

EXELON Corp
Form DEF 14A
March 20, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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 Rule 14a-12

Exelon Corporation

(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:
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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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How we measure performance against our Purpose
 Biographical information about two new independent directors
 An updated skills matrix

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 page 6-7, 12 and 17
 page 9

Also see "Acronyms Used" on the [side back cover](#) for a guide to the acronyms used throughout our proxy statement.

Cautionary Statements Regarding Forward-Looking Information

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This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as (1) the items discussed in Exelon's 2018 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

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Notice of the Annual Meeting of Shareholders and 2019 Proxy Statement

March 20, 2019

Logistics

When

Tuesday,
April 30, 2019,
at 9:00 a.m.
Eastern Time

Where

Hotel Du Pont located
at 42 West 11th Street,
Wilmington, Delaware

Who Can Vote

Holders of Exelon common stock as
of 5:00 p.m. Eastern Time on March 4, 2019
are entitled to receive notice of the annual
meeting and vote at the meeting

Items of Business

	Board Recommendation	Page
1 Elect 13 Director nominees named in the proxy statement	FOR each Director nominee	8
2 Ratify appointment of PricewaterhouseCoopers LLP as Exelon's independent auditor for 2019	FOR	27
3 Say on pay: advisory vote on the compensation of named executive officers	FOR	29
4 Shareholder Proposal from Burn More Coal	AGAINST	60

Shareholders will also conduct any other business properly presented before the meeting.

The Board of Directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies will vote such matters in the best interest of all shareholders. Your signed proxy card gives this authority to Thomas S. O'Neill and Carter C. Culver.

Advance Voting (before 11:59 p.m. Eastern Time on April 29, 2019)

Use the internet at
www.proxyvote.com
24 hours a day

Call toll-free
1-800-690-6903

Mark, date, sign and mail your
proxy card in the postage-paid
envelope provided

Date of Mailing: On or about March 20, 2019, these proxy materials and our annual report are being mailed or made available to shareholders.

Shareholders of Record: As of March 4, 2019, there were 969,952,166 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Thomas S. O'Neill

*Senior Vice President,
General Counsel and Corporate Secretary*

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 30, 2019

The Notice of 2019 Annual Meeting, Proxy Statement, and 2018 Annual Report and the means to vote by Internet are available at www.proxyvote.com.

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About Exelon: An Industry Leader

\$23B

Being invested in utilities through 2022 for the benefit of our customers

Exelon is a **FORTUNE 100** company

\$36B

Operating revenue in 2018

zero-carbon energy producer in America

#1

33,500
employees

More than **32,000 MW** total power generation capacity

Customer load served

10M

Smart meters installed

Exelon's utilities serve **10M** electric and natural gas customers, the most in the U.S.

\$51M

In 2018, Exelon gave more than \$51 million to charitable and community causes

~2M

Exelon's Constellation business serves residential, public sector and business customers

11,470
transmission line miles for utilities

Note: All numbers reflect year-end 2018

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Exelon is America’s Leading Energy Provider

We are the nation’s leading competitive power provider and a FORTUNE 100 company that works in key facets of the power business: power generation, competitive energy sales, transmission and delivery.

The Exelon Family of Companies

Generation

Exelon is the largest competitive U.S. power generator, with more than 32,000 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation’s cleanest and lowest-cost power generation fleets and the largest producer of zero-carbon energy in the U.S.

Learn more at www.exeloncorp.com

Energy Sales & Service

The Company’s Constellation business unit provides energy products and services in competitive markets to approximately 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100.

Transmission & Delivery

Exelon’s utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Delmarva Power, Pepco, ComEd, BGE, Atlantic City Electric and PECO subsidiaries.

Our Strategy

As the energy industry undergoes rapid changes, Exelon is executing a strategy to embrace those changes while growing the Company. We’re making investments to meet the needs of our customers and targeted investments in promising technologies with the potential to reshape the energy landscape.

The Exelon Strategic Plan

<p>Grow our Regulated Utilities Business</p> <p>to benefit customers and provide earnings stability to our investors.</p>	<p>Focus on Cash Flow</p> <p>to support utility growth while reducing debt.</p>	<p>Optimize Exelon Generation value</p> <p>by seeking fair compensation for the zero-carbon attributes of our fleet, closing uneconomic plants, monetizing assets and maximizing the value of our fleet through our generation to load matching strategy.</p>	<p>Retain a Strong Balance Sheet</p> <p>with all businesses meeting investment grade metrics through the 2022 planning horizon.</p>	<p>Return Cash to Shareholders and meet Capital Allocation Priorities</p> <p>with 5% dividend growth annually through 2020⁽¹⁾ while prioritizing organic utility growth and debt reduction.</p>
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(1) Quarterly dividends are subject to declaration by the Board of Directors.

