

DOMINION RESOURCES INC /VA/

Form DEF 14A

March 20, 2017

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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 Pursuant to §240.14a-12

**Dominion Resources, Inc.**

**(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 the 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 the transaction:

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Fee paid previously with preliminary materials.

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:

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**NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS**

**DATE** Wednesday, May 10, 2017  
**TIME** 9:30 a.m. ET  
**PLACE** Greater Richmond Convention Center  
403 North 3rd Street  
Richmond, Virginia 23219

**ITEMS OF BUSINESS**

Matters to be voted on at this meeting are as follows:

Election of the 12 director nominees named in this Proxy Statement;

Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2017;

Advisory vote on approval of executive compensation (Say on Pay);

Advisory vote on the frequency of the Say on Pay vote;

Approval of an amendment to the Articles of Incorporation to change the company's name to Dominion Energy, Inc.;

Four shareholder proposals, if properly presented; and

Consideration of other business properly presented at the meeting.

**RECORD DATE**

Shareholders of record at the close of business on March 3, 2017 are entitled to attend and vote at the meeting. If you wish to attend the 2017 Annual Meeting, an Admission Ticket and government-issued photo identification are required. To request an Admission Ticket, please refer to *Questions and Answers About the Annual Meeting and Voting* starting on page 64.

**MATERIALS TO REVIEW**

We are pleased to electronically deliver proxy materials again this year. Utilizing Internet delivery allows us to distribute our proxy materials in an environmentally responsible manner.

This Proxy Statement, our 2016 Summary Annual Report and Dominion's Annual Report on Form 10-K for the year ended December 31, 2016, will be made available to shareholders electronically on or around March 20, 2017, or mailed on or around the same date to those shareholders who have previously requested printed materials.

## PROXY VOTING

Please vote your proxy as soon as possible. Your vote is very important to us, and we want your shares to be represented at the meeting.

Dated: March 20, 2017

By Order of the Board of Directors,

Carter M. Reid

*Senior Vice President, Chief Administrative &*

*Compliance Officer and Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials for Dominion's 2017 Annual Meeting of Shareholders to be Held on May 10, 2017**

**Dominion's Notice of Annual Meeting, 2017 Proxy Statement, 2016 Summary Annual Report and 2016 Annual Report on Form 10-K are available on our website at [www.dom.com/proxy](http://www.dom.com/proxy).**

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**PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire Proxy Statement carefully before voting. *Questions and Answers About the Annual Meeting and Voting* can be found beginning on page 64.

**MEETING INFORMATION**

**DATE AND**

**TIME:** May 10, 2017, 9:30 a.m. ET

**PLACE:** Greater Richmond Convention Center

403 North 3rd Street

Richmond, Virginia 23219

**RECORD DATE:** March 3, 2017

**VOTING:** Shareholders as of the record date are entitled to vote. Each share of Dominion Resources, Inc. (Dominion) common stock is entitled to one vote on each matter properly brought before Dominion's Annual Meeting of Shareholders to be held on May 10, 2017 (the 2017 Annual Meeting).

**ADMISSION:** If you wish to attend the 2017 Annual Meeting in person, you will need to obtain an Admission Ticket in advance. You can obtain an Admission Ticket by following the instructions on page 66 under *How do I attend the 2017 Annual Meeting in person?* Admission Tickets are not transferrable.

**HOW TO VOTE**

**For registered holders and employee savings plan participants:**

(Shares are registered in your name with Dominion's transfer agent or held in one of Dominion's employee savings plans)

Electronically via the Internet\*

[www.cesvote.com](http://www.cesvote.com)

By telephone within the U.S.\*

(888) 693-8683

By mail using the proxy card/voting instruction form

**For beneficial owners:**

(Shares are held in a stock brokerage account or by a bank or other holder of record)

Electronically via the Internet\*

[www.proxyvote.com](http://www.proxyvote.com)

By telephone within the U.S.\*

(800) 454-8683

By mail using the proxy card

*\*You will need your control number that appears on the Notice or proxy card/voting instruction form.*

If you received a Notice of Internet Availability, follow the instructions included on how to vote online. If you attend the 2017 Annual Meeting, you may vote your shares in person. For admission requirements, please see *How do I attend the 2017 Annual Meeting in person?* on page 66.

**Dominion Resources** 2017 Proxy Statement

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**Table of Contents****SHAREHOLDER VOTING MATTERS**

| <b>Voting Matter</b>                                                                                                                                           | <b>Board Vote Recommendation</b> | <b>Page Reference</b> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------|
| <b>Item 1 Election of Directors</b>                                                                                                                            | FOR each director nominee        | 7                     |
| <b>Item 2 Ratification of Appointment of Auditors</b>                                                                                                          | FOR                              | 24                    |
| <b>Item 3 Advisory Vote on Approval of Executive Compensation (Say on Pay)</b>                                                                                 | FOR                              | 53                    |
| <b>Item 4 Advisory Vote on the Frequency of the Say on Pay Vote</b>                                                                                            | FOR ONE YEAR                     | 54                    |
| <b>Item 5 Vote to Approve an Amendment to the Articles of Incorporation to Change the Company's Name to Dominion Energy, Inc.</b>                              | FOR                              | 55                    |
| <b>Item 6 Shareholder Proposal Regarding a Report on Lobbying</b>                                                                                              | AGAINST                          | 56                    |
| <b>Item 7 Shareholder Proposal Regarding the Nomination of a Director with Environmental Expertise</b>                                                         | AGAINST                          | 58                    |
| <b>Item 8 Shareholder Proposal Regarding an Assessment of the Impact of Public Policies and Technological Advances Consistent with Limiting Global Warming</b> | AGAINST                          | 60                    |
| <b>Item 9 Shareholder Proposal Regarding a Report on Methane Emissions</b>                                                                                     | AGAINST                          | 62                    |

**OUR DIRECTOR NOMINEES**

You are being asked to vote on the election of the following 12 director nominees. Detailed information about each director's background, skills and areas of expertise can be found beginning on page 8. All directors are elected annually by a majority of votes cast unless there is a contested election, in which case the election is by plurality vote. If an incumbent nominee does not receive a majority of votes cast for his or her election, he or she will continue to serve on the Board as a holdover director and will be required to submit a letter of resignation promptly to the Board. Within 90 days following the certification of election results, the Board will act on the offered resignation. With advice from the Compensation, Governance and Nominating (CGN) Committee, the Board will determine whether or not to accept such resignation.

| <b>Nominee</b>              | <b>Age</b> | <b>Director Since</b> | <b>Principal Occupation</b>                                                                                                       | <b>Independent</b> | <b>Committees</b> |
|-----------------------------|------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>William P. Barr</b>      | 66         | 2009                  | Retired Executive Vice President and General Counsel of Verizon Communications Inc.; Former Attorney General of the United States | Yes                | C^                |
| <b>Helen E. Dragas</b>      | 55         | 2010                  | President and CEO of The Dragas Companies                                                                                         | Yes                | A; F              |
| <b>James O. Ellis, Jr.</b>  | 69         | 2013                  | Former President and CEO of the Institute of Nuclear Power Operations                                                             | Yes                | A; F              |
| <b>Thomas F. Farrell II</b> | 62         | 2005                  | Chairman, President & CEO of Dominion                                                                                             | No                 |                   |

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|                               |    |      |                                                                                                     |     |       |
|-------------------------------|----|------|-----------------------------------------------------------------------------------------------------|-----|-------|
| <b>John W. Harris</b>         | 69 | 1999 | Chairman and CEO of Lincoln Harris LLC                                                              | Yes | C; L  |
| <b>Ronald W. Jibson</b>       | 63 | 2016 | Retired Chairman, President and CEO of Questar Corporation                                          | Yes | F     |
| <b>Mark J. Kington</b>        | 57 | 2005 | Managing Director of Kington Management, LLC                                                        | Yes | C; F^ |
| <b>Joseph M. Rigby</b>        | 60 | 2017 | Retired Chairman, President and CEO of Pepco Holdings, Inc.                                         | Yes |       |
| <b>Pamela J. Royal, M.D.</b>  | 54 | 2013 | Dermatologist and President of Royal Dermatology and Aesthetic Skin Care, Inc. and community leader | Yes | A; F  |
| <b>Robert H. Spilman, Jr.</b> | 60 | 2009 | President and CEO of Bassett Furniture Industries, Incorporated                                     | Yes | A^; C |
| <b>Susan N. Story</b>         | 57 | 2017 | President and CEO of American Water Works Company, Inc.                                             | Yes |       |
| <b>Michael E. Szymanczyk</b>  | 68 | 2012 | Former Chairman and CEO of Altria Group, Inc.                                                       | Yes | A; F  |

*A=Audit; C=Compensation, Governance and Nominating; F=Finance and Risk Oversight; ^ Denotes Chairman of Committee; L=Lead Director*

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**BUSINESS HIGHLIGHTS**

Dominion successfully executed its growth plan in 2016:

We announced and completed a combination with Questar Corporation (Questar), adding \$4.4 billion in assets to Dominion's portfolio in support of our growth plan's focus on high-quality, regulated energy operations.

We optimized the Questar transaction by contributing Questar Pipeline, LLC to Dominion Midstream Partners, LP (Dominion Midstream), a growing master limited partnership of which we own the general partner, a majority of the common and subordinated units and a portion of the convertible preferred interests.

We continued making the long-term investments necessary to meet the energy demands of the future, including building new, cleaner generation sources; hardening the electric grid; and replacing aging power and natural gas infrastructure.

We set multiple safety records, including a record low Occupational Safety and Health Administration (OSHA) recordable incidence rate of 0.66 and a record low lost-time/restricted duty incidence rate of 0.30.

Our Total Shareholder Return (TSR) outperformed our peers over the five-year period ending December 31, 2016. Our one-year TSR results for 2016 matched our peers and bested the S&P 500.

| 1-YEAR                                                                                                                                                                                         | 5-YEAR                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TOTAL SHAREHOLDER RETURN*                                                                                                                                                                      | TOTAL SHAREHOLDER RETURN*                                                                                                                                                              |
| We performed in line with the Compensation Peer Group median and the Philadelphia Stock Exchange Utility Index and outperformed the S&P 500 over the one-year period ending December 31, 2016. | We outperformed the Compensation Peer Group median and the Philadelphia Stock Exchange Utility Index and lagged behind the S&P 500 over the five-year period ending December 31, 2016. |

\*For Dominion and the Compensation Peer Group median, TSR represents the change in value (including reinvested dividends) of an investment in common stock over the specified period; the members of our Compensation Peer Group are identified on page 37 of the *Compensation Discussion and Analysis*. TSR results for the Philadelphia Stock Exchange Utility Index and the S&P 500 are as reported by Bloomberg.

**NEARLY 75% TOTAL SHAREHOLDER RETURN**

**OVER FIVE YEARS**



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**8.1%**  
**INCREASE IN**  
**DIVIDEND RATE**  
**IN 2016**

\*See Reconciliation of Reported Earnings (GAAP) to Operating Earnings (non-GAAP) in Appendix A.

The performance metrics shown in the graphs above are based upon historical data and are not indicative of, nor intended to forecast, future performance.

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**CORPORATE GOVERNANCE HIGHLIGHTS**

Dominion is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our shareholders, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 14-16 and in our Corporate Governance Guidelines which can be found at <https://www.dom.com/investors/governance/governance-guidelines>.

**Director Independence**

11 of our 12 director nominees are independent.

Our Chief Executive Officer (CEO) is the only management director.

**Board Leadership**

All of our Board committees are composed exclusively of independent directors.

We have an independent Lead Director.

**Executive Sessions**

The Lead Director serves as a liaison on Board-wide issues between the Chairman of the Board and the independent directors.

The independent directors regularly meet in executive sessions without management present, at which the Lead Director presides.

**Board Oversight of Risk Management**

Our Board receives regular updates related to various risks for both our company and our industry.

The Board's Audit Committee meets periodically with members of management to receive and discuss reports on the company's internal control systems and compliance.

The Board's Audit Committee discusses policies with respect to risk assessment and risk management, including reviewing periodic reports from the Board's Finance and Risk Oversight Committee concerning their risk assessment and oversight responsibilities.

The Board's Finance and Risk Oversight Committee meets periodically with members of management to receive and discuss reports relating to the

**Share Ownership Requirements**

company's financing activities, and to oversee the implementation of risk assessment and risk-management policies and procedures.

Within four years of their election to the Board, our non-employee directors are expected to hold the lesser of 12,000 shares of Dominion common stock or an amount of shares equal in value to five times the annual cash and stock retainer combined.

Our CEO is expected to hold the lesser of 145,000 shares or shares with a value of eight times his salary.

Executive vice presidents are expected to hold the lesser of 35,000 shares or shares with a value of five times their salary.

**Board Practices**

We do not allow our executives or directors to pledge shares as collateral or hedge the economic risk of owning shares.

Our Board and each of its committees annually review its effectiveness as a group.

We have no poison pill.

Shareholders may call a special meeting.

Our Bylaws provide our shareholders with a proxy access right.

All directors stand for election annually.

In uncontested elections, directors must be elected by a majority of votes cast.

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**COMPENSATION HIGHLIGHTS**

Over the past five years, Dominion's cumulative TSR has trended above that of our Compensation Peer Group median, while CEO pay continues to approximate Dominion's cumulative TSR trends over time:

\*As reported in Summary Compensation Table

\*\* Cumulative TSR represents the change in value (including reinvested dividends) of an investment in common stock over the period beginning December 31, 2011 and ending on the last day of the year specified.

Other 2016 highlights:

Consistent with pay-for-performance principles, 2016 CEO compensation was slightly below target despite strong operational results, due to lagging two-year TSR.

2015 Performance Grant paid at 76.3% of target, based on TSR and return on invested capital (ROIC) over a two-year period.

3% base salary increases for each named executive officer (NEO) in 2016.

Sound governance practices, including strong share ownership guidelines, clawback policies, anti-hedging rules, and substantial at-risk pay.

Annual Incentive Plan (AIP) funded at 100%.

In addition, in order to better align our performance grants with our long-term goals, we decided to increase the performance period of our performance grants from two to three years, starting with the performance grants made in 2017.

**Advisory Vote on Approval of Executive Compensation (Say on Pay)**

We are asking shareholders to approve, on a non-binding, advisory basis, the compensation of our NEOs. In evaluating the Say on Pay proposal, we recommend that you review our *Compensation Discussion and Analysis*, which discusses the compensation objectives and principles that underlie Dominion's executive compensation program and describes how performance is measured, evaluated and rewarded, as well as the tables, notes and narrative that follow.

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**ITEM 1 ELECTION OF DIRECTORS**

The Board of Directors has nominated 12 directors for election at the 2017 Annual Meeting. Each nominee is currently serving as one of our directors. If you re-elect them, they will hold office until the next annual meeting or until their successors have been elected and qualified.

The CGN Committee, which is composed entirely of independent directors, is responsible for reviewing the qualifications of and selecting director candidates for nomination to the Board. In identifying potential nominees, the CGN Committee considers candidates recommended by shareholders, current members of the Board or members of management or any other candidates that come to its attention. In accordance with its charter, the CGN Committee considers all candidate recommendations, including those from shareholders, in the same manner when determining nominees for the Board. A shareholder who wishes to recommend a prospective nominee for the Board must provide notice in writing to the Corporate Secretary and follow the shareholder nomination procedures described in *Shareholder Director Nomination and Other Shareholder Proposals for Presentation at the 2018 Annual Meeting Not Included in the 2018 Proxy Statement* on page 69.

In addition, Dominion's Bylaws include a proxy access provision which allows a shareholder, or a group of up to 20 shareholders, owning 3% or more of the company's outstanding stock continuously for at least the previous three years, to nominate and include in the company's proxy materials director nominees constituting up to the greater of 20% of the Board or two nominees provided that such shareholder(s) and nominee(s) satisfy the requirements set forth in the Bylaws. Additional information for including a nominee in the company's proxy materials is described in *Shareholder Director Nominations for Inclusion in 2018 Proxy Statement* on page 69.

The CGN Committee recognizes that a Board with a diverse set of skills, experiences and perspectives creates a governing body best suited to provide oversight of the company while representing the interests of our shareholders, customers, employees and other constituents. In evaluating director candidates, the CGN Committee considers many attributes that it deems relevant for serving as a director, including, but not limited to the following: experience as a CEO, utility and gas industry experience, financial or accounting experience (including oversight experience), legislative or regulatory experience and experience on public company boards outside Dominion.

In addition, the CGN Committee considers other attributes including a candidate's character, judgment, diversity of experience, business acumen and ability to act on behalf of shareholders. The CGN Committee also believes that the members of the Board should have experiences and backgrounds that complement those of each other.

Dominion does not have a formal policy with respect to director diversity, but under the company's Corporate Governance Guidelines, the CGN Committee is charged with selecting candidates who represent a mix of backgrounds and experiences enhancing the quality of the Board's deliberations and decisions as well as those of its three committees. The CGN Committee may also consider the Board's diversity, in its broadest sense, reflecting, but not limited to, ethnicity, gender and geography. The CGN Committee also considers whether a director candidate is independent in accordance with the independence standards of Dominion and the New York Stock Exchange (NYSE).

Information about each director nominee is presented below and includes specific experience, qualifications, attributes and skills that led the CGN Committee and our Board to the conclusion that he or she should serve as a director. These nominees are collegial, thoughtful, responsible and intelligent people and are diverse in terms of geographic location throughout the areas of our operations, age, gender, ethnicity and professional experience. Overall, these nominees represent a diverse mix of qualifications deemed beneficial to the formation of a cohesive and effective Board.

Three of our nominees, Messrs. Jibson and Rigby and Ms. Story, were elected by the Board since the last annual meeting. Mr. Jibson was elected in September 2016 to serve as a director upon the recommendation of Dominion's management in accordance with the terms of the merger agreement pursuant to which Questar combined with Dominion. Mr. Rigby and Ms. Story were elected by the Board in January 2017 based on the recommendation of Dominion's management and other directors. Mr. Rigby was known to Dominion's management and the other directors based on his service as a director for Dominion Midstream and as a former executive of Pepco Holdings, Inc., a mid-Atlantic utility whose service territory is adjacent to that of Dominion. Ms. Story was also known to Dominion's management and non-management directors as a former executive officer of a peer utility and through interaction in various industry associations.

Each nominee presented below was recommended by the CGN Committee and nominated by the Board. Except for Messrs. Jibson and Rigby and Ms. Story, all director nominees were elected by shareholders at the 2016 Annual Meeting. Mr. David A. Wollard will not be standing for re-election in 2017.

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### **William P. Barr**

#### **DIRECTOR BIOGRAPHY**

##### **Director Since:** 2009

Mr. Barr served as Executive Vice President and General Counsel of Verizon Communications Inc. from 2000 to 2008. He previously served as the 77th Attorney General of the United States from 1991 to 1993 before joining GTE Corporation as Executive Vice President and General Counsel from 1994 to 2000. Mr. Barr is a director of Time Warner Inc. and Och-Ziff Capital Management Group. He previously served as a director of Holcim US and Aggregate Industries Management, Inc. (2008 to 2013) and Selected Funds (1994 to 2016) and as a trustee for Clipper Fund (2014 to 2016). Mr. Barr received A.B. and M.A. degrees from Columbia University and a J.D. degree from George Washington University. Mr. Barr serves as Chair of the CGN Committee.

##### **Board Committee:**

CGN

##### **Other Current Public**

#### **DIRECTOR QUALIFICATIONS**

##### **Boards:** Time Warner

Inc. and Och-Ziff  
Capital

Management Group

Mr. Barr's qualifications to serve as a director include his extensive legal experience with service as a general counsel with a public company and an attorney with private law firms. He has experience with and knowledge of public company requirements from an internal perspective with his service as an executive of Verizon Communications Inc., as well as an external perspective as a director of public companies. Mr. Barr has legal, governmental and regulatory expertise through his service as a U.S. Attorney General, and through his prior executive positions, he has mergers, acquisitions and divestitures experience.

### **Helen E. Dragas**

#### **DIRECTOR BIOGRAPHY**

##### **Director Since:** 2010

Ms. Dragas has served as President and Chief Executive Officer of The Dragas Companies, a diversified real estate concern, since 1996. She is former rector of the University of Virginia Board of Visitors. Ms. Dragas previously served on the State Council for Higher Education in Virginia, the Commonwealth Transportation Board and the Governor's Economic Development and Jobs Creation Commission. Ms. Dragas has served on the University of Virginia Board of Visitors' audit committee and has chaired the finance committee. She received both her undergraduate degree and MBA from the University of Virginia.

##### **Board Committees:**

Audit and Finance and  
Risk Oversight

Ms. Dragas serves on the Audit and Finance and Risk Oversight Committees.

