

Be an ethics champion

standards of integrity 2010
Public Service Enterprise Group Incorporated

integrity matters

pseg values

The PSEG values provide the framework and foundation for the expectations for business conduct set forth in the Standards of Integrity.

Accountability We live up to our commitments and take responsibility for our actions and results.

Continuous Improvement We set stretch goals, work together to achieve them, measure our accomplishments and learn from the accomplishments of others.

Customer Focus Our customers depend on us to keep the lights on and the gas flowing, and we commit to meeting their expectations.

Diversity We strive for diversity of people, experiences and viewpoints.

Integrity We hold ourselves to the highest ethical standards, in what we do and what we say.

Respect We promote trust and teamwork by communicating openly and honestly with each other and our communities.

Safety is always our number one priority, for our employees, our customers and for our communities.

message from the chairman



August 2010

Challenging times put extra pressures on all of us, but we must never allow our company's reputation for integrity to be compromised. Integrity is everyone's responsibility – yours and mine.

PSEG is known as a company that upholds the highest standards of integrity and ethical business conduct. Our company's good name is not only a source of pride, but much more. It gives us credibility in the marketplace. It matters to our bottom line. It is indispensable to our ability to build a bright future for **P**eople providing **S**afe, reliable, **E**conomic and **G**reen energy.

The PSEG Standards of Integrity embody our unwavering commitment to ethical business conduct, in keeping with the letter and spirit of the law. Each of us must be familiar with the Standards of Integrity, understand them thoroughly, and act accordingly.

Doing the right thing generally comes down to good common sense, but occasionally a situation may arise that does not seem so clear. Ask before you act if you have a question about whether something is right or ethical. And never hesitate to raise an ethical concern that you may have. There are resources available to help.

In closing, I cannot stress enough the absolute importance of ethical behavior in everything we do in our jobs. Good, strong values are forever. With your continued vigilance, PSEG's reputation for integrity will remain an abiding strength – as it must.

Sincerely,

A handwritten signature in black ink that reads "Ralph Izzo". The signature is written in a cursive, flowing style.

Ralph Izzo
PSEG Chairman, President and Chief Executive Officer

integrity matters

Important Information about the Standards of Integrity

The Standards of Integrity are not a contract of employment and are not intended to create any contractual obligations on the part of the company. The Standards of Integrity do not alter the existing at-will nature of the employment relationship between the company and its non-represented employees. Labor organizations that represent employees have been advised that the Standards of Integrity are among the work rules applicable to their members.

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integrity process

Honesty, common sense, and good judgment provide the best general guidelines for appropriate behavior. The company relies on your sound judgment and thoughtful behavior when conducting the company's business.

about the standards of integrity

Public Service Enterprise Group Incorporated ("PSEG") and its direct and indirect subsidiary companies (collectively, "the company") are committed to conduct operations in accordance with high ethical standards and in compliance with the law. These Standards of Integrity ("Standards") and the PSEG values embody that commitment.

The Standards establish a set of common expectations for behavior for members of the PSEG board of directors ("directors") and employees while conducting business on the company's behalf with investors, government officials, customers, other employees, competitors, suppliers, the media and other stakeholders (collectively, "stakeholders"). They are a condition of service for directors, a condition of employment for employees, and apply to conduct in the "workplace," as defined below.

Suppliers, contractors, consultants and their employees are expected to comply with all laws and company policies related to their work on the company's behalf. This includes the expectations for behavior set forth in the Standards. Adherence to these expectations is a condition of engagement.

The Standards are designed to ensure that all such persons deal fairly, honestly and straightforwardly with stakeholders and do not take unfair advantage of them through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, or other unfair dealing practices while working on the company's behalf.

The PSEG values, which are incorporated herein by reference, may be found on the company's Intranet site (InfoCentral) under the link *Corporate Resources – Ethics & Compliance Program*.

workplace

Workplace, when used in the Standards, means any place where any employee is conducting activities on the company's behalf, including any property, building or facility owned, leased, used or otherwise occupied by the company; company-owned or leased vehicle (or personal vehicle being operated in the course of employment); company-sponsored or supported events, whether on or off company property; supplier, contractor, industry or other third-party-sponsored events attended by such persons on the company's behalf; and business travel.

ethical decision-making

While the Standards are an excellent reference, they do not cover every situation in which a question of ethics or compliance may arise. Doing that would be virtually impossible, given the varied opportunities for decision-making. As a result, honesty, common sense, and good judgment provide the best general guidelines for appropriate behavior. The company relies on your sound judgment and thoughtful behavior when conducting the company's business. To help implement the Standards where they do not fully address a situation, employees should ask themselves the following questions:

- Will the action comply with the spirit or intent of the Standards?
- Will the action be fair and honest?
- Can the action be defended to my supervisor or manager, fellow employees, family, or the general public?
- Will the action appear appropriate to others?
- Do I feel comfortable about the action?
- Will the action be consistent with my personal code of conduct?

In judging the appropriateness of any proposed behavior or action, employees should be able to answer "yes" to each of these questions.

Employees are encouraged to ask questions, especially those of a legal or ethical nature, when uncertainty continues to exist and they are unsure of what to do. If unsure about how to act, the company has made resources available to employees to answer questions or address concerns regarding a proposed behavior or action. Those resources are identified in the section entitled **Employee Resources**.

reporting concerns

Employees are required to report suspected violations of the Standards or law where they have a good-faith basis to know or believe that a suspected violation is occurring or has occurred. Employees should utilize the resources identified in the section entitled **Employee Resources** for reporting concerns regarding suspected violations of the Standards or law.

employee resources

There are several resources available to employees to ask questions or report concerns regarding the application of or compliance with the Standards or law. Employees are encouraged to speak initially with their manager or supervisor. If discussion with a manager or supervisor is impractical or uncomfortable, employees may discuss any question or concern with the PSEG Office of Ethics and Compliance by contacting:

- Lon Bouknight, Jr., Executive Vice President and General Counsel,
Newark, Mail Code T4, 973-430-6252, lon.bouknight@pseg.com, or

- Hugh J. Mahoney, PSEG Ethics and Compliance Counsel, Newark, Mail Code T5, 973-430-6405, Hugh.Mahoney@pseg.com, or
- Frank A. Romano, Assistant General Counsel, Newark, Mail Code T5, 973-430-8941, Frank.Romano@pseg.com.

If employees are uncomfortable talking to someone at the company for guidance or assistance regarding the application of, or compliance with, the Standards or law, they also may call the **PSEG Integrity Line** toll free at 1-800-655-7269. The Integrity Line is managed by a contractor and is available 24 hours a day, seven days a week, 365 days a year. Calls are answered by employees of the contractor. The contractor does not use caller ID or other methods to identify the caller. The contractor periodically may monitor calls for quality assurance, but quality assurance recordings are not made available to the company.

Requests for guidance or reports of concerns made to the **Integrity Line** will be referred to the PSEG ethics and compliance counsel, who will direct the request or report to an appropriate corporate resource for response.