Learn more at <http://www.exeloncorp.com/company/business-strategy>

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Proxy Statement Summary

2018 Performance Highlights

“2018 was another record-breaking year for Exelon, with our Utility and Generation businesses demonstrating best-ever performances in multiple categories thanks to the hard work of our employees, who also surpassed their previous record for volunteerism. Our ongoing strategy to invest in advanced technology and infrastructure resulted in improved resiliency, reliability, and customer satisfaction at our electric and gas companies. In 2019, we will grow our dividend by 5 percent and seek fair compensation for the zero-carbon power that our nuclear fleet provides. We will also modernize the electric grid to address the challenges of climate change and provide customers with clean, affordable power.”

Christopher Crane, CEO

Strong Financial and Operational Performance

Achieved 2018 GAAP earnings per share (EPS) of \$2.07 and adjusted (non-GAAP) operating EPS of \$3.12 (see Appendix at page 69 for reconciliation)

Invested \$5.5 billion in the electric grid to replace aging infrastructure and improve reliability for the benefit of our customers in 2018

Announced commitment in 2018 to lower costs by \$200 million gross on an annual run-rate basis by 2021

Continued commitment to increase the annual dividend growth rate by 5% annually from 2018 through 2020

Maintained industry leading operational excellence

All four Utilities achieved first quartile performance for the System Average Interruption Frequency Index (SAIFI) measuring outage frequency

Commonwealth Edison Company (ComEd) and Pepco Holdings, LLC (PHI) scored in the top decile for service level, with Baltimore Gas and Electric Company (BGE) and PHI achieving “best on record” performances

Top decile gas odor response for the 6th consecutive year for BGE and PECO Energy Company and 2nd consecutive year for PHI

ComEd, BGE, and PHI had best performances on record in Call Center Satisfaction

Record nuclear output of 159 TWhs, achieved best ever record for average refueling days, and a capacity factor of 94.6%

Achieved 18.33% total shareholder return (TSR) in 2018 and outperformed the PHLX Utility Sector Index (UTY) by 14.81 percentage points

Continued to build on Exelon’s three-year TSR of 80.80%, compared to the UTY three-year TSR of 37.10% for the 2016-2018 period

Regulatory & Policy

Prevailed on legal challenges to the New York and Illinois zero emission credits (ZEC) programs in Second and Seventh Circuit Courts

ZEC legislation enacted in New Jersey

Successfully completed eight distribution rate cases, including the first regulatory settlements since the 1980s in two jurisdictions

Returned more than \$675 million of annual savings from tax reform to our ten million customers

Exelon 2018 Summary Annual Report

Learn more about Exelon from our 2018 Summary Annual Report at www.exeloncorp.com

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Proxy Statement Summary

Measuring our Performance: How Exelon is powering a cleaner and brighter future for our customers and communities

We believe that reliable, clean, and affordable energy is essential to a brighter, more sustainable future. That's why we're committed to providing innovation, best-in-class performance and thought leadership to help drive progress for our customers and communities.

We bring our vision to life by adhering to five core values. 2018 highlights include:

We are dedicated to safety

Exelon continued to maintain a first-decile OSHA recordable rate in 2018 as compared to the Edison Electric Institute (EEI) company benchmark.

Exelon continues to engage with the National Safety Council and the Campbell Institute to drive best practices development and benchmarking.

Nonetheless our performance was not at the level we target, and we have increased focus on prevention of serious injuries and fatalities through partnerships with EEI, the Electric Power Research Institute, and the Campbell Institute.

Exelon continued efforts in 2018 to utilize new technologies and business information and data analytics to drive safety performance improvement.

We actively pursue excellence

Exelon has been named to the Dow Jones Sustainability North America Index for 13 consecutive years.

Exelon Generation is the largest zero carbon generator in the United States with the lowest carbon intensity out of the 20 biggest investor owned generation companies in the United States.

Exelon is the largest producer of zero-carbon energy in the United States, responsible for one-ninth of all clean energy produced.

All four Exelon utilities ended the year in the top quartile for SAIFI (outage frequency) and all utilities demonstrated strong performance in CAIDI (outage duration) and customer satisfaction.

We innovate to better serve our customers

Exelon hosted its seventh Innovation Expo in Washington, D.C. to engage employees and stakeholders around new technologies and innovation. Over 3,300 attended the Expo and 270 employees presented ideas for technology and innovation applications for Exelon.

Through December 2018, Exelon utilities had upgraded over 10 million smart electric and gas meters, aiding system efficiency and reliability and more rapid recovery after storm events. As a result, over 1.1 million connect/disconnect service trips were also avoided by smart meters in 2018, saving time and cost and avoiding associated service vehicle GHG emissions.

In 2018, Constellation Distributed Energy's portfolio grew to 484 Megawatts, 78% of which was solar.

Exelon Utility customers saved 21.9 million MWh and avoided 9.9 million metric tons of CO₂e.

We act with integrity and are accountable to our communities and the environment

Exelon corporate and Exelon Foundation giving totaled more than \$51 million in 2018.

Exelon Employees volunteered almost 241,000 hours and contributed nearly \$13 million to charity.

Exelon operations-driven GHG emission reduction goal to reduce 15% from a 2015 baseline by 2022 is on track.

Exelon scored A- on the 2018 CDP Water Survey, the highest level achieved by a United States electric utility.

Exelon scored A- on the 2018 CDP Climate Survey, the highest level achieved by a United States electric utility.

Exelon has over 32,500 acres managed under Wildlife Habitat Council and/or National Wildlife Federation certifications.

We succeed as an inclusive and diverse team

Exelon adopted the Equal Pay Pledge in 2016. As part of this commitment, Exelon ensures extensive annual reviews are completed including an internal review of hiring and promotion processes and an independent third party review of gender pay levels. In addition, Exelon joined the United Nations HeForShe campaign in 2017.

Exelon implemented an industry-leading enhanced paid leave policy for new parents in 2017.

Through Exelon's University Intern Program, we hire hundreds of professionals and technical interns each summer, which helps to build our talent pipeline by attracting young, diverse candidates.

Our diversity and inclusion efforts have been recognized by organizations, including Exelon being named to the DiversityInc Top 50 Companies for Diversity and as one of the Human Rights Campaign Best Places to Work. Exelon also received the G.I. Jobs Military Friendly Employer Award.

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Our Director Nominees

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Proposal 1: Election of Directors

The Corporate Governance Committee collaborates with Exelon’s Board Chair to determine the appropriate mix of skills and characteristics that our Board requires. The Board has determined that the current composition and size of the Board is appropriate for Exelon, considering the Company’s size, geographic scope, and need to access a wide range of views and backgrounds to reflect the diversity and complexity of our business and the markets and communities we serve. There are 13 nominees for Director at the 2019 annual meeting.

The Board recommends a vote “FOR” each Director nominee.

The Exelon Board of Directors

Director Qualifications and Nomination

Effective oversight of Exelon’s strategic direction requires our Board to be composed of diverse individuals who possess attributes and core competencies important to our Company. The Corporate Governance Committee identifies and recommends Director nominees for election to the Board and periodically retains a board search firm to assist with the identification of potential candidates.

The Board values the diversity of thought that arises from Directors possessing different backgrounds, gender, age, race, and geographic experiences. The Board also deeply values the enhanced and thoughtful deliberations resulting from a balance of short- and long-tenured Directors who provide a mix of fresh perspectives and new ideas with deep and important utility, regulated industry and business cycle experiences.

The Corporate Governance Committee and the Board determine the appropriate mix of skills and characteristics required to meet the needs of the Board as a whole, taking into account the short- and long-term strategies of the Company to determine the current and future skills and experiences required of the Board. All candidates should demonstrate the following attributes to qualify for Board service:

Highest personal and professional ethics, integrity and values;

An inquiring and independent mind, practical wisdom and mature judgment;

Broad training and experience at the policy-making level in business, government, education or technology; Willingness to remain current with industry and other developments relevant to Exelon’s strategic direction;

Expertise that is useful to the enterprise and complementary to the background and experience of other Directors; Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership and a commitment to serve over a period of years to develop knowledge about Exelon’s principal operations;

A commitment to representing the long-term interests of shareholders, customers, employees and communities served by the Company and its subsidiaries; and

Involvement only in activities or interests that do not conflict with responsibilities to Exelon and its shareholders.

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Board and Corporate Governance Matters

And in addition, the Board as a whole, should reflect core competencies in the following areas that are described below in our skills matrix. The matrix identifies the primary skills, core competencies and other attributes that each independent Director brings to bear in their service to Exelon's Board and Committees. Each Director possesses numerous other skills and competencies that are not identified below, however, we believe identifying primary skills is a more meaningful presentation of the key contributions and value that each independent Director brings to their service on the Board and to Exelon shareholders.

SUMMARY OF INDIVIDUAL DIRECTOR PRIMARY SKILLS, CORE COMPETENCIES AND OTHER ATTRIBUTES

The following matrix identifies the **primary skills**, core competencies and other attributes that each independent Director brings to bear in their service to Exelon's Board and Committees.

Accounting – Accounting and financial reporting experience are important to accurately and transparently measure and report financial and operating performance, ensure compliance with applicable law and assess financial merits of strategic opportunities.

Finance – Corporate finance and capital management experience is important to effectively oversee the financial affairs of Exelon's businesses and operations.

Executive – CEO/executive management leadership skills are important to gain a practical understanding of organizations, corporate governance, and drivers of individual growth and development.