



PSEG FOUNDATION

Committed to New Jersey



pseg was founded with the
mission of making New Jersey
a better place to work and live.

we remain
strongly committed to
this mission.

*Cover Photograph: Pictured are Nancy Panarese and her son,
Christian. A patient at the PSE&G Children's Specialized Hospital,
Christian receives physical, occupational, and speech therapy.*

One of our greatest sources of pride at PSEG is our tradition of service on behalf of the residents of the great State of New Jersey. Of course, many companies talk about their community involvement, but at PSEG we let our actions speak for themselves.

First, we have been working for more than 100 years to strengthen New Jersey's communities. And our involvement has continued to deepen, as reflected in the range of programs supported by the PSEG Foundation.

Second, our community role is about much more than charity. It is about making investments that contribute to a bright future for the communities we serve and our company. Education is a key area in which we invest because it is fundamental to everything that contributes to New Jersey's long-term quality of life and economic vibrancy. In addition, we contribute to programs that promote community and economic development and protect the environment.

Finally, and most important, we are not a company of bystanders, but of people who care. Our employees are the true heroes of our company's community involvement, in ways that go beyond the vital work they do each day to provide millions of people with safe, reliable energy. Whether they are serving meals at soup kitchens, coaching sports, or raising funds for causes like the March of Dimes, our employees define who we are as a company. We will continue to encourage and support their efforts.

Our commitment to New Jersey remains as strong as ever. After all, we are Public Service.



Richard T. Thigpen,
PSEG Foundation –
Chairman

Ralph Izzo,
PSEG Chairman, President and
Chief Executive Officer

John R. Smith,
PSEG Foundation –
President



Rosa Schmidt, PSEG's employee engagement and outreach manager, has long championed the company's partnership with Junior Achievement.

Her leadership has helped bring countless volunteers into New Jersey's classrooms, allowing professionals to mentor young people and help them prepare for success in the business world.

"The best way to ensure skilled, responsible workers for tomorrow is to invest in kids today," she says. "It is our job to give children the confidence and the inspiration they need to succeed. Our future depends on it."

Committed to

education

Much like our nation, New Jersey's long-term economic growth and health depend on our diverse population's ability to attain its full potential in today's workforce. Our continued success depends on the knowledge and skills of the next generation. The PSEG Foundation contributes more than \$1 million each year to educational programs and institutions to help ensure New Jersey's future success. We continue to support and partner with organizations in our state that promote strong educational philosophies, as well as the development and recruitment of a highly skilled and diverse workforce.



PROMOTING CAREER AWARENESS AND SKILLS DEVELOPMENT

The PSEG Foundation supports programs that expand career opportunities for urban youth and encourage students to develop career skills. As a company, we offer assistance where it's needed most. Whether they are obtaining required skills or entering the workforce, all students deserve the opportunity to begin on equal footing and with adequate preparation, which can lead to challenging and fruitful careers. The PSEG Foundation's support in this area has encompassed Boys and Girls Clubs, Literacy Volunteers, Workforce Investment Boards and others.

In addition, the PSEG Foundation supports pre-college programs at institutions such as Fairleigh Dickinson University, New Jersey Institute of Technology, Rider University and Rutgers University. We also fund education initiatives sponsored by nonprofits, which include Habitat for Humanity-Camden, Junior Achievement, NJ SEEDS, The Newark Museum, Project GRAD Newark, U.S. FIRST, and the W.E.B. DuBois Scholars Institute.

GRANTS FOR TEACHERS

The PSEG Foundation promotes learning about science, technology and the environment. For example, our Environmental Education Grant Program (www.pseg.com/eegrants) inspires teachers to develop new, interdisciplinary approaches to learning. Since 1991, we have awarded nearly \$300,000 in competitive grants to 130 classroom teachers through this program, which originated in partnership with the New Jersey Business/Industry/Science Education Consortium (NJ BISEC).