Employees who have questions or concerns regarding harassment or discrimination also may contact **Employee Relations**. The Employee Relations group can be contacted by phone at 973-430-5545 or by e-mail at EmployeeRelations@pseg.com.

Employees who have questions or concerns regarding nuclear safety or quality should contact **Employee Concerns** at 1-800-353-2792, ext. 1402.

Employees may use the resources identified in this section to ask questions or report concerns with attribution, confidentially or anonymously. Employee requests for confidentiality and anonymity will be respected to the fullest extent possible.

management of reported concerns

A fair, impartial, professional, thorough and timely review will be conducted of reported concerns. Confidentiality is an essential component of the review process and will be respected to the fullest extent possible. Every effort will be made to ensure that information obtained during the course of a review is disseminated only on a “need-to-know” basis or as required by law.

If the reported concern is referred for investigation, a memorandum or report documenting the results of the investigation will be prepared and distributed to management and the human resources department. If the investigation discloses the need for discipline, appropriate discipline will be imposed by management in consultation with the human resources department. If an investigation discloses the need for other corrective action to prevent recurrence of the wrongdoing, such actions will be implemented by management in a timely manner.

A summary report documenting such reported concerns and the results of any investigations of such concerns periodically will be provided to PSEG’s compliance council and the audit committee.

Employees are required to cooperate in any review or investigation of a compliance or ethics concern and also are required to be truthful and forthcoming during the course of any review or investigation of such reported concerns.

waivers

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver of any provision of the Standards for any director or executive officer may be made only by the PSEG board of directors and, if granted, must promptly be disclosed to stockholders. Waivers for any other employees may be granted only by PSEG’s executive vice president and general counsel or PSEG’s ethics and compliance counsel. All waivers will be disclosed to the PSEG compliance council.

certification of compliance

Members of the board of directors and non-represented employees are required each year to complete a certification of compliance questionnaire. The questionnaire requires directors and employees to acknowledge their understanding of the Standards, self-assess compliance with the Standards, and disclose any exceptions to compliance by themselves or others. Completion of a certification questionnaire is a condition of service for directors and a condition of employment for non-represented employees.

retaliation

Employees may not discharge, demote, suspend, threaten, harass or – in any other manner – take any adverse employment action against another employee who, in good faith, asks a question or reports a concern regarding a suspected violation of the Standards or law (“retaliation”). Employees also may not retaliate against another employee who participates in an investigation or proceeding related to any such matter. The company does not and will not tolerate any such retaliation and any employee who engages in any retaliation against another employee will be subject to disciplinary action, up to and including discharge.

Employees who have concerns about retaliation should report the concerns to one of the resources identified in the section of the Standards entitled **Employee Resources**.

discipline

Discipline, up to and including discharge, may be taken against any employee who:

- authorizes, participates or attempts to participate in any activity that violates the Standards or law;
- fails to report a violation of the Standards or law where there is a reasonable basis for the employee to know that a violation is occurring or has occurred;
- reports a violation of the Standards or law that is knowingly false and intentionally made in bad faith;
- fails to cooperate with an investigation or intentionally refuses to produce or conceals information related to the investigation or otherwise intentionally obstructs an investigation concerning a suspected violation of the Standards or law;
- fails to be truthful or forthcoming during an investigation concerning a suspected violation of the Standards or law;
- retaliates against another employee who, in good faith, reports a suspected violation of the Standards or law;
- retaliates against another employee who participates in any investigation of any such suspected violation; or
- fails to complete or falsely completes a certification of compliance questionnaire.

training

Employees must complete training made available by the company regarding the Standards. Employees failing to complete the training may be subject to disciplinary action.

employee responsibilities

Be honest and act ethically, with integrity, and professionally when acting on the company's behalf; ask questions, raise concerns, and report suspected wrongdoing arising under the Standards and the law.

overall responsibilities

All employees are expected to:

- be familiar with, understand and comply with the provisions of the Standards and PSEG values;
- be familiar with, understand and comply with all relevant laws that pertain to their jobs;
- be honest and act ethically, with integrity, and professionally when acting on the company's behalf;
- ask questions, raise concerns, and report suspected wrongdoing arising under the Standards and the law;
- avoid any behavior that is or could be perceived as retaliatory against another employee who raises a question or reports a concern regarding the Standards or the law;
- report unsafe working conditions; and
- cooperate and provide complete and accurate information during any review or investigation of suspected wrongdoing regarding the Standards or the law.

employee responsibilities

Managers and supervisors must never retaliate or permit retaliation against any person who, in good faith, raises an ethics or compliance concern or participates in a review or an investigation of reported wrongdoing.

manager and supervisor responsibilities

Employees who manage and supervise other employees in the workplace have additional responsibilities under the Standards. Through diligence and reasonable means, they also must:

- promote a culture that encourages ethical behavior and a commitment to compliance with the law;
- ensure that those who report to them are familiar with, understand and comply with the Standards and the law;
- monitor the conduct of employees who report to them to ensure compliance with the Standards and the law;
- encourage employees to ask questions about ethics and compliance issues and report suspected wrongdoing regarding the Standards or the law;
- report violations or suspected violations of the Standards and the law to the PSEG office of ethics and compliance;
- take appropriate disciplinary and/or corrective action to prevent recurrence of wrongdoing, where wrongdoing is identified;
- never retaliate or permit retaliation against any person who, in good faith, raises an ethics or compliance concern or participates in a review or an investigation of reported wrongdoing;
- ensure the safety of the employees working for them; and
- report and record all injuries or illnesses occurring in the workplace in accordance with company policy and OSHA reporting and record-keeping requirements.

personal & public responsibility

Be alert to unsafe work conditions and exercise caution during the conduct of work to prevent accidents involving you ... and other employees, contractors and the public.

health and safety

Employees must be aware of, understand and comply with all applicable laws, regulations and company policies, practices, procedures and rules regarding health and safety related to their jobs, including those with respect to the use of personal protective equipment and clothing. They also must accept responsibility for their health and safety, maintain a positive safety attitude, be alert to unsafe work conditions, and exercise caution during the conduct of their work to prevent accidents involving themselves and others, including other employees, co-workers, contractors and the public.

Employees have the absolute right and the obligation to question, stop and/or correct any unsafe act or condition in the workplace. Employees are prohibited from retaliating against any other employee who, in good faith, raises a safety or health question or concern for resolution.

Employees must immediately report to their supervisor or manager any injury, illness or motor vehicle accident occurring in the workplace.

substance abuse

The company is committed to a drug-free and alcohol-free workplace at all times, at all company facilities and operating locations.

Controlled Dangerous Substances

Except when authorized by a licensed medical provider, employees are prohibited from possessing, using, purchasing, selling, distributing, transferring or manufacturing any prescription medication, controlled dangerous substance, or other illegal drug or from making any arrangement for such activity on company time or in the workplace.

Employees also are prohibited from reporting to work unfit for duty as a result of off-the-job use of any medication, controlled dangerous substance, or other illegal drug.