## **DIRECTOR QUALIFICATIONS**

Ms. Dragas's qualifications to serve as a director include more than 20 years of experience as the leader of a development planning and construction firm, which is beneficial as Dominion continues to make significant investments in its infrastructure. She possesses leadership, management and analytical skills from her experience as a chief executive officer and as demonstrated through her varied community service and gubernatorial appointments.

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**Adm. James O. Ellis, Jr. (USN, Ret.)**

### **DIRECTOR BIOGRAPHY**

**Director Since:** 2013 Admiral Ellis has served as an Annenberg Distinguished Fellow at the Hoover Institution at Stanford University, Stanford, California since 2014. He served as President and Chief Executive Officer of the Institute of Nuclear Power Operations from May 2005 to May 2012. Prior to retiring from active duty in July 2004 as a U.S. Navy Admiral, he served as Commander, United States Strategic Command, Offutt Air Force Base, Nebraska. Admiral Ellis has also served as Commander in Chief of U.S. Naval Forces in Europe and as Commander in Chief of Allied Forces in Southern Europe. He is a graduate of the U.S. Naval Academy, Navy nuclear power training, the U.S. Naval Test Pilot School and the Navy Fighter Weapons School (Top Gun). Admiral Ellis holds master's degrees in aerospace engineering and aeronautical systems from the Georgia Institute of Technology and the University of West Florida, respectively. He also serves on the boards of Lockheed Martin Corporation and Level 3 Communications, Inc., where he is the non-executive Chairman of the Board. Admiral Ellis previously served on the Board of Inmarsat plc from 2005 to 2014. Admiral Ellis serves on the Audit and Finance and Risk Oversight Committees.

#### **Board Committees:**

Audit and Finance and Risk Oversight

#### **Other Current Public**

#### **Boards:**

Lockheed Martin

Corporation and Level 3

Communications, Inc.

### **DIRECTOR QUALIFICATIONS**

Admiral Ellis's qualifications to serve as director include his knowledge and expertise of the nuclear industry and emerging energy issues from his service as President and Chief Executive Officer of the Institute of Nuclear Power Operations, a non-profit corporation established to promote the highest levels of safety and reliability in the operation of commercial nuclear power plants. With his 39 years of service with the U.S. Navy and related significant leadership positions, Admiral Ellis also provides operations and risk-management experience involving significant and complex organizations.

**Thomas F. Farrell II**

### **DIRECTOR BIOGRAPHY**

**Director Since:** 2005 Mr. Farrell has been Chairman, President and Chief Executive Officer of Dominion since April 2007. He also serves as Chairman, President and Chief Executive Officer of Dominion Midstream GP, LLC, the general partner of Dominion Midstream. Mr. Farrell is a director of Altria Group, Inc. He is also Chairman of the Board and Chief Executive Officer of Virginia Electric and Power Company (Virginia Power) and Dominion Gas Holdings, LLC, wholly-owned subsidiaries of Dominion that have publicly traded debt. He received his

#### **Other Current Public**

**Boards:** Dominion undergraduate and law degrees from the University of Virginia.

Midstream GP, LLC  
and

Altria Group, Inc.

#### **DIRECTOR QUALIFICATIONS**

Mr. Farrell's qualifications to serve as a director include his significant industry experience as well as his legal expertise, having served as general counsel for Dominion and Virginia Power and as a practicing attorney with a private firm. He is past chairman of the Institute of Nuclear Power Operations and a member of the board of directors of Associated Electric & Gas Insurance Services, Ltd. and the Edison Electric Institute through which he represents the interests of Dominion, Virginia Power and the energy sector. Mr. Farrell also has extensive community and public interest involvement and serves or has served on many non-profit and university boards.

**Dominion Resources** 2017 Proxy Statement

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**John W. Harris**

**DIRECTOR BIOGRAPHY**

**Director Since:** 1999

Mr. Harris serves as Chairman and Chief Executive Officer of Lincoln Harris LLC (formerly The Harris Group), a real estate consulting firm, which he co-founded in 1999, and is a former President of The Bissell Companies, Inc., a commercial real estate and investment management company. He served as a director of Piedmont Natural Gas Company, Inc. from 1997 until March 2014. Mr. Harris also previously served as a director of the Presbyterian Hospital Foundation. He received his undergraduate degree from the University of North Carolina at Chapel Hill. Mr. Harris is the Lead Director and serves on the CGN Committee.

**Board Committee:**

CGN

**DIRECTOR QUALIFICATIONS**

Mr. Harris's qualifications to serve as a director include his extensive public company board experience, with prior directorships with several Fortune 500 companies. As a former director of Piedmont Natural Gas Company, Inc., he has knowledge of and familiarity with Dominion's industry, markets and regulatory concerns. Through his current and past service as chief executive officer and equivalent positions, Mr. Harris has extensive business leadership and management skills, as well as financial and capital markets experience.

**Ronald W. Jibson**

**DIRECTOR BIOGRAPHY**

**Director Since:** 2016

Mr. Jibson served as Chairman, President and Chief Executive Officer of Questar from July 2012 to September 2016, prior to Questar's merger with Dominion. He served as President and CEO of Questar from June 2010 through July 2012. Mr. Jibson also serves on the Board of IDACORP, Inc. and previously served on the Board of National Fuel Company (2014-2016). Mr. Jibson graduated from Utah State University with a degree in civil engineering and later received an MBA from Westminster College in Salt Lake City. Mr. Jibson serves on the Finance and Risk Oversight Committee.

**Board Committee:**

Finance and Risk

Oversight

**DIRECTOR QUALIFICATIONS**

Mr. Jibson's qualifications to serve as a director include extensive natural gas industry experience as a result of his 35 years of service at Questar. He also possesses management,

**Other Current Public**

**Board:** IDACORP,  
Inc.

leadership and analytic skills from his experience as a chief executive officer of a public company. In addition, Mr. Jibson provides expertise in addressing government, environmental and regulatory matters and issues through his tenure at Questar.

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**Mark J. Kington**

**DIRECTOR BIOGRAPHY**

**Director Since:** 2005

Mr. Kington has been managing director of Kington Management, LLC, a private investment firm, since 2012. He was managing director of X-10 Capital Management, LLC from 2004 through 2012. He is and has been the principal officer and investor in several communications firms and was a founding member of Columbia Capital, LLC, a venture capital firm specializing in the communications and information technology industries.

**Board Committees:**

CGN and Finance and  
Risk Oversight

Mr. Kington also serves on the board of the Colonial Williamsburg Foundation. Mr. Kington received his undergraduate degree from the University of Tennessee and his MBA from the University of Virginia. Mr. Kington serves as a member of the CGN Committee and as Chair of the Finance and Risk Oversight Committee.

**DIRECTOR QUALIFICATIONS**

Mr. Kington's qualifications to serve as a director include information technology, capital markets, banking and investment management experience. He also has experience working in a highly regulated industry with his experience in the telecommunications industry. As with our other directors who have served as chief executive officer or in equivalent positions, Mr. Kington also brings leadership and management skills to Dominion's Board.

**Joseph M. Rigby**

**DIRECTOR BIOGRAPHY**

**Director Since:** 2017

Mr. Rigby served as Chairman, President and Chief Executive Officer of Pepco Holdings, Inc. (PHI), an energy delivery company serving the mid-Atlantic region, from May 2009 to March 2016. Prior to that, he served as President and Chief Executive Officer of PHI from March 2009, and as President and Chief Operating Officer of PHI from March 2008 to March 2009. Mr. Rigby is also a member of the Board of Directors of South Jersey Industries, Inc. and Energy Insurance Mutual and previously served on the Board of Dominion Midstream GP, LLC, the general partner of Dominion Midstream (2014-2017). Mr. Rigby received his bachelor's degree in accounting from Rutgers University and an MBA from Monmouth University. He was previously a licensed Certified Public Accountant in the state of New Jersey.

**Other Current Public**

**Boards:** South Jersey  
Industries, Inc.

## **DIRECTOR QUALIFICATIONS**

Mr. Rigby's qualifications to serve as a director include his 37 years of experience with PHI and its subsidiaries and in the utility industry. As the retired Chief Executive Officer of PHI, he has leadership, corporate management, governance, and regulatory experience, among other business disciplines. He has finance, human resources, and mergers and acquisitions experience through positions held with PHI and its subsidiaries. In addition, Mr. Rigby has extensive experience as a board member at other corporations and non-profits.

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### [Pamela J. Royal, M.D.](#)

#### **DIRECTOR BIOGRAPHY**

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Director Since:</b> 2013 | Dr. Royal is a board-certified dermatologist and has been the owner and President of Royal Dermatology and Aesthetic Skin Care, Inc. since 1990. She received her M.D. from Eastern Virginia Medical School of the Medical College of Hampton Roads and served her residency at Howard University Hospital in dermatology. Dr. Royal currently serves on the boards of The Community Foundation, Bon Secours Richmond Health System, St. Christopher's School and is a member of the Executive Committee of Venture Richmond and the Local Advisory Board of BB&T. She previously served on numerous other boards, including The Valentine Museum (former chair), the United Way of Greater Richmond and Petersburg (former chair), CenterStage Foundation (former vice chair), The Greater Richmond Chamber of Commerce, J. Sargeant Reynolds Community College Foundation and the Virginia Early Childhood Foundation. Dr. Royal serves on the Audit and Finance and Risk Oversight Committees. |
| <b>Board Committees:</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Audit and Finance and       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Risk Oversight              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

#### **DIRECTOR QUALIFICATIONS**

Dr. Royal's qualifications to serve as a director include her active community leadership and service to numerous non-profit organizations, both as a member and in various leadership positions. Her community involvement was recognized with the Richmond, Virginia YWCA Outstanding Women's Award for Volunteerism in 2010. She demonstrates civic and public interest involvement and brings alternative and diverse perspectives on the many matters that the Board addresses.

### [Robert H. Spilman, Jr.](#)

#### **DIRECTOR BIOGRAPHY**

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Director Since:</b> 2009 | Mr. Spilman has been President and Chief Executive Officer of Bassett Furniture Industries, Incorporated, a furniture manufacturer and distributor, since 2000. He is also the Chairman of the Board of Bassett Furniture Industries, Incorporated. He previously served as a director of Harris Teeter Supermarkets, Inc. from 2002 to 2014. Mr. Spilman serves on the Virginia Foundation for Independent Colleges and previously was Chairman of the Board of Directors of New College Institute. He received his undergraduate degree from Vanderbilt University. Mr. Spilman serves as Chair of the Audit Committee and as a member of the CGN Committee. |
| <b>Board Committees:</b>    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Audit and CGN               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

**Other Current Public** **DIRECTOR QUALIFICATIONS**

**Board:** Bassett  
Furniture

Industries,  
Incorporated

Mr. Spilman's qualifications to serve as a director include his experience as a current chief executive officer and director of a public company and the business leadership and management skills needed for those positions. As former lead director of Harris Teeter Supermarkets, Inc., Mr. Spilman brings additional public company board experience and leadership to Dominion's Board.

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### Susan N. Story

#### DIRECTOR BIOGRAPHY

##### Director Since: 2017

Ms. Story has been President and Chief Executive Officer of American Water Works Company, Inc. (American Water) since May 2014 after joining American Water as Senior Vice President and Chief Financial Officer in April 2013. Prior to joining American Water, Ms. Story served as Executive Vice President of Southern Company, and in other executive positions with subsidiaries of Southern Company, serving as President and Chief Executive Officer of Southern Company Services from January 2011 to April 2013 and President and Chief Executive Officer of Gulf Power Company from 2003 to December 2010. She currently serves as a director of American Water and Raymond James Financial, Inc.

##### Other Current Public

**Board:** American Water Works Company, Inc. and Raymond James Financial, Inc.

Ms. Story serves or has served on a number of boards, including the Bipartisan Policy Center, the Alliance to Save Energy, and the Electric Power Research Institute Advisory Council, and is a member of the Moffitt Cancer Center Board of Advisors in Tampa, FL. Ms. Story earned a bachelor's degree in industrial engineering from Auburn University and an MBA from the University of Alabama in Birmingham.

#### DIRECTOR QUALIFICATIONS

Ms. Story's qualifications to serve as a director include her current service as President and Chief Executive Officer and experience as the Chief Financial Officer of a publicly traded company that is predominantly a regulated utility, and the leadership, finance, management and administration skills needed for those positions. Through her career at Southern Company, including her leadership role at Gulf Power Company, she has additional knowledge and expertise on regulated electric utility operations. Her leadership experience at Southern's services company enables her to provide meaningful insights on a variety of key areas pertaining to our business, including information technology and human resources.

### Michael E. Szymanczyk

#### DIRECTOR BIOGRAPHY

##### Director Since: 2012

Mr. Szymanczyk served as Chairman and Chief Executive Officer of Altria Group, Inc. from March 2008 to May 2012. From August 2002 through July 2008, he also served as Chairman, President and Chief Executive Officer of Philip Morris USA Inc. Mr. Szymanczyk previously served on the boards of the Virginia Commonwealth University School of Engineering Foundation, the United Negro College Fund and the Richmond Performing Arts Center. He also served on the Board of Trustees of the University of Richmond and the Dean's Advisory

##### Board Committees:

Audit and Finance and Council for the Indiana University Kelley School of Business. Mr. Szymanczyk currently serves as a director of Duke Realty Corporation. He received his undergraduate degree from Risk Oversight Indiana University. Mr. Szymanczyk serves on the Audit and Finance and Risk Oversight Committees.

#### Other Current Public

#### DIRECTOR QUALIFICATIONS

**Board:** Duke Realty

Corporation

Mr. Szymanczyk's qualifications to serve as a director include his experience as a chief executive officer of a global Fortune 500 public company. He possesses leadership, management and analytic skills from his experience as a chief executive officer and is knowledgeable of the requirements and concerns that must be considered by a public company. Mr. Szymanczyk also provides expertise in addressing governmental and regulatory matters and issues through his tenure at Altria Group, Inc. and Philip Morris USA Inc.

**Your Board of Directors recommends that you vote**

**FOR these nominees.**

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

The Board is charged with the responsibility of overseeing Dominion's management as well as the business and affairs of Dominion on behalf of its shareholders. The Board and management also recognize that the interests of Dominion are advanced by responsibly addressing the concerns of other constituencies, including employees, customers and the communities where Dominion operates. Dominion's Corporate Governance Guidelines are intended to support the Board in its oversight role and in fulfilling its obligation to shareholders.

Our Corporate Governance Guidelines address, among other things:

the composition and responsibilities of the Board;

director independence standards;

details of our Bylaws concerning the election of directors by majority vote;

the duties and responsibilities of our Lead Director;

share ownership requirements and compensation of non-employee directors;

management succession and review; and

the recovery of performance-based compensation in the event financial results are restated due to fraud or intentional misconduct.

The CGN Committee regularly reviews our Corporate Governance Guidelines and recommends modifications to the Board when appropriate and when NYSE and U.S. Securities and Exchange Commission (SEC) regulations require changes.

Our Corporate Governance Guidelines may be found on Dominion's website at <https://www.dom.com/library/domcom/pdfs/investors/corp-gov-guidelines.pdf>. In addition to our Corporate Governance Guidelines, other information relating to governance may be found on the governance page of our website, <https://www.dom.com/investors/governance>, including:

information regarding the current members of our Board;

description of each of our Board committees (Audit, CGN, and Finance and Risk Oversight), as well as each committee's current charter and members;

our Articles of Incorporation;

our Bylaws;

our related party transaction guidelines;

information related to our political contributions and lobbying activities; and

information about how to communicate with our non-management directors.

Our Code of Ethics and Business Conduct applies to our Board, our principal executive, financial and accounting officers, and all other employees, and may be found on our website at <https://www.dom.com/library/domcom/pdfs/investors/code-of-ethics-and-business-conduct.pdf> . Any waivers or changes to our Code of Ethics and Business Conduct relating to our executive officers will also be posted at this web address.

You may request a paper copy of any of our governance documents at no charge by writing to our Corporate Secretary at Dominion Resources, Inc., P.O. Box 26532, Richmond, Virginia 23261.

### **Our Board Leadership and Role in Risk Oversight**

Our Board is currently structured with a joint CEO and Chairman position. Our Corporate Governance Guidelines provide that the Board will determine whether to have a joint CEO and Chairman position or separate these offices, taking into consideration succession planning, skills and experience of the individual or individuals filling these positions and other relevant factors. The Board believes that the most effective leadership structure for Dominion at this time is for Mr. Farrell to serve as both Dominion's CEO and Chairman of the Board for the reasons set forth below.

The Board believes a combined CEO and Chairman position provides an efficient and effective leadership model for the company. A combined CEO and Chairman role promotes unified leadership and direction for the company and the effective execution of the company's strategy and business plans. The Board believes Mr. Farrell provides the necessary experience and skills to lead the company in addressing the energy demands of the communities where Dominion does business, financial and economic issues, and environmental and regulatory challenges of the future.

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The Board believes there is no single best leadership structure that is the most effective in all circumstances, and may decide to separate the positions of CEO and Chairman in the future if it deems it appropriate and in the best interests of the company and its shareholders. Also, the Board has adopted governance policies and practices to ensure a strong and independent board that provides balance to the combined CEO and Chairman position. All directors, except for Mr. Farrell, are independent, and all of our committees consist entirely of independent directors. Dominion has an independent Lead Director who leads the executive session of our independent, non-management directors at each regularly scheduled Board meeting. Our Corporate Governance Guidelines dictate that the non-management directors shall elect an independent Lead Director when the Chairman of the Board is not an independent director. If the Lead Director is not available, the Chair of the CGN Committee acts as the Lead Director. Mr. Harris currently serves as the Lead Director.

The duties and responsibilities of the Lead Director include:

Presiding at all meetings of the Board when the Chairman is not present and presiding over all executive sessions of the independent directors;

Serving as a liaison on board-wide issues between the Chairman and the independent directors;

Having the authority to call meetings of the independent directors, as needed;

Approving Board meeting agendas and information sent to the Board;

Approving Board meeting schedules to ensure sufficient time for discussion of all agenda items;

Being available for communications if requested by major shareholders; and

Being authorized, in consultation with the Board, to retain independent advisers.

The Lead Director also leads the evaluation of the performance of our CEO, oversees the Board's annual self-evaluation, encourages and facilitates active participation of all directors, and monitors and coordinates with management on corporate governance issues and developments. The Board believes that designating a Lead Director and having a majority of independent directors provides an effective counterbalance to the combined Chairman and CEO role.

Board members also have complete and open access to management, as well as our independent auditor and the CGN Committee's independent compensation consultant.

The Board believes that Dominion's current Board leadership structure enhances its ability to engage in risk oversight because Mr. Farrell's insight and understanding of the material risks inherent in Dominion's business allow him to identify and raise key risks to the Board. His role as Chairman ensures that the Board and its standing committees give attention to areas of concern. Ultimately, the full Board has responsibility for risk oversight, but our committees help

oversee risk in areas over which they have responsibility. The full Board receives regular updates related to various risks for both our company and our industry. As provided under our Corporate Governance Guidelines and the respective committees' charters, the Board, the Audit Committee and the Finance and Risk Oversight Committee each receive and discuss reports regularly from members of management, including the Chief Risk Officer, who are involved in our risk assessment and risk management functions on a daily basis. In addition, the CGN Committee reviews with management an annual assessment of the overall structure of the company's compensation program and key policies for all employees as they relate to the company's risk-management practices.

### **Executive Sessions of Directors**

Executive sessions of our non-management, independent directors are held at each regularly scheduled Board meeting and are presided over by our Lead Director.

### **Director Attendance**

Under our Corporate Governance Guidelines, directors are expected to attend all Board and committee meetings. The Board met 11 times in 2016. Each director attended at least 75% of all Board and committee meetings on which he or she served. All of our directors then serving attended the 2016 Annual Meeting of Shareholders.

### **Independence of Directors**

Our Corporate Governance Guidelines and the NYSE listing standards require that the Board be composed of a majority of independent directors. To assist in assessing director independence, the Board has adopted a set of independence standards that meets the independence requirements of the NYSE listing standards. In applying our independence standards and applicable SEC and NYSE criteria, the Board considers all relevant facts and circumstances in making an independence determination.

Our independence standards also include categorical standards that identify categories of commercial and charitable relationships that the Board has determined are not material relationships and, therefore, do not affect a director's independence. As such, these

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categorical relationships are not considered by the Board in determining independence, but are reported to the CGN Committee annually. The Board may determine that a director is independent even if that director has a relationship that does not meet these categorical standards, provided that relationship does not violate NYSE independence standards. If such a determination is made, the basis for the Board's determination will be explained in Dominion's next proxy statement. The full text of our independence standards is included in the appendix to our Corporate Governance Guidelines and may be found on our website at

<https://www.dom.com/library/domcom/pdfs/investors/corp-gov-guidelines.pdf>.

