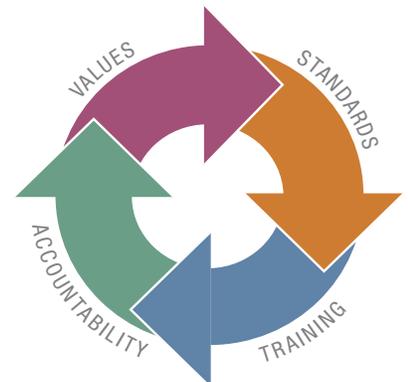


Photo: Dominick Albowicz, service specialist-Clifton gas, and his daughter Madelynn, learn about emergency preparedness through the new Sesame Street Let’s Get Ready app.

Employees working through a personal problem can call the EAP hotline

24

hours a day for confidential counseling and referrals.

Employee Health and Safety

A safe and healthy workforce is a high-performing workforce. We take numerous measures to ensure employees and contractors have the proper knowledge, training and protective equipment to maintain their personal health and safety.

PSEG's business requires managing sophisticated energy production and distribution operations involving commodities which are inherently hazardous. We control the risks associated with those hazards through the successful implementation of engineering controls, work processes and continuous improvement goals, by a highly trained and skilled workforce.

Our Approach

PSEG's commitment to employee health and safety is our foremost priority and is supported by our employees' exemplary efforts over many years. Our health and safety culture reflects strong and continuing employee involvement, teamwork and pride. Moreover, we believe that safety excellence enables operational excellence. Our culture is supported by policies, practices, processes and management systems that enable employee involvement, continuous learning, and disciplined risk assessment, prioritization and control. We ensure the strength of our processes and management systems and their implementation through self-assessments, third-party audits and benchmarking activities within and outside our industry.

Both our culture and management system illustrate our approach to safety throughout the company. The twelve components of our health and safety system provide the structure for promoting a culture built on trust, care, knowledge and communication.

An independent third-party audit team's review of PSEG's Environmental Health and Safety (EHS) management systems concluded that the system's design and overall performance placed PSEG as a top performer among its peers.

THE FULL PSEG ENVIRONMENT, HEALTH AND SAFETY POLICY OUTLINING OUR RESPONSIBILITY IS AVAILABLE AT: [HTTP://WWW.PSEG.COM/INFO/ENVIRONMENT/HEALTH.JSP](http://www.pseg.com/info/environment/health.jsp)

Moving Toward Target Zero

Over the past 10 years we have continued to improve our safety performance. Indeed, our 2006-2015 performance, as measured by the OSHA Recordable Case Incidence Rate and Severity Rate, was better than during any other 10-year period since these metrics started being used in the 1970's. Building on our health and safety culture, we aim to achieve our vision of Target Zero – where no one gets hurt – through a strong commitment to continuous improvement and employee involvement. Among other improvements, we have established a more detailed and focused investigation and analysis process to evaluate and track incidents and ensure that corrective actions are taken.

We are adding tools to help us on our safety journey. For example, our new Safety Information Management System (SIMS) is scheduled to be in place for all business units in 2016. SIMS will support our ongoing efforts to understand our safety performance with heightened clarity, precision and rigor as we strive to continue improving from a safety standpoint.

Employee Welfare

People select companies that share their values. We find that job candidates are drawn to us because of our reputation and stability along with our clean energy initiatives, environmental stewardship and community role. PSEG has provided opportunities for our employees to grow with us for more than 100 years, and we will continue to foster a workplace environment that contributes to this success.

Employees who are members of labor unions covered under collective bargaining agreements comprise nearly two-thirds of our workforce. Contract negotiations will be a priority for us in the next few years since contracts covering approximately 80 percent of our union employees expire in 2017. We are proud of our strong union-management relations and will begin laying the groundwork for our negotiation process in the next year.