Employees who, for medical reasons, are using prescription or non-prescription drugs with side effects that may impact their ability to perform their jobs safely must inform their immediate supervisor or manager about the potential for such side effects. If discussion with a supervisor is impractical or uncomfortable, the employee must contact the company's medical department at 973-430-5942. Employees are not required to provide any personal information regarding the underlying medical condition, unless required to do so by the medical department.

Alcoholic Beverages

Employees are prohibited from consuming alcoholic beverages on company time in the workplace, or during off-site meals or events when a return to work is expected, except in the limited circumstance described below.

Consumption of alcohol at a company-sponsored event is permitted where the consumption is authorized by an employee at the level of vice president or above. Any consumption of alcohol at such events must be supervised by the employee sponsoring the event and consumption by employees attending the event must be moderate and reasonable. Employees may not use a company-assigned vehicle after having consumed alcohol, even where the consumption of alcohol is otherwise authorized on company time in the workplace.

Any alcohol consumption otherwise authorized by this provision must comply with any applicable legal or regulatory requirements, such as those established by the Nuclear Regulatory Commission or Department of Transportation.

Consumption of alcohol by any employee while assigned to on-call or stand-by duty also is prohibited for the entire period of the assignment.

Regardless of the circumstance, employees are prohibited from reporting to work unfit for duty as a result of off-the-job consumption of alcohol.

environmental responsibility

The company is committed to conducting operations in a way that protects the environment, promotes energy efficiency and renewables, and complies with all applicable laws, regulations and other relevant standards to which the company may voluntarily subscribe. Employees must:

- comply with all applicable laws and regulations, internal policies, practices and procedures, and other relevant standards to which the company may voluntarily subscribe regarding the environment;
- obtain and comply with the terms and conditions of all environmental or other permits applicable to the construction, modification or operation of any company plant, facility or equipment or the conduct of such other activities that may result in a release of a pollutant to the environment;
- make appropriate reports of any unauthorized release of pollutants to the environment in a timely, accurate, true and complete manner;
- maintain open and honest dialogue with all stakeholders and the public about environmental issues and the environmental performance of the company's operations, activities and services;
- assess and manage the environmental risks regarding all aspects of the company's business to protect the environment and our fellow employees, customers, the communities in which we operate, stockholders and other stakeholders;
- factor pollution prevention, waste reduction/recycling, resource conservation, and greenhouse gas reduction opportunities into the company's business planning, engineering, design and operating decisions to help reduce impacts to the environment; and
- promptly correct conditions related to the company's operations that threaten the environment.

business relationships

Employees must treat one another fairly and with respect and dignity, and respect the company's commitment to the diversity of people, experiences and viewpoints.

employee relations

The company is committed to maintaining a workplace:

- where equal employment opportunities are available and workplace discrimination and harassment are prohibited;
- where employees treat one another fairly and with dignity and respect through open and honest communication;
- where diversity is valued and employees of diverse backgrounds, experiences and viewpoints have the opportunity to succeed and reach their full career potential; and
- where violent, threatening or intimidating behavior is prohibited.

Workplace Discrimination and Harassment

Employees must make all employment decisions without regard to an individual's race, color, national origin, religion, affectional or sexual orientation, gender (including pregnancy), gender identity or expression, age, marital status, domestic partnership or civil union status, disability, veteran status, armed forces status or other characteristics protected by applicable law ("protected characteristics"). Such employment decisions include selection, hiring, placement, compensation, benefits, transfer, promotion, training, layoff, termination and disciplinary action. Employees also are prohibited from committing any act of discrimination in the workplace against any other person based on a protected characteristic.

Employees also are prohibited from harassing, directly or indirectly, any other employee or third party (e.g., customer, supplier, contractor) based on any protected characteristic. Harassment consists of speech or conduct that is based on a protected characteristic, is severe or pervasive, and could alter the terms and conditions of another individual's employment. Examples of conduct that may constitute harassment include – but are not limited to – insults, jokes, slurs, pictures, cartoons or posters that create an intimidating, hostile or offensive work environment.

Sexual harassment is a type of prohibited harassment and may consist of either:

- an implicit or explicit promise or threat tied to an expectation that the employee will submit to the sexual demands of a manager or supervisor; or
- unwelcome sexual advances, requests for sexual favors, or speech or conduct of a sexual nature that unreasonably interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment. Examples of such conduct include – but are not limited to – inappropriate touching, repeated requests for a date, displaying sexual pictures or reading materials, vulgar or lewd remarks, or conversations or questions of a sexual nature.

Workplace Environment

Employees must treat one another fairly and with respect and dignity, and respect the company's commitment to the diversity of people, experiences and viewpoints.

Employees must not engage in or commit acts of violence, including – but not limited to – fighting, physical assaults, verbal or non-verbal threats of violence, or other expressions of intimidation or violence against any other employee or third party in the workplace.

Employees also are prohibited from possessing any weapon in the workplace, as defined under New Jersey law, including all firearms, even if permitted or licensed, or other object readily capable of lethal use or the infliction of serious bodily injury, where there is no legitimate purpose for the possession of such object.

customer relations

The company is committed to understanding and being sensitive to customers' needs and providing them with energy and energy services in a safe, professional, courteous and prompt manner to meet their expectations. Employees *must*:

- respond promptly, courteously and honestly to customer inquiries and requests;
- work in a safe and responsible manner when on the property of a customer or other third party and reasonably restore the property when work is completed;
- act in a professional, respectful and empathetic manner when interacting with customers and avoid becoming confrontational when dealing with aggressive customers;
- treat customers fairly by being honest and flexible in meeting their needs and not unduly discriminate against or provide undue preferential treatment to any customer, including an affiliate;
- resolve customer inquiries, requests and commitments and work to prevent similar recurrence of issues raised; and
- accurately and appropriately represent all services in offerings, advertising, marketing and sales efforts.

Employees must safeguard customer information in accordance with company policy and law and use such information solely for the purpose of conducting the company's business. Customer information includes the name, address, telephone number, energy usage, payment history, credit information, and personal identifying information, such as Social Security number or credit card number. Employees also must not release customer information to any third party, including any employee in an affiliated company, without written authorization from the customer, except where the release is authorized by company policy, law, a lawfully issued order, subpoena or regulatory agency request.

Employees must not access customer information or the company's customer information system for any reason other than to conduct legitimate assigned company business. Employees also must not use customer information or any electronic system containing such information for improper personal benefit or the improper personal benefit of any other employee or third party.

supplier relations

Procurement Activities and Decisions

Employees must comply with the Standards, relevant company policies, practices and procedures, and applicable law when conducting any procurement activity, including – but not limited to – identifying potential suppliers; issuing single-or sole-source awards; participating in competitive bidding, handling confidential bidder or supplier information; awarding bids; negotiating, contracting and issuing requisitions; managing or processing purchase orders, contracts or change orders; approving service entries; and processing invoices for payment.

Employees also must conduct all procurement activities and make all procurement decisions with integrity, fairness and impartiality. The activities and decisions should be made based on merit, using objective criteria that will deliver the best total value to the company, such as quality, price, reliability, availability, capability, schedule requirements and services.

