Our compensation programs include the following risk mitigation features:

• Strong governance processes and controls in place • Multi-year vesting for long-term incentives • Multiple dimensions of performance, including: a balanced scorecard EPS (non-GAAP) for corporate financial performance; and key strategic and operational metrics that balance risks • Equity compensation and our stock ownership and retention policy discourage a short-term focus	• A balanced total compensation package that includes a mix of base salary, benefits and annual and long-term incentive • Caps on the total amount of incentive compensation that can be earned and paid out annually • O&CC oversight of incentive plan design, performance measures/goals and corresponding payment scales • Robust Clawback practices

Clawback Practices

We have a Clawback Practice that has a three-year look-back and:

- Applies to all incentive compensation for all non-represented employees
- Applies in the event of (i) a restatement of financial statements, (ii) recalculation of incentive compensation, in each case resulting from the employee's misconduct or (iii) an employee's act or omission that constitutes a material violation of our Standards of Conduct and that results or would have resulted in termination of employment
- Is administered by the O&CC for officer compensation

We also have a practice for the recovery of executive officers' erroneously awarded incentive compensation in the event of an accounting restatement, regardless of fault or misconduct. This new practice is compliant with the legal obligations and exists concurrently with, and does not replace, our other clawback practice mentioned above.

Actual LTIP grants may contain additional provisions, such as recoupment for violations of non-compete, non-solicitation or confidentiality agreements.

Role of the CEO in Executive Compensation

The CEO attends O&CC meetings, other than Executive Sessions. The CEO recommends changes to the salaries of his direct reports, and any NEO, and recommends LTI award levels. The CEO develops and the O&CC considers these recommendations in the context of each executive's individual performance, experience in role and competitiveness of salary as well as internal equity among executives. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

No Hedging and Pledging

We have a policy that prohibits all employees, including NEOs, other officers and Directors, from hedging, short-selling or pledging our common stock. All employees are prohibited from trading in options, puts, calls or other derivative instruments related to PSEG equity or debt securities. They also are prohibited from purchasing our common stock on margin, borrowing against our common stock held in a margin account and or pledging our common stock as collateral for a loan. A direction to exercise and hold, or to exercise and sell, PSEG equity in compliance with an approved Rule 10b5-1 Plan is exempt from the requirement.

Trading Pre-clearance is Required for Directors and Officers

Under our Insider Trading Practice, all of our Directors and officers, including the NEOs, are required to obtain pre-clearance from the General Counsel or her designee prior to engaging in any transaction involving our common stock and may only engage in transactions during "open window" periods or pursuant to pre-established plans.