Compensation and Benefits

Taking great care of our customers starts with making sure we take great care of our employees. We have long provided our employees with an attractive combination of compensation and benefits, supporting our strategic objective to attract, retain and develop a high performing and diverse workforce. This past year we conducted a thorough review of non-officer compensation grade structure and incentive plan design. This evaluation confirmed the competitiveness of the compensation we offer, while also providing other valuable insights that we used to effectively integrate PSEG Long Island jobs so that the company now has one common pay structure. We also made design changes to our Long-Term Incentive Program, or LTIP, to increase market-driven incentive opportunities and participation rates. Moreover, we made additional design changes to ensure all employees are focused on continuous improvement and operational excellence.

Our comprehensive benefits package empowers employees to be their best. We benchmark our industry peers to ensure we are within five percent of the group average and adjust as the market changes. The wide range of employee services, retirement, health and other benefits are designed to help employees enhance their work-life balance and suit their diverse lifestyles. Highlights of benefits include:

Employee Assistance Program (EAP):

Employees working through a personal problem that could affect their well-being can call the EAP hotline 24 hours a day for confidential counseling and referrals. Counselors provide assessment, short-term counseling referrals and treatment monitoring.

Carebridge: This service is available to help employees who are caring for aging parents, children with injuries or disabilities, or family members with substance abuse problems. PSEG's Carebridge program provides employees with referrals to professional assistance that supports a family member in need.

Bright Horizons Child Care Program: This service offers priority access for back-up, full-time and part-time child care to company employees. In addition, employees are provided with 20 visits per year, subject to a \$15 co-payment, at Bright Horizon's Child Care facilities nationwide for back-up child care.

MORE INFORMATION ON CAREERS WITH PSEG AND OUR BENEFITS IS AVAILABLE ON THE FOLLOWING WEBSITES:

PSEG CAREERS: [HTTP://WWW.PSEG.COM/INFO/CAREERS/](http://www.pseg.com/info/careers/)

PSEG BENEFITS: [HTTP://WWW.PSEG.COM/INFO/CAREERS/BENEFITS.JSP](http://www.pseg.com/info/careers/benefits.jsp)

Wellness and Lifestyle

Lifestyle and employee well-being are essential to a high-performance culture. PSEG provides additional services beyond traditional benefits to support and encourage employees to lead a balanced and healthy lifestyle. During the last quarter of 2015, PSEG will introduce a new "Be Well" program focused on risk factors that impact our employees and drive health care costs. We will continue to offer our onsite fitness centers at two of our largest sites and continue to offer onsite flu shots.

A corporate wellness council, consisting of various union and management personnel, has played a significant role in promoting wellness and wellness-related programs. These resources are available to all our full-time employees.



Town Halls for PSEG employees promote high levels of engagement.

Talent Management

A high-performance culture rewards personal growth, input from our employees and professional development. PSEG is committed to developing a strong culture through effective employee support.

We recognize the challenge of preparing our workforce for a transition with the retirement of baby boomers in the next decade. While PSEG provides strong development and training programs, like others in our industry, we have an aging workforce. More than 30 percent of our employees will be retirement-eligible over the next five years. This can be especially difficult to manage since finding employees with the skills necessary to replace these career veterans is not always easy, particularly in areas like PSEG Nuclear where it can take years of on- and off-the-job training and development to qualify for certain positions. We continue to strengthen our internal hiring, training process and recruitment process to develop a pipeline of employees that can meet anticipated attrition needs.

Onboarding

PSEG increased the emphasis on onboarding in 2014 with the development of a 45 minute-eLearning program accessible through the onboarding portal for all new employees. This program is being utilized by PSEG Long

Island as well. During the first quarter of 2015 over 200 PSEG Long Island employees completed our Power Up onboarding program. Additionally, all new hires attend a one-day program to provide an overview of our culture, our people policies and practices. All new hires attend both onboarding programs during their first six months of employment.

In 2014, a new college onboarding program called Accelerate was designed and implemented for all new college hires. This 6-month program was developed to provide the most recent college recruits and intern conversions from the prior summer with a focused approach to move from the campus to the corporate environment and engage quickly with the business. Retention of this group will continue to be monitored. We are currently investing and installing a new best-in-class onboarding tool to actively engage our pre-hires prior to their first day.

