

PUBLIC SERVICE ENTERPRISE GROUP INC
Form DEF 14A
March 12, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Public Service Enterprise Group Incorporated

80 Park Plaza, Newark, NJ 07102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

Items of Business

1. Elect ten members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2020, or until his/her respective successor is elected and qualified;
2. Consider and act upon an advisory vote on the approval of executive compensation;
3. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2019; and
4. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

By order of the Board of Directors,

Michael K. Hyun

Secretary

March 4, 2019

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR

VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFORE RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 16, 2019. The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2019/ar.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 12, 2019.

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement to solicit proxies in connection with our 2019 Annual Meeting of Stockholders.

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How To Use This Proxy Statement

Electronic Delivery

You can help us and the environment by choosing to receive future proxy statements and related documents such as the Annual Report and Form 10-K by electronic delivery. You may sign up for future electronic delivery at the website below, depending on the nature of your ownership. Please note that these are not the same sites to use for voting. For further information about how to vote, see pages iii and 79.

If you are a stockholder of record, please go to www.proxyconsent.com/peg.

For shares held in Employee Benefit Plans, go to www.proxyconsent.com/peg.

If your shares are held by a bank or broker, please go to <https://enroll.icsdelivery.com/peg>.

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Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card or voting instruction form whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative voting methods, including voting via the Internet or the toll-free telephone number listed above. For shares held by a bank or broker, including those in the various stockholder and employee plans that we offer, please follow the voting instructions you receive from your bank, broker or plan administrator. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting. For more information, see pages 79-80.

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Forward-Looking Statements

Forward-Looking Statements

The statements contained in this Proxy Statement that are not purely historical are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: <https://investor.pseg.com/sec-filings>. All of the forward-looking statements made in this Proxy Statement are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this Proxy Statement apply only as of the date hereof. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

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Proxy Statement Summary

OUR COMPANY

PSEG is an energy company with a diversified business mix with two principal directly owned operating subsidiaries.

Public Service Electric and Gas Company (PSE&G), a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G also invests in solar generation projects and energy efficiency and related programs in New Jersey.

PSEG Power LLC (Power), a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses and fuel supply functions through competitive energy sales in well-developed energy markets primarily in the Northeast and Mid-Atlantic United States through its principal direct wholly owned subsidiaries. In addition, Power owns and operates solar generation facilities in various states.

PSEG's other direct wholly owned subsidiaries are: PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) transmission and distribution system under an Operations Services Agreement; PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily has investments in leveraged leases; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

ANNUAL MEETING PROPOSALS

**Board
Recommendation**

- 1. Election of Directors** vote to elect ten director nominees to serve one-year terms.

FOR

See page 6 for more information.

2. **Approval of Executive Compensation** advisory vote to approve the executive compensation of the named executive officers.

FOR

See page 37 for more information.

3. **Ratification of Auditor** ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2019.

FOR

See page 75 for more information.

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships
*Willie A. Deese	63	2016	Retired Executive Vice President of Merck & Co. Inc.	A, CG, O
*William V. Hickey	74	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	A, F, FG (Acting Chair), NG (Acting Chair)
Ralph Izzo	61	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)
*Shirley Ann Jackson	72	2001	President of Rensselaer Polytechnic Institute	CG (Chair), E, FG, NG, O
*David Lilley	72	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A, F, O (Chair)
*Barry H. Ostrowsky	68	2018	President and CEO of RWJBarnabas Health, Inc.	F, O
*Laura A. Sugg	58	2019	Retired President Australasia Division of ConocoPhillips Corporation	CG, FG, NG
	74	1994		CG, E, FG, NG, O

*Richard J. Swift			Retired Chairman of the Board, President and CEO of Foster Wheeler	
*Susan Tomasky	66	2012	Retired President AEP Transmission of American Electric Power Corporation	A (Chair), CG
*Alfred W. Zollar	64	2012	Retired General Manager Tivoli Software Division of IBM Corporation	A, F (Chair), FG, NG

* Independent

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation
O=Organization and Compensation

The Lead Director, Thomas A. Renyi, is retiring from his distinguished service at the conclusion of the 2019 Annual Meeting. The independent members of the Board of Directors (Board) have designated Shirley Ann Jackson to be the Lead Director effective upon Mr. Renyi's retirement.