INTERNSHIPS AND SCHOLARSHIPS

The PSEG Foundation has partnered with a broad range of New Jersey-based nonprofits and educational institutions to provide internships and scholarships for college students. Examples include the Hispanic Institute for Research and Development, Independent College Fund of New Jersey, National Action Council for Minorities in Engineering, New Jersey Institute of Technology, Rutgers University, United Negro College Fund and the Foundation for the Center for Hispanic Policy, Research and Development.

SUPPORTING EDUCATIONAL EXCELLENCE IN NEW JERSEY

The PSEG Foundation has been a longstanding partner in initiatives that promote educational excellence. We have worked with and supported the Academic Decathlon of New Jersey, Business Coalition for Educational Excellence, Foundation for Educational Administration, New Jersey Council of County Colleges, Stevens Institute of Technology, Teach for America and others.



For kids used to life in the city, exploring an estuary is a new experience. These South Jersey students are learning to appreciate aquatic life and the importance of protecting its habitat, thanks to a hands-on program being run by The New Jersey Academy for Aquatic Sciences.

“Sometimes you need to see it, to believe it,” said Brenda Evans, a senior environmental specialist with PSEG. “This program is opening kids’ eyes, allowing them to develop an appreciation for the environment. I’m proud of our investment in it.”

Committed to

environment

PSEG is an industry leader in demonstrating that environmental stewardship and business success can work well together. From the shores of Delaware Bay to the state's Northern highlands, our environmental programs and partnerships are benefiting New Jersey's recreation areas, open spaces and waterways, and enhancing our urban environments. While we spend a great deal of time and money on large-scale environmental issues, PSEG believes in helping the local environment, which often has an immediate impact on the communities we serve.



GLOBAL CLIMATE CHANGE - LOCALLY

While PSEG is known as an industry leader on the environment, we are determined to lead in new ways to help society combat climate change -- a defining issue of our time. The PSEG Foundation supports programs to measure and address global climate change in a local and tangible manner, including educational initiatives. We have begun to work with organizations such as Clean Air-Cool Planet, the Rutgers Institute of Marine and Coastal Science, and the Friends of the New Jersey State Museum (global climate change exhibit).

Using renewable energy, conserving resources and recycling all begin at home. It's about maintaining and beautifying our Garden State by continually caring for our parks, public lands, rivers and neighborhoods. The PSEG Foundation takes pride in supporting the Branch Brook Park Alliance, as it plants cherry blossom trees; The Nature Conservancy, as it works to preserve our lands; and the Wildlife Habitat Council, Conserve Wildlife Foundation of New Jersey and New Jersey Audubon Society, as they strive to protect our natural habitats.

To sustain the natural resources that are vital to the future of our state, we also partner with the New Jersey Conservation Foundation, Passaic River Coalition, New Jersey Corporation for Advanced Technology, Rahway River Association, Princeton Parks Alliance, Eagle Rock Reservation Conservancy, Hudson River Fisherman's Association-New Jersey Chapter, Conservation Resources, Pinelands Preservation Alliance and the New Jersey Institute of Technology Foundation (New Jersey Higher Education Partnership for Sustainability).

ENVIRONMENTAL EDUCATION

Environmental education is an integral component of our environmental plan. By supporting programs that allow students and the public to learn through hands-on observation, the PSEG Foundation strives to raise the consciousness of each individual's responsibility and make each aware of his or her ability to protect our planet. The PSEG Foundation partners with organizations such as Burlington County Institute of Technology Foundation (Electric Hybrid Car project), Essex County Parks Foundation (reptile exhibit at Turtle Back Zoo), Environmental Law Institute, New Jersey Academy for Aquatic Sciences, Association of New Jersey Environmental Commissions, Great Swamp Watershed Association (Stony Brook-Millstone Watershed), and Academy of Natural Sciences to achieve these objectives.