Our Audit Committee and CGN Committee charters also contain additional independence requirements for each committee's members. Our Audit Committee charter prohibits committee members from receiving any compensation from Dominion except in their capacity as a director or committee member, or as permitted by SEC rules with respect to fixed amounts of compensation under a retirement plan for prior services. Our CGN Committee charter specifies that all members of the committee must meet the requirements to be considered outside directors under Section 162(m) of the Internal Revenue Code (the Code) as well as the requirements to be non-employee directors as prescribed by SEC rules.

Based on the NYSE's and Dominion's independence standards and all relevant facts and circumstances, the Board determined that the following directors are independent: Messrs. Barr, Ellis, Harris, Jibson, Kington, Rigby, Spilman, and Szymanczyk, Dr. Royal, and Ms. Dragas and Story. The Board determined that Mr. Farrell is not independent because he is a current Dominion employee.

In determining the independence of Mr. Harris, the CGN Committee considered the employment of an adult, financially independent immediate family member during 2016 by a law firm that provides services to Dominion and concluded that Mr. Harris did not have a material interest in that employment relationship. Mr. Harris's son-in-law is employed by the North Carolina office of a law firm used by Dominion. Dominion's legal work is directed and performed principally by the firm's lawyers in the Richmond, Virginia, office where Dominion's headquarters are located. Mr. Harris's son-in-law became employed by the law firm in January 2011 as an attorney in the financial services litigation practice group and works primarily on matters for banks and other financial service industry participants. Mr. Harris's son-in-law does not work on any Dominion matter and his compensation is not tied to the work that the firm does for Dominion. The CGN Committee recommended and the Board concurred that such employment relationship does not affect Mr. Harris's independence.

In determining the independence of Mr. Jibson, the CGN Committee considered Mr. Jibson's employment as Chairman, President and CEO of Questar, whose employment ceased upon the effective date of the merger of Questar with Dominion, and that Mr. Jibson receives no additional benefits from Dominion except for those he receives for his previous service as an employee of Questar. The CGN Committee also considered the employment in 2016 by Dominion of Mr. Jibson's adult, financially independent immediate family member. Mr. Jibson's son is employed as a manager of joint operations and regulatory affairs with a subsidiary of Dominion and is not an executive officer of Dominion or any of its subsidiaries. The CGN Committee recommended and the Board concurred that Mr. Jibson's employment by Questar prior to the merger with Dominion and employment of Mr. Jibson's son do not affect Mr. Jibson's independence.

## **Communications with Directors**

The Board has established a process for shareholders and other interested persons to communicate directly with Dominion's non-management directors. Information regarding this process, including how to email or write our non-management directors, may be found on our website at

<https://www.dom.com/investors/governance/contact-the-board>. Concerns relating to accounting, internal accounting

controls and auditing matters may also be submitted confidentially and anonymously through this website. You may direct your communications to our non-management directors as a group or to any committee of the Board. The Board has directed the Corporate Secretary or her representative to monitor, review and sort all written communications sent to the non-management directors. Communications related to matters that are within the scope of the responsibilities of the Board are forwarded to the Board, Board committee or individual directors, as appropriate.

The Corporate Secretary and her representative are authorized to exclude communications that are related to routine business and customer service matters, bulk advertising or otherwise inappropriate communications, including, but not limited to, business and product solicitations, unsolicited publications, résumés and job inquiries, spam, junk mail, mass mailing and material containing profanity, hostility or material of a similar nature. The Board has also directed the Corporate Secretary or her representative to forward correspondence related to routine business and customer service matters to the appropriate management personnel. When appropriate, the Corporate Secretary will consult with the Audit Committee Chair, who will determine whether to communicate further with the Audit Committee and/or the full Board with respect to the correspondence received. Letters may be sent to the non-management directors as a group or individually, care of the Corporate Secretary, Dominion Resources, Inc., P.O. Box 26532, Richmond, Virginia 23261.

**Table of Contents****Board of Directors Committees**

The Board has three standing, permanent committees described below. The Board has adopted charters for each of these committees. These charters are available on our website at

<https://www.dom.com/investors/governance/board-committees-and-charters>.

| Audit Committee |                   | Meetings Held in |
|-----------------|-------------------|------------------|
| Committee Chair | Committee Members | 2016             |

|                        |                                                                                    |   |
|------------------------|------------------------------------------------------------------------------------|---|
| Robert H. Spilman, Jr. | Helen E. Dragas, James O. Ellis, Jr., Pamela J. Royal and<br>Michael E. Szymanczyk | 9 |
|------------------------|------------------------------------------------------------------------------------|---|

The Audit Committee is responsible for assisting the Board with oversight of the independence, performance and qualification of our independent auditor; the integrity of Dominion's financial statements and reporting practices; the company's compliance with legal and regulatory requirements; and the performance of the company's internal audit function. This committee also reviews and discusses policies with respect to risk assessment and risk management. Prior to the realignment of committee responsibilities related to nuclear oversight in June 2016 to the Finance and Risk Oversight Committee, this committee also reviewed and discussed periodic reports pertaining to the oversight of nuclear operations. The Audit Committee retains the independent auditor for the next year and pre-approves the audit and non-audit services to be provided by the independent auditor. This committee periodically meets with both the independent auditor and internal auditor in separate sessions without management present and consults with the independent and internal auditors regarding audits of Dominion's consolidated financial statements and the adequacy of internal controls. The Audit Committee's report to shareholders is on page 22.

Each member of the Audit Committee has been determined independent by the Board in accordance with NYSE listing standards, SEC regulations and the company's independence standards. In addition, each of the members meets the financial literacy requirements for audit committee membership under the NYSE's rules and the rules and regulations of the SEC. The Board has determined that all members, except Mr. Ellis, are audit committee financial experts, as defined under SEC rules.

| Compensation, Governance and Nominating Committee |                   |                       |
|---------------------------------------------------|-------------------|-----------------------|
| Committee Chair*                                  | Committee Members | Meetings Held in 2016 |

|                 |                                                                                 |   |
|-----------------|---------------------------------------------------------------------------------|---|
| William P. Barr | John W. Harris, Mark J. Kington, Robert H. Spilman, Jr. and<br>David A. Wollard | 4 |
|-----------------|---------------------------------------------------------------------------------|---|

\* David A. Wollard served as Chair of the CGN Committee until May 2016.

The CGN Committee consults directly with its independent compensation consultant, Frederic W. Cook & Co. (Cook & Co.), as needed, and with management to review and evaluate Dominion's organizational structure and compensation practices, which include both Dominion's executive and director compensation programs. This committee also meets with Cook & Co. as needed, without the CEO present, to review and discuss CEO compensation and other matters. In addition, the CGN Committee is responsible for overseeing Dominion's corporate governance

practices, evaluating the Board's effectiveness and reviewing the qualifications of director candidates. It makes recommendations to the Board regarding all of these matters, including director nominees, and administers certain compensation plans. The CGN Committee's report to shareholders is on page 25.

Each member of the CGN Committee has been determined independent by the Board in accordance with NYSE listing standards, SEC regulations and the company's independence standards.

| Finance and Risk Oversight Committee |                                                                            |                       |
|--------------------------------------|----------------------------------------------------------------------------|-----------------------|
| Committee Chair                      | Committee Members                                                          | Meetings Held in 2016 |
| Mark J. Kington                      | Helen E. Dragas, James O. Ellis, Jr., Ronald W. Jibson,<br>Pamela J. Royal | 4                     |

and Michael E. Szymanczyk

The Finance and Risk Oversight Committee oversees the company's financial policies and objectives, reviews the company's capital structure, considers our dividend policy and reviews the company's financing activities. In addition, this committee oversees the implementation of the company's risk assessment and risk management policies and objectives and reviews its insurance coverage. Following the realignment of committee responsibilities related to nuclear oversight from the Audit Committee in June 2016, this committee also reviews and discusses periodic reports pertaining to the oversight of nuclear operations.

Each member of the Finance and Risk Oversight Committee has been determined independent by the Board in accordance with NYSE listing standards, SEC regulations and the company's independence standards.

**Table of Contents****COMPENSATION OF NON-EMPLOYEE DIRECTORS**

In accordance with our Corporate Governance Guidelines, the CGN Committee annually reviews and assesses the compensation paid to non-employee directors but, depending on the market data and the company's needs, the CGN Committee may recommend changes less frequently. Any changes proposed by the CGN Committee must be approved by the Board. The Board believes that its compensation should be aligned with the interests of the shareholders; therefore, a significant portion of Dominion's director compensation is paid in Dominion common stock. From time to time, the CGN Committee will discuss trends in director compensation with its independent compensation consultant.

The components of non-employee director compensation are as follows:

Annual cash retainer: \$77,500

Annual stock retainer: \$127,500

Lead Director annual cash retainer: \$27,500

Committee chair annual cash retainer: Audit Committee and CGN Committee, \$22,500; Finance and Risk Oversight Committee, \$15,000

Board and committee meeting fees: \$2,000 per meeting

The following table and footnotes reflect the compensation and fees received in 2016 by our non-employee directors for their services. Mr. Farrell does not receive any separate compensation for his service as a director.

| Name                            | Fees Earned or Paid    |                             |                                       | Total      |
|---------------------------------|------------------------|-----------------------------|---------------------------------------|------------|
|                                 | In Cash <sup>(1)</sup> | Stock Awards <sup>(2)</sup> | All Other Compensation <sup>(3)</sup> |            |
| William P. Barr                 | \$ 140,000             | \$ 127,520                  | \$                                    | \$ 267,520 |
| Helen E. Dragas                 | 117,500                | 127,520                     | 5,000                                 | 250,020    |
| James O. Ellis, Jr.             | 121,500                | 127,520                     |                                       | 249,020    |
| John W. Harris                  | 137,000                | 127,520                     | 110,958                               | 375,478    |
| Ronald W. Jibson <sup>(4)</sup> | 61,667                 | 85,022                      |                                       | 146,689    |
| Mark J. Kington                 | 132,500                | 127,520                     | 5,000                                 | 265,020    |
| Pamela J. Royal                 | 125,500                | 127,520                     | 4,400                                 | 257,420    |
| Robert H. Spilman, Jr.          | 148,000                | 127,520                     |                                       | 275,520    |

|                                 |              |              |            |              |
|---------------------------------|--------------|--------------|------------|--------------|
| Michael E. Szymanczyk           | 119,500      | 127,520      |            | 247,020      |
| David A. Wollard <sup>(5)</sup> | 109,500      | 127,520      | 115,608    | 352,628      |
| All Directors                   | \$ 1,212,667 | \$ 1,232,702 | \$ 240,966 | \$ 2,686,335 |

(1) Directors may defer all or a portion of their compensation or choose to receive stock in lieu of cash for meeting fees under the Non-Employee Directors Compensation Plan. Ms. Dragas, Mr. Kington and Dr. Royal deferred all fees to stock unit accounts in lieu of cash for their 2016 meeting fees and annual cash retainer.

(2) Each non-employee director who was elected in May 2016 received an annual stock retainer valued at approximately \$127,520, which was equal to 1,783 shares, valued at \$71.52 per share based on the closing price of Dominion common stock on May 10, 2016. Directors may defer all or a portion of this stock retainer. (See the *Director and Officer Beneficial Ownership* table for March 3, 2017 balances.) A total of 16,047 shares of stock, in aggregate, were distributed to these directors, or to a trust account for deferrals, for their annual stock retainers. No options have been granted to directors since 2001. No directors had options outstanding as of December 31, 2016.

(3) *All Other Compensation* amounts for 2016 are as follows:

For Messrs. Harris and Wollard, amounts include dividend equivalents earned on the Directors' Stock Accumulation Plan (SAP) balances of \$110,958 and \$110,958, respectively. For certain directors elected to the Board prior to 2004, the SAP provided non-employee directors a one-time stock award equivalent in value to approximately 17 times the annual cash retainer then in effect. Stock units were credited to a book account and a separate account continues to be credited with additional stock units equal in value to dividends on all stock units held in the director's account. A director must have 17 years of service to receive all of the stock units awarded and accumulated under the SAP. Reduced distributions are made where a director has at least 10 years of service or has reached age 62 when service as a director ends. Dividend earnings under the SAP are paid at the same rate declared by the company for all shareholders. All other amounts in this column represent matching gift contributions made by the Dominion Foundation as described under *Other Director Benefits*.

(4) Mr. Jibson joined the Board in September 2016 and was paid a prorated cash and stock retainer for 2016. His prorated stock retainer was valued at approximately \$85,000, which was equal to 1,142 shares based on the closing price of Dominion common stock of \$74.45 on September 15, 2016.

(5) Mr. Wollard also serves on the board of directors of Dominion's publicly traded Dominion Midstream subsidiary and receives compensation for his service on Dominion Midstream's Board. The compensation for service on Dominion Midstream's Board is separately disclosed in its Form 10-K, and Dominion Midstream's director compensation is determined by the independent members of the Dominion Midstream Board.

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### **Expense Reimbursements**

In addition to the compensation just described, we pay and/or reimburse directors for travel, lodging and related expenses they incur in attending Board and committee meetings and for other business-related travel. These reimbursements include the expenses incurred by directors' spouses in accompanying the directors to two Board meetings each year. In addition, directors and their spouses may accompany the CEO or other senior executives on the corporate aircraft for both business and personal travel. We do not provide tax gross-ups on any imputed income for the directors.

### **Director Compensation Plans**

#### **NON-EMPLOYEE DIRECTORS COMPENSATION PLAN**

Our non-employee directors are paid their annual retainers and meeting fees under this plan. A director may elect to receive all or a portion of his or her meeting fees in the form of cash or stock. If a director does not make an election, meeting fees are paid in cash. The plan also allows directors to defer all or a portion of their annual cash retainer and meeting fees into stock unit or cash accounts and all or a portion of their annual stock retainer into stock unit accounts. Stock unit accounts are credited quarterly with additional stock units equal in value to dividends paid on Dominion common stock, and cash accounts are credited monthly with interest at an annual rate established for the Dominion Fixed Rate Fund (which was 2.71% in 2016) under Dominion's frozen Executive Deferred Compensation Plan. Shares of Dominion common stock equal in value to stock units held for directors under this plan are issued into a trust and directors retain all voting and other rights as shareholders. Distributions under this plan are made when a director ceases to serve on the Board. For a director who has served at least five years, he or she will be granted 1,000 shares of Dominion common stock upon departure from the Board. If that director also served as a Committee Chair or Lead Director in the year preceding the year of departure, he or she will be granted an additional 1,000 shares of Dominion common stock for each such position held upon departure from the Board. In addition, this plan provides a means for the Board to receive grants of restricted stock awards and stock options. However, no stock options or restricted stock have been granted under this plan.

#### **FROZEN DIRECTOR PLANS**

On December 31, 2004, the Board froze the following director plans: Stock Compensation Plan and Stock Accumulation Plan (described in footnote (3) under the *Compensation of Non-Employee Directors* table on page 18). These plans provided a means to compensate directors and allowed directors to defer receipt of that compensation, whether in cash or stock, until they ceased to be directors or reached a specified age. Under the frozen plans, dividend equivalents continue to accrue and may be held in trust until distributions are made. Prior to 2005, the stock portion of a director's retainer was paid under the Stock Compensation Plan, and directors had the option to defer receipt of that stock.

### **Other Director Benefits**

#### **CHARITABLE CONTRIBUTION PROGRAM**

This program was discontinued in January 2000. For directors elected before that time, Dominion funded the program by purchasing life insurance policies on the directors. Participating directors (Messrs. Harris and Wollard) will derive no financial or tax benefits from the program because all insurance proceeds and charitable tax deductions accrue solely to Dominion. Upon a participating director's death, \$500,000 will be paid in 10 annual installments to the qualifying charitable organization(s) designated by that director.

## **MATCHING GIFTS PROGRAM**

Dominion's philanthropic arm, the Dominion Foundation, will match a director's donations, on a one-to-one basis, to one or more 501(c)(3) organizations up to a maximum of \$5,000 per year. If the donation is to an organization on whose board the director serves or for which the director volunteers more than 50 hours of work during a year, the Dominion Foundation will match the donation on a two-to-one basis, up to the \$5,000 maximum. This benefit is also available to all Dominion employees.

## **INSURANCE**

Full-time employees and directors are covered by business travel accident insurance while traveling on business for Dominion or any of its subsidiaries. The policy provides 24-hour coverage while traveling on business and has a maximum benefit of \$250,000 for employees and \$200,000 for directors in the event of death or a percentage of the death benefit in the event of permanent bodily dismemberment. There is no incremental cost for covering the directors under this insurance policy, as the premium would remain the same even if coverage for the directors was discontinued. Dominion also provides director and officer indemnification and liability insurance for its non-employee directors.

**Table of Contents****SECURITIES OWNERSHIP**

As discussed in our *Corporate Governance Highlights* on page 5, all non-employee directors are expected to acquire and hold the lesser of 12,000 shares of Dominion stock or an amount of shares equal in value to five times the annual cash and stock retainer combined within four years of their election to the Board. Our CEO is expected to hold the lesser of 145,000 shares or shares with a value of eight times his salary, and executive vice presidents are expected to hold the lesser of 35,000 shares or shares with a value of five times their salary. All of our non-employee directors who have been members of the Board for at least four years, our CEO and our executive officers meet their share ownership requirements. Our directors and executive officers are also prohibited from engaging in certain types of transactions related to Dominion stock, including owning derivative securities, hedging transactions, using margin accounts and pledging shares as collateral.

The following table sets forth, as of March 3, 2017, the number of shares of our common stock and the number of common units of our publicly traded subsidiary, Dominion Midstream, beneficially owned by each of our directors, NEOs, and by all directors and executive officers as a group.

**Director and Officer Beneficial Ownership**

| Name                                                                        | Beneficial Ownership as of March 3, 2017 |                                        |                   | Total <sup>(2)</sup> | Common Units of Dominion Midstream <sup>(3)</sup> |
|-----------------------------------------------------------------------------|------------------------------------------|----------------------------------------|-------------------|----------------------|---------------------------------------------------|
|                                                                             | Shares                                   | Deferred Stock Accounts <sup>(1)</sup> | Restricted Shares |                      |                                                   |
| William P. Barr                                                             | 41,561                                   |                                        |                   | 41,561               | 63,200                                            |
| Helen E. Dragas                                                             | 46,410                                   | 27,037                                 |                   | 73,447               | 25,000                                            |
| James O. Ellis, Jr.                                                         | 3,600                                    | 7,998                                  |                   | 11,598               | 10,000                                            |
| Thomas F. Farrell II                                                        | 853,038                                  |                                        | 203,858           | 1,056,896            | 69,900                                            |
| John W. Harris                                                              | 28,199                                   | 44,363                                 |                   | 72,562               |                                                   |
| Ronald W. Jibson                                                            | 4,684                                    |                                        |                   | 4,684                |                                                   |
| Mark J. Kington                                                             | 111,870                                  | 56,924                                 |                   | 168,794              | 100,000                                           |
| Joseph M. Rigby                                                             |                                          | 682                                    |                   | 682                  | 10,046                                            |
| Pamela J. Royal                                                             | 7,583                                    | 15,860                                 |                   | 23,443               | 2,400                                             |
| Robert H. Spilman, Jr.                                                      | 15,546                                   | 5,211                                  |                   | 20,757               | 12,500                                            |
| Susan N. Story                                                              | 1,562                                    | 394                                    |                   | 1,956                |                                                   |
| Michael E. Szymanczyk                                                       | 36,278                                   | 1,211                                  |                   | 37,489               | 25,000                                            |
| David A. Wollard                                                            | 16,148                                   | 22,422                                 |                   | 38,570               | 23,531                                            |
| Mark F. McGettrick                                                          | 258,712                                  |                                        | 53,600            | 312,312              | 64,900                                            |
| David A. Christian                                                          | 107,859                                  |                                        | 33,388            | 141,247              | 13,200                                            |
| David A. Heacock <sup>(4)</sup>                                             | 27,777                                   |                                        | 9,558             | 37,335               | 5,000                                             |
| Paul D. Koonce                                                              | 119,519                                  |                                        | 33,388            | 152,907              | 50,000                                            |
| All directors and executive officers as a group (21 persons) <sup>(5)</sup> | 1,766,265                                | 182,102                                | 374,708           | 2,323,075            | 486,677                                           |

(1) Shares in trust for which a director has voting rights. Amounts include shares issued to a trust for certain directors from their frozen deferred compensation plan accounts.

(2) No individual director or executive officer has the right to acquire beneficial ownership of shares within 60 days of March 3, 2017. Unless otherwise noted, all shares are held directly by the director or executive officer and such person

has sole voting and investment power with respect to such shares. Includes shares as to which a director or executive officer has voting and/or investment discretion or voting and/or investment power is shared with or controlled by another person as follows: Mr. Farrell, 18,000 (shares held jointly with spouse) and 65,454 (shares held by family foundation); Mr. Kington, 7,985 (shares held in joint tenancy); Ms. Dragas, 17,699 (shares held by jointly owned companies); Mr. Jibson, 4,684 (shares held by jointly owned company); Mr. Szymanczyk, 25,000 (shares held in trust); and all directors and executive officers as a group, 139,231.