In the area of workforce planning, PSEG uses a holistic and structured approach based on best practices from the nuclear and energy industries and the Center for Energy Workforce Development (CEWD). PSEG has been closely monitoring employee retirement eligibility, especially to address critical positions or areas of potential risk. During the past several years, PSEG has conducted workforce planning exercises within our various businesses.

Since 2008, PSEG Nuclear has supported Salem Community College's Nuclear Energy Technology Program. Students are eligible for scholarships made possible by PSEG.



Career Development

PSEG provides comprehensive approaches and tools for employee career development. All non-union employees set development goals with their managers, participate in a performance appraisal process and have access to a variety of tools and resources to improve their skills and track their progress.

PSEG is very proud of our People Strong professional development curriculum, which addresses the ongoing development needs of our employees to help us succeed together. This curriculum reflects input from a variety of sources, including our employee development culture survey, talent development process, and our employees' individual development plans while also factoring in the needs of the organization.

The People Strong curriculum allows PSEG employees to develop via classroom study and eLearning. The curriculum is organized by both leadership development and professional skills, and includes opportunities to further develop individuals identified as having high potential to grow within the organization. Programs are delivered via classroom and eLearning and the majority of our programs are provided via blended learning solutions.

Two flagship programs in the People Strong curriculum are the Leadership and Supervisory Academies:

- The PSEG Leadership Academy is a week-long immersive program for top-performing managers. It provides intensive training on leadership, decision-making and problem solving by engaging executives and their peers across the company.
- The PSEG Supervisory Academy provides frontline leaders with skills necessary to lead their own teams, drive continuous improvement, and manage up within their organization.

These academies are an important part of our workforce development efforts, and we will continue to develop succession plans and additional programs to support the growth of our employees.

PSEG has invested in a Leadership Management System to help drive not only the importance of development but a more effective and impactful way of providing it to our employees and being able to track participation on an ongoing basis. Highlights of initiatives that facilitate employees' continued growth and development include:

- **Training:** Our Training & Development Centers in New Jersey and Long Island provide state-of-the-art facilities for technical training of our craft employees and for the training of new hires as well as the ongoing development for PSEG's highly skilled workforce.

The PSEG intranet, myPSEG.com, provides employees with a wide range of helpful information on their salary and benefits, retirement plans and services. We maintain an electronic catalogue of policies, practices, procedures, and operational excellence models so employees know exactly how to excel. Internally, public information is communicated through myPSEG.com, daily Outlook online emails, and PSEG Outlook, our employee magazine.

Mapping Out the Path to Employee Success - Continuing to Develop High Potential Talent:

PSEG continues to develop women through the GROW program – Growing and Reaching for Opportunities for PSEG Women. This is a nine-month program focused on accelerating leadership development skills, increasing self-awareness and broadening business knowledge across the enterprise. 2014 graduates and their mentors continued to be monitored to measure movement within the organization.

More than

30

percent of our employees will be retirement-eligible over the next five years.

Our Workforce:

PSEG Veterans

YEAR	VETERAN EXTERNAL HIRE RATE
2013	10%
2014	11%

Females

	2013	2014
MAST	25.7%	25.7%
UNION	10.4%	13.0%
TOTAL	16.2%	17.7%

People of Color

	2013	2014
MAST	22.4%	23.2%
UNION	23.6%	22.1%
TOTAL	23.1%	22.5%

Rolling out in 2015 is a new program, “Charting Your Course,” focused on the junior level individual contributor contemplating their next career move – primarily as a subject matter expert (SME), individual contributor or through a move into supervision. This program is focusing on developing 24 employees with an opportunity to leverage 8-10 managers and directors as mentors through the 6-month program.

Diversity and Inclusion

A diverse company is a strong company. We believe in a culture that values and promotes equal opportunity. Our diversity strategy focuses on our Workplace, Workforce and Marketplace.

Workplace

A workplace that respects team members is the first step in our diversity strategy. We strive to build a culture that is inclusive through awareness, team member support and decision making, and engagement of underrepresented employees. The following workplace programs help us meet our diversity goals:

Manager Training: Creating an atmosphere of candor and respect for high-performing teams begins with managers. We provide managers with coaching and resources to set standards for respect, train their employees on diversity, and communicate with employees over their concerns.