The Supplier Relationship

Employees must deal with suppliers ethically, fairly and in good faith, and avoid the appearance of impropriety. Employees also must maintain positive and professional relations with suppliers, maintain the confidentiality of supplier information, and – where practicable – resolve disputes with them promptly and equitably.

Employees may not accept gifts or inappropriate meals or entertainment from a current or prospective supplier or engage in any other activity with a supplier that is or appears intended by the supplier to obtain an improper benefit. Employees also must not solicit any item of value from suppliers where the solicitation would create an expectation by the supplier of a *quid pro quo* (i.e., “something for something”).

competitor relations

Employees must comply with all laws in connection with the collection and use of competitive intelligence (i.e., any non-public information about another company and its products and services). Employees must not use any unlawful or unethical means – such as misrepresentation, deception, theft, spying or bribery – to collect competitive intelligence. They also must not solicit, accept or otherwise obtain and use competitive intelligence acquired by a third party through such unlawful or unethical means.

government relations

Employees must cooperate in a straightforward manner and must exercise the utmost integrity at all times when interacting or conducting business with government agencies and officials. Specifically, employees must:

- provide truthful, accurate, complete and timely disclosure of information in connection with responding to regulatory reporting requirements and in connection with the company's participation in any judicial, legislative or regulatory proceeding;
- ensure that all responses made to reasonable requests or inquiries from government agencies or officials are truthful, accurate, complete and timely;
- cooperate with any government agency or official in connection with the conduct of any facility visit and/or inspection;
- represent the company professionally and with honesty and integrity when appearing before or interacting with government agencies or officials; and
- understand, respect and comply with any applicable law, regulation, rule or code of ethics when interacting with government officials.

The company also is committed to cooperating with government regulatory enforcement agencies and other law enforcement officials. All inquiries, requests or demands from such agencies or officials must be referred to PSEG's ethics and compliance counsel for review and response.

There may be situations in which PSEG contests or opposes requests or inquiries from government agencies or officials or opposes existing or proposed government policies, decisions or other actions, including proposed legislative or regulatory actions. In such cases, employees authorized to speak on behalf of the company must present the company's opposition and its positions, interests and views factually, truthfully, responsibly, professionally and with honesty and integrity.

gifts and benefits to government officials

There are many laws, regulations, rules and codes of conduct that prohibit or limit the giving of gifts, benefits or other things of value to government officials (hereinafter "gift rules"). Gifts, benefits or other things of value include entertainment, food and beverage, travel and lodging, honoraria, or loans.

The company is committed to compliance with relevant gift rules. Employees who interact with government agencies and officials must be aware of and comply with such rules. To ensure compliance, employees must not provide any gift, benefit or other thing of value to any government official without obtaining prior approval from the vice president-federal affairs or the vice president-state governmental affairs, as appropriate.

However, employees may never give any gift, benefit or other thing of value, either directly or indirectly, to any government official to influence the official's judgment or action in the performance of official duties or as a reward for the performance of official duties.

political participation

PSEG participates in the political process to build our community, promote responsible corporate citizenship, and fulfill our duties to our employees, customers and shareholders. Public decisions significantly affect PSEG's business, so we communicate with government officials, support candidates and organizations, and encourage employee civic involvement. The company is committed to compliance with all applicable laws in the conduct of such activities.

Lobbying on Behalf of PSEG

PSEG engages in activities intended to influence legislation, regulation and governmental processes at both the federal and state levels ("lobbying activities"). Federal law and the law in New Jersey and other states have registration and reporting requirements for persons who engage in lobbying activities.

All employees who engage in lobbying activities on behalf of PSEG must register as appropriate, and must coordinate their activities in advance with PSEG's vice president-federal affairs (for federal lobbying and lobbying in states other than New Jersey) or with PSEG's vice president-state governmental affairs (for lobbying in New Jersey), as appropriate.

Employees engaging in such activities also must understand and comply with applicable laws, regulations and rules while conducting such activities. They must track their contacts, issues, time and expenses related to lobbying activities; prepare and file required reports; and provide all relevant information when requested by the company to enable the company to meet its reporting obligations.

Employee Personal Political Participation

PSEG encourages employees to engage in personal political activities, including communicating with government agencies and officials and making political contributions.

Employees must, when speaking on or otherwise becoming involved in public issues as private citizens, make clear that such views are their own and not those of the company.

Employees must, when making personal political contributions, use their personal funds and not directly or indirectly be reimbursed by the company for such contributions. Employees who make personal political contributions are responsible for ensuring that they make them in compliance with applicable law. Employees also shall not solicit political contributions from other employees for personal political purposes in the workplace and shall not use company assets, including other employees, to support their personal political activities.

Pay-to-Play Rules

New Jersey, as well as several other states and municipalities, have enacted so-called “pay-to-play” rules that may limit the company’s ability to do business with state or municipal governments if directors or officers make political contributions to specific political candidates or committees. In New Jersey, for example, officers may not give certain political candidates contributions exceeding \$300 in the aggregate per year without triggering these limitations and, in such event, must disclose all personal political contributions exceeding \$300 in the aggregate per year. Directors and officers must disclose to the PSEG office of ethics and compliance personal political contributions exceeding \$300 in the aggregate per year before such contributions are made.

Corporate Political Participation

Employees who interact with candidates for federal, state or local elective office on behalf of the company, administer political action committees (“PACs”) affiliated with the company, or otherwise participate in the political process on the company’s behalf in this regard must understand and comply with the laws, regulations and rules governing such interactions when engaged in such activities.

Political contributions may never be made by the company or any PAC affiliated with the company in anticipation of, recognition of, or in return for an official act. All political contributions by the company or any PAC must be made by credit card, check or other fully auditable payment method.

Federal Political Participation

Federal law prohibits corporations from making contributions to support federal elections. Corporations are permitted, however, to fund the establishment and maintenance of a PAC, which may make contributions to candidates for federal elective office using monies collected from the company’s “restricted class.”

PSEG maintains PEG PAC, a federal PAC, which makes monetary political contributions to candidates for federal elective office in accordance with all applicable laws. Employees making solicitations on behalf of PEG PAC must coordinate those solicitations in advance with the vice president-federal affairs. Federal law provides that an employee’s decision to participate in a PAC is voluntary and may not be the basis for reprisal. Employees who make solicitations of employees on behalf of a PAC must comply with federal law in making such solicitations.

State and Local Political Participation

States and municipalities also have laws and regulations governing state corporate political activities. New Jersey, for example, prohibits gas, electric and power companies and their affiliates from supporting New Jersey state or local candidates and committees. Other states, such as New York, however, permit corporate contributions to candidates for elective office, subject to certain limits. Decisions with respect to making corporate political contributions and conducting other political activities to support state or local candidates and committees must be reviewed with PSEG’s vice president-federal affairs or PSEG’s vice president-state governmental affairs, as appropriate, in advance.

Certain states also authorize the formation of PACs to solicit monies from employees for the purpose of making contributions to candidates for state or local elective office. State laws differ on the nature and scope of a corporation’s relationship with a state PAC. For example, PSEG may neither support the administration of PSEExecPAC, nor contribute money to the PAC.