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In January 2019, Laura A. Sugg, an accomplished energy industry executive, joined our Board. In December 2018, Hak Cheol (H.C.) Shin resigned from our Board, ending his distinguished service following his acceptance of the chief executive officer position in a corporation headquartered in South Korea and his relocation to Seoul.

We recognize the value of refreshment and succession planning, annual evaluation of effectiveness and continuing education for our directors. We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting/finance, construction/engineering, corporate governance, customer satisfaction and sales, environment/science, government/policy/regulatory, industry/generating plant operations, legal, management, manufacturing, product development, risk management and technology/cybersecurity serve us well. We benefit as well from the strong ethnic and gender diversity of our Board.

For additional information about director education, evaluation, refreshment and tenure, please see pages 12 and 23.

For additional biographical information about the diversity, experience, skills and qualifications of each individual nominee please refer to the charts on pages 22 and 27 and biographical data on pages 28-32.

CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board. We are committed to good governance because it promotes the long-term interests of stockholders, as well as accountability and trust in our company. These measures include the following:

Independent Directors	Board Leadership	Risk Management	Standards of Conduct
Established standards for director independence are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent	Our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Conduct (Standards)

<p>under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company. (Page 8)</p>	<p>committee chairs. This provides for independent Board leadership, while ensuring that the individual managing operations leads the Board discussions on key business and strategic issues. (Page 9)</p>	<p>of risk management with appropriate controls and Board and Committee oversight. (Page 10)</p>	<p>is a code of ethics that establishes a set of common expectations for behavior to which each director and employee must adhere. (Page 18)</p>
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Corporate Governance Highlights

Annual Election of all Directors	Standards of Conduct
Majority Voting for Directors	Related Person Transactions Practice
Independent Board (all but CEO)	Conflicts of Interest Practice
Independent Lead Director	Stockholders Right to Call Special Meetings
Regular Executive Sessions of Independent Directors	Proxy Access
Independent Committee Chairs and Members	Stockholder Engagement
Risk Oversight by the Board and Committees	No Poison Pill (Stockholder Rights Plan)
Annual CEO Evaluation	Commitment to Sustainability and Corporate Citizenship
Succession Planning	Annual Political Contributions Report
Annual Board and Committee Self-Evaluations	Diverse Skills and Qualifications of Directors
Corporate Governance Principles	Stock Ownership Requirements for Directors and Officers

For additional information on these and other matters relating to our corporate governance, see the discussion under Proposal 1. Election of Directors beginning on page 6.

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Proxy Statement Summary

Key Recent Corporate Governance Actions

In overseeing corporate governance, our Board continued its focus on effectiveness and best practices. In 2018 we:

Further reviewed risks facing our business and our risk management program and processes, including Board and Committee responsibilities, mapping identified risks to specific Board and Committee calendars and oversight duties (see page 10);

Reviewed current trends and developments in corporate governance and their implications for us, including with respect to board composition, director diversity and tenure, sustainability and stockholder engagement (see pages 26, 22-23, 7 and 42-43, respectively);

Refreshed our Board in 2018-2019 by adding two new directors, Barry H. Ostrowsky and Laura A. Sugg;

Revised our Principles to provide more detailed guidance on conflicts of interest, oversight of risk management, refreshment, succession planning and director orientation among other items (see page 6);

Established an enhanced business function devoted to Sustainability and Corporate Citizenship, with the senior leader reporting directly to the CEO (see page 7); and

Continued to build and maintain relationships with stockholders by engaging in constructive dialogue and exploring areas of interest involving corporate governance, sustainability, executive compensation and related matters (see pages 42-43).

BUSINESS PERFORMANCE

In recent years we have transformed our business mix to include a significantly higher percentage contribution to earnings by PSE&G, as noted in the discussion of Pay for Performance in our CD&A Executive Summary on pages 40-41.