SUPPORTING ENVIRONMENTAL ORGANIZATIONS

The PSEG Foundation has provided support for such organizations as the Greater Newark Conservancy, Hackensack Riverkeeper and Ducks Unlimited. Our employees are leveraging this support through their volunteer activities by building nests for ospreys, wood boxes for ducks and homes for other wildlife in the New Jersey Meadowlands. In addition, they have assisted with river cleanups and planted vegetation to attract native bird species.



The new PSE&G Children's Specialized Hospital will allow kids to stay in New Jersey to get the care they need, and allow their families to be an everyday part of their recovery.

"For a company like ours, which has a strong tradition of investing in family and community, this project is a perfect fit," said Rodney Dickens, PSE&G's vice president of asset management and centralized services. "This new hospital helps kids heal and the city of New Brunswick thrive."

Committed to

community and economic growth

PSEG is committed to revitalizing neighborhoods and improving the quality of life in our cities, as well as supporting the vitality of communities throughout our service area. The PSEG Foundation is proud to support organizations that are dedicated to achieving these goals.



COMMUNITY DEVELOPMENT

From Newark to Camden, we partner with community development corporations (CDCs) that construct small businesses, build affordable and market-rate housing, create employment opportunities, and provide public safety programs. Respectively, these programs help local residents to become economically self-sufficient and help neighborhoods become safer for all. Some of our CDC grantees include Camden Neighborhood Renaissance, Cooper's Ferry Development Association, Fairmount Housing, Housing and Neighborhood Development Services, New Brunswick Tomorrow, and County Economic Development Corporations.

CHILDREN AND FAMILIES

The PSEG Foundation is committed to building a better future for New Jersey's children and their families by funding programs that benefit them. This investment is designed to help young people get a good start in life, and empower parents and other adults who provide care for children. We collaborate with nonprofit programs that focus on the well-being of children and their families. Some of the many organizations we support include Association for Children of New Jersey, Big Brothers and Big Sisters, Boys and Girls Clubs, Children's Specialized Hospital Foundation (PSE&G Children's Specialized Hospital), Communities in Schools, Essex County Court Appointed Special Advocates, La Casa de Don Pedro, Newark Day Center (Fresh Air Fund), YMWCA's, and Youth Consultation Service.

SAFE AND HEALTHY COMMUNITIES

The PSEG Foundation is playing a leadership role in New Jersey After 3, a public-private partnership to expand high-quality, enriching after-school programs across the state. New Jersey After 3 is designed to help ensure that school-age children have a safe, protective place to go after school until parents or guardians come home from work. The PSEG Foundation also supports organizations such as the New Jersey State Safety Council, the Foundation of the University of Medicine and Dentistry of New Jersey (New Jersey Poison Information and Education System), Partnership for a Drug-Free New Jersey, and Police Athletic Leagues. Over the past five years, the PSEG Foundation has contributed \$250,000 to American Red Cross chapters in our service areas to support disaster victims and alleviate blood shortages. Our employees also have assisted in this effort as blood donors and through their own financial donations.

STRENGTHENING NONPROFITS

The PSEG Foundation helps fund organizations that provide capacity building for New Jersey's nonprofit sector – so that they, in turn, can provide an effective delivery system for the multitude of services and programs needed to keep New Jersey's residents healthy, safe and prosperous. In particular, we have sponsored workshops and educational materials in partnership with organizations such as the Association for Fundraising Professionals–NJ Chapter, the Center for Non-Profit Corporations, and the Support Center for Nonprofit Management.



Jim Christiano, a supervisor in PSE&G's customer service group, doesn't mind getting his hands dirty when it means the return of a place he holds dear. Thanks to his work to restore open space, the Eagle Rock Reservation looks much more like the place that he remembers from his adolescence.

Jim's work, coupled with \$3,000 from the PSEG Foundation in recognition of his volunteer efforts, is helping the reservation rebound after years of neglect.

"Preserving the space," he says, "means that others will have this beautiful place to sit and reflect, just as I did as a young man. That means a lot to me."