Employees making solicitations on behalf of any state PAC affiliated with the company must coordinate those solicitations in advance with the senior vice president-public affairs and sustainability. State law also provides that an employee’s decision to participate in any such PAC is voluntary and may not be the basis for reprisal. Employees who make solicitations of employees on behalf of a PAC must comply with state and local law in making such solicitations.

personal conduct

A perceived conflict of interest occurs when an employee's personal interest could lead others to reasonably question the employee's objectivity or impartiality regarding the employee's management of the company's interests.

corporate opportunities

Employees owe a duty of loyalty to the company when acting on the company's behalf and must serve and advance the company's legitimate business interests when the opportunity arises. Employees *must not*:

- take for benefit of themselves or of any third party any business opportunity or business venture learned about or developed in the course of employment that is related to any current or prospective business of the company;
- use a company asset, confidential information, or position for personal gain or advantage or for the gain or advantage of family, friends or acquaintances;
- compete with the company; or
- engage in any other inappropriate behavior that reasonably could result in the loss of a business opportunity or harm to the company's reputation.

conflict of interest

Employees must make decisions in the workplace strictly on the basis of the company's best interests and without any actual or perceived conflict of interest. A conflict of interest may take many forms, and may be actual or perceived. Loss or harm to the company is not necessary for a conflict of interest to exist or occur. An actual conflict of interest occurs when an employee's personal interest interferes in any way with the interests of the company. A perceived conflict of interest occurs when an employee's personal interest could lead others to reasonably question the employee's objectivity or impartiality regarding the employee's management of the company's interests.

Employees must avoid any conflict of interest and specifically must avoid activities, interests or associations that:

- take advantage or appear to take advantage of their employment with the company for personal gain or for the gain of family members, friends and acquaintances;
- interfere, or appear to interfere, with the performance of their duties in an objective, impartial and effective manner;
- divide, or appear to divide, their primary duty to the company versus an outside activity, personal interest, or interest of a family member, friend or acquaintance;
- take advantage, or appear to take advantage, of confidential information;
- reflect unfavorably, or appear to reflect unfavorably, upon the company's good name and reputation; or
- otherwise conflict, or be perceived to otherwise conflict, with the company's interests.

Conflicts of interest also may arise when a director, officer, employee or a member of his or her family receives improper personal benefits as a result of his or her position with the company. Loans to, or guarantees of obligations of, such persons are of special concern and are prohibited, except as may be otherwise specifically authorized by law or company policy.

gifts

Employees must not solicit or accept gifts, services, discounts, gratuities or other benefits or things of value (collectively "gifts") from a supplier, customer, union official or other third party doing business or seeking to do business with the company, except in the limited circumstances set forth below. Nor may employees give or offer such gifts to those parties. Gifts received by an employee from such parties must be returned to the donor, accompanied with an explanation about the requirements of the Standards.

The following gifts are excluded from this prohibition and may be accepted:

- promotional items, mementos, souvenirs, advertising novelties, and other items of a modest value (typically not greater than \$100 retail per item), that customarily are associated with the maintenance of ongoing legitimate business relationships;
- items of food and beverage of a modest value, such as a gift basket (typically not greater than \$100 retail per item), customarily associated with the maintenance of ongoing legitimate business relationships (perishable food or beverage received by an employee that is not appropriate should be donated to a charitable organization and the donor so notified); and
- supplier discounts that are available to all employees.

meals and entertainment

Meals, entertainment events (e.g., sporting or theater events) or other business events hosted by an existing or prospective supplier or other third party – the primary purpose of which is to establish or maintain a business relationship – are legitimate business activities and may be accepted as long as there is an underlying valid business purpose associated with attendance at the event. Employees should attempt to reciprocate when the next business occasion occurs. Employees who have ongoing working relationships with suppliers must avoid the acceptance of frequent meals and entertainment. Employees also must decline any offers of lavish business meals, entertainment or business events. As a measure of whether a particular meal, entertainment or business event is lavish, employees may only accept such offers of a value that their management would approve if included by the employee on his or her expense account.

Employees may provide individuals outside the company with meals, entertainment, attendance at business events, refreshments, transportation, lodging or incidental hospitality provided that the provision of the thing of value has a valid business purpose, is modest, is done within the framework of good business judgment, and is consistent with the law.

insider trading

Any employee who possesses any material, non-public information about the company or who acquires such information in the course of employment about another company with whom the company has a business relationship (“inside information”) must abstain from buying, selling, hedging or pledging the securities of all such companies or from making any recommendation regarding the securities of such to another person while in possession of the inside information. Employees

possessing such information also must not otherwise disclose it to anyone who does not have a clear right or need to know it.

For purposes of this section, the following definitions apply:

- Securities means any common stock, preferred stock, or any other equity or debt security.
- Non-public information means information that is confidential to a company or otherwise not generally available to the public at large.
- Material information means information (whether favorable or unfavorable) that a reasonable investor may take into account in making an investment decision as to whether to buy or sell a security and includes, but is not limited to: financial results; financial forecasts; earnings projections; changes in dividend rates; issuance, repurchase or optional redemption of securities; changes in credit or debt ratings or watch lists; contracts; hedging arrangements; expansion or curtailment of business plans; mergers, acquisitions and other development activities; sale or purchase of assets; actual or threatened litigation; regulatory filings, proceedings or decisions; labor negotiations or disputes; or other information considered to be restricted or confidential.

PSEG has adopted a policy that more specifically describes the company’s expectations for compliance with the law and SEC regulations relating to trading in the company’s securities. The policy, which is incorporated herein by reference, may be found on PSEG’s Intranet site (InfoCentral) under the link *Corporate Resources – Ethics & Compliance Program – Insider Trading*.

games of chance

Gambling is defined as risking something of value on the outcome of a “contest of chance” with the understanding that something of value will be received in the event of a certain outcome. A “contest of chance” is a game (e.g., sports pool, lottery or raffle) in which the outcome depends to a material degree on an element of chance, notwithstanding that the skill of contestants may be a factor.

Employees may not organize, operate or participate in any “contest of chance” in the workplace unless the activity is authorized by law and approved by an employee at the level of vice president or above.

The company is not authorized by law to sponsor raffles. Raffles may, however, be conducted on company time and in the workplace if the raffle is sponsored by an organization qualified by law, the sponsoring organization obtains or possesses an appropriate license or permit to conduct the raffle, the raffle is coordinated and monitored by the qualified organization, and it is approved by a vice president.

outside employment

Employees may accept and maintain employment or other position for remuneration with another business organization while in the company’s employ, as long as the employment or position:

- is not with a competitor,
- will not create an actual or perceived conflict of interest,
- will not be done on company time,
- will not involve the use of company assets,
- will not involve the sale of products or services to the company,

- will not interfere with the employee’s duties to the company or those of other employees, and
- will not prevent the employee from dedicating the time and effort required to fulfill his or her responsibilities to the company.

service to the community

Employees may serve in public office or in other positions in the community or volunteer for charitable service to the community as long as the service does not exploit or conflict with his or her employment with the company, or create or appear to create a conflict of interest.

Employees who are planning to serve in public office or in other positions in the community must report their plans to their manager prior to acceptance of any position and disclose the potential for any conflict or appearance of any conflict of interest regarding the service. Employees who engage in such service must disqualify themselves from company decisions affecting the community or from community decisions affecting the company.

Civic or charitable service may not be done on company time and may not involve the use of company assets, unless such service or use of assets is authorized by the employee’s director.

company property

Take reasonable measures to ensure that confidential information is not inadvertently disclosed to individuals not authorized to receive it. Confidential information possessed by employees must be returned upon resignation, retirement or termination.

company assets

The company's assets consist of all employees, employee paid time, contracted services, and all tangible and intangible property that the company owns, possesses and/or utilizes to conduct its business. Tangible and intangible property includes accounts, funds, receivables, credit cards, P-cards, company business forms, land, plants and facilities, equipment, tools, vehicles, computer and information resources, inventory, confidential information, customer lists, customer information contract rights, licenses, patents, trademarks, service marks, or other legal rights ("company assets").

Employees only may use or authorize the use of any company asset for legitimate business purposes, unless such other use is approved by the requesting employee's director (or in the case of an officer, the officer's manager), or is specifically authorized by a written company policy, and only where such other use is not otherwise prohibited by the Standards or the law.

Employees must safeguard company assets and take reasonable care to prevent the unauthorized use, damage, misuse, waste, loss or theft of company assets. Employees are prohibited from embezzling, stealing, misappropriating, misusing, abusing, damaging or sabotaging any such asset.

Company assets being managed as obsolete or scrap materials remain a company asset and are subject to the provisions of the Standards.

intellectual property

Intellectual property consists of patents, trademarks, copyrights, trade secrets and other innovation, or unique name, symbol, logo or design used commercially, or similar proprietary information. Employees must safeguard and protect the company's intellectual property and use it solely for business-related purposes. Employees must respect the intellectual property of others and comply with any laws or agreements related to the use of such intellectual property.

confidential information

Confidential information is information about the company's business, operations, employees or external relationships (or similar information about other companies with whom the company has a business relationship) that is non-public or proprietary to the company and which, if disclosed without proper authorization, could violate the law; cause potential harm or embarrassment to the company, employees, customers, suppliers or other third parties with whom the company has a relationship; or provide a potential advantage to a competitor or other third party.

Examples of confidential information include, but are not limited to, information regarding: property, facilities, equipment, systems, operations, outages, financings, financial results, forecasts, budgets, pricing, sensitivity analyses, studies, business strategies, research, plans and proposals, development or construction projects, licenses, contracts, current or prospective employees, customers, suppliers, business partners, litigation, regulatory applications and proceedings, mergers, acquisitions and divestitures.

Employees must appropriately label, secure, safeguard and manage confidential information and, while in possession of such information, comply with the law, agreements, and company policies and practices designed to prevent such information from unauthorized disclosure. Employees also *must*:

- access and use confidential information solely for business-related purposes and not for the personal interest, benefit or gain of an employee or family member, friend, acquaintance or other third party;
- only disclose confidential information to other employees having legitimate need for it;
- only disclose confidential information to a third party if the disclosure is appropriately authorized, legally mandated, or done pursuant to a confidentiality agreement; and
- take reasonable measures to ensure that confidential information is not inadvertently disclosed to individuals not authorized to receive it.

The company is committed to preserving the privacy of personal information that it obtains from employees, job applicants, customers, suppliers and other individuals. Such information is "confidential information" under this section and employees must manage such information in accordance with the requirements set forth in this section.

Confidential information possessed by employees must be returned upon resignation, retirement or termination. Confidential information gained as a result of company employment may not be used or shared with any individual, firm or other organization at any time after employment with the company has ended.

computer and information resources

Computer and information resources include all company information technology infrastructure, applications and networks, electronic communication systems, electronic devices (e.g., BlackBerrys, Nextels, etc.), voicemail and external computer-based services (e.g., the Internet) when accessed through the company's systems and network connections ("computer and information resources"). Computer and information resources are the property of the company and, as such,

the company retains the right to access, review, monitor and/or disclose any information contained therein in accordance with applicable law.

Employees may only use computer and information resources for legitimate company-related business purposes. Incidental personal use of the resources may be permitted if the use is reasonable, does not impact performance or productivity, does not violate other restrictions that management has established, and is otherwise subject to and consistent with the Standards and the law. Any such personal use is not private and data or other information related to such use may be accessed, reviewed, monitored and/or disclosed by the company in accordance with applicable law.

Employees must use, safeguard and protect computer and information resources in accordance with the Standards, the law, company policies and practices, and applicable licensing and copyright agreements. Employees who are information-system owners also are responsible for ensuring that their systems and the information that the systems contain are appropriately secured for use solely by those authorized to have access.

Employees must not disguise their identity or directly or indirectly circumvent security or administrative access controls when using computer and information resources and must not search for information in the systems or directory of other employees unless there is a legitimate business need or purpose.

Employees are prohibited from utilizing computer and information resources to access, intentionally receive, transmit, display, download, print and/or view communications, messages or materials that are sexually explicit, pornographic, hate-related, bigoted or racist, discriminatory, offensive, malicious, libelous, slanderous, terroristic or threatening in nature, solicitations for gambling activities, chain letters or other communication, messages or materials that otherwise violate company policy or the law.

Employees who use the company's computer and information resources from remote locations (e.g., home or other non-company locations) are subject to the requirements set forth in this provision of the Standards.

Employee use of personal computer or information resources (e.g., cell phones) in the workplace also may be subject to review, monitoring and inspection in accordance with the law where there is a legitimate business need or purpose for such review and inspection.

Employees may not use social media networking sites (e.g., MySpace, LinkedIn, Facebook, YouTube and Twitter) to present opinions, views or comments regarding

matters involving the company that directly or indirectly indicate that they were made on the company's behalf, unless the employee is authorized to make the communication.

records management, retention and destruction

The company maintains policies, practices and schedules intended to ensure that records required for the conduct of the company's business and for compliance with the law are appropriately maintained and retained ("company records"). The company may be at risk for possible sanctions or be at risk to have its integrity seriously questioned if company records are not managed appropriately or retained for the appropriate length of time. The company also maintains policies, practices and schedules designed to ensure the orderly, proper and uniform destruction of company records.

Company records consist of documentary materials created or received in the ordinary course of business, regardless of the specific nature, medium or form, and include paper documents, photographs, microfilm, and electronic, digital and audio files, including e-mails.

Employees must maintain and retain company records in accordance with applicable company policies and practices and applicable laws. Employees also must destroy company records in accordance with such rules and schedules.

The company may mandate, and circumstances may require, the suspension of policies, practices and schedules related to the destruction of company records to comply with preservation obligations related to actual or reasonably anticipated litigation, government investigation, or audit. Employees are prohibited from discarding, destroying, concealing or altering any company records if the employee is notified (often by a "legal hold" notice or memorandum from the law department) or otherwise becomes aware that company records are relevant to any actual or pending, threatened or reasonably anticipated inquiry, investigation, administrative proceeding, or litigation involving the company.