Our business plan is designed to achieve growth while managing the risks associated with fluctuating commodity prices and changes in customer demand. We continue our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

Improving utility operations through growth in investment in transmission and distribution and other infrastructure projects designed to enhance system reliability and resiliency and to meet customer expectations and public policy objectives; and

Maintaining and expanding a reliable generation fleet with the flexibility to utilize a diverse mix of fuels which allow us to respond to market volatility and capitalize on opportunities as they arise.

During 2018, our Net Income decreased, as compared to 2017, due primarily to non-cash Net Income benefits in 2017 that did not recur in 2018 related to new tax legislation affecting Power and Energy Holdings, and the recognition in 2018 of net unrealized losses on equity securities in our nuclear decommissioning trust fund as required by new accounting guidance effective January 1, 2018. These decreases were partially offset by accelerated depreciation in 2017 that did not recur in 2018 related to the early retirement of our Hudson and Mercer coal/gas generation units, the favorable impact at Power from the lower federal tax rate effective January 1, 2018 and higher earnings at PSE&G due to investments in transmission and distribution programs and the favorable impact of new rates effective November 1, 2018 as a result of the approval of our distribution base rate case.

For a comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2018 (Form 10-K), which can be found on our website <https://investor.pseg.com/sec-filings> and on the SEC's website, www.sec.gov. A copy of our Form 10-K has been provided to each person solicited by means of this Proxy Statement.

Financial Highlights

Dollars in Millions, except per share amounts	2018 (\$)	2017 (\$)
Operating Revenues	9,696	9,094
Net Income	1,438	1,574
Total Assets	45,326	42,716
Earnings Per Share (EPS) Diluted	2.83	3.10
Dividends Paid per Share	1.80	1.72
Market Price per Share Year-end	52.05	51.50

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Our CD&A Executive Summary on pages 38-43, contains an overview of our executive compensation program, including discussion of say-on-pay, pay mix, peer group, best practices, pay for performance, engagement and key actions. We received approximately 93% approval on our Say-on-Pay proposal at the 2018 Annual Meeting of Stockholders.

Compensation Philosophy

We have designed a competitive executive compensation program benchmarked against our peers that we believe helps us recruit and retain top talent. Our executive compensation program closely links pay to performance with the ultimate goal of aligning our leadership team's interests with stockholders' interests. Our incentives put a significant portion of our executives' pay, including that of our CEO and Named Executive Officers (NEOs), at risk based on performance. These pay-at-risk incentives are targeted to pay out at approximately the median of our peer group when we deliver on our pre-established financial, operating and strategic goals.

In overseeing executive compensation, our Board utilizes an independent compensation consultant who provides only executive compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears in the CD&A beginning on page 44. The key components of our executive compensation program are:

Component	Type	Rationale
Base salary	Fixed	Experience, performance and competitive market.
Annual cash incentive under our Senior Management Incentive Compensation Plan (SMICP)	Variable Performance-Based	Emphasis on Operating EPS (non-GAAP) as the corporate financial objective with additional operational and strategic metrics. Payment opportunity from zero to 200% of target percentage of salary.
Equity-based incentive awards	Variable	PSUs (70% for the CEO and other

<p>under our Long-Term Incentive Plan (LTIP),</p> <p>consisting of performance share units</p> <p>(PSUs) and restricted stock units (RSUs)</p>	<p>Performance-Based</p>	<p>NEOs) are measured over a three-year period based equally upon Total Shareholder Return (TSR) and Return on Invested Capital (ROIC) vs. peers with the opportunity to earn between zero and 200% of target.</p>
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RSUs (30% for the CEO and other NEOs) cliff vest at the end of three years.

<p>Market-based retirement and post-employment benefits</p>	<p>Assist in attracting and retaining our executives and provide a competitive benefits package to our employees.</p>
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We have adopted executive compensation governance measures that we believe support good governance practices and further align our executives' interests with those of stockholders while discouraging executives from taking excessive risk.

Compensation Governance Highlights

Pay for Performance Alignment	No Hedging or Pledging
Annual Compensation Risk Assessment	Clawback Practice
No excise tax gross-ups	Double trigger change-in-control
Stock Ownership and Retention Policies	Common Stock Trading Pre-Clearance

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For 2018, the target annual and long-term incentive pay for our CEO and other NEOs as a group was 87% and 73%, respectively, of target Total Direct Compensation, as discussed in the CD&A under Compensation Philosophy-Pay Mix (see page 46).

We compared our recent financial performance and the compensation of our CEO and NEOs to that of our peer companies. The financial measures we examined were above the median of our peer group while our executive compensation was closely aligned to the peer median. Thus, we have concluded that our performance and executive compensation are appropriately aligned (see pages 40-41).

Further, performance is reflected in the actual value paid upon vesting of the one-year annual cash incentive payments and the three-year equity incentive compensation awards (see page 42).

For SMICP we set performance ranges to align with our business plan. Approved SMICP payments for 2018 were above target relative to internal goals, which were heavily weighted towards non-GAAP operating earnings. We continued to reward for strong financial performance and operational excellence (see pages 49-51).

For the PSUs granted under the LTIP for the three-year performance period ended December 31, 2018, actual payout was above target, based on our TSR relative to peers and ROIC in relation to our peers and business plan (last grant for which comparison to plan is a measure). Our strong stock price performance and dividend payments have created value for our stockholders over the three-year period (see pages 52-54).

The following table provides highlights of the compensation for our CEO and other NEOs in 2018 as reported in the 2018 Summary Compensation Table on page 60. For the complete details of compensation, please review the entire Proxy Statement.

NEO**Base Salary****Total Compensation**

	2018	Equity Incentive Plan	Non-Equity Incentive Plan	2018
	(\$)	Compensation	Plan Compensation	(\$) ⁽¹⁾
		2018	2018	
		(\$)	(\$)	
Ralph Izzo	1,340,000	6,985,019	2,036,800	10,419,291
Daniel J. Cregg	628,700	1,200,039	594,100	2,546,768
Ralph A. LaRossa⁽²⁾	719,700	4,400,095	597,500	7,514,587
Tamara L. Linde	595,600	1,200,039	571,800	2,450,518
David M. Daly	522,200	850,033	514,600	1,912,762

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2018 Summary Compensation Table.

(2) Includes retention grant (see page 54 for additional details).

For more comprehensive information, see our discussion of executive compensation under Proposal 2. Advisory Vote on the Approval of Executive Compensation, beginning on page 37.

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Corporate Governance

You are being asked to vote on the election of ten individuals nominated by your Board to serve as the directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, ethics and conduct and related matters of corporate governance. We also describe our provisions for majority voting, director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. All of the nominees currently serve as directors of the Company and were elected to their positions by the stockholders, except for Laura A. Sugg, who joined our Board in January 2019.

Vote required: A director will be elected if the number of shares voted FOR that director exceeds the number of shares voted AGAINST that director, not counting abstentions and votes withheld or for which no instructions are given. See Majority Voting for Election of Directors, under Nominees and Election on page 21.

AS RECOMMENDED BY THE BOARD, WE ASK YOU TO VOTE FOR ALL NOMINEES.

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. In 2018 we revised the Principles to provide more detailed guidance on conflicts of interest, oversight of risk management, refreshment, succession planning and director orientation among other items. You can request copies of our By-Laws and Principles or view them at <https://investor.pseg.com/corporate-governance>.

Board Responsibilities

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

Approves corporate strategy, major management initiatives and significant investments;

Monitors and provides oversight of financial and business integrity and performance, including risk management;

Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;

Selects nominees for election to the Board; and

Evaluates Board and Committee processes and performance.

The Board receives regular updates and actively engages in dialogue with our senior management. The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Board Effectiveness and Accountability

Our Board, committees and directors undertake to perform their respective duties with the diligence and care required by law and expected of them by our stockholders, customers, employees and communities. We have adopted independence standards, standards of conduct and governance principles and implemented practices that are designed to reinforce our commitment to corporate and personal integrity. The Board monitors our dynamic and responsive stockholder engagement efforts as well as the broader outreach to our other stakeholders, with whom we maintain regular communications. The Board recognizes its role in

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Corporate Governance

continuing to contribute to the future success of our Company by promoting a corporate culture and values based on our core commitments of safety, integrity, continuous improvement, diversity and inclusion and customer service.

Sustainability and Corporate Citizenship

The Board understands that its continued oversight of our Company's commitment to principles of sustainability and corporate citizenship is of increasing importance to stockholders, as well as other constituencies. For more than 100 years we have been operating our business with a focus on sustainability, which reflects a deep recognition that our continued ability to prosper as a business depends on building strong relationships with our stakeholders. We produce an annual Sustainability Report, in accordance with the provisions of the Global Reporting Initiative, highlighting our commitments in the areas of Environmental, Social and Governance. In 2018, PSEG established an enhanced business function devoted to Sustainability and Corporate Citizenship, with the senior leader reporting directly to the CEO. This change recognizes the integral role of citizenship to the strategic business objectives of our company. In 2018, we also adopted a human rights practice, formalizing longstanding commitments.

Environmental

We have recognized for several decades that climate change is a real phenomenon that impacts our planet. PSEG is proud to be a leader in low carbon energy and have long advocated for comprehensive legislative solutions and public policies to cost-effectively reduce greenhouse gases. Over the past two decades, we have established and achieved carbon reduction goals through energy efficiency programs, deployment of renewable energy, increasing carbon-free nuclear output, building clean and efficient natural gas plants and shifting output from coal to natural gas. We believe that nuclear power, which currently meets approximately 40 percent of New Jersey's electric power needs, is a critical component of New Jersey's clean energy portfolio. We are also replacing aging cast-iron and unprotected steel natural gas infrastructure with new, more durable plastics to reduce leaks of methane, and we continue to enhance our water management practices to reduce potable water usage and concentration of pollutants in discharges.

Social

We invest in the communities we serve with a focus on the environment, safety, STEM education and workforce development and diversity and inclusion. Employee citizenship is reflected both on and off the job, through both dedicated service to and volunteerism in our communities.

Our commitment to health and safety is our foremost priority, underscored through our emphasis on a strong safety culture and continual striving for excellence in every part of our operations. Through our human capital management practices, we promote an environment where employees are engaged, develop and utilize skills, feel comfortable sharing their ideas and concerns, and directly support key business objectives. PSEG provides employee benefits to promote physical, financial and emotional well-being.

PSEG sees diversity and inclusion as a business imperative, as we operate and invest in our communities, and as we build a diverse, inclusive and purpose-driven workforce and culture essential to achieving business success. More than one third of the PSEG Foundation giving is focused on diversity and inclusion priorities in our communities and nearly one fifth of PSEG's total supplier spend is with minority, women and veteran-owned suppliers. PSEG enforces a zero-tolerance policy on harassment and fosters a culture of accountability, empathy and understanding. Unconscious bias education, courageous conversation and continuous improvement are areas of enterprise-wide focus.

Governance

The Board remains focused on shareholder value, long-term sustainability and strategic vision, in the context of our business environment, competitive landscape and regulatory climate. The organizational and leadership structures we have established, including the responsibilities of our Lead Director and the Board's oversight of our risk management program, executive compensation, talent management and succession planning, political contributions and adherence to company values and sustainability practices, serve to ensure that our Board and management operate effectively while maintaining a keen focus on long-term success.

Political Participation and Board Oversight

We are committed to participating in an ethical manner and in full compliance with all federal, state and local laws. We have established a Corporate Political Participation Practice that sets forth a controls process pursuant to which our senior management monitors, assesses and approves certain political contributions. The Corporate Governance Committee also oversees our political activities and contributions in accordance with this Practice. Stockholders may view our Practice at

https://investor.pseg.com/sites/pseg.investorhq.businesswire.com/files/doc_library/file/corp_political_participation_practice.pdf

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We prepare a political contributions report that is published annually. The report includes our corporate contributions to candidates, trade associations, other political and, for annual amounts totaling \$25,000 or more, social welfare organizations. PSEG requests that trade associations to which it paid total annual payments of \$50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The annual report is available on our website.

Stockholder Engagement and Communications with the Board

You, as a stockholder, and other interested parties, have a variety of channels for expressing your views to the Board:

You may communicate directly with the Board, including the Lead Director and other independent directors, by writing to:

Michael K. Hyun, Secretary

Public Service Enterprise Group Incorporated

80 Park Plaza, T4B, Newark, NJ 07102

Please indicate who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his/her request.

Voting for Directors you have the opportunity to vote for the election of all of our directors on an annual basis.

Say-On-Pay you have the opportunity to cast an advisory vote each year on our executive compensation program.

Director Nominations you have the opportunity to recommend nominees for election to the Board in accordance with our By-Laws.

Shareholder Proposals you may submit proposals intended for inclusion in our proxy statement, in accordance with SEC rules.

Proxy Access subject to the applicable criteria, stockholders may nominate and include in our proxy statement director candidates.

Engagement we dialogue with a variety of our stockholders throughout the year, including at meetings of our major stockholders and at investor conferences.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles and shown below.



Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

A director may not be an employee of ours or any of our subsidiaries;

A member of a director's immediate family may not be an executive officer of PSEG or one of our subsidiaries;

A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;

A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of \$1 million or 2% of such company's consolidated gross revenue;

A director or immediate family member may not receive more than \$50,000 in direct compensation from us (other than fees and compensation provided to directors generally);

A director or immediate family member may not be affiliated with or employed by our independent auditor; and

A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of \$1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

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Corporate Governance

The Board annually reviews other commercial relationships of directors, and relationships directors have with charitable and other tax-exempt organizations, and determines whether any of those relationships are material relationships that impair a director's independence. Other than the payments by us, reported in this Proxy Statement in the Director Compensation Table, none of our directors have or will receive any compensation or have entered into any "golden leash" arrangements in connection with their service on our Board.

The Board has determined that all of the current directors and nominees for election, are independent under the Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. Our Board believes that the diverse experience and independence of the other directors along with a clearly defined and significant Lead Director and independent Committee Chair roles allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

Lead Director

In addition to the Chairman, President and CEO, our leadership and governance structure is designed to rely on the contributions of our Lead Director. The Lead Director is an independent director designated annually by the

independent directors with the expectation that he/she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. All directors play an active role in overseeing the Company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings.

Thomas A. Renyi has served as Lead Director since April 2015. Mr. Renyi has decided to retire from our Board upon the completion of his current term, which ends following the 2019 Annual Meeting of Stockholders. Effective at that time, the independent directors have designated Shirley Ann Jackson to serve as Lead Director for a term expiring at the first meeting of directors after the 2020 Annual Meeting.

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Lead Director Duties and Responsibilities

Our Lead Director

Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;

Calls meetings of the independent directors, as may be necessary or desirable;

Consults with the Chairman on Board agendas;

Reviews information sent to the Board and consults with the Chairman on the quality and timeliness of information provided to the directors;

Serves on the Executive Committee; and

Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

The Lead Director complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management. In particular, the Lead Director leads discussions on certain matters that the Board believes are appropriately headed by an independent director, including CEO succession planning, CEO performance evaluation and compensation and Board self-evaluation.

Independent Committee Chairs

The independent Chairs of our Committees shape the agenda for each Committee meeting and provide oversight over matters assigned to the Committee. The Chairs receive preliminary agendas and associated materials in advance of each meeting and regularly conduct pre-meeting reviews of the agenda with members of management. The Chairs also lead the Committee's self-evaluation discussions.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report out to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

The Corporate Governance Committee provides oversight of the policies and processes by which the Company assesses and manages enterprise risk. The Corporate Governance Committee reviews the mapping of identified enterprise risks to the Board and its committees and makes recommendations to the Board with respect to such mapping. Our Chief Risk Officer and Chief Financial Officer (CFO) report on risk management to the Corporate Governance Committee, as well as to the Board. The Corporate Governance Committee also evaluates our governance and leadership structure, oversees our political participation activities and expenditures and reputational risk.

The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters and cybersecurity. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and reviews in a general manner the guidelines, policies and processes by which the Company assesses and manages enterprise risk, consistent with the listing standards of the NYSE. Our Chief Risk Officer and CFO report on risk management to the Audit Committee at its in person meetings.

The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance.

The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our generation station operations, including with respect to environmental, safety and other compliance and personnel and performance matters.