Career Support: We post jobs internally and encourage internal referrals and applicants. We offer support for internal applicants with resume-writing and interview skill-building.

Employee Resource Groups: Employee Resource Groups allow employees to share their diverse interests, talents and learning often to advance career goals. They also

support our workforce and marketplace goals by helping us build relationships with other organizations in the marketplace to source talent and suppliers. The PSEG Foundation supports their efforts by donating up to \$2,500 annually to charities they are aligned with.

The current Employee Resource Groups are:

PSEG

- AABE (American Association of Blacks in Energy)
- Adelante
- ASPIRE (Asians & Pacific Islanders Reaching for Excellence)
- Black Professional Network
- Enabling Ability
- FEAT (Functional Environmental Achievement Team)
- GaLA (Gay and Lesbian Alliances at PSEG)
- Minority Interchange
- North American Young Generation in Nuclear
- PS Nuclear Vets
- PSEG VETS/PS Nuclear Vets
- RISE UP
- TYPP (The Young Professional of PSEG)
- Women In Nuclear of PSEG
- Women’s Network

PSEG LI

- ASPIRE (Asians & Pacific Islanders Reaching for Excellence)
- HOLA (Hispanic Organization for Leadership and Achievement)
- The Alliance
- TYPP (The Young Professionals of PSEG)
- Vets ERG
- Women’s ERG



Irene Muldowney, PSEG Fossil environmental compliance & programs manager, is part of a team that works hard to uphold PSEG's reputation as a responsible company and environmental steward.

Workforce

Attracting a qualified, diverse and high-performing workforce is step two in our diversity strategy. We partner with a variety of local, regional and national organizations to position PSEG as an employer of choice and attract top talent.

Achievements

PSEG's diversity efforts have received external recognition. In 2015, PSEG ranked 23rd on GI Jobs magazine's list of Top 100 Military Friendly Employers, our highest ranking over the last four years. We have received Readers Choice recognition from Equal Opportunity magazine as a Top 50 Employer for three years running. Our programs are consistent with industry best practices for top performing companies according to Diversity, Inc. magazine. We have also been recognized by organizations dedicated to certifying and promoting Minority and Women Business Enterprises. We have won the NY and NJ Minority Supplier Development Council's Corporation of the Year Award three times and the Coordinator of the Year Award three times.

We are especially proud of our relationships with the military, supporting our efforts to attract and recruit members of our armed forces returning from tours of duty. We design specific outreach, hiring and policies to meet the needs of members of the military and their families. One policy allows some members of the Reserve Forces, who are activated for a tour of duty, to return to their jobs at PSEG afterwards.

Individuals with Disabilities Outreach

PSEG has long been a partner and supporter of organizations that support individuals with disabilities (well before the federal mandate). From sharing our employment opportunities with local organizations such as the United Way and Goodwill Industries, to our direct partnerships with the Wounded Warriors – Warriors to Work program and the NJ State Division on Vocational Rehabilitation Services (DVRS), PSEG always seeks to recruit a diverse talent pool, including individuals with disabilities, for its broad range of job types and openings. In October of 2014, during Disability Awareness Month, PSEG was honored by receiving the New Jersey DVRS Employer of the Year Award in recognition for our efforts to hire and advocate for individuals with disabilities.

The PSEG Fossil procurement team spending a few volunteer hours planting seeds at a community garden in Newark, New Jersey. The vegetables grown here are sold at local farm stands.



Employee Engagement

We know we will have to continue to engage employees to win the race for talent. We implement several employee engagement programs in keeping with this priority, and will continue to seek ways to win the hearts and minds of our employees.

Employee Engagement Strategy

Overall engagement is measured through the PSEG Culture Survey administered every other year and with a pulse survey during the ‘off’ year. PSEG’s culture survey was administered in September 2014 and all people managers have active action plans in place based on their local results. Results of the Culture Survey indicated a positive trend across Alignment, Engagement, and Capabilities. This is significant as PSEG compares itself to a high-performing benchmark norm in the Top Quartile or 75th Percentile.