(3) No individual director or executive officer has the right to acquire beneficial ownership of units within 60 days of March 3, 2017. Unless otherwise noted, all units are held directly by the director or executive officer and such person has sole voting and investment power with respect to such units. Includes units as to which a director or executive officer has voting and/or investment discretion or voting and/or investment power is shared with or controlled by another person as follows: Ms. Dragas, 10 (units held in trust); Mr. Farrell, 10,000 (units held jointly with spouse); Mr. Kington, 100,000 (units held in trust); and all directors and executive officers as a group, 110,510.

(4) Mr. Heacock retired effective March 1, 2017.

(5) Neither any individual director or executive officer nor all of the directors or executive officers as a group owns more than 1 percent of Dominion's outstanding shares, or more than 1 percent of Dominion Midstream's units outstanding, as of March 3, 2017.

**Table of Contents****Significant Shareholders**

| Name and Address of<br>Beneficial Owner          | Beneficial Ownership of Common Stock<br>(based on 13G filing) | Percentage of Common<br>Shares Outstanding |
|--------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|
| BlackRock, Inc. <sup>(1)</sup>                   |                                                               |                                            |
| 55 East 52nd Street                              | 46,879,756                                                    | 7.50%                                      |
| New York, NY 10055                               |                                                               |                                            |
| The Vanguard Group <sup>(2)</sup>                |                                                               |                                            |
| 100 Vanguard Boulevard                           | 42,166,601                                                    | 6.72%                                      |
| Malvern, PA 19355                                |                                                               |                                            |
| Capital Research Global Investors <sup>(3)</sup> |                                                               |                                            |
| 333 South Hope Street                            | 36,037,496                                                    | 5.70%                                      |

Los Angeles, CA 90071

(1) According to its Schedule 13G filing for December 31, 2016, this shareholder has sole voting power over 41,178,031 shares and sole dispositive power over 46,879,756 shares.

(2) According to its Schedule 13G filing for December 31, 2016, this shareholder has sole voting power over 1,047,477 shares, shared voting power over 136,109 shares, sole dispositive power over 41,049,858 shares, and shared dispositive power over 1,116,743 shares.

(3) According to its Schedule 13G filing for December 30, 2016, this shareholder has sole voting and sole dispositive power over 36,037,496 shares.

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### **AUDIT COMMITTEE REPORT**

Our Committee operates under a written charter that is reviewed annually and was most recently revised in June 2016. Our charter may be found on the company's website at <https://www.dom.com/library/domcom/pdfs/corporate/audit-charter.pdf>.

Management is responsible for Dominion's financial statements and internal controls over financial reporting. Our Committee is responsible for assisting the Board in fulfilling its responsibility for oversight of the quality and integrity of Dominion's accounting, auditing and financial reporting practices. Our Committee was also responsible for reviewing and discussing oversight of Dominion's nuclear operations and performance until June 2016 when that responsibility was realigned to the Finance and Risk Oversight Committee.

Throughout 2016, we met with the internal and independent auditors, with and without management present, to discuss the plans for, and scope and results of, their audits and reviews of Dominion's financial statements and internal controls over financial reporting, and the overall quality of Dominion's financial reporting. At three of the Committee's meetings, we also met with the internal auditors, independent auditors and management in separate executive sessions.

Management has represented that Dominion's consolidated financial statements were prepared in accordance with GAAP. We reviewed and discussed the audited consolidated financial statements with management and the independent auditors. In accordance with the requirements established by the Public Company Accounting Oversight Board (PCAOB) Audit Standard No. 16, *Communications with Audit Committees*, this discussion included a review of significant accounting estimates and controls, and the quality of Dominion's accounting principles.

We have received written disclosures and letters from the independent auditors required by both the applicable requirements of the PCAOB regarding the independent auditors' communications with the Committee concerning independence and the NYSE governance standards regarding internal quality-control procedures. We have discussed with the independent auditors the issue of their independence from Dominion, including any non-audit services performed by them.

### **2016 Consolidated Financial Statements**

Relying on these reviews and discussions, we recommended to the Board, and the Board approved, the inclusion of the audited financial statements and management's annual report on internal control over financial reporting in Dominion's Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC.

### **Independent Auditors for 2017**

Our Committee discussed with management and reviewed with the independent auditors their plans and proposed fees for auditing the 2017 consolidated financial statements and internal controls over financial reporting of Dominion and its subsidiaries, as well as their proposed audit-related services and fees. Based on our discussions and review of the proposed fee schedule, we have retained Deloitte & Touche LLP, a registered public accounting firm that is independent of Dominion, as Dominion's independent auditors for 2017 and in accordance with our pre-approval policy, approved the fees for the services presented to us. Permission for any non-audit related services will require prior approval by our Committee or its chairman.

Robert H. Spilman, Jr., *Chairman*

Helen E. Dragas

James O. Ellis, Jr.

Pamela J. Royal

Michael E. Szymanczyk

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**Table of Contents****AUDITOR FEES AND PRE-APPROVAL POLICY**

The Audit Committee has a pre-approval policy for Deloitte & Touche LLP's services and fees. Each year, the Audit Committee pre-approves a schedule that details the services to be provided for the following year and an estimated charge for such services. The Audit Committee approved the schedule of services and fees for 2017. In accordance with Dominion's pre-approval policy, any changes to the schedule may be approved by the Audit Committee at its next meeting.

The following table presents fees paid to Deloitte & Touche LLP for the fiscal years ended December 31, 2016, and 2015, all of which were pre-approved by the Audit Committee.

| Type of Fees<br>(millions) | 2016    | 2015    |
|----------------------------|---------|---------|
| Audit Fees                 | \$ 7.67 | \$ 6.12 |
| Audit-Related Fees         | 0.49    | 0.55    |
| Tax Fees                   |         |         |
| All Other Fees             |         |         |
| Total                      | \$ 8.16 | \$ 6.67 |

**Audit Fees.** These amounts represent fees of Deloitte & Touche LLP for the audit of our annual consolidated financial statements, the review of financial statements included in our quarterly Form 10-Q reports, the audit of internal controls over financial reporting, and the services that an independent auditor would customarily provide in connection with subsidiary audits, statutory requirements, regulatory filings and similar engagements for the fiscal year, such as comfort letters, attest services, consents, and assistance with review of documents filed with the SEC.

**Audit-Related Fees.** These amounts consist of assurance and related services that are reasonably related to the performance of the audit or review of Dominion's consolidated financial statements or internal control over financial reporting. This category may include fees related to the performance of audits and attest services not required by statute or regulations, including audits in connection with acquisitions and divestitures, audits of our employee benefit plans, due diligence related to mergers, acquisitions and investments, and accounting consultations about the application of GAAP to proposed transactions.

**Tax Fees.** These amounts are for tax compliance services, tax consulting services and related costs.

**All Other Fees.** These amounts consist of valuation advice and recommendations regarding the calculation of insurable value on certain property.

Representatives of Deloitte & Touche LLP will be present at the 2017 Annual Meeting. They will have an opportunity to make a statement if they desire, and will be available to respond to appropriate shareholder questions.

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**ITEM 2 RATIFICATION OF APPOINTMENT OF AUDITORS**

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent external audit firm retained to audit the company's financial statements. The Audit Committee has appointed Deloitte & Touche LLP as the company's independent external auditor for the fiscal year 2017. Deloitte & Touche LLP has served as Dominion's independent external auditor continuously since 1988. The Audit Committee is responsible for the audit fee negotiations associated with the retention of Deloitte & Touche LLP. In order to ensure continuing auditor independence, the Audit Committee periodically considers whether there should be a regular rotation of the independent external audit firm. Further, in conjunction with the mandated rotation of the auditing firm's lead engagement partner, the Audit Committee and its chairperson will continue to be directly involved in the selection of Deloitte & Touche LLP's new lead engagement partner. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP to serve as the company's independent external auditor is in the best interests of Dominion and its shareholders.

The Board has determined that it would be desirable to request an expression of opinion from the shareholders on the appointment of Deloitte & Touche LLP. If the shareholders do not ratify the selection of Deloitte & Touche LLP, the selection of the independent external auditor will be reconsidered by the Audit Committee.

**Your Board of Directors recommends that you vote**

**FOR ratification of the Audit Committee's action.**

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**COMPENSATION, GOVERNANCE AND NOMINATING COMMITTEE REPORT**

In preparation for filing this Proxy Statement, the CGN Committee reviewed and discussed the following Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, we recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference into Dominion's Annual Report on Form 10-K for the year ended December 31, 2016. This report was prepared by the following independent directors who compose the CGN Committee:

William P. Barr, *Chairman*

John W. Harris

Mark J. Kington

Robert H. Spilman, Jr.

David A. Wollard

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

Our executive compensation program supports our business goals by rewarding performance that serves our customers and creates shareholder value. The CD&A describes our executive compensation program, focusing on our NEOs.

For 2016, Dominion's NEOs are:

**Thomas F. Farrell II**, Chairman, President and Chief Executive Officer (CEO)

**Mark F. McGettrick**, Executive Vice President and Chief Financial Officer (CFO)

**David A. Christian**, Executive Vice President and Chief Executive Officer – Energy Infrastructure Group (began serving as Executive Vice President and Chief Innovation Officer effective January 1, 2017)

**Paul D. Koonce**, Executive Vice President and Chief Executive Officer – Dominion Generation Group

**David A. Heacock**, President, Dominion Nuclear (retired effective March 1, 2017)

**2016 Compensation Highlights**

|                                                                   |                                                                                                            |
|-------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| CEO pay was consistent with TSR results and excellent operations. | Long-term incentive targets awards increased by 15% for Messrs. Farrell, McGettrick, Christian and Koonce. |
| 3% base salary increases for all NEOs.                            | 2016 AIP funded at 100%.                                                                                   |
| No change in AIP targets for any NEO.                             | 2015 Performance Grant paid at 76.3% of target, based on TSR and ROIC over a two-year period.              |

In addition, in order to better align our performance grants with our long-term goals, we decided to increase the performance period of our performance grants from two to three years, starting with the performance grants made in 2017.

## PAY VS. PERFORMANCE HIGHLIGHTS

Our pay-for-performance program:

|                                                                                                                                                                              |                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| Attracts, motivates and retains key executive talent with a competitive pay package                                                                                          | Is subject to robust governance practices and controls |
| Is tailored to our company's unique strategies and objectives                                                                                                                | Is supported by strong stock ownership guidelines      |
| Includes substantial performance-based and at-risk compensation                                                                                                              | Strikes an appropriate balance between risk and reward |
| We believe that our executive compensation program has contributed to our long-term strategy by aligning the interests of officers, shareholders and the customers we serve. |                                                        |

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**GUIDE TO COMPENSATION DISCUSSION & ANALYSIS**

For the five-year period ending December 31, 2016, TSR results outpaced the Compensation Peer Group median and the Philadelphia Stock Exchange Utility Index

**1. Our Performance**

Increased dividend rate by 8.1% in 2016

All-time safety records for OSHA recordable and lost time/restricted duty incidence rates

Align management's interests with those of shareholders and customers

**2. Our Philosophy**

Drive short- and long-term goal achievement while reinforcing core values of safety, ethics, excellence and One Dominion, our term for teamwork

Pay-for-performance, placing a substantial portion of NEO compensation at risk

Competitive base pay

AIP based on earnings per share

**3. Our Compensation Elements**

Long-term incentives consisting of restricted stock and performance awards

Employee and executive benefits

**4. Our Process**

Annual review of compensation practices and financial performance using a peer group of energy and utility companies

Cook & Co. as independent consultant to CGN Committee

Annual risk analysis of compensation program

Rigorous share ownership guidelines

## **5. Our Governance**

Anti-hedging and anti-pledging policies apply to all officers and directors

Clawback provisions in incentive compensation

### **1. Our Performance**

In 2016, we announced and completed a combination with Questar, adding approximately \$4.4 billion in high quality, regulated assets to Dominion's portfolio in support of our growth plan's focus on energy infrastructure and operations. We optimized the transaction by contributing Questar Pipeline, LLC to Dominion Midstream, a growing master limited partnership in which we own a controlling interest. Dominion also continued making the long-term investments necessary to meet the energy demands for the future, including building new, cleaner generation sources; hardening the electric grid; and replacing aging electric and natural gas infrastructure.

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**FINANCIAL HIGHLIGHTS**

For the one-year period ending December 31, 2016, Dominion's 18% TSR outperformed the S&P 500 and was in line with its peers. Although our industry as a whole lagged the S&P 500 over the five-year period ending that same date, Dominion's 74% five-year TSR substantially outperformed its peers during this period.

As of December 31, 2016, we had the highest 2017 projected price-to-earnings ratio in our Compensation Peer Group, as reported by Thomson Reuters. We have also consistently grown our dividend, increasing our dividend rate by 8.1% in 2016.

\* For Dominion and the Compensation Peer Group, TSR represents the change in value (including reinvested dividends) of an investment in common stock over the specified period; the members of our Compensation Peer Group are identified on page 37 of the *CD&A*. The TSR shown for the Compensation Peer Group is the median TSR for all members of the group. TSR results for the Philadelphia Stock Exchange Utility Index and the S&P 500 are as reported by Bloomberg.

**OPERATIONAL EXCELLENCE**

2016 was another record year for safety. In 2016, we reduced our OSHA recordable incidence rate by 11% to 0.66 and reduced our lost time/restricted duty incidence rate by 9% to 0.30. Our Dominion Virginia Power and Dominion Energy business units achieved record-low OSHA incidence rates of 0.89 and 0.98, respectively. (These rates do not include Questar).

Dominion's power generation utility fleet produced an all-time high of 80.2 million megawatt hours generated, with record gas consumption of 202 billion cubic feet. Our nuclear fleet achieved a net capacity factor greater than 93%, the highest in the last three years, topping 92% for the fifth consecutive year.

Dominion Virginia Power effectively responded to 15 major storms, including Hurricane Matthew. We estimate that nearly 700 outage events may be avoided annually because of the 461 miles of power lines that have been successfully placed underground through our strategic undergrounding program as of the end of 2016.

Dominion Transmission achieved a new single-day peak throughput record of 7.275 billion cubic feet and its total throughput for 2016 of 1.14 trillion cubic feet of gas was the second-highest on record.

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**STRATEGIC INITIATIVES**

We completed our combination with Questar, a natural gas distribution, pipeline, storage and cost-of-service gas supply company in Utah, Wyoming and Idaho. Its gas distribution company serves one million homes and businesses primarily in Utah. The Questar transaction closed in September 2016, contributing about \$4.4 billion in assets (excluding goodwill; adjusted for purchase price accounting), including approximately 29,000 miles of gas distribution pipeline, 2,200 miles of gas transmission pipeline and 131 billion cubic feet of working and cushion gas storage. The combination was an all-cash transaction in which Dominion paid Questar shareholders \$25 per share about \$4.4 billion cash and assumed Questar's outstanding debt of \$1.5 billion.

The Questar combination fueled growth at Dominion Midstream, a master limited partnership designed to grow a portfolio of natural gas terminaling, processing, storage, transportation and related assets. In December 2016, Dominion contributed Questar's Federal Energy Regulatory Commission (FERC) - regulated pipeline system to Dominion Midstream for \$1.725 billion, including \$435 million in debt, providing enough cash to reduce debt at Dominion Resources, Inc. by \$1.2 billion. We own Dominion Midstream's general partner and approximately 50.9% of the common and subordinated interests and 37.5% of the convertible preferred interests representing an approximate 47.7% aggregate limited partner interests in Dominion Midstream as of December 31, 2016.

Dominion Virginia Power's five-year plan calls for an investment of \$9.7 billion in new capital expenditures starting in 2016, including \$2.4 billion slated for our electric distribution system, \$3.9 billion for electric transmission lines and substations, and \$3.3 billion for new generation and environmental improvements. These amounts include \$700 million for new solar generation and additional funds for undergrounding vulnerable distribution lines, if approved by the Virginia State Corporation Commission (SCC).

Dominion Energy continued to implement its growth plans, which include approximately \$5.5 billion in growth capital expenditures between 2016 and 2020. Four producer outlet projects entered service in 2016: Western Access II, Clarington, Lebanon West II and Monroe to Cornwell. Also in 2016, our CPV Power Generation and Eastover market access projects entered service, and the FERC approved the applications for our New Market and our Leidy South projects.

Construction of the Dominion Cove Point Liquefaction project continued on schedule, and the facility is expected to begin liquefying natural gas for export in late 2017.

The Atlantic Coast Pipeline, a \$5.0 billion to \$5.5 billion joint venture formed by Dominion and two other utilities, cleared a significant regulatory hurdle when it received a favorable draft Environmental Impact Statement from the FERC in December 2016. Subject to various approvals, construction is scheduled to begin in the fall of 2017, and the project is anticipated to be operational in late 2019.

**NEW GENERATION**

In 2016, Dominion began generating electricity at its new 1,376-megawatt natural gas power station in Brunswick County, Virginia and also began construction of a new 1,588-megawatt natural gas power station in Greensville County, Virginia. Together, these state-of-the-art facilities are expected to generate enough power for more than 740,000 typical homes at peak capacity.

We placed 462 megawatts of new solar generating capacity into service during 2016, including 136 megawatts located in Virginia. We also are partnering with the Commonwealth of Virginia and Microsoft Corp. to construct a new 20-megawatt solar facility in Fauquier County, Virginia and with the U.S. Navy and the Commonwealth of Virginia to build, subject to SCC approval, a new 18 megawatt facility in Virginia Beach, Virginia with both projects expected to be operational in late 2017. As announced in 2015, Dominion remains committed to installing, through Dominion investments and long-term contracts, multiple large-scale solar projects in Virginia and North Carolina totaling at least 500 megawatts, which is enough to power 125,000 typical homes at peak capacity. These new projects are expected to be operational by 2020, subject to regulatory approvals.

Many of these accomplishments directly or indirectly affected payouts and overall compensation as noted under *Our Philosophy* and *Our Compensation Elements*.

## 2. Our Philosophy

We apply pay-for-performance principles to provide a competitive total compensation program tied to results that align with the interests of our shareholders, officers and customers. The major objectives of our executive compensation program are to:

Attract, develop and retain an experienced and highly qualified management team;

Motivate and reward superior performance that supports our business and strategic plans and contributes to the long-term success of the company;

Align the interests of management with those of our shareholders and customers by placing a substantial portion of pay at risk through performance goals that, if achieved, are expected to increase total shareholder return and enhance customer service;

Promote internal pay equity; and

Reinforce our four core values of safety, ethics, excellence and One Dominion our term for teamwork.

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To determine if we are meeting these objectives, the CGN Committee compares the company's actual performance to our short-term and long-term goals and to our peer companies' performance.

**INDIVIDUAL FACTORS IN SETTING  
COMPENSATION**

In addition to considering Dominion's goals and performance, the CGN Committee also considers several individual factors for each NEO, including:

Job and leadership performance;

Scope, complexity and significance of job responsibilities;

Internal pay equity considerations, such as relative importance of a particular position or individual officer to Dominion's strategy and success, and comparability to other officer positions at Dominion;

Experience, background and tenure;

Retention and market competitive concerns; and

The executive's role in any succession plan for other key positions.

These individual factors are important considerations in setting base pay and other compensation opportunities.

**VARIABLE COMPENSATION OPPORTUNITIES IN 2016**

Consistent with our objective to reward strong performance based on achievement of short- and long-term goals, a significant portion of total cash and total direct compensation is variable pay. Approximately 89% of Mr. Farrell's targeted 2016 total direct compensation is performance-based; tied to pre-approved performance metrics, including relative TSR and ROIC; or tied to the performance of our stock. For the other NEOs, performance- and stock-based compensation ranges from 67% to 81% of targeted 2016 total direct compensation. This compares to an average of approximately 55% of targeted variable compensation for our officers at the vice president level and an average of approximately 12% of total variable pay for our non-officer employees.

The charts below illustrate the elements of targeted total direct compensation opportunities in 2016 for Mr. Farrell and the average of the other NEOs as a group, as well as the allocation of such compensation among base salary, targeted 2016 AIP award and targeted 2016 long-term incentive compensation.

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**3. Our Compensation Elements**

Our executive compensation program is constructed of four building blocks: base salary, AIP, Long-Term Incentive Program and executive benefits. Each element serves a distinct purpose. These complementary components appropriately balance risk with reward and short-term goals with long-term strategies, while providing total compensation that is competitive with our peers.