The Organization and Compensation Committee (O&CC) considers the risks and rewards associated with executive compensation and talent management. As discussed on pages 56-57, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.

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Risk Mapping

We have mapped the key enterprise risks identified by management to the Board and committees based on the committees' respective areas of oversight. This mapping of risks serves to clarify the oversight responsibilities of each committee and ensure proper oversight of each identified risk. For example, the oversight of cybersecurity risk management has been expressly mapped to the Audit Committee. In addition, the Board and each committee have determined specific processes and schedules for performing their duties in connection with the mapped risks.

Risk Management Policy and Program

The Board has oversight of the Risk Management Program which consists of policies, process and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to risks, including but not limited to: market; credit; liquidity; operations; project development; political; regulatory; legal; compliance; strategic; reputation; business interruption; physical and cybersecurity; sustainability; environmental; and staffing.

Our Risk Management Program forms an integral part of our corporate culture and values, as well as our strategic planning and business operations.

Risk Management Committee Structure

Under the Risk Management Policy, we have established a Risk Management Committee (RMC) consisting of senior executives. The RMC is charged with, among other things:

Establishing and reviewing the framework for implementing the Risk Management Policy, including regularly reviewing and updating key management practices related to risk management;

Establishing and monitoring limits and controls designed to manage financial risks;

Regularly reviewing practices related to the review of potential transactions and the delegation of financial authority; and

Reviewing the management of enterprise-level risks.

In addition, other senior management committees oversee the management of specific categories of risks, including:

Our Capital Review Committee provides oversight and reviews proposed capital projects;

Our Compliance Committee reviews various compliance and ethics issues;

Our Business Interruption Management Committee provides oversight of activities relating to a significant interruption of business or other adverse event; and

Our Cybersecurity Council reviews prevalent cybersecurity issues, identifying the cyber risks to our critical infrastructure and confidential information, including personally identifiable information, as well as the measures the Company is taking or should take to identify and address those risks.

Our corporate compliance activities are centralized functions under our Chief Compliance Officer who has robust duties and responsibilities. Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

Cybersecurity

The Board believes that cybersecurity is a critical component of the risk management program. We have established a comprehensive cybersecurity program that includes a Cybersecurity Council composed of members of senior management and others who are responsible for the Company's cybersecurity risk management practices. The Board and the Audit Committee receive periodic reports on areas such as the adequacy of personnel and resources to monitor and address cybersecurity threats, technological advances in cybersecurity protection, rapidly evolving cybersecurity threats that may affect our Company and industry, cybersecurity incident response and applicable cybersecurity laws, regulations and standards as well as collaboration mechanisms with intelligence and enforcement agencies and industry groups to assure timely threat awareness and response coordination. The Company's cybersecurity risk management practices, including protection of privacy, are fully integrated into our overall risk management program.

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The Company has established a comprehensive cybersecurity program designed to protect and preserve the confidentiality, integrity and availability of our and our customers' information and our systems. The cybersecurity program is built on technical, procedural, and people-focused measures to detect, protect against, respond to, and recover from cyber threats to our systems and information including company, employee and customer data. Features of our program include: identifying critical information and systems; conducting cyber risk assessments of our and third party systems; maintaining awareness of cyber threats and vulnerabilities through partnerships with public and private entities, as well as industry groups; periodic industry best practice review and operational benchmarking; maintaining and testing our cybersecurity incident response plans and systems; training personnel on cybersecurity issues; and raising cybersecurity awareness throughout our Company with electronic notices and seminars. We have incorporated a cybersecurity escalation process into our cybersecurity program to ensure that senior management is promptly made aware of material cyber events that impact the Company and kept updated during the life of the event.

Talent Management and Succession Planning

Our business planning process includes key aspects of workforce planning and development. We believe that we utilize a rigorous and disciplined process to evaluate talent and provide for succession planning in relation to our business objectives. This starts at the local level and continues through senior management, with direct involvement of our CEO and Board. We periodically review our workforce priorities, progress on achieving our commitment to diversity and effectiveness of our organizational structure and staffing.

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. Periodically, the Board reviews with the CEO succession plans for key leadership positions a