We believe managers have a special role in setting the right example. In 2015, all managers with supervisory responsibilities have a People Strong Engagement performance goal

to focus on driving ongoing improvements. These action plans are also tracked and progress is monitored quarterly.

Winning Hearts and Minds

Employee engagement is critically important in the short- and long-term. Our challenge is to create a workplace environment where employees feel increasingly engaged and empowered to be their best – building satisfying careers and growing with us over many years. We must continue to measure employee engagement and satisfaction, and focus on continuous improvement in taking care of our employees so that they stick with us and continue to take care of our customers.

Employee Spotlights

One of the elements of employee engagement that we are most proud of is our regular spotlight on employee efforts and accomplishments in our PSEG Outlook newspaper. Throughout the newspaper, we feature employees going the extra mile, examples of ways in which PSEG is a good place to work, and unsung heroes in the workplace.

Corporate Citizenship and Culture

In 2014, PSEG's Corporate Social Responsibility work was redefined as Corporate Citizenship & Culture to recognize the extent to which our deep involvement in community affairs and philanthropy is interwoven with our people, reputation and culture. Sustainability drives our business and citizenship goals across the enterprise. Strong values such as safety, integrity, diversity and inclusion are at the core of our culture to guide and inspire our business efforts.

PSEG's story demonstrates that corporate citizenship – like citizenship itself – is all about involvement. We are not a company of bystanders, but of people who care, and our employees contribute in many ways to make life better for those we serve. They take pride in the words “Public Service” in our company's name, and we encourage their participation in the life of our communities. This past year we adopted a volunteer time release practice to open up more opportunities for employees to connect with their communities on behalf of the company. Our community role has taken on an added dimension through the activities of the PSEG Diversity & Inclusion Council as well as our Employee Resource Groups. And we are working to leverage the impact of the PSEG Foundation by focusing on three key areas – sustainable neighborhoods, STEM education, and safety and disaster preparedness – with signature programs in each portfolio.

PSEG needs everyone to be able to perform at their highest capability, feel trusted, and have the opportunity to be heard in the workplace. In order to achieve our operational excellence, reliability, profitability, and customer service objectives, we must develop our workforce to reflect and respect our marketplace and our communities. We must develop an inclusive culture that empowers all of our people to contribute to our success.

The corporate-wide Diversity & Inclusion Council now stands at 95 employee members. Following the signing of an enterprise-wide Diversity and Inclusion Commitment Letter, council and corporate leadership created a strategic goal, titled “People Strong,” to define measurable outcomes of the council's work. This goal focuses on employee retention, employee engagement, and diversity spend with suppliers and corporate and Foundation giving. Two local Diversity & Inclusion councils have been formed with local executive leadership and representation at major locations outside corporate headquarters.

Employee Volunteerism

Employees engaged in their communities strengthen our relationship with customers and community leaders. We support employee volunteering, volunteer grants, and employee matching programs in the community. In 2014, the company adopted a volunteer time release practice that allows up to eight paid hours of volunteer time for our employees to use for company-approved activities. There were 22 company-sponsored volunteer events, with 1,749 employees participating during the year. The eight-hour time release practice was utilized by 65 employees, most notably for the 2014 Special Olympics in June. Of the 125 volunteers, the eight-hour time release practice was used by 40 percent of volunteers. In total, 24,900 volunteer hours were logged by employees.

Power of Giving

PSEG recognizes and rewards our most committed volunteers through three programs that offer grants to non-profit organizations where our employees contribute time and talent. PSEG's matching gift program is open to employees, retirees and members of our Board of Directors. Employees can receive matching gifts to charitable and civic organizations up to \$2,500, and PSEG matched \$643,700 in 2014. Employees can also receive up to



Carin Burwell, senior analyst-delivery projects and construction, volunteers her time at St. James Social Services in Newark, New Jersey.

(l-r) PSEG Long Island employees Brian Hassin and Alex Nyilas assemble a picnic table as part of a volunteer team effort that helped the nonprofit KaBOOM build a new playground in Central Islip, New York.



\$1,000 annually in volunteer grants for their organizations, including qualified 501(c)(3) organizations, youth sports groups, and veterans, fire and rescue organizations. In 2014, the company provided volunteer grants totaling \$92,200. Of special note are recipients of our Recognizing Excellence in Volunteerism (REV) awards, who collectively served 6,850 hours and garnered \$34,000 in volunteer awards. Lastly, employees organized multiple fundraising events during the year for the PSE&G Children's Specialized Hospital, raising approximately \$60,000 for the hospital.

PSEG Foundation

In 2014, our community investments totaled \$7,038,700. The Foundation strengthened its strategic community investments by establishing signature programs within each giving portfolio that cross our service and operating territories in New Jersey, Long Island, the Albany region of New York State, and Bridgeport and New Haven, Connecticut. The Foundation invests in programs and organizations in three key areas: sustainable neighborhoods, STEM education, and safety and disaster preparedness.

Sustainable Neighborhoods: We invest in public parks that improve the quality of life for local residents and in the environmental organizations that protect and preserve natural resources, address climate adaptation, and build sustainable communities. We support organizations that anchor their communities by providing a variety of programs and services for the whole family unit, including childcare services that enable parents to work fulltime, mortgage and financial counseling, job placement and skills training, health care resources and information, and housing stability.

In 2014, we completed our fourth playground build, in partnership with KaBoom! and the town of Little Ferry, New Jersey, which was impacted by Superstorm Sandy.

Stem Education: We support programs that engage, excite and inspire students in science, technology, engineering and math (STEM) subjects. Now in its third year, the PSEG Science SPARK Partners is our signature funding program to identify organizations that provide highly technical, hands-on STEM learning experiences for youth during out-of-school time. We also partner with key colleges and universities with strategic programs that build a pipeline of curious and prepared middle

and high school students, ready to pursue a field of study in the STEM fields, particularly women and minority students. We provide scholarship funding and identify real-world work experiences that prepare students for their careers after college, through capstone projects, internships and mentoring programs.

Safety and Disaster Preparedness: In partnership with Sesame Workshop, the Foundation launched “Let’s Get Ready!”, a disaster planning app that parents and guardians can use to prepare their children for emergency situations. The app and associated educational materials are debuting at community events across our territory, driven by PSEG’s role as a first responder and Sesame Street’s safe and trusted brand.

We strengthened our partnership with police, fire and rescue, local officials, and other disaster response organizations to establish communication and response plans within the communities we serve before the next crisis occurs. We also educate customers, government and emergency responders about electric and gas safety issues.

Burn and trauma centers provide critical care when our employees and customers need it most. We support burn and trauma centers throughout PSEG’s service and operating territories in New Jersey, Connecticut and New York.

Spotlight Ideas:

- **PSEG Goes to Sesame Street – Let’s Get Ready and be Here for Each Other!** The PSEG Foundation partnered with Sesame Workshop to develop Let’s Get Ready: Planning Together for Emergencies, and Here For Each Other: Helping Families After Emergencies, free emergency preparedness and response initiatives in English and Spanish.

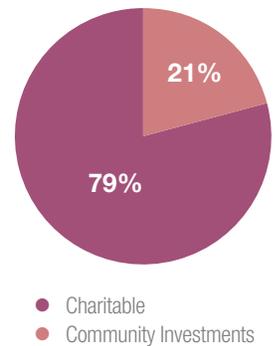
The initiatives are aimed at instituting emergency preparedness into families’ routines through simple tips, strategies, and activities, as well as prepare families with effective and comforting ways to respond when a disaster occurs. The app and associated materials can be used in the home, as well as the classroom.

Since its launch in October 2014, the “Let’s Get Ready!” app has approximately 10,500 downloads. Let’s Get Ready is available for free download in the iTunes™ and GooglePlay™ stores for iOS™, Android™ and Kindle™.