**BASE SALARY**

Competitive base pay is necessary to attract, motivate and retain talent. For our NEOs, base salaries are generally targeted at or above the Compensation Peer Group median, subject to the individual and company-wide considerations discussed under *Our Philosophy*.

The CGN Committee approved 3% base salary increases for all NEOs effective March 1, 2016, recognizing their continued contributions to Dominion's success.

**ANNUAL INCENTIVE PLAN**

The AIP is a cash-based program focused on short-term goals, and is designed to:

Tie interests of shareholders, customers and employees closely together;

Focus our workforce on company, operating group, team and individual goals that ultimately influence operational and financial results;

Reward corporate and operating unit earnings performance;

Reward safety, diversity and other operating and stewardship goal successes;

Emphasize teamwork by focusing on common goals; and

Provide a competitive total compensation opportunity.

For the NEOs, funding of the 2016 AIP was tied solely to the achievement of predetermined earnings per share goals. However, the CGN Committee retained discretion to reduce the AIP payout for any NEO for any reason, including missed business unit financial targets or failure to satisfy operating and stewardship goals.

The CGN Committee calculated 2016 AIP payouts for the NEOs as follows:

### Target Award Percentage

Each NEO's compensation opportunity under the AIP is a percentage of his base salary. AIP target award percentages are set to be consistent with our intent to keep a significant portion of NEO compensation at risk, taking into account the items described above under *Our Philosophy*. There were no changes to any NEO's AIP target award percentage from 2015 to 2016.

| Name                 | 2016 AIP Target Award Percentage* |
|----------------------|-----------------------------------|
| Thomas F. Farrell II | 125%                              |
| Mark F. McGettrick   | 100%                              |
| David A. Christian   | 90%                               |
| Paul D. Koonce       | 90%                               |
| David A. Heacock     | 70%                               |

\*As a percentage of base salary

**Table of Contents****Funding Level**

For NEOs, the funding level is determined solely by our consolidated operating earnings, which are our reported earnings determined in accordance with GAAP, adjusted for certain items. We believe that by focusing on pre-established consolidated operating earnings per share targets, we encourage behavior and performance that will help achieve these objectives.

For the NEOs, the CGN Committee set the consolidated operating earnings goal to provide for 100% funding of the 2016 AIP between \$3.50 and \$3.80 per share, inclusive of funding for all plan participants. The target for maximum funding of 200% was set at \$4.00 operating earnings per share. The CGN Committee also established a funding floor, providing no funding if operating earnings were less than \$3.45 per share.

Dominion's consolidated reported earnings in accordance with GAAP for the year ended December 31, 2016 were \$2.1 billion or \$3.44 per share, and Dominion's consolidated operating earnings for the year ended December 31, 2016 were \$2.3 billion or \$3.80 per share\*, which met the target goal for 100% funding. Accordingly, the CGN Committee approved a funding percentage of 100%.

\* See Reconciliation of Reported Earnings (GAAP) to Operating Earnings (non-GAAP) in Appendix A.

**Payout Goal Score**

In determining whether and how to exercise its negative discretion, the CGN Committee typically considers each NEO's accomplishment of pre-determined business unit financial goals and operating and stewardship goals, weighted according to each NEO's responsibilities. The Committee approved 100% payout scores for Messrs. Farrell, McGettrick and Christian and exercised negative discretion to reduce the payout scores of Messrs. Koonce and Heacock to 98.33% and 94%, respectively, due to missed operating and stewardship goals, as discussed below.

Messrs. Christian, Koonce and Heacock carried discretionary business unit financial goals, with the CGN Committee having the ability to exercise negative discretion with respect to these goals if appropriate. Messrs. Koonce and Heacock, as officers of the Dominion Generation business unit, achieved 100% of their discretionary business unit financial goal. During 2016, Mr. Christian shared both the Dominion Virginia Power and Dominion Energy business unit financial goals. While these two units did not accomplish 100% of their goals, as permitted by the terms of and consistent with the design of the AIP, the Committee did not exercise negative discretion as a number of corporate-level decisions negatively impacted individual business unit financial results but benefited Dominion and shareholders overall. This resulted in Dominion achieving its consolidated earnings target, as the benefits of those actions offset the lower earnings at those business units.

Each business unit's financial results are shown below:

| Business Unit                       | Goal Target (Net Income) | Actual 2016 Net Income |
|-------------------------------------|--------------------------|------------------------|
| Dominion Virginia Power             | \$ 490                   | \$ 484.3               |
| Dominion Generation                 | 1,272                    | 1,369.6                |
| Dominion Energy                     | 664                      | 725.7                  |
| <i>Net income shown in millions</i> |                          |                        |

Although Dominion's companywide OSHA recordable and lost time/restricted duty incidence rates for 2016 were all-time lows, the CGN Committee exercised negative discretion with respect to missed safety goals for Messrs. Koonce and Heacock. With respect to Messrs. Farrell and McGettrick, the Dominion Resources Services business unit met its safety goal of fewer than three OSHA recordable incidents or fewer than 15 failures in individual performance.

Mr. Christian was part of the Dominion Virginia Power and Dominion Energy business units, which fully achieved their safety goals.

Mr. Koonce is part of the Dominion Generation business unit, which met its target in two out of three generation segments, with the power generation segment achieving its goal of less than 12 OSHA recordable incidents and the business development and generation construction segment achieving its goal of an OSHA recordable incidence rate of 0.99 or below. The nuclear segment missed its goal of ten or fewer OSHA recordable incidents. Mr. Heacock is part of the nuclear segment and, therefore, did not meet his safety goal.

Each NEO met his discretionary diversity goal, which related to workforce training and planning. Mr. Heacock also had discretionary operating and stewardship goals in the following areas: nuclear safety (based on fleet-wide total number of station event-free day clock resets); total online radiation exposure for the fleet; fleet capacity factor percentage; and environmental compliance (based on the number of environmental performance points assessed at the nuclear stations). Mr. Heacock met each of these goals.

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For Messrs. Koonce and Heacock, the CGN Committee determined 2016 payout goal scores as follows:

| Name             | Consolidated Financials |                |                |                | Business Unit Financials |                |                |                | Operating / Stewardship |                |                |                | Total Payout Goal Score |
|------------------|-------------------------|----------------|----------------|----------------|--------------------------|----------------|----------------|----------------|-------------------------|----------------|----------------|----------------|-------------------------|
|                  | Goal Weighting          | Goal Weighting | Goal Weighting | Goal Weighting | Goal Weighting           | Goal Weighting | Goal Weighting | Goal Weighting | Goal Weighting          | Goal Weighting | Goal Weighting | Goal Weighting | Goal Weighting          |
| Paul D. Koonce   | 100%                    | X              | 45%            | +              | 100%                     | X              | 45%            | +              | 83.3%                   | X              | 10%            | =              | 98.33%                  |
| David A. Heacock | 100%                    | X              | 20%            | +              | 100%                     | X              | 45%            | +              | 82.9%                   | X              | 35%            | =              | 94%                     |

**Final AIP Payout**

The CGN Committee calculated final 2016 AIP payouts as shown below:

| Name                 | Base Salary  | Target Award |         |       | Payout |       | Final AIP |   |              |
|----------------------|--------------|--------------|---------|-------|--------|-------|-----------|---|--------------|
|                      |              | Percentage*  | Funding | Level | Goal   | Score | Payout    |   |              |
| Thomas F. Farrell II | \$ 1,509,701 | X            | 125%    | X     | 100%   | X     | 100%      | = | \$ 1,887,126 |
| Mark F. McGettrick   | 854,202      | X            | 100%    | X     | 100%   | X     | 100%      | = | 854,202      |
| David A. Christian   | 683,456      | X            | 90%     | X     | 100%   | X     | 100%      | = | 615,111      |
| Paul D. Koonce       | 683,456      | X            | 90%     | X     | 100%   | X     | 98.33%    | = | 604,838      |
| David A. Heacock     | 530,674      | X            | 70%     | X     | 100%   | X     | 94%       | = | 349,184      |

\*As a percentage of base salary

**LONG-TERM INCENTIVE PROGRAM**

Our long-term incentive program is designed to focus on Dominion's longer-term strategic goals and the retention of our executives. Each year, our NEOs receive a long-term incentive award consisting of two components: 50% of the award is a full value equity award in the form of restricted stock with time-based vesting and the other 50% is a performance-based cash award. We believe restricted stock serves as a strong retention tool and also creates a focus on Dominion's stock price to further align the interests of officers with the interests of our shareholders and customers. Our performance-based award encourages and rewards officers for making decisions and investments that create and maintain long-term shareholder value and benefit our customers.

The CGN Committee approves long-term incentive awards in January each year. In setting long-term award levels for each NEO, the CGN Committee applies the concepts and individual factors discussed under *Our Philosophy*. The CGN Committee approved a 15% increase in the 2016 long-term incentive target awards for Messrs. Farrell, McGettrick, Christian and Koonce, noting the complexity of Dominion's operations; the vesting of each officer's respective retention award in 2015; that the company is in a critical development and building period for the Atlantic Coast Pipeline, Cove Point and various generation projects; and the need to focus on long-term rewards for the longer-term benefits of execution of the company's strategic plan. The Committee also considered each officer's leadership experience and accomplishments, as well as Dominion's overall performance. No change was made to Mr. Heacock's 2016 long-term incentive target. The 2016 targets for the NEOs were approved as follows:

| Name                 | 2016 Target Performance Grant | 2016 Restricted Stock Grant | 2016 Total Target Term Incentive Award | 2015 Total Target Term Incentive Award |
|----------------------|-------------------------------|-----------------------------|----------------------------------------|----------------------------------------|
| Thomas F. Farrell II | \$ 5,117,500                  | \$ 5,117,500                | \$ 10,235,000                          | \$ 8,900,000                           |
| Mark F. McGettrick   | 1,344,063                     | 1,344,063                   | 2,688,126                              | 2,337,500                              |
| David A. Christian   | 838,063                       | 838,063                     | 1,676,126                              | 1,457,500                              |
| Paul D. Koonce       | 838,063                       | 838,063                     | 1,676,126                              | 1,457,500                              |
| David A. Heacock     | 350,000                       | 350,000                     | 700,000                                | 700,000                                |

### 2016 Restricted Stock Grants

All NEOs received a restricted stock grant on February 3, 2016, based on the stated dollar value above. The number of shares awarded was determined by dividing the stated dollar value by the closing price of Dominion's common stock on February 3, 2016. The grants have a three-year vesting term, with cliff vesting at the end of the restricted period on February 1, 2019. Dividends are paid to officers during the restricted period.

### 2016 Performance Grants

In January 2016, the CGN Committee approved cash performance grants for the NEOs, effective February 1, 2016 (2016 Performance Grants). The two-year performance period commenced on January 1, 2016, and will end on December 31, 2017. Beginning with the 2017 long-term incentive program, the CGN Committee has approved a three-year performance period for the cash performance grants, beginning January 1, 2017, and ending December 31, 2019.

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The 2016 Performance Grants are denominated as a target dollar value, with potential payouts ranging from 0% to 200% of the target based on Dominion's TSR relative to the Philadelphia Stock Exchange Utility Index and ROIC, weighted equally. (See *Performance Grant Peer Group* for additional information about the Philadelphia Stock Exchange Utility Index.) In certain circumstances, a portion of the 2016 Performance Grants may also be earned based on Dominion's absolute TSR performance for the performance period.

TSR is the difference between the value of a share of common stock at the beginning and end of the performance period, plus dividends paid as if reinvested in stock. The TSR metric was selected to focus our officers on long-term shareholder value when developing and implementing strategic plans and reward management based on the achievement of TSR levels relative to the Philadelphia Stock Exchange Utility Index.

ROIC reflects the company's total return divided by average invested capital for the performance period. The ROIC goal at target is consistent with the strategic plan and annual business plan as approved by the Board. For this purpose, total return is the company's consolidated operating earnings plus its after-tax interest and related charges and average invested capital means the average balances for long and short-term debt plus preferred equity plus common shareholders' equity. The ROIC metric was selected to reward officers for the achievement of expected levels of return on the company's investments. We believe an ROIC measure encourages management to choose the right investments, and with those investments, to achieve the highest returns possible through prudent decisions, management and cost control. Because officers are expected to retain ownership of shares upon vesting of restricted stock awards, as explained in *Share Ownership Guidelines*, the cash performance grant balances the long-term program and allows a portion of the long-term incentive award to be accessible to our NEOs during the course of their employment.

Officers who have not achieved 50% of their targeted share ownership guideline receive goal-based stock performance grants instead of a cash performance grant. Dividend equivalents are not paid on any performance-based grants. As all of our NEOs have met their full targeted share ownership guidelines, all of our NEOs received the performance-based component of their 2016 long-term incentive award in the form of a cash performance grant.

**Performance Grant Peer Group**

TSR performance for the 2016 Performance Grant is measured against the TSR of the companies listed as members of the Philadelphia Stock Exchange Utility Index at the end of the performance period (the Performance Grant Peer Group). In selecting the Philadelphia Stock Exchange Utility Index, the CGN Committee took into consideration that the companies represented in the index are similar to those companies currently included in Dominion's Compensation Peer Group, and the index is a recognized published index whose members are determined externally and independently from the company. The companies (other than Dominion) in the Philadelphia Stock Exchange Utility Index as of January 1, 2017 were as follows:

|                                       |                          |                      |
|---------------------------------------|--------------------------|----------------------|
| The AES Corporation                   | Duke Energy Corporation  | NextEra Energy, Inc. |
| Ameren Corporation                    | Edison International     | PG&E Corporation     |
| American Electric Power Company, Inc. | El Paso Electric Company |                      |

Public Service Enterprise Group  
Incorporated

American Water Works Company, Inc. Entergy Corporation

CenterPoint Energy, Inc. Eversource Energy The Southern Company

Consolidated Edison, Inc. Exelon Corporation Xcel Energy, Inc.

DTE Energy Company FirstEnergy Corp.

### 2015 Performance Grant Payout

In January 2017, final payouts were made to officers who received cash performance grants in February 2015 (2015 Performance Grants), including the NEOs. The 2015 Performance Grants were based on two goals: TSR for the two-year period ended December 31, 2016, relative to the companies in the Philadelphia Stock Exchange Utility Index as of the end of the performance period (weighted 50%) and ROIC for the same two-year period (weighted 50%).

Relative TSR (50% weighting). The relative TSR targets and corresponding payout scores for the 2015 Performance Grant were as follows:

| Relative TSR Performance Percentile Ranking | Goal Achievement %* |
|---------------------------------------------|---------------------|
| 85 <sup>th</sup> or above                   | 200%                |
| 50 <sup>th</sup>                            | 100%                |
| 25 <sup>th</sup>                            | 50%                 |
| Below 25 <sup>th</sup>                      | 0%                  |

\* TSR weighting is interpolated between the top and bottom of the percentages within a quartile. If the company's relative TSR is below the 25<sup>th</sup> percentile, but its absolute TSR is at least 9% on a compounded annual basis for the performance period, a goal achievement of 25% of the TSR percentage will apply. In addition to the

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foregoing amounts and regardless of the company's relative TSR, if the company's absolute TSR on a compounded annual basis for the performance period is either (i) at least 10% but less than 15%, then an additional 25% will be added to the goal achievement percentage or (ii) at least 15%, then an additional 50% will be added to the goal achievement percentage, provided that the aggregate goal achievement may not exceed 200%.

Actual relative TSR performance for the 2015-2016 period was in the 26<sup>th</sup> percentile, which produced a goal achievement percentage of 52.6%. Dominion's TSR for the two-year period ended December 31, 2016, was 7.4%, which is equivalent to 3.7% on a compounded annual basis.

ROIC (50% weighting). We designed our ROIC goals for the 2015 Performance Grant to provide 100% payout if the company achieved an ROIC between 6.69% and 6.90% over the two-year performance period. The ROIC performance targets and corresponding payout scores for the 2015 Performance Grant were as follows:

| ROIC Performance | Goal Achievement %* |
|------------------|---------------------|
| 7.47% and above  | 200%                |
| 7.14%            | 125%                |
| 6.69% - 6.90%    | 100%                |
| 6.62%            | 50%                 |
| Below 6.62%      | 0%                  |

\* ROIC percentage payout is interpolated between the top and bottom of the percentages for any range.

Actual ROIC performance for the 2015-2016 period was 6.90%, which produced a goal achievement percentage of 100%.

Based on the achievement of the TSR and ROIC performance goals, the CGN Committee approved a 76.3% payout for the 2015 Performance Grants, determined as follows:

| Measure                            | Goal Weight % |   | Goal Achievement % |   | Payout % |
|------------------------------------|---------------|---|--------------------|---|----------|
| Relative TSR                       | 50%           | X | 52.6%              | = | 26.3%    |
| ROIC                               | 50%           | X | 100%               | = | 50%      |
| Combined Overall Performance Score |               |   |                    |   | 76.3%    |

Although the CGN Committee has discretionary authority to reduce this overall score for any reason, this discretion was not exercised. The resulting payout amounts for the NEOs for the 2015 Performance Grants are shown below.

| Name                 | 2015 Performance Target Grant Award |   | Overall Performance Score |   | Calculated Performance Grant Payout |
|----------------------|-------------------------------------|---|---------------------------|---|-------------------------------------|
| Thomas F. Farrell II | \$ 4,450,000                        | X | 76.3%                     | = | \$ 3,395,350                        |
| Mark F. McGettrick   | 1,168,750                           | X | 76.3%                     | = | 891,756                             |
| David A. Christian   | 728,750                             | X | 76.3%                     | = | 556,036                             |
| Paul D. Koonce       | 728,750                             | X | 76.3%                     | = | 556,036                             |

|                  |         |   |       |   |         |
|------------------|---------|---|-------|---|---------|
| David A. Heacock | 350,000 | X | 76.3% | = | 267,050 |
|------------------|---------|---|-------|---|---------|

**EMPLOYEE AND EXECUTIVE BENEFITS**

Benefit plans and limited perquisites comprise the fourth element of our compensation program. These benefits serve as a retention tool and reward long-term employment.

### Retirement Plans

All eligible non-union employees participate in a tax-qualified defined benefit pension plan (the Pension Plan) and a 401(k) plan that includes a company match. Each year, officers whose matching contributions under our 401(k) plan are limited by the Code receive a taxable cash payment to make them whole for the company match that is lost as a result of these limits. The company matching contributions to the 401(k) plan and the cash payments of company matching contributions above the Code limits for the NEOs are included in the *All Other Compensation* column of the *Summary Compensation Table* and detailed in the footnote for that column.

We also maintain two nonqualified retirement plans for our executives, the Retirement Benefit Restoration Plan (BRP) and the Executive Supplemental Retirement Plan (ESRP). These plans help us compete for and retain executive talent. Due to the Code limits

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on Pension Plan benefits and because a more substantial portion of total compensation for our officers is paid as incentive compensation than for other employees, the Pension Plan and 401(k) plan alone would produce a lower percentage of replacement income in retirement for officers than these plans will provide for other employees. The BRP restores benefits that cannot be paid under the Pension Plan due to Code limits. The ESRP provides a benefit that covers a portion (25%) of final base salary and target annual incentive compensation to partially make up for this gap in retirement income. Effective July 1, 2013, the ESRP was closed to any new participants.

The Pension Plan, 401(k) plan, BRP and ESRP do not include long-term incentive compensation in benefit calculations and, therefore, a significant portion of the potential compensation for our officers is excluded from calculation in any retirement plan benefit. As consideration for the benefits earned under the BRP and ESRP, all officers agree to comply with confidentiality and one-year non-competition requirements set forth in the plan documents following their retirement or other termination of employment. The present value of accumulated benefits under these retirement plans is disclosed in the *Pension Benefits* table and the terms of the plans are more fully explained in the narrative following that table.

In individual situations and primarily for mid-career changes or retention purposes, the CGN Committee has granted certain officers additional years of credited age and service for purposes of calculating benefits under the BRP. Age and service credits granted to the NEOs are described in *Dominion Retirement Benefit Restoration Plan* under *Pension Benefits*. Additional age and service may also be earned under the terms of an officer's Employment Continuity Agreement in the event of a change in control, as described in *Change in Control* under *Potential Payments Upon Termination or Change in Control*. No additional years of age or service credit were granted to the NEOs during 2016.

## **Other Benefit Programs**

Dominion's officers participate in the benefit programs available to other Dominion employees. The core benefit programs generally include medical, dental and vision benefit plans, a health savings account, health and dependent care flexible spending accounts, group-term life insurance, travel accident coverage, long-term disability coverage and a paid time off program.