Committed to

employees in the community

With every unselfish undertaking, PSEG employees emulate what it means to be a corporate citizen. Each year, stories of hope, courage and compassion evolve from the efforts of those who offer assistance where they live and work. Our volunteers have become heroes in their communities, and the PSEG Foundation is proud to encourage, reward, and provide financial support to their efforts. Some highlights include:



MARCH OF DIMES

For more than two decades, hundreds of PSEG employees have participated in the March of Dimes' annual WalkAmerica fund-raising event to benefit the health of babies and mothers. PSEG has been a long-time leader among the nation's utilities in supporting this important cause.

MENTORING SCHOOL CHILDREN

PSEG employees provide leadership for youth in a wide range of volunteer capacities throughout New Jersey. Our employees have served as tutors, mentors and role models to Newark elementary school students through the Downtown Educational Enrichment Program—Corporate (DEEP-C), sponsored by Protestant Community Centers, Inc. Over two decades, hundreds of Newark school children have benefited from this program. PSEG employee volunteers have brought their knowledge and experience to the classroom through a longstanding partnership with Junior Achievement. At schools in Edison, Newark and Paterson, they have helped students learn basic economic principles, including the ABCs of building a business.

GRANTS FOR VOLUNTEERS

Through the company's annual Recognizing Excellence in Volunteerism program, the PSEG Foundation provides competitive grants of \$1,000 to \$10,000 to qualified nonprofit organizations on behalf of our exemplary volunteers. The PSEG Foundation also provides Dollars for Doers grants, at \$250 each, to nonprofit organizations at which our employees donate at least 50 hours of their time annually. The nonprofits receiving grants are as diverse as the employees who support them.

SUPPORTING VOLUNTEER DRIVES AND PROJECTS

In partnership with organizations such as Jersey Cares, Inc. and the Northern New Jersey Business Volunteer Council, PSEG employees organize corporate-sponsored drives to help families and children with basic needs. Examples include the collection of school supplies and warm coats. PSEG also participates in Jersey Cares Day, an annual event that focuses on volunteer projects for the enhancement and beautification of Newark, our headquarters city. The PSEG Foundation is pleased to support our employees in these efforts.

EDUCATIONAL MATCHING GIFT PROGRAM

Through this program employees donate funds, year round, to colleges and universities throughout the country and to private, accredited secondary schools in New Jersey. Contributions are matched dollar for dollar by the PSEG Foundation. Approximately \$1 million has been donated each year to educational institutions through the combined giving of this program. Our employees also participate in the Educational Matching Gift Program during our annual Power of Giving Campaign.

pseg foundation philosophy

Good corporate citizenship is one of PSEG's core values and an integral part of how we do business. Through the PSEG Foundation and PSEG's Corporate Contributions Program, we fund various community initiatives throughout New Jersey that work toward strengthening our state, protecting our natural resources and providing a better quality of life for our people.

Photos in this report illustrate organizations that are supported by the PSEG Foundation and PSEG employees.



PSEG New Jersey Data

Counties	PSEG NJ employees	Foundation charitable contributions (\$)
Atlantic	13	0
Bergen	818	132,700
Burlington	785	62,500
Camden	314	182,000
Cape May	8	0
Cumberland	162	0
Essex	777	1,253,273
Gloucester	316	6,500
Hudson	405	198,500
Hunterdon	137	5,000
Mercer	329	381,050
Middlesex	977	139,320
Monmouth	423	6,500
Morris	406	120,582
Ocean	391	1,080
Outside NJ*	0	136,000
Passaic	516	54,025
Salem	648	40,000
Somerset	281	26,500
Sussex	212	0
Union	695	661,500
Warren	93	0
Total	8,706	3,407,030

*Outside NJ - Organizations located outside of the state, but whose programs benefit New Jersey residents.