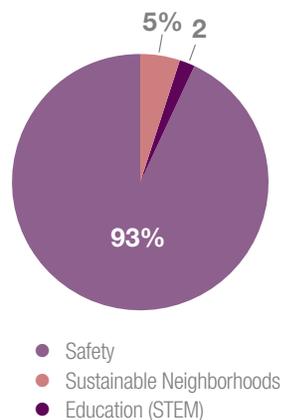
- **2014 Special Olympics USA Games:** PSE&G was a Founding Partner of the 2014 Special Olympics USA Games, as well as the proud sponsor of the Games’ Youth Leadership Summit. We are proud of the more than 3,500 diverse athletes from all 50 states and the District of Columbia who competed in 17 sporting activities, the children who participated in the Youth Leadership Summit, and our employee volunteers who helped to make the Games such an inspirational week of events.

Changing the world is no easy task, but that is exactly what more than 100 student leaders, both with and without intellectual disabilities, joined together to do in a weeklong Youth Leadership Summit. The summit, held during the 2014 Special Olympics USA Games, took place at the Lawrenceville School in Lawrenceville, New Jersey, and PSE&G was the proud sponsor. During the week-long summit, students from across the country shared how sports can be a platform to create an environment where everyone feels safe, comfortable and supported. The summit also served as a forum for youth to enhance the knowledge and skills necessary to create an effective campaign for positive change in their schools and communities, resulting in greater acceptance of children with disabilities.

2014 PSEG Foundation & Corporate Giving



2014 PSEG Foundation Community Investments



PSEG and Sesame Street have launched a new partnership dedicated to helping families prepare for emergencies, providing tools such as free apps in English and Spanish.



- **The PSEG 100:** PSEG has more than 12,000 employees across multiple states representing men and women from a rich variety of backgrounds and expertise. But could you conceptualize what a snapshot of PSEG would look like as just 100 people? That's what the PSEG Foundation set out to do when it partnered with the 100 People Foundation.

Using the 100 People Foundation philosophy and methodology, we set out to identify the 100 people that could best represent our company. The result was a diverse group of employees that helped create a community that represents PSEG by job type and company-wide characteristics. Employees from varied positions, levels and tenure were nominated by their peers as the people they most admire.

Some of the employees chosen to help represent PSEG as 100 people served in the military where they learned about great teamwork, or are the third generation of their family to work for PSEG. Several nominees were the first members of their family to attend college. It is this diverse culture that makes us who we are: a great place to work and a proud member of the communities we serve.

As part of the 100 People Foundation's larger global initiative, our project will be used to teach

students about what an energy company looks like and where energy comes from.

CHECK OUT OUR 100 PEOPLE WEBSITE, [HTTPS://WWW.PSEG.COM/INFO/COMMUNITY/NEW_SITE/100PEOPLE.JSP](https://www.pseg.com/info/community/new_site/100people.jsp) TO LEARN THE PERSONAL STORIES OF THESE EMPLOYEES THROUGH PHOTOS AND VIDEO INTERVIEWS ABOUT THEIR JOBS, HOBBIES AND PASSIONS.

- **The Power of Generosity:** The PSEG Foundation awarded a \$150,000 grant to the Connecticut Burn Center at Bridgeport Hospital in Bridgeport. The donation – along with matching proceeds from the annual Bridgeport Harbor Station Golf Tournament, held each summer for more than 20 years – funded the complete renovation of a nursing station at the facility.

- **Rutgers Students “WIN” at PSEG Nuclear:** PSEG Nuclear hosted a group of aspiring female engineers from Rutgers University's Douglass Campus. A highlight of their visit was a question and answer session with employees from the Women in Nuclear employee resource group, who shared their experiences and offered career advice to the students.

LEARN MORE ABOUT PSEG'S CITIZENSHIP EFFORTS AT: [HTTPS://WWW.PSEG.COM/INFO/COMMUNITY/NEW_SITE/INDEX.JS](https://www.pseg.com/info/community/new_site/index.js)

Forward Looking Statement: Readers are cautioned that the statements contained in this communication about us and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from what may actually occur. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC). These documents address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this communication. Forward looking statements made in this communication only apply as of this date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws. Please [click here](#) to read our complete Forward Looking Statement.



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