We also maintain an executive life insurance program for officers to replace a former companywide retiree life insurance program that was discontinued in 2003. The plan is fully insured by individual policies that provide death benefits at a fixed amount depending on an officer's salary tier. This life insurance coverage is in addition to the group-term insurance that is provided to all employees. The officer is the owner of the policy and the company makes premium payments until the later of 10 years from enrollment date or the date the officer attains age 64. Officers are taxed on the premiums paid by the company. The premiums for these policies are included in the *All Other Compensation* column of the *Summary Compensation Table*.

## **Perquisites**

We provide a limited number of perquisites for our officers to enable them to perform their duties and responsibilities as efficiently as possible and to minimize distractions. The CGN Committee annually reviews the perquisites to ensure they are an effective and efficient use of corporate resources. We believe the benefits we receive from offering these perquisites outweigh the costs of providing them. We offer the following perquisites to all officers:

An allowance of up to \$9,500 a year to be used for health club memberships and wellness programs, comprehensive executive physical exams and financial and estate planning. Dominion wants officers to be proactive with preventive healthcare and also wants executives to use professional, independent financial and estate planning consultants to ensure proper tax reporting of company-provided compensation and to help officers optimize their use of Dominion's retirement and other employee benefit programs.

A vehicle leased by Dominion, up to an established lease-payment limit (if the lease payment exceeds the allowance, the officer pays for the excess amount on the vehicle). The costs of insurance, fuel and maintenance for company-leased vehicles are paid by the company.

In limited circumstances, use of corporate aircraft for personal travel by executive officers. For security and other reasons, the Board has directed Mr. Farrell to use the corporate aircraft for air travel, including personal travel. Mr. Farrell's family and guests may accompany him on any personal trips. The use of corporate aircraft for personal travel by other executive officers is limited and usually related to (i) travel with the CEO or (ii) personal travel to accommodate business demands on an executive's schedule. With the exception of Mr. Farrell, personal use of corporate aircraft is not available when there is a company need for the aircraft.

Use of corporate aircraft saves substantial time and allows us to have better access to our executives for business purposes. During 2016, 96% of the use of Dominion's aircraft was for business purposes.

Other than costs associated with comprehensive executive physical exams (which are exempt from taxation under the Code), these perquisites are fully taxable to officers. There is no tax gross-up for imputed income on any perquisites.

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### **Employment Continuity Agreements**

Dominion has entered into Employment Continuity Agreements with all officers to ensure continuity in the event of a change in control of the company. These agreements are consistent with competitive practice for our peer companies, and they protect the company in the event of an anticipated or actual change in control. In a time of transition, it is critical to protect shareholder value by retaining and continuing to motivate the company's core management team. In a change in control situation, workloads typically increase dramatically, outside competitors are more likely to attempt to recruit top performers away from the company, and officers and other key employees may consider other opportunities when faced with uncertainties at their own company. The Employment Continuity Agreements provide security and protection to officers in such circumstances for the long-term benefit of the company and its shareholders.

In determining appropriate compensation and benefits payable upon a change in control, the company evaluated peer group and general practices and considered the levels of protection necessary to retain officers in such situations. The Employment Continuity Agreements are double-trigger agreements that require both a change in control and a qualifying termination of employment to trigger most benefits. The specific terms of the Employment Continuity Agreements are discussed in *Potential Payments Upon Termination or Change in Control*.

### **Other Agreements**

Dominion does not have comprehensive employment agreements or severance agreements with its NEOs. Although the CGN Committee believes the compensation and benefit programs described in this CD&A are appropriate, Dominion, as one of the nation's largest producers and transporters of energy, is part of a constantly changing and increasingly competitive environment. In recognition of their valuable knowledge and experience and to secure and retain their services, we have entered into letter agreements with some of our NEOs to provide certain benefit enhancements or other protections, as described in *Dominion Retirement Benefit Restoration Plan*, *Dominion Executive Supplemental Retirement Plan* and *Potential Payments Upon Termination or Change in Control*. We did not enter into any new letter agreements with NEOs in 2016.

## **4. Our Process**

The CGN Committee is responsible for reviewing and approving NEO compensation and our overall executive compensation program. Each year, the CGN Committee reviews a comprehensive analysis of the executive compensation program, including the elements of each NEO's compensation, with input from senior management and the CGN Committee's independent compensation consultant. As part of its assessment, the CGN Committee reviews the performance of the CEO and other executive officers, annually reviews succession planning for the company's senior officers, reviews executive officer share ownership guidelines and compliance, and establishes compensation programs designed to achieve Dominion's objectives.

The CGN Committee evaluates each NEO's base salary, total cash compensation (base salary plus target AIP award) and total direct compensation (base salary plus target AIP award and target long-term incentive award) against data from our Compensation Peer Group. To ensure the compensation levels are appropriately competitive and consistent with the company's overall strategy, the CGN Committee considers the peer data together with the considerations described under *Individual Factors in Setting Compensation*. Neither the peer comparison nor the individual factors are assigned any specific weighting. As part of its analysis, the CGN Committee also considers Dominion's size, including market capitalization and price-to-earnings ratio, and complexity compared to the companies in our Compensation Peer Group, as well as the tenure of the NEO as compared to executives in a similar position in a

Compensation Peer Group company.

## **THE ROLE OF THE INDEPENDENT COMPENSATION CONSULTANT**

The CGN Committee has retained Cook & Co. as its independent compensation consultant to advise the CGN Committee on executive and director compensation matters. The CGN Committee's consultant:

Attends meetings as requested by the CGN Committee, either in person or by teleconference;

Communicates directly with the chairman of the CGN Committee outside of the CGN Committee meetings as needed;

Participates in CGN Committee executive sessions as requested without the CEO present to discuss CEO compensation and any other relevant matters, including the appropriate relationship between pay and performance and emerging trends;

Reviews and comments on proposals and materials prepared by management and answers technical questions, as requested; and

Generally reviews and offers advice as requested by or on behalf of the CGN Committee regarding other aspects of our executive compensation program, including best practices and other matters.

In 2016, the CGN Committee reviewed and assessed the independence of Cook & Co. and concluded that Cook & Co.'s work did not raise any conflicts of interest. Cook & Co. did not provide any additional services to Dominion during 2016.

**Table of Contents****MANAGEMENT'S ROLE IN OUR PROCESS**

Although the CGN Committee has the responsibility to approve and monitor all compensation for our NEOs, management plays an important role in determining executive compensation. Under the direction of management, internal compensation specialists provide the CGN Committee with data, analysis and counsel regarding the executive compensation program, including an ongoing assessment of the effectiveness of the program, peer practices, and executive compensation trends and best practices. Management, along with our internal compensation and financial specialists, assist in the design of our incentive compensation plans, including performance target recommendations consistent with the strategic goals of the company, and recommendations for establishing the peer group. Management also works with the chairman of the CGN Committee to establish the agenda and prepare meeting information for each CGN Committee meeting.

The CEO is responsible for reviewing senior officer succession plans with the CGN Committee on an annual basis. Mr. Farrell is also responsible for reviewing the performance of the other senior officers, including the other NEOs, with the CGN Committee at least annually. He makes recommendations on the compensation and benefits for the NEOs (other than himself) to the CGN Committee and provides other information and advice as appropriate or as requested by the CGN Committee, but all decisions are ultimately made by the CGN Committee.

**THE COMPENSATION PEER GROUP**

The CGN Committee uses the Compensation Peer Group to assess the competitiveness of the compensation of our NEOs. A separate Performance Grant Peer Group is used to evaluate the relative performance of the company for purposes of our long-term incentive program (see *2016 Performance Grants* and *Performance Grant Peer Group* for additional information about that group).

In the fall of each year, the CGN Committee reviews and approves the Compensation Peer Group. In selecting the Compensation Peer Group, we identify companies in our industry that compete for customers, executive talent and investment capital. We screen this group based on size and usually eliminate companies that are much smaller or larger than Dominion in revenues, assets or market capitalization. No changes were made to the Compensation Peer Group for 2016.

Dominion's 2016 Compensation Peer Group was comprised of the following companies:

|                                       |                      |                                              |
|---------------------------------------|----------------------|----------------------------------------------|
| Ameren Corporation                    | Entergy Corporation  | PPL Corporation                              |
| American Electric Power Company, Inc. | Exelon Corporation   | Public Service Enterprise Group Incorporated |
| CenterPoint Energy, Inc.              | FirstEnergy Corp.    | The Southern Company                         |
| DTE Energy Company                    | NextEra Energy, Inc. | Xcel Energy, Inc.                            |
| Duke Energy Corporation               | NiSource Inc.        |                                              |

The CGN Committee and management use the Compensation Peer Group to: (i) compare Dominion's stock and financial performance against these peers using a number of different metrics and time periods to evaluate how we are performing; (ii) analyze compensation practices within our industry; (iii) evaluate peer company practices and determine peer median and 75th percentile ranges for base pay, annual incentive pay, long-term incentive pay and total direct compensation, both generally and for specific positions; and (iv) compare our benefits and perquisites. In setting the levels for base pay, annual incentive pay, long-term incentive pay and total direct compensation, the CGN Committee also takes into consideration Dominion's size compared with the median of the Compensation Peer Group

and the complexity of its business. As compared to the Compensation Peer Group, as of year-end 2016, Dominion ranked fourth in market capitalization, fifth in assets and seventh in revenues, as reported by Bloomberg, and has the highest 2017 projected price-to-earnings ratio, as reported by Thomson Reuters.

## **SURVEY AND OTHER DATA**

Survey compensation data and information on local companies with whom we compete for talent and other companies with market capitalization comparable to Dominion are used only to provide a general understanding of compensation practices and trends, not as benchmarks for compensation decisions. The CGN Committee takes into account individual and company-specific factors, including internal pay equity, along with data from the Compensation Peer Group, in establishing compensation opportunities. The CGN Committee believes this reflects Dominion's specific needs in its distinct competitive market and with respect to its size and complexity versus its peers.

## **CEO COMPENSATION RELATIVE TO OTHER NEOs**

Mr. Farrell generally participates in the same compensation programs and receives compensation based on the same philosophy and factors as the other NEOs. Application of the same philosophy and factors to Mr. Farrell's position results in overall CEO compensation that is significantly higher than the compensation of the other NEOs. Mr. Farrell's compensation is commensurate with his greater responsibilities and decision-making authority, broader scope of duties encompassing the entirety of the company

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(as compared to the other NEOs who are responsible for significant but distinct areas within the company) and his overall responsibility for corporate strategy. His compensation also reflects his role as our principal corporate representative to investors, customers, regulators, analysts, legislators, industry and the media.

We consider CEO compensation trends as compared to the next highest-paid officer, as well as to our executive officers as a group, over a multi-year period to monitor the ratio of Mr. Farrell's pay relative to the pay of other executive officers. The CGN Committee did not make any adjustments to the compensation of any NEOs based on this review for 2016.

**5. Our Governance**

Dominion's strong corporate governance is rooted in our core value of ethics. We support our culture of good governance with solid compensation practices that pay for performance and promote strategic risk management.

| We Do:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We Do Not:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Balance short- and long-term incentives</p> <p>Place a substantial portion of NEO pay at risk and tie to enhanced shareholder value</p> <p>Use different performance measures for our annual and long-term incentive programs</p> <p>Review our executive compensation program to ensure it does not promote excessive risk taking</p> <p>Measure relative TSR for our performance grant payout using the Philadelphia Stock Exchange Utility Index, an independently-determined peer group</p> <p>Maintain rigorous share ownership guidelines</p> | <p>× <i>Allow payout of AIP awards or performance grants greater than 200% of target</i></p> <p>× <i>Offer long-term or indefinite employment agreements to our executives</i></p> <p>× <i>Include long-term incentive awards in retirement or severance calculations (other than prorated payout of outstanding awards)</i></p> <p>× <i>Permit officers or directors to hedge or pledge shares as collateral</i></p> <p>× <i>Offer excessive executive perquisites or provide tax gross-ups on executive perquisites</i></p> |

|                                                                                    |                                                                                                                         |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Incorporate clawback provisions in incentive compensation                          | × <i>Dilute shareholder value by issuing excessive equity compensation</i>                                              |
| Include a non-compete clause in our executive retirement plans                     | × <i>Offer excessive change in control severance benefits</i>                                                           |
| Proactively engage with our top shareholders on compensation and governance issues | × <i>Provide excise tax gross-ups in change in control agreements for new officers (elected after February 1, 2013)</i> |
| Conduct annual Say on Pay votes                                                    | × <i>Offer the ESRP to new officers (elected after July 1, 2013)</i>                                                    |
| Require two triggers for the payment of most change in control benefits            |                                                                                                                         |

## ANNUAL COMPENSATION RISK REVIEW

Dominion's management, including Dominion's Chief Risk Officer and other executives, annually reviews the overall structure of the company's executive compensation program and policies to ensure that they are consistent with effective management of enterprise key risks and that they do not encourage executives to take unnecessary or excessive risks that could threaten the value of the enterprise. With respect to the programs and policies that apply to our NEOs, this review includes analysis of:

How different elements of our compensation programs may increase or mitigate risk-taking;

Performance metrics used for short- and long-term incentive programs and the relation of such incentives to the objectives of the company;

Whether the performance measurement periods for short- and long-term incentive compensation are appropriate; and

The overall structure of compensation programs as related to business risks. Among the factors considered in management's assessment are: (i) the balance of our overall program design, including the mix of cash and equity compensation; (ii) the mix of fixed and variable compensation; (iii) the balance of short-term and long-term objectives of our incentive compensation; (iv) the performance metrics, performance targets, threshold performance requirements and capped payouts related to our incentive compensation; (v) our

clawback provision on incentive compensation; (vi) our share ownership guidelines, including share ownership levels, retention practices and prohibitions on hedging, pledging and other derivative transactions related to Dominion stock; (vii) the CGN Committee's ability to exercise negative discretion to reduce the amount of the annual and long-term incentive awards; and (viii) internal controls and oversight structures in place at Dominion.

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Based on management's review, the CGN Committee believes the company's well-balanced mix of salary and short-term and long-term incentives, as well as the performance metrics that are included in the incentive programs, are appropriate and consistent with the company's risk management practices and overall strategies.

**SHARE OWNERSHIP GUIDELINES**

We require officers to own and retain significant amounts of Dominion stock to align their interests with those of our shareholders by promoting a long-term focus through share ownership. The guidelines ensure that management maintains a personal stake in the company through significant equity investment in the company. Targeted ownership levels are the lesser of the following value or number of shares:

| Position                                                                          | Value / # of Shares  |
|-----------------------------------------------------------------------------------|----------------------|
| Chairman, President & Chief Executive Officer                                     | 8 X salary / 145,000 |
| Executive Vice President – Dominion                                               | 5 X salary / 35,000  |
| Senior Vice President – Dominion & Subsidiaries/President – Dominion Subsidiaries | 4 X salary / 20,000  |
| Vice President – Dominion & Subsidiaries                                          | 3 X salary / 10,000  |

The levels of ownership reflect the increasing level of responsibility for that officer's position. Shares owned by an officer and his or her immediate family members as well as shares held under company benefit plans count toward the ownership targets. Restricted stock, goal-based stock and shares underlying stock options do not count toward the ownership targets until the shares vest or the options are exercised.

Until an officer meets his or her ownership target, an officer must retain all after-tax shares from the vesting of restricted stock and goal-based stock awards. We refer to shares held by an officer that are more than 15% above his or her ownership target as qualifying excess shares. An officer may sell, gift or transfer qualifying excess shares at any time, subject to insider trading rules and other policy provisions as long as the sale, gift or transfer does not cause an executive to fall below his or her ownership target.

At least annually, the CGN Committee reviews the share ownership guidelines and monitors compliance by executive officers, both individually and by the officer group as a whole. As of January 1, 2017, each NEO exceeded his share ownership target as shown below:

| Name                 | Shares Owned and Counted Toward Target <sup>(1)</sup> | Share Ownership Target <sup>(2)</sup> |
|----------------------|-------------------------------------------------------|---------------------------------------|
| Thomas F. Farrell II | 756,037 <sup>(3)</sup>                                | 145,000                               |
| Mark F. McGettrick   | 249,492                                               | 35,000                                |
| David A. Christian   | 101,345                                               | 35,000                                |
| Paul D. Koonce       | 131,728                                               | 35,000                                |
| David A. Heacock     | 24,179                                                | 20,000                                |

(1) Does not include shares of unvested restricted stock that are not counted toward ownership targets

(2) Share ownership target is the lesser of salary multiple or number of shares

(3)

Mr. Farrell's total beneficial share ownership as of January 1 was 821,491, which includes 65,454 shares held by the Farrell family foundation. Mr. Farrell maintains voting and investment control over shares held by the Foundation.

#### **ANTI-HEDGING POLICY**

We prohibit our employees and directors from engaging in certain types of transactions that are designed to protect, or may result in protection, against potential decreases in the value of Dominion stock that they own, including owning derivative securities, hedging transactions, using margin accounts and pledging shares as collateral.

#### **RECOVERY OF INCENTIVE COMPENSATION**

Dominion's Corporate Governance Guidelines authorize the Board to seek recovery of cash and equity performance-based compensation paid to officers who are found to be personally responsible for fraud or intentional misconduct that causes a restatement of financial results filed with the SEC. Our AIP and long-term incentive performance grant documents include a broader clawback provision that authorizes the CGN Committee, in its discretion and based on facts and circumstances, to recoup AIP and performance grant payouts from any employee whose fraudulent or intentional misconduct (i) directly causes or partially causes the need for a restatement of a financial statement or (ii) relates to or materially affects the company's operations or the employee's duties at the company. The company reserves the right to recover a payout by seeking repayment from the employee, by reducing the amount that would otherwise be payable to the employee under another company benefit plan or compensation program to the extent permitted by applicable law, by withholding future incentive compensation, or any combination of these actions. The

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clawback provision is in addition to, and not in lieu of, other actions the company may take to remedy or discipline misconduct, including termination of employment or a legal action for breach of fiduciary duty, and any actions imposed by law enforcement agencies.

We are also monitoring developments regarding the SEC's proposed compensation recovery rules under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Currently, we include provisions in our long-term incentive program performance grants and restricted stock grants that subject those awards to any additional or revised clawback guidelines that Dominion may adopt in the future in response to the Dodd-Frank rules.

## **TAX DEDUCTIBILITY OF COMPENSATION**

Section 162(m) of the Code generally disallows a deduction by publicly held corporations for compensation in excess of \$1 million paid to the CEO and the next three most highly compensated officers other than the CFO. If certain requirements are met, performance-based compensation qualifies for an exemption from the Code Section 162(m) deduction limit. We generally seek to provide competitive executive compensation while maximizing Dominion's tax deduction. While the CGN Committee considers Code Section 162(m) tax implications when designing annual and long-term incentive compensation programs and approving payouts under such programs, it reserves the right to approve, and in some cases has approved, non-deductible compensation when it feels that corporate objectives justify the cost of being unable to deduct such compensation.

## **ACCOUNTING FOR STOCK-BASED COMPENSATION**

We measure and recognize compensation expense in accordance with the Financial Accounting Standards Board (FASB) guidance for stock-based payments, which requires that compensation expense relating to stock-based payment transactions be recognized in the financial statements based on the fair value of the equity or liability instruments issued. The CGN Committee considers the accounting treatment of equity and performance-based compensation when approving awards.

## **SAY ON PAY AND SHAREHOLDER FEEDBACK**

Our shareholders voted on an advisory basis on our executive compensation program (also known as Say on Pay) and approved it with a 96% vote at the 2016 Annual Meeting of Shareholders, which followed an approval by an 86% vote in 2015. After considering feedback received from shareholders and business drivers, the CGN Committee retained the overall structure of our compensation program in 2016 but determined to increase the length of the performance grant's performance period from two to three years, beginning with our 2017 long-term incentive program.

Unless the Board modifies its policy on the frequency of future Say on Pay advisory votes, shareholders will have an annual opportunity to cast an advisory vote to approve our executive compensation program. At the 2017 Annual Meeting, we are asking shareholders, on an advisory basis, to vote on the frequency of the Say on Pay vote and we are recommending a vote for a frequency of one year.

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### EXECUTIVE COMPENSATION

#### Summary Compensation Table An Overview

The Summary Compensation Table provides information in accordance with SEC requirements regarding compensation earned by our NEOs, stock awards made to our NEOs, as well as amounts accrued or accumulated during years reported with respect to retirement plans and other items. The NEOs include our CEO, our CFO and our three most highly compensated executive officers other than our CEO and CFO.

The following highlights some of the disclosures contained in this table.

**Salary.** The amounts in this column are the base salaries earned by the NEOs for the years indicated.

**Stock Awards.** The amounts in this column reflect the grant date fair value of the stock awards for accounting purposes for the respective year. Stock awards are reported in the year in which the awards are granted regardless of when or if the awards vest.

**Non-Equity Incentive Plan Compensation.** This column includes amounts earned under two performance-based programs: the AIP and cash-based performance grant awards under our long-term incentive program. These performance programs are based on performance criteria established by the CGN Committee at the beginning of the performance period, with actual performance scored against the pre-set criteria by the CGN Committee at the end of the performance period.