If there is a question as to whether a company record should be discarded or destroyed, employees should contact the law department for guidance.

business controls

Employees must not misappropriate, misapply or misuse any company asset for personal gain of the employee, any other employee, or other third party.

internal controls

The company maintains and implements a system of internal controls to provide reasonable assurance, among other things, that the reports and disclosures made by the company related to its finances, operations and/or performance (“company operations”) are complete and accurate.

Employees *must*:

- understand and comply with the system of internal controls maintained in their respective organizations related to company operations;
- report and record transactions, events, conditions and changes in events and conditions related to the company’s operations in an accurate, complete and timely manner and in accordance with generally accepted accounting principles;
- ensure that transactions related to the company’s operations are properly authorized, transacted and approved; and
- report and record all control failures, transactions, events or changes in events or conditions related to the company’s operations that have the potential to adversely affect the ability of the company to record, process, summarize, report or disclose data or information regarding the company’s operations.

Employees *must not*:

- falsify, misrepresent or withhold data, information, records, reports or other documentation with respect to: the company’s operations, including data, information, reports or records related; assets, liabilities, revenues, expenses and earnings; the quality, safety, security, environmental or other performance, condition or operation of plants, facilities and equipment; employee and third-party benefits and claims; employee performance; and time reporting;

- accelerate, postpone or otherwise manipulate the accurate and timely reporting and recording of assets, liabilities, revenues, expenses and earnings;
- create off-book accounts or funds;
- make any business record or business record entry that intentionally falsifies, misrepresents, conceals or disguises the true nature of any transaction, event or change in condition related to the company's operations;
- engage in any fraudulent activity related to the company's operations;
- misappropriate, misapply or misuse any company asset for personal gain of the employee, any other employee, or other third party; or
- take any action to improperly influence, manipulate, mislead or coerce the company's independent public accountant, any internal or external auditor, investigator or manager engaged in a review, audit or investigation of any transaction, activity, or condition related to the company's operations.

executive officers

Executive officers must comply with the following principles in discharging their responsibilities:

- act honestly and ethically, including the ethical handling of actual or perceived conflicts of interest between personal and professional relationships;
- make full, fair, accurate, timely and understandable disclosure in reports and documents submitted to the Securities and Exchange Commission and in other public communications, and otherwise comply with applicable laws, rules and regulations;
- ensure that the internal controls over financial reporting and disclosure controls and procedures are properly designed and effective;
- set the tone for the organization regarding established systems of internal control;
- establish an environment in the workplace that promotes ethical behavior and a commitment to compliance with the law;
- promote accountability for adherence to the Standards, including these principles, and administer the Standards and these principles to deter and detect wrongdoing;
- promptly report any violations of the law, the Standards, or these principles to the ethics and compliance counsel; and
- never retaliate or condone retaliation against any employee who reports or raises an ethics or compliance concern in good faith.

Employees must act with the same high regard for fairness, honesty, accuracy and good faith to enable executive officers to discharge their responsibilities.

PSEG attorneys

The company employs in-house counsel and retains outside counsel. All attorneys working for the company owe their allegiance to the company as the corporate client and not to any individual employee.

PSEG has adopted a policy that establishes a standard of professional conduct for all company attorneys. Pursuant to this policy, company attorneys must report to the PSEG general counsel credible evidence of wrongdoing by any director or employee, including any material violation or breach of any:

- federal or state securities laws;
- other federal or state law; or
- fiduciary duty, including malfeasance, nonfeasance, abdication of duty, abuse of trust, and/or approval of an unlawful transaction.

Company attorneys must report such evidence of wrongdoing to the audit committee of the PSEG board of directors if the attorney reasonably believes that reporting the evidence to PSEG's general counsel would be futile. The company attorney also must report that evidence to the audit committee if the attorney concludes that the response from PSEG's general counsel to a reported matter was not appropriate.

The company policy, which is incorporated herein by reference, may be found on PSEG's Intranet site (InfoCentral) under the link *Corporate Resources – Ethics & Compliance Program – SEC Attorney Rider*.

fair disclosure

PSEG has adopted a practice to comply with the information disclosure requirements of Regulation FD of the Securities and Exchange Commission ("FD Practice"). This policy specifically describes the company's methods and practices for the communication of non-public material information and the handling of inquiries from investors and market professionals. The FD Practice provides that the only employees authorized to communicate on behalf of the company with investors and market professionals (other than for shareholder administrative matters) are PSEG's chief executive officer, chief financial officer, the presidents of PSE&G, PSEG Energy Holdings and PSEG Power, PSEG's treasurer, certain other senior officers who specifically may be designated from time to time to speak on particular issues, the vice president-investor relations, and employees in the investor relations department.

All other employees are strictly prohibited from communicating with investors or market professionals, the media, or any other external audience regarding non-public material information relating to the company. All other employees must refer all inquiries regarding non-public material information to the investor relations department.

Employees immediately must report any disclosures of non-public information not in accordance with the FD Practice to PSEG's general corporate counsel.

The FD Practice, which is incorporated herein by reference, may be found on the PSEG's Intranet site (InfoCentral) under *Corporate Resources – Ethics & Compliance Program – Regulation FD Disclosure Practice*.

special legal requirements

Employees must not provide preferential treatment, including preferential access to PSE&G's customers or PSE&G's transmission system, to any wholesale seller of electricity, gas or energy services or products.

The company's business operations are subject to a multitude of laws, regulations and rules. All employees are required to understand and comply with all laws, regulations and rules that apply to their work when conducting activities on the company's behalf. If a question arises regarding any legal requirements, employees should contact the law department for guidance. Legal requirements of particular importance to the company's business and operations are summarized in this section.

affiliate standards

The Federal Energy Regulatory Commission ("FERC") and the New Jersey Board of Public Utilities ("NJBPU") have adopted regulations governing the interactions between Public Service Electric and Gas Company ("PSE&G") and certain of its affiliates. In accordance with these regulations:

- employees must not provide preferential treatment, including preferential access to PSE&G's customers or PSE&G's transmission system, to any wholesale seller of electricity, gas or energy services or products, whether the wholesale seller is an affiliated or a non-affiliated entity;
- employees actively and personally engaged in the day-to-day operation and planning of the transmission system ("transmission function employees") must function independently from any employee, contractor, consultant or agent of any affiliate actively and personally engaged in buying or selling for resale gas or electricity, capacity, demand response, virtual transactions, or financial or physical transmission rights in the wholesale energy market ("marketing function employees");
- employees authorized to possess or have access to non-public information regarding the operation or planning of the transmission system or the generation connected to the PSE&G transmission system must not disclose, either directly or indirectly, such information to any marketing function employee;

- employees must not provide customer information to any third parties, including any affiliate, without the written consent of the customer or unless the disclosure is required by law, a valid issued subpoena, or an order issued by a court or regulatory agency;
- employees must not provide any non-public information regarding PSE&G's distribution business or operations to any affiliate providing competitive retail services in New Jersey;
- employees must not provide any leads or engage in "tying," preference, joint marketing, joint procurement, or similar activities designed to provide a competitive advantage to any competitive business of the utility or any affiliate providing competitive retail services in New Jersey; and
- employees must ensure that costs for goods and services are appropriately charged and/or allocated by and/or between PSE&G and its affiliates, and between PSE&G's appliance services business and PSE&G's non-competitive business.

energy market behavior

Employees must adhere to the following requirements when buying or selling electricity, natural gas or transmission service, conducting related activities including dispatching generating units, engaging in discussions with regulators or regional transmission organizations, or disclosing or reporting pricing data (hereafter "energy market activities"):

- engage only in transactions with a legitimate business purpose or that otherwise have economic substance;
- operate and schedule generating facilities, undertake maintenance, declare outages, and commit or otherwise bid supply in a manner that

complies with the regulations, rules and guidelines of the applicable power market, and otherwise cooperate with the transmission system operators regarding implementation of their rules;

- disclose information to regulators, market monitors, and regional transmission organizations that is accurate and factual, and not false or misleading, and refrain from omitting material information in any such communication;
- adhere to internal procedures designed to ensure that all trades are properly documented in a timely fashion and that no trades are concealed or misrepresented;
- disclose information to the media, including market publications and publishers of survey and price indices, that is accurate and consistent, and not knowingly false or misleading to the extent that transactions are reported to publishers of electric or natural gas price indices, and refrain from omitting material information to any such publisher;
- prepare accurate documentation of all trading transactions and retain all data and information underlying the prices billed for energy for a period of five years;
- prepare and file with various regulatory agencies required and or requested reports of transactions, including short-term and long-term power sales, short-term and long-term natural gas purchases and sales, fuel purchases, and transmission service agreements; and
- otherwise comply with applicable laws, regulations, tariffs and rules – and do so in good faith – when conducting energy market activities.

Employees *must not* engage in the following when conducting energy market activities:

- transactions intended to artificially boost revenues or volumes or intended to manipulate market prices or market conditions;
- transactions or schedule resources intended to create artificial supply or shortages of generation to affect market prices or that misrepresent the operational capabilities of units to affect the same result;

- transactions or schedule resources intended to create congestion to manipulate prices or to jeopardize the security of dispatch operations;
- collusion with other market participants to affect the price or supply of any commodity; allocate territories, customers or products; or otherwise unlawfully restrain competition;
- simultaneous offsetting of buy and sell trades of the same product among the same parties that involve no economic risk and no net change in beneficial ownership; or
- any act, practice or course of business conduct that is fraudulent or deceitful.

electric reliability standards

FERC has adopted a series of reliability standards overseen by the North American Electric Reliability Corporation (“NERC”) that are intended to maintain the reliability of the bulk electric system. All users, owners and operators of the bulk electric system, including PSE&G and PSEG Power’s subsidiaries, are required to conduct operations in compliance with the standards. These standards often include strict and extensive documentation, record-keeping and reporting requirements, and cover topics such as: vegetation management; relay testing and record-keeping; rating of transmission and generation facilities; responses to, and coordination with, the grid system operator; reporting of sabotage events and cyber security; and physical access to certain PSEG cyber assets.

Employees are expected to:

- understand and comply with all reliability standards and related requirements applicable to their respective business; and
- immediately communicate any issues or concerns under these standards to their manager, who must then communicate with the company personnel responsible for NERC standards compliance.

competitive rules

Activities that limit competition, restrict trade, or otherwise create dominance in a market may violate antitrust laws. These laws generally prohibit joint action that restrains competition, as well as improper unilateral action that either unfairly propels one competitor into a monopoly position in the market or seriously threatens to do so. Other aspects of antitrust laws prohibit certain types of unfair trade practices. Specific activities that are prohibited include the following:

Price Fixing – making an agreement or reaching a mutual understanding with a competitor to fix levels of production, prices or rates

Bid Rigging – agreeing with a competitor or a supplier on what or when to bid in preparing bids or proposals

Dividing Markets – dividing or allocating sales territories, customers or products/services with any customer, supplier or competitor

Boycotting – making joint agreements, especially among competitors, to refuse to deal with a particular competitor, customer or supplier

Tying Agreements – a party’s use of its economic dominance over the supply of one product or service to force a customer to buy an unwanted product or service as a condition of selling a desired product or service

Employees *must not* engage in any of those activities, as they are a violation of the law.

“Other activities” that may violate the antitrust laws include the following:

Exclusive Dealing – agreements that restrict customers from dealing with the company’s competitors

Joint Purchasing – collaboration with other buyers of the same goods or services in a collective purchasing scheme

Reciprocal Dealing – agreement that one party buys products from another on condition that the second party will buy products from the first

Information Exchange – exchanging competitively sensitive information with competitors that is not publicly available (e.g., prices, pricing policies, costs, marketing and services plans, capacity plans and capabilities)

Employees who are considering engaging in such other activities must seek the prior review and approval of the appropriate practice leader in the law department.

In addition to the antitrust laws, state laws may impose liability on the company for conduct, including:

Business Disparagement – making false statements about a competitor's business or integrity

Interfering With Contract – knowingly inducing a third party to breach a contract to do business with the company

Employees *must not* engage in such activities as they also are a violation of the law.

foreign corrupt practices act

The Foreign Corrupt Practices Act (“FCPA”) and similar laws in many countries in which the company may do business make it a crime for companies, as well as their directors, officers, employees and agents, to promise or give anything of value to a foreign official, political party, party official, or any candidate for foreign office (“covered individuals”) to obtain or retain business, obtain any improper advantage, or otherwise influence their judgment in performing official duties. These laws also prohibit making payments to agents, sales representatives, or other third parties if

there is reason to believe that the payment will be used illegally or will go directly or indirectly to a covered individual. Employees are prohibited from promising or giving anything of value, directly or indirectly, to or for the benefit of covered individuals to obtain or retain business or any improper advantage.

There may be instances in which local custom allows incidental payments to officials to expedite the performance of routine governmental action of a non-discretionary nature. Such payments are not prohibited by the FCPA. They should be considered only when the payment does not violate applicable anti-bribery laws and when no other reasonable alternative is available. The payments should be minimal, made only to minor foreign government employees, and accurately recorded in the company's books and records. Employees should not make any payment to a covered individual, regardless of amount or local custom, without consulting the law department.

The FCPA and similar laws in other countries require covered companies to maintain accurate books, records and accounts and to devise a system of internal accounting controls sufficient to provide reasonable assurance that the company's books and records accurately reflect transactions and dispositions of assets. Employees must maintain books, records and accounts in a manner that properly reflects all transactions and dispositions of company assets.

conclusion

Employees must act legally and ethically when conducting business on the company's behalf. If you have a question or a concern regarding the application of or compliance with the Standards or the law, you should use the resources identified in the section entitled **Employee Resources**.



Be an ethics
champion...

Act with integrity.

Ask questions regarding ethical dilemmas.

Report unethical behavior.

Listen to the concerns and opinions of others.

Respect others, even when there is disagreement.

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