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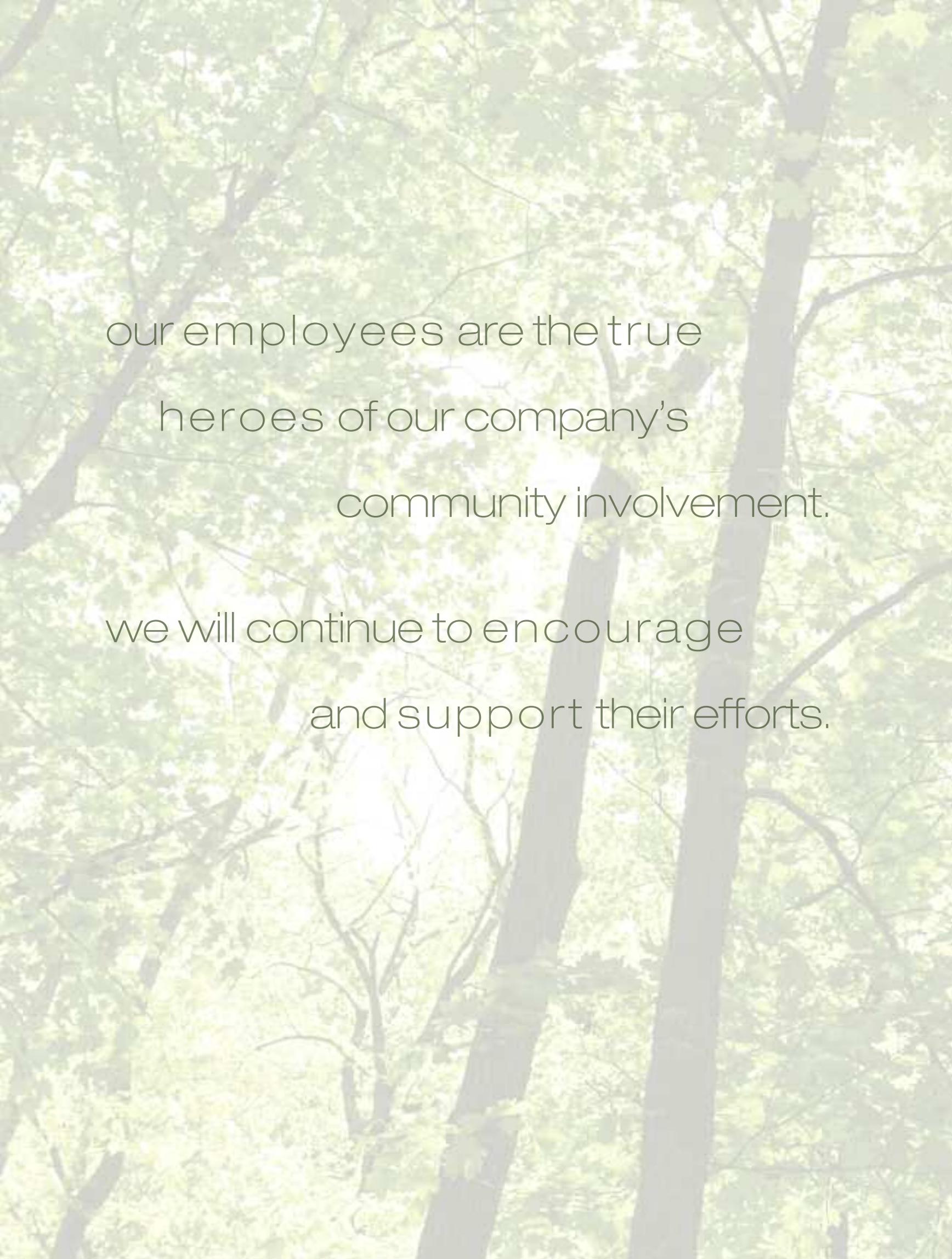
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PSEG Treasurer



our employees are the true
heroes of our company's
community involvement.

we will continue to encourage
and support their efforts.



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