**Change in Pension Value and Nonqualified Deferred Compensation Earnings.** This column shows any year-over-year increases in the annual accrual of pension and supplemental retirement benefits for our NEOs. These are accruals for future benefits under the terms of our retirement plans and are not actual payments made during the year to our NEOs. The amounts disclosed reflect the annual change in the actuarial present value of benefits under defined benefit plans sponsored by the company, which include the company's tax-qualified pension plan and the nonqualified plans described in the narrative following the *Pension Benefits* table. The annual change equals the difference in the accumulated amount for the current fiscal year and the accumulated amount for the prior fiscal year, generally using the same actuarial assumptions used for the company's audited financial statements for the applicable fiscal year. Accrued benefit calculations are based on assumptions that the NEOs would retire at the earliest age at which they are projected to become eligible for full, unreduced pension benefits (including the effect of future service for eligibility purposes), instead of their unreduced retirement age based on current years of service. The application of these assumptions results in a greater increase in the accumulated amount of pension benefits for certain NEOs than would result without the application of these assumptions. This method of calculation does not increase actual benefits payable at retirement but only how much of that benefit is allocated to the increase during the years presented in the Summary Compensation Table. Please refer to the footnotes to the *Pension Benefits* table and the narrative following that table for additional information related to actuarial assumptions used to calculate pension benefits.

**All Other Compensation.** The amounts in this column disclose compensation that is not classified as compensation reportable in another column, including perquisites and benefits with an aggregate value of at least \$10,000, the value of company-paid life insurance premiums, company matching contributions to an NEO's 401(k) plan account, and company matching contributions paid directly to the NEO that would be credited to the 401(k) plan account if Code contribution limits did not apply.

**Total.** The number in this column provides a single figure that represents the total compensation either earned by each NEO for the years indicated or accrued benefits payable in later years and required to be disclosed by SEC rules in this table. It does not reflect actual compensation paid to the NEO during the year, but is the sum of the dollar values of each type of compensation quantified in the other columns in accordance with SEC rules.

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The following table presents information concerning compensation paid or earned by our NEOs for the years ended December 31, 2016, 2015 and 2014 as well as the grant date fair value of stock awards and changes in pension value.

| Name and Principal Position                               | Year        | Salary <sup>(1)</sup> | Stock Awards <sup>(2)</sup> | Change in Pension Value                               |                                                   |                                       | Total                |
|-----------------------------------------------------------|-------------|-----------------------|-----------------------------|-------------------------------------------------------|---------------------------------------------------|---------------------------------------|----------------------|
|                                                           |             |                       |                             | Non-Equity Incentive Plan Compensation <sup>(3)</sup> | and Nonqualified Deferred Earnings <sup>(4)</sup> | All Other Compensation <sup>(5)</sup> |                      |
| <b>Thomas F. Farrell II</b><br>Chairman, President and    | <b>2016</b> | <b>\$ 1,502,372</b>   | <b>\$ 5,117,547</b>         | <b>\$ 5,282,476</b>                                   | <b>\$ 1,192,221</b>                               | <b>\$ 191,238</b>                     | <b>\$ 13,285,854</b> |
|                                                           | 2015        | 1,458,614             | 4,450,009                   | 3,571,032                                             |                                                   | 180,774                               | 9,660,429            |
| Chief Executive Officer                                   | 2014        | 1,411,744             | 5,700,063                   | 10,038,797                                            | 3,286,303                                         | 176,038                               | 20,612,945           |
| <b>Mark F. McGettrick</b><br>Executive Vice President and | <b>2016</b> | <b>850,055</b>        | <b>1,344,125</b>            | <b>1,745,958</b>                                      | <b>924,015</b>                                    | <b>106,418</b>                        | <b>4,970,571</b>     |
|                                                           | 2015        | 816,756               | 1,168,805                   | 1,057,620                                             | 21,198                                            | 99,197                                | 3,163,576            |
| Chief Financial Officer                                   | 2014        | 747,945               | 1,870,057                   | 3,125,492                                             | 1,046,263                                         | 94,250                                | 6,884,007            |
| <b>David A. Christian</b><br>Executive Vice President and | <b>2016</b> | <b>680,138</b>        | <b>838,111</b>              | <b>1,171,147</b>                                      | <b>601,990</b>                                    | <b>121,603</b>                        | <b>3,412,989</b>     |
|                                                           | 2015        | 660,328               | 728,763                     | 675,475                                               |                                                   | 108,104                               | 2,172,670            |
| CEO Energy Infrastructure Group*                          | 2014        | 641,096               | 1,166,118                   | 1,705,015                                             | 760,722                                           | 103,823                               | 4,376,774            |
| <b>Paul D. Koonce</b><br>Executive Vice President and     | <b>2016</b> | <b>680,138</b>        | <b>838,111</b>              | <b>1,160,874</b>                                      | <b>898,989</b>                                    | <b>86,375</b>                         | <b>3,664,487</b>     |
|                                                           | 2015        | 660,328               | 728,763                     | 675,475                                               |                                                   | 75,981                                | 2,140,547            |
| CEO Dominion Generation Group                             | 2014        | 635,630               | 1,166,118                   | 1,705,769                                             | 1,915,575                                         | 61,568                                | 5,484,660            |
| <b>David A. Heacock</b><br>President and                  | <b>2016</b> | <b>528,098</b>        | <b>350,070</b>              | <b>616,234</b>                                        | <b>1,048,215</b>                                  | <b>62,765</b>                         | <b>2,605,382</b>     |
|                                                           | 2015        | 512,716               | 350,003                     | 338,820                                               | 359,707                                           | 58,166                                | 1,619,412            |
| Chief Nuclear Officer Dominion Nuclear*                   | 2014        | 492,632               | 350,008                     | 797,640                                               | 1,216,185                                         | 48,459                                | 2,904,924            |

\* Effective January 1, 2017, Mr. Christian began serving as Executive Vice President and Chief Innovation Officer. Mr. Heacock retired effective March 1, 2017.

(1) Effective March 1, 2016, all NEOs received a 3% base salary increase.

(2) The amounts in this column reflect the grant date fair value of stock awards for the respective year grant in accordance with FASB guidance for share-based payments. Dominion did not grant any stock options in 2016. See also Note 19 to the Consolidated Financial Statements in Dominion's 2016 Annual Report on Form 10-K for more information on the valuation of stock-based awards, the *Grants of Plan-Based Awards* table for stock awards granted in 2016, and the *Outstanding Equity Awards at Fiscal Year-End* table for a listing of all outstanding equity awards as of December 31, 2016.

(3) The 2016 amounts in this column include the payout under Dominion's 2016 AIP and 2015 Performance Grant Awards. All of the NEOs received 100% funding of their 2016 AIP target awards, although the CGN Committee exercised its discretion to reduce Messrs. Koonce's and Heacock's 2016 AIP awards to 98.33% and 94% respectively, due to missed safety goals. The 2016 AIP payout amounts were as follows: Mr. Farrell: \$1,887,126; Mr. McGettrick: \$854,202; Mr. Christian: \$615,111; Mr. Koonce: \$604,838; and Mr. Heacock: \$349,184. See CD&A for additional information on the 2016 AIP and the *Grants of Plan-Based Awards* table for the range of each NEO's potential award under the 2016 AIP. The 2015 Performance Grant Award was issued on February 1, 2015 and the payout amount was determined based on achievement of performance goals for the performance period ended December 31, 2016. Payouts can range from 0% to 200%. The actual payout was 76.3% of the target amount. The 2015 Performance Grant payout amounts were as follows: Mr. Farrell: \$3,395,350; Mr. McGettrick: \$891,756; Mr. Christian: \$556,036; Mr. Koonce: \$556,036; and Mr. Heacock: \$267,050. See *2015 Performance Grant Payout* in the CD&A for additional information on the 2015 Performance Grants. The 2015 amounts reflect both the 2015 AIP and the 2014 Performance Grant payouts, and the 2014 amounts reflect both the 2014 AIP and 2013 Performance Grant payouts.

(4) All amounts in this column are for the aggregate change in the actuarial present value of the NEO's accumulated benefit under our qualified Pension Plan and nonqualified executive retirement plans. There are no above-market earnings on nonqualified deferred compensation plans. These accruals are not directly in relation to final payout potential, and can vary significantly year over year based on (i) promotions and corresponding changes in salary; (ii) other one-time adjustments to salary or incentive target for market or other reasons; (iii) actual age versus predicted age at retirement; (iv) discount rate used to determine present value of benefit; and (v) other relevant factors. Reductions in the actuarial present value of an NEO's accumulated pension benefits are reported as \$0.

A change in the discount rate can be a significant factor in the change reported in this column. A decrease in the discount rate results in an increase in the present value of the accumulated benefit without any increase in the benefits payable to the NEO at retirement and an increase in the discount rate has the opposite effect. The discount rate used in determining the present value of the accumulated benefit decreased from 4.96% used as of December 31, 2015 to a discount rate of 4.46% used as of December 31, 2016. The increase in present value attributed solely to the change in discount rate was as follows: Mr. Farrell: \$952,884; Mr. McGettrick: \$604,102; Mr. Christian: \$413,015; Mr. Koonce: \$387,706; and Mr. Heacock: \$272,505.

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(5) *All Other Compensation* amounts for 2016 are as follows:

| Name                 | Executive Perquisites <sup>(a)</sup> | Life Insurance Premiums | Employee 401(k)           |                                               | Total All Other Compensation |
|----------------------|--------------------------------------|-------------------------|---------------------------|-----------------------------------------------|------------------------------|
|                      |                                      |                         | Plan Match <sup>(b)</sup> | Company Match Above IRS Limits <sup>(c)</sup> |                              |
| Thomas F. Farrell II | \$ 101,693                           | \$ 29,448               | \$ 10,600                 | \$ 49,497                                     | \$ 191,238                   |
| Mark F. McGettrick   | 32,243                               | 40,172                  | 10,600                    | 23,403                                        | 106,418                      |
| David A. Christian   | 34,750                               | 59,646                  | 10,600                    | 16,607                                        | 121,603                      |
| Paul D. Koonce       | 28,681                               | 37,290                  | 7,950                     | 12,454                                        | 86,375                       |
| David A. Heacock     | 24,221                               | 17,421                  | 10,600                    | 10,523                                        | 62,765                       |

(a) Unless noted, the amounts in this column for all NEOs are comprised of the following: personal use of company vehicle and an allowance for financial planning and health and wellness. For Mr. Christian, the amount in this column includes \$25,250 for the personal use of company vehicle. For Messrs. Farrell and Koonce, the amounts in this column also include personal use of the corporate aircraft. The value of the personal use of the aircraft for Messrs. Farrell and Koonce during 2016 was \$85,770 and \$3,106 respectively. For personal flights, all direct operating costs are included in calculating aggregate incremental cost. Direct operating costs include the following: fuel, airport fees, catering, ground transportation and crew expenses (any food, lodging and other costs). The fixed costs of owning the aircraft and employing the crew are not taken into consideration, as more than 95% of the use of the corporate aircraft is for business purposes. The CGN Committee has directed Mr. Farrell to use corporate aircraft for all personal travel.

(b) Employees initially hired before 2008 who contribute to the 401(k) plan receive a matching contribution of 50 cents for each dollar contributed up to 6% of compensation (subject to IRS limits) for employees who have less than 20 years of service, and 67 cents for each dollar contributed up to 6% of compensation (subject to IRS limits) for employees who have 20 or more years of service.

(c) Represents each payment of lost 401(k) plan matching contribution due to IRS limits.

**Grants of Plan-Based Awards**

The following table provides information about stock awards and non-equity incentive awards granted to our NEOs during the year ended December 31, 2016.

| Name                                       | Grant Date <sup>(1)</sup> | Grant Approval Date <sup>(1)</sup> | Estimated Future Payouts Under Non-Equity Incentive Plan Awards |              | All Other Stock Awards Number of Shares or Units | Grant Date Fair Value of Stock and Options Award <sup>(1)(4)</sup> |
|--------------------------------------------|---------------------------|------------------------------------|-----------------------------------------------------------------|--------------|--------------------------------------------------|--------------------------------------------------------------------|
|                                            |                           |                                    | Threshold Target                                                | Maximum      |                                                  |                                                                    |
| Thomas F. Farrell II                       |                           |                                    |                                                                 |              |                                                  |                                                                    |
| 2016 Annual Incentive Plan <sup>(2)</sup>  |                           |                                    | \$                                                              | \$ 1,887,126 | \$ 3,774,252                                     |                                                                    |
| 2016 Cash Performance Grant <sup>(3)</sup> |                           |                                    |                                                                 | 5,117,500    | 10,235,000                                       |                                                                    |
| 2016 Restricted Stock Grant <sup>(4)</sup> | 2/3/2016                  | 1/21/2016                          |                                                                 |              | 73,181                                           | \$5,117,547                                                        |
| Mark F. McGettrick                         |                           |                                    |                                                                 |              |                                                  |                                                                    |
| 2016 Annual Incentive Plan <sup>(2)</sup>  |                           |                                    |                                                                 | 854,202      | 1,708,404                                        |                                                                    |

|                                            |          |           |           |           |         |
|--------------------------------------------|----------|-----------|-----------|-----------|---------|
| 2016 Cash Performance                      |          |           |           |           |         |
| Grant <sup>(3)</sup>                       |          |           | 1,344,063 | 2,688,126 |         |
| 2016 Restricted Stock Grant <sup>(4)</sup> | 2/3/2016 | 1/21/2016 |           |           | 19,221  |
| <b>David A. Christian</b>                  |          |           |           |           |         |
| 2016 Annual Incentive Plan <sup>(2)</sup>  |          |           | 615,111   | 1,230,222 |         |
| 2016 Cash Performance                      |          |           |           |           |         |
| Grant <sup>(3)</sup>                       |          |           | 838,063   | 1,676,126 |         |
| 2016 Restricted Stock Grant <sup>(4)</sup> | 2/3/2016 | 1/21/2016 |           |           | 11,985  |
| <b>Paul D. Koonce</b>                      |          |           |           |           |         |
| 2016 Annual Incentive Plan <sup>(2)</sup>  |          |           | 615,111   | 1,230,222 |         |
| 2016 Cash Performance                      |          |           |           |           |         |
| Grant <sup>(3)</sup>                       |          |           | 838,063   | 1,676,126 |         |
| 2016 Restricted Stock Grant <sup>(4)</sup> | 2/3/2016 | 1/21/2016 |           |           | 11,985  |
| <b>David A. Heacock</b>                    |          |           |           |           |         |
| 2016 Annual Incentive Plan <sup>(2)</sup>  |          |           | 371,472   | 742,944   |         |
| 2016 Cash Performance                      |          |           |           |           |         |
| Grant <sup>(3)</sup>                       |          |           | 350,000   | 700,000   |         |
| 2016 Restricted Stock Grant <sup>(4)</sup> | 2/3/2016 | 1/21/2016 |           |           | 5,006   |
|                                            |          |           |           |           | 350,070 |

(1) On January 21, 2016, the CGN Committee approved the 2016 long-term incentive compensation awards for our officers, which consisted of a restricted stock grant and a cash performance grant. The 2016 restricted stock award was granted on February 3, 2016. Under the 2014 Incentive Compensation Plan, fair market value is defined as the closing price of Dominion common stock on the date of grant or, if that day is not a trading day, on the most recent trading day immediately preceding the date of grant. The fair market value for the February 3, 2016 restricted stock grant was \$69.93 per share, which was Dominion's closing stock price on the grant date.

(2) Amounts represent the range of potential payouts under the 2016 AIP. Actual amounts paid under the 2016 AIP are found in the *Non-Equity Incentive Plan Compensation* column of the *Summary Compensation Table*. Under our AIP, officers are eligible for an annual performance-based award. The CGN Committee establishes target awards for each NEO based on his salary level and expressed as a percentage of the individual NEO's base salary. The target award is the amount of cash that will be paid if the plan is fully funded and payout goals are achieved. For the 2016 AIP, funding was based on the achievement of consolidated operating earnings goals with the maximum funding capped at 200%, as explained under the *Annual Incentive Plan* section of the CD&A.

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(3) Amounts represent the range of potential payouts under the 2016 performance grant of our long-term incentive program. Payouts can range from 0% to 200% of the target award. Awards will be paid by March 15, 2018 depending on the achievement of performance goals for the two-year period ending December 31, 2017. The amount earned will depend on the level of achievement of two performance metrics: TSR 50% and ROIC 50%. TSR measures Dominion's share performance

for the two-year period ended December 31, 2017 relative to the TSR of the companies that are listed as members of the Philadelphia Stock Exchange Utility Index as of the end of the performance period. ROIC goal achievement will be scored against 2016 and 2017 budget goals. See Exhibit 10.45 to Dominion's Form 10-K filed on February 26, 2016, for TSR and ROIC goals.

The performance grant is forfeited in its entirety if an officer voluntarily terminates employment or is terminated with cause before the vesting date. The grants have pro-rated vesting for retirement, termination without cause, death or disability. In the case of retirement, pro-rated vesting will not occur if the CEO (or, for the CEO, the CGN Committee) determines the officer's retirement is detrimental to the company. Payout for an officer who retires or whose employment is terminated without cause, is made following the end of the performance period so that the officer is rewarded only to the extent the performance goals are achieved. In the case of death or disability, payout is made as soon as possible to facilitate the administration of the officer's estate or financial planning. The payout amount will be the greater of the officer's target award or an amount based on the predicted performance used for compensation cost disclosure purposes in Dominion's financial statements.

In the event of a change in control, the performance grant is vested in its entirety and payout of the performance grant will occur as soon as administratively feasible following the change in control date at an amount that is the greater of an officer's target award or an amount based on the predicted performance used for compensation cost disclosure purposes in Dominion's financial statements.

(4) The 2016 restricted stock grant fully vests at the end of three years. The restricted stock grant is forfeited in its entirety if an officer voluntarily terminates employment or is terminated with cause before the vesting date. The restricted stock grant provides for prorated vesting if an officer retires, dies, becomes disabled, is terminated without cause, or if there is a change in control. In the case of retirement, prorated vesting will not occur if the CEO (or for the CEO, the CGN Committee) determines the officer's retirement is detrimental to the company. In the event of a change in control, prorated vesting is provided as of the change in control date, and full vesting if an officer's employment is terminated, or constructively terminated by the successor entity following the change in control date but before the scheduled vesting date. Dividends on the restricted shares are paid during the restricted period at the same rate declared by Dominion for all shareholders.

**Outstanding Equity Awards at Fiscal Year-End**

The following table summarizes equity awards made to NEOs that were outstanding as of December 31, 2016. There were no unexercised or unexercisable option awards outstanding for any of our NEOs as of December 31, 2016.

| Name                 | Stock Awards                                            |                                                                                   |
|----------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------|
|                      | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units of Stock that Have Not Vested <sup>(1)</sup> (\$) |
| Thomas F. Farrell II | 61,847 <sup>(2)</sup>                                   | \$4,736,862                                                                       |

|                    |                       |           |
|--------------------|-----------------------|-----------|
|                    | 57,875 <sup>(3)</sup> | 4,432,646 |
|                    | 73,181 <sup>(4)</sup> | 5,604,933 |
| Mark F. McGettrick | 17,211 <sup>(2)</sup> | 1,318,190 |
|                    | 15,201 <sup>(3)</sup> | 1,164,245 |
|                    | 19,221 <sup>(4)</sup> | 1,472,136 |
| David A. Christian | 10,732 <sup>(2)</sup> | 821,964   |
|                    | 9,478 <sup>(3)</sup>  | 725,920   |
|                    | 11,985 <sup>(4)</sup> | 917,931   |
| Paul D. Koonce     | 10,732 <sup>(2)</sup> | 821,964   |
|                    | 9,478 <sup>(3)</sup>  | 725,920   |
|                    | 11,985 <sup>(4)</sup> | 917,931   |
| David A. Heacock   | 5,154 <sup>(2)</sup>  | 394,745   |
|                    | 4,552 <sup>(3)</sup>  | 348,638   |
|                    | 5,006 <sup>(4)</sup>  | 383,410   |

(1) The market value is based on closing stock price of \$76.59 on December 30, 2016.

(2) Shares scheduled to vest on February 1, 2017.

(3) Shares scheduled to vest on February 1, 2018.

(4) Shares scheduled to vest on February 1, 2019.

