

EXELON CORP
Form DEF 14A
March 21, 2018
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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:
- 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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- 1) Amount previously paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

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**NOTICE OF THE ANNUAL MEETING
AND 2018 PROXY STATEMENT**

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Exelon's Purpose:

Powering a cleaner and brighter future
for our customers and communities

We are collaborating with national labs, leading universities, start-ups, venture funds and corporations in the development of new technologies to transform the way we produce and use energy.

We will continue to advocate for the economic and environmental health of our communities.

Photo Credit: National Labs

Exelon, our family of companies, the Exelon Foundation and our employees set an Exelon record in corporate philanthropy and volunteerism, committing **more than \$52 million to nonprofits and volunteering 210,000 hours.**

In 2017, we were named to the Dow Jones Sustainability Index **for the 12th consecutive year.**

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[Notice of the Annual Meeting of Shareholders and 2018 Proxy Statement](#)

March 21, 2018

[Logistics](#)

[Items of Business](#)

When
 Tuesday, May 1, 2018,
 at 9:00 a.m. Eastern Time

Where
 Offices of Pepco Holdings LLC located at 701
 Ninth Street, NW, Washington, D.C.

Who Can Vote
 Holders of Exelon common stock as of 5:00 p.m.
 Eastern Time on March 2, 2018 are entitled to
 receive notice of the annual meeting and vote at
 the meeting

	Board Recommendation	Page
1	Elect 12 Director nominees named in the proxy statement FOR each Director nominee	12
2	Ratify appointment of PricewaterhouseCoopers LLP as Exelon's independent auditor for 2018 FOR	41
3	Say on pay: advisory vote on the compensation of named executive officers FOR	44

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 \(before 11:59 p.m. Eastern Time on April 30, 2018\)](#)

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 21, 2018, these proxy materials and our annual report are being mailed or made available to shareholders.

Shareholders of Record: As of March 2, 2018, there were 964,986,919 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 MAY 1, 2018

The Notice of 2018 Annual Meeting, Proxy Statement, and 2017 Annual Report and the means to vote by Internet are available at www.proxyvote.com.

www.exeloncorp.com **3**

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Cautionary Statements Regarding Forward-Looking Information

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 the items discussed in (1) Exelon's 2017 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 24 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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Proxy Statement Summary

This summary highlights selected information about the items to be voted on at the annual meeting of shareholders. This summary does not contain all of the information that you should consider in deciding how to vote. Please read the entire proxy statement before voting.

Exelon is America’s Leading Energy Provider

We are a FORTUNE 100 company that works in key facets of the power business: power generation, competitive energy sales, transmission and delivery. As the nation’s leading competitive power provider, Exelon does business in 48 states, D.C., and Canada and had 2017 revenues of \$33.5 billion. We employ approximately 34,000 people nationwide.

The Exelon Family of Companies

Generation

Exelon is the largest competitive U.S. power generator, with more than 35,500 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation’s cleanest and lowest-cost power generation fleets.

Learn more at www.exeloncorp.com

Energy Sales & Service

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

Transmission & Delivery

Exelon’s six 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 grow and diversify the Company. We’re making targeted investments in our core markets and 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 2021 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, debt reduction and modest contracted generation investments.</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

2017 Performance Highlights

“2017 was a great year for Exelon as our utilities delivered excellent performance in reliability and customer service, and our nuclear generation fleet produced the most power on record, all thanks to the great work of our people, who also set Company records for volunteerism and charitable giving.”

Christopher Crane, CEO

Strong Financial and Operational Performance

Achieved 2017 GAAP earnings per share (EPS) of \$3.97 and adjusted (non-GAAP) operating EPS of \$2.60 (see Appendix at A-1 for reconciliation)

Results would have been \$2.73 absent the deferral of 9 cents in Illinois zero emissions credits (ZEC) revenues given the Illinois Power Agency's decision to delay the ZEC procurement by one month into 2018, and a 4 cent impairment due to an unexpected Federal Energy Regulatory Commission (FERC) decision regarding utility transmission formula rate mechanisms

Deployed targeted level of capital of \$5.3 billion into our utilities to improve reliability, replace aging infrastructure, and enhance customer experience

Announced commitment to lower costs by \$250 million on an annual run-rate basis by 2020

Increased the annual dividend growth rate to 5% from 2.5% for 2018 through 2020, effective in the first quarter of 2018

Utilities performed largely at first quartile levels with especially strong results across key metrics:

Baltimore Gas and Electric Company (BGE), Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO) achieved first decile performance in the System Average Interruption Frequency Index (SAIFI)

BGE and ComEd achieved first decile performance in the Customer Average Interruption Duration Index (CAIDI)

Pepco Holdings, LLC (PHI) achieved best ever performance on SAIFI and CAIDI

Completed the acquisition of the James A. FitzPatrick nuclear power plant in New York, preserving nearly 600 jobs

Successfully executed PHI merger commitments to improve performance and reliability for our customers

Continued total shareholder return (TSR) outperformance relative to the PHLX Utility Sector Index (UTY) in 2017

Building on Exelon's 2016 TSR of 32.8%, we continued to deliver strong TSR performance of 15.1% in 2017, outperforming the UTY by 2.3 percentage points. For the three years beginning with 2015, Exelon trailed the UTY index by 4.9 percentage points driven by Exelon's 2015 TSR of negative 22.1%

Regulatory & Policy

Successful dismissal of legal challenges of New York and Illinois ZEC programs in federal district courts; appeals process is ongoing

FERC recognized need to better understand power system resilience.

Created “Grid Resilience in Regional Transmission Organizations and Independent System Operators” order to seek input from regional transmission organizations (RTOs) on how market rules may need to be changed

Completed 11 distribution and 6 transmission rate cases with regulatory authorities, increasing annual revenue and rate base by an expected combined \$396 million

Employees & Community

2017 awards and recognitions include: Billion Dollar Roundtable, Civic 50, Top 50 Companies for Diversity, Best Places to Work in 2017, CEO Action for Diversity & Inclusion, and UN's HeForShe

Exelon and our employees set a new record in corporate philanthropy and volunteerism, committing over \$52 million in giving and volunteering 210,000 hours

Recognized by Dow Jones Sustainability Index for 12th consecutive year and by NewsWeek Green rankings for 9th consecutive year

2,200 employees, contractors and support personnel from Exelon's six utilities mobilized to assist residents in the southeastern U.S. impacted by Hurricane Irma

Exelon 2017 Summary Annual Report

Learn more about Exelon from our 2017 Summary Annual Report at www.exeloncorp.com

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Proxy Statement Summary

Matters for Shareholder Voting

We are asking our shareholders to vote on the following matters:

The Board of Directors recommends a vote **FOR** each of the 12 Director nominees named in this proxy statement.

The Board is composed of a diverse set of deeply talented and highly experienced professionals.

Director skills and attributes comprise effective oversight abilities over Exelon's strategic goals and business performance.

Exelon had a strong 2017 financially and operationally.

Proposal 1Election of
Directors

Exelon's operational excellence and commitments to environmental stewardship inform our business conduct in a way that is sustainable for our customers, employees, and the communities we serve.

For more information about the nominees' qualifications, skills, and experiences, please see pages 15-26.

DIRECTOR NOMINEES

Name and Age	Director Since	Exelon Committees	Other Current Public Company Boards
ANTHONY K. ANDERSON, 62 Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young Independent	2013	Audit (Chair) Finance and Risk Generation Oversight	3
ANN C. BERZIN, 66 Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company Independent	2012	Audit Finance and Risk	1
CHRISTOPHER M. CRANE, 59 President and Chief Executive Officer of Exelon Corporation	2012	Finance and Risk Generation Oversight Investment Oversight	0
YVES C. DE BALMANN, 71 Former Co-Chairman of Bregal Investments LP Independent	2012	Compensation and Leadership Development (Chair) Corporate Governance Finance and Risk	1
NICHOLAS DEBENEDICTIS, 72 Chairman Emeritus, Aqua America Inc. Independent	2002	Corporate Governance Finance and Risk Generation Oversight	3
LINDA P. JOJO, 52 Executive Vice President, Technology and Chief Digital Officer of United Continental Holdings, Inc. Independent	2015	Compensation and Leadership Development Finance and Risk	0
PAUL L. JOSKOW, Ph. D., 70 Professor of Economics Emeritus, Massachusetts Institute of Technology and President Emeritus of the Alfred P. Sloan Foundation Independent	2007	Audit Finance and Risk Investment Oversight	0
ROBERT J. LAWLESS, 71 Former Chairman of the Board of McCormick & Company, Inc. Independent	2012	Corporate Governance (Chair) Compensation and Leadership Development Finance and Risk	0
RICHARD W. MIES, 73 Retired Admiral, U.S. Navy and President and Chief Executive Officer of The Mies Group, Ltd. Independent	2009	Generation Oversight (Chair) Audit Finance and Risk	1
JOHN W. ROGERS, JR., 59 Chairman and Chief Executive Officer of Ariel Investments, LLC Independent	2000	Investment Oversight (Chair) Corporate Governance	1

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MAYO A. SHATTUCK III, 63 Chairman of the Board Former Chairman, President and Chief Executive Officer of Constellation Energy Independent	2012	Finance and Risk Generation Oversight Investment Oversight	3
STEPHEN D. STEINOUR, 59 Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated Independent	2007	Finance and Risk (Chair) Audit	2

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Proxy Statement Summary

SUMMARY OF INDIVIDUAL DIRECTOR PRIMARY SKILLS, CORE COMPETENCIES AND 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. Each Director possesses numerous other skills and competencies not identified below. 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. See page 13 for more details.

Accounting and financial reporting experience

Corporate finance and capital management experience

CEO/executive management leadership skills