**Table of Contents****Option Exercises and Stock Vested**

The following table provides information about the value realized by NEOs during the year ended December 31, 2016, on vested restricted stock awards. There were no option exercises by NEOs in 2016.

| Name                 | Stock Awards                         |                           |
|----------------------|--------------------------------------|---------------------------|
|                      | Number of Shares Acquired on Vesting | Value Realized on Vesting |
| Thomas F. Farrell II | 77,534                               | \$ 5,441,336              |
| Mark F. McGettrick   | 21,576                               | 1,514,204                 |
| David A. Christian   | 13,454                               | 944,202                   |
| Paul D. Koonce       | 13,454                               | 944,202                   |
| David A. Heacock     | 5,539                                | 388,727                   |

**Pension Benefits**

The following table shows the actuarial present value of accumulated benefits payable to our NEOs, together with the number of years of benefit service credited to each NEO, under the plans listed in the table. Values are computed as of December 31, 2016, using the same interest rate and mortality assumptions used in determining the aggregate pension obligations disclosed in the company's financial statements. The years of credited service and the present value of accumulated benefits were determined by our plan actuaries, using the appropriate accrued service, pay and other assumptions similar to those used for accounting and disclosure purposes. Please refer to *Actuarial Assumptions Used to Calculate Pension Benefits* for detailed information regarding these assumptions.

| Name                 | Plan Name                    | Number of Years Credited Service <sup>(1)</sup> | Present Value of Accumulated Benefit <sup>(2)</sup> |
|----------------------|------------------------------|-------------------------------------------------|-----------------------------------------------------|
| Thomas F. Farrell II | Pension Plan                 | 21.00                                           | \$ 1,528,456                                        |
|                      | Benefit Restoration Plan     | 30.00                                           | 12,966,351                                          |
|                      | Supplemental Retirement Plan | 30.00                                           | 13,666,855                                          |
| Mark F. McGettrick   | Pension Plan                 | 30.00                                           | 2,194,215                                           |
|                      | Benefit Restoration Plan     | 30.00                                           | 6,279,639                                           |
|                      | Supplemental Retirement Plan | 30.00                                           | 7,521,402                                           |
| David A. Christian   | Pension Plan                 | 30.00                                           | 2,331,881                                           |
|                      | Benefit Restoration Plan     | 30.00                                           | 3,973,253                                           |
|                      | Supplemental Retirement Plan | 30.00                                           | 5,053,696                                           |
| Paul D. Koonce       | Pension Plan                 | 18.00                                           | 1,170,596                                           |
|                      | Benefit Restoration Plan     | 18.00                                           | 1,917,223                                           |
|                      | Supplemental Retirement Plan | 18.00                                           | 6,043,825                                           |
| David A. Heacock     | Pension Plan                 | 29.50                                           | 2,314,664                                           |
|                      | Benefit Restoration Plan     | 29.50                                           | 2,367,993                                           |
|                      | Supplemental Retirement Plan | 29.50                                           | 2,007,883                                           |

(1) Years of credited service shown in this column for the Pension Plan are actual years accrued by an NEO from his date of participation to December 31, 2016. Service for the Benefit Restoration Plan and the Supplemental Retirement Plan is the NEO's actual credited service as of December 31, 2016 plus any potential total credited service to the plan maximum, including any extra years of credited service granted to Messrs. Farrell and McGettrick by the CGN

Committee for the purpose of calculating benefits under these plans. Please refer to the narrative below and under *Dominion Retirement Benefit Restoration Plan*, *Dominion Executive Supplemental Retirement Plan* and *Potential Payments Upon Termination or Change In Control* for information about the requirements for receiving extra years of credited service and the amount credited, if any, for each NEO.

(2) The amounts in this column are based on actuarial assumptions that all of the NEOs would retire at the earliest age they become eligible for unreduced benefits, which is (i) age 60 for Messrs. Farrell, Koonce, Christian and Heacock, and (ii) age 55 for Mr. McGettrick (when he would be treated as age 60 based on his five additional years of credited age). In addition, for purposes of calculating the Benefit Restoration Plan benefits for Messrs. Farrell and McGettrick, the amounts reflect additional credited years of service granted to them pursuant to their agreements with the company (see *Dominion Retirement Benefit Restoration Plan*). If the amounts in this column did not include the additional years of credited service, the present value of the Benefit Restoration Plan benefit would be \$4,866,942 lower for Mr. Farrell and \$1,066,911 lower for Mr. McGettrick. Pension Plan and Supplemental Retirement Plan benefits amounts are not augmented by the additional service credit assumptions.

## **DOMINION PENSION PLAN**

The Dominion Pension Plan is a tax-qualified defined benefit pension plan. All of the NEOs were hired before 2008 and therefore participate in the final average earnings formula of the Pension Plan. A cash balance formula applies to non-union employees hired on or after January 1, 2008.

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The final average earnings formula of the Pension Plan provides unreduced retirement benefits at termination of employment at or after age 65 or, with three years of service, at age 60. A participant who has attained age 55 with three years of service may elect early retirement benefits at a reduced amount. If a participant retires between ages 55 and 60, the benefit is reduced 0.25% per month for each month after age 58 and before age 60, and reduced 0.50% per month for each month between ages 55 and 58. All of the NEOs have more than three years of service.

The basic pension benefit is calculated using a formula based on (i) age at retirement; (ii) final average earnings; (iii) estimated Social Security benefits; and (iv) credited service. Final average earnings are the average of the participant's 60 highest consecutive months of base pay during the last 120 months worked. Final average earnings do not include compensation payable under the AIP, the value of equity awards, gains from the exercise of stock options, long-term cash incentive awards, perquisites, or any other form of compensation other than base pay.

Credited service is measured in months, up to a maximum of 30 years of credited service. The estimated Social Security benefit taken into account is the assumed Social Security benefit payable starting at age 65 or actual retirement date, if later, assuming that the participant has no further employment after leaving Dominion. These factors are then applied in a formula.

The formula has different percentages for credited service through December 31, 2000, and on and after January 1, 2001. The benefit is the sum of the amounts from the following two formulas.

| For Credited Service Through December 31, 2000                                                                                                                             |             |                                                                      | For Credited Service On or After January 1, 2001                     |             |                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------|----------------------------------------------------------------------|-------------|---------------------------------------------------------------------|
| Final Average Earnings times Credited Service before 2001                                                                                                                  | 2.00% times | estimated Social Security benefit times Credited Service before 2001 | 1.80% times Final Average Earnings times Credited Service after 2000 | 1.50% times | estimated Social Security benefit times Credited Service after 2000 |
|                                                                                                                                                                            | Minus       |                                                                      |                                                                      | Minus       |                                                                     |
| Credited service is limited to a total of 30 years for all parts of the formula and credited service after 2000 is limited to 30 years minus credited service before 2001. |             |                                                                      |                                                                      |             |                                                                     |

Benefit payment options are (i) a single life annuity or (ii) a choice of a 50%, 75% or 100% joint and survivor annuity. A Social Security leveling option is available with any of the benefit forms. The normal form of benefit is a single life annuity for unmarried participants and a 50% joint and survivor annuity for married participants. All of the payment options are actuarially equivalent in value to the single life annuity. The Social Security leveling option pays a larger benefit equal to the estimated Social Security benefit until the participant is age 62 and then reduced payments after age 62.

Participants in the final average earnings formula also receive a special retirement account, which is in addition to the basic pension benefit. The special retirement account is credited with 2% of base pay each month as well as interest based on the 30-year Treasury bond rate set annually (2.95% in 2016). The special retirement account can be paid in a lump sum or paid in the form of an annuity benefit.

A participant becomes vested in his or her benefit after completing three years of service. A vested participant who terminates employment before age 55 can start receiving benefit payments calculated using terminated vested reduction factors at any time after attaining age 55. If payments begin before age 65, then the following reduction

factors for the portion of the benefits earned after 2000 apply: age 64 9%; age 63 16%; age 62 23%; age 61 30%; age 60 35%; age 59 40%; age 58 44%; age 57 48%; age 56 52%; and age 55 55%.

The Code limits the amount of compensation that may be included in determining pension benefits under qualified pension plans. For 2016, the compensation limit was \$265,000. The Code also limits the total annual benefit that may be provided to a participant under a qualified defined benefit plan. For 2016, this limitation was the lesser of (i) \$210,000 or (ii) the average of the participant's compensation during the three consecutive years in which the participant had the highest aggregate compensation.

#### **DOMINION RETIREMENT BENEFIT RESTORATION PLAN**

The BRP is a nonqualified defined benefit pension plan designed to make up for benefit reductions under the Dominion Pension Plan due to the limits imposed by the Code.

A Dominion employee is eligible to participate in the BRP if (i) he or she is a member of management or a highly compensated employee, (ii) his or her Dominion Pension Plan benefit is or has been limited by the Code compensation or benefit limits, and (iii) he or she has been designated as a participant by the CGN Committee. A participant remains a participant until he or she ceases to be eligible for any reason other than retirement or until his or her status as a participant is revoked by the CGN Committee.

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Upon retirement, a participant's BRP benefit is calculated using the same formula (except that the IRS salary limit is not applied) used to determine the participant's default annuity form of benefit under the Dominion Pension Plan (single life annuity for unmarried participants and 50% joint and survivor annuity for married participants), and then subtracting the benefit the participant is entitled to receive under the Dominion Pension Plan. To accommodate the enactment of Section 409A of the Code, the portion of a participant's BRP benefit that had accrued as of December 31, 2004, is frozen, but the calculation of the overall restoration benefit is not changed.

Participants have elected to receive the portion of the restoration benefit that accrued before 2005 as a single lump sum cash payment or in the same annuity form elected by the participant under the Dominion Pension Plan. For the portion of the benefit that accrued in 2005 or later, benefits must be paid in a lump sum. The lump sum calculation includes an amount approximately equivalent to the amount of taxes the participant will owe on the lump sum payment so that the participant will have sufficient funds, on an after-tax basis, to purchase an annuity contract.

A participant who terminates employment before he or she is eligible for benefits under the Pension Plan generally is not entitled to a restoration benefit. Messrs. Farrell and McGettrick have been granted age and service credits for purposes of calculating their BRP benefits. Per his letter agreement, Mr. Farrell was granted 30 years of service when he reached age 60. Mr. McGettrick, having attained age 50, has earned benefits calculated based on five additional years of age and service. For each of these NEOs, the additional years of service count toward determining both the amount of benefits and the eligibility to receive them. For additional information regarding service credits, see *Dominion Executive Supplemental Retirement Plan*.

If a vested participant dies when he or she is retirement eligible (on or after age 55), the participant's beneficiary will receive the restoration benefit in a single lump sum payment. If a participant dies while employed but before he or she has attained age 55 and the participant is married at the time of death, the participant's spouse will receive a restoration benefit calculated in the same way (except that the IRS salary limit is not applied) as the 50% qualified pre-retirement survivor annuity payable under the Pension Plan and paid in a lump sum payment.

## **DOMINION EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN**

The Dominion ESRP is a nonqualified defined benefit plan that provides for an annual retirement benefit equal to 25% of a participant's final cash compensation (base salary plus target annual incentive award) payable for a period of 10 years or, for certain participants designated by the CGN Committee, for the participant's lifetime. To accommodate the enactment of Section 409A of the Code, the portion of a participant's ESRP benefit that had accrued as of December 31, 2004, is frozen, but the calculation of the overall benefit is not changed. Effective July 1, 2013, the ESRP was closed to any new participants.

Before the plan was closed, a Dominion employee became eligible to participate in the ESRP if (i) he or she was a member of management or a highly compensated employee, and (ii) he or she had been designated as a participant by the CGN Committee. A participant remains a participant until he or she ceases to be eligible for any reason other than retirement or until his or her status as a participant is revoked by the CGN Committee.

A participant is entitled to the full ESRP benefit if he or she separates from service with Dominion after reaching age 55 and achieving 60 months of service. A participant who separates from service with Dominion with at least 60 months of service but who has not yet reached age 55 is entitled to a reduced, prorated retirement benefit. A participant who separates from service with Dominion with fewer than 60 months of service is generally not entitled to an ESRP benefit unless the participant separated from service on account of disability or death.

Under the ESRP, a participant has elected to receive the portion of his or her benefit that had accrued as of December 31, 2004, in a lump sum or in monthly installments. Any portion of the ESRP benefit that accrued after December 31, 2004, must be paid in the form of a single lump sum cash payment. The lump sum calculation includes an amount approximately equivalent to the amount of taxes the participant will owe on the lump sum payment so that the participant will have sufficient funds, on an after-tax basis, to purchase a 10-year or lifetime annuity contract.

All of the NEOs are currently entitled to a full ESRP retirement benefit. Based on the terms of their individual letter agreements, Messrs. Farrell, McGettrick, Christian and Koonce will receive an ESRP benefit calculated as a lifetime benefit. Mr. McGettrick has earned five years of additional age and service credit for purposes of computing his retirement benefits under the ESRP, as he has met the requirement of remaining employed until he attained age 50.

#### **Actuarial Assumptions Used to Calculate Pension Benefits**

Actuarial assumptions used to calculate Pension Plan benefits are prescribed by the terms of the Pension Plan based on the Code and Pension Benefit Guaranty Corporation (PBGC) requirements. The present value of the accumulated benefit is calculated using

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actuarial and other factors as determined by the plan actuaries and approved by Dominion. Actuarial assumptions used for the December 31, 2016, benefit calculations shown in the *Pension Benefits* table include a discount rate of 4.46% to determine the present value of the future benefit obligations for the Pension Plan, BRP and ESRP and a lump sum interest rate of 3.71% to estimate the lump sum values of BRP and ESRP benefits. Each NEO is assumed to retire at the earliest age at which he is projected to become eligible for full, unreduced pension benefits. For purposes of estimating future eligibility for unreduced Pension Plan and ESRP benefits, the effect of future service is considered. Each NEO is assumed to commence Pension Plan payments at the same age as BRP payments. The longevity assumption used to determine the present value of benefits is the same assumption used for financial reporting of the Pension Plan liabilities, with no assumed mortality before retirement age. Mortality rates are developed from actual and projected plan experience for postretirement benefit plans. Dominion's actuaries conduct an experience study periodically as part of the process to select a best estimate of mortality. Dominion considers both standard mortality tables and improvement factors as well as the plans' actual experience when selecting a best estimate. During 2016, Dominion conducted a new experience study as scheduled and, as a result, updated its mortality assumptions. For BRP and ESRP benefits, other actuarial assumptions include an assumed tax rate of 42%. BRP and ESRP benefits are assumed to be paid as lump sums; Pension Plan benefits are assumed to be paid as annuities.

The discount rate for calculating lump sum BRP and ESRP payments at the time an officer terminates employment is selected by Dominion's Administrative Benefits Committee and adjusted periodically. For 2016, a 3.16% discount rate was used to determine the lump sum payout amounts. This discount rate was selected based on a rolling average of the blended rate published by the PBGC in October of the previous five years.

**Nonqualified Deferred Compensation**

| Name                 | Aggregate Earnings  | Aggregate                 | Aggregate Balance  |
|----------------------|---------------------|---------------------------|--------------------|
|                      | in Last FY          | Withdrawals/Distributions | at Last FYE        |
|                      | (as of 12/31/2016)* | (as of 12/31/2016)        | (as of 12/31/2016) |
| Thomas F. Farrell II | \$                  | \$                        | \$                 |
| Mark F. McGettrick   |                     |                           |                    |
| David A. Christian   | 374                 |                           | 30,633             |
| Paul D. Koonce       | 224,415             |                           | 2,036,129          |
| David A. Heacock     |                     |                           |                    |

\*No preferential earnings are paid and therefore no earnings from these plans are included in the *Summary Compensation Table*.

At this time, Dominion does not offer any nonqualified elective deferred compensation plans to its officers or other employees. The *Nonqualified Deferred Compensation* table reflects, in aggregate, the plan balances for two former plans offered to Dominion officers and other highly compensated employees: Dominion Resources, Inc. Executives Deferred Compensation Plan (Frozen Deferred Compensation Plan) and Dominion Resources, Inc. Security Option Plan (Frozen DSOP), which were frozen as of December 31, 2004. Although the Frozen DSOP was an option plan rather than a deferred compensation plan, we are including information regarding the plan and any balances in this table to make full disclosure about possible future payments to officers under our employee benefit plans.

**FROZEN DEFERRED COMPENSATION PLAN**

The Frozen Deferred Compensation Plan includes amounts previously deferred from one of the following categories of compensation: (i) salary; (ii) bonus; (iii) vested restricted stock; and (iv) gains from stock option exercises. The plan also provided for company contributions of lost company 401(k) plan match contributions and transfers from several Consolidated Natural Gas Company deferred compensation plans. The Frozen Deferred Compensation Plan offers 29 investment funds for the plan balances, including a Dominion Resources Stock Fund. Participants may change investment elections on any business day. Any vested restricted stock and gains from stock option exercises that were deferred were automatically allocated to the Dominion Resources Stock Fund and this allocation cannot be changed. Earnings are calculated based on the performance of the underlying investment fund. The following funds had rates of returns for 2016 as follows: Dominion Resources Stock Fund, 17.7%; and Dominion Fixed Rate Fund, 2.71%.

The Dominion Fixed Rate Fund is an investment option that provides a fixed rate of return each year based on a formula that is tied to the adjusted federal long-term rate published by the IRS in November prior to the beginning of the year. Dominion's Asset Management Committee determines the rate based on its estimate of the rate of return on Dominion assets in the trust for the Frozen Deferred Compensation Plan.

The default benefit commencement date is February 28 after the year in which the participant retires, but the participant may select a different benefit commencement date in accordance with the plan. Participants may change their benefit commencement date election; however, a new election must be made at least six months before an existing benefit commencement date. Withdrawals less than six months prior to an existing benefit commencement date are subject to a 10% early withdrawal penalty. Account

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balances must be fully paid out no later than the February 28 that is 10 calendar years after a participant retires or becomes disabled. If a participant retires from the company, he or she may continue to defer an account balance provided that the total balance is distributed by this deadline. In the event of termination of employment for reasons other than death, disability or retirement before an elected benefit commencement date, benefit payments will be distributed in a lump sum as soon as administratively practicable. Hardship distributions, prior to an elected benefit commencement date, are available under certain limited circumstances.

Participants may elect to have their benefit paid in a lump sum payment or equal annual installments over a period of whole years from one to 10 years. Participants have the ability to change their distribution schedule for benefits under the plan by giving six months' notice to the plan administrator. Once a participant begins receiving annual installment payments, the participant can make a one-time election to either (i) receive the remaining account balance in the form of a lump sum distribution or (ii) change the remaining installment payment period. Any election must be approved by the company before it is effective. All distributions are made in cash with the exception of the Deferred Restricted Stock Account and the Deferred Stock Option Account, which are distributed in the form of Dominion common stock.

## **FROZEN DSOP**

The Frozen DSOP enabled employees to defer all or a portion of their salary and bonus and receive options on various mutual funds. Participants also received lost company match contributions to the 401(k) Plan in the form of options under this plan. DSOP options can be exercised at any time before their expiration date. On exercise, the participant receives the excess of the value, if any, of the underlying mutual funds over the strike price. The participant can currently choose among options on 27 mutual funds, and there is not a Dominion stock alternative or a fixed income fund. Participants may change options among the mutual funds on any business day. Benefits grow/decline based on the total return of the mutual funds selected. Any options that expire do not have any value. Options expire under the following terms:

Options expire on the last day of the 120<sup>th</sup> month after retirement or disability;

Options expire on the last day of the 24<sup>th</sup> month after the participant's death (while employed);

Options expire on the last day of the 12<sup>th</sup> month after the participant's severance;

Options expire on the 90<sup>th</sup> day after termination with cause; and

Options expire on the last day of the 120<sup>th</sup> month after severance following a change in control.

The NEO that participates in the Frozen DSOP held options on the publicly available mutual fund, Vanguard Short-Term Bond Index, which had a rate of return for 2016 of 1.41%.

## **Potential Payments Upon Termination or Change In Control**

Under certain circumstances, the company provides benefits to eligible employees upon termination of employment, including a termination of employment involving a change in control of the company, that are in addition to

termination benefits for other employees in the same situation.

## **CHANGE IN CONTROL**

As discussed in the *Employee and Executive Benefits* section of the CD&A, Dominion has entered into an Employment Continuity Agreement with each of its officers, including the NEOs. Each agreement has a three-year term and is automatically extended annually for an additional year, unless cancelled by Dominion.

The Employment Continuity Agreements require two triggers for the payment of most benefits:

There must be a change in control; and

The executive must either be terminated without cause, or terminate his or her employment with the surviving company after a constructive termination. Constructive termination means the executive's salary, incentive compensation or job responsibility is reduced after a change in control or the executive's work location is relocated more than 50 miles without his or her consent.

For purposes of the Employment Continuity Agreements, a change in control will occur if (i) any person or group becomes a beneficial owner of 20% or more of the combined voting power of Dominion voting stock or (ii) as a direct or indirect result of, or in connection with, a cash tender or exchange offer, merger or other business combination, sale of assets, or contested election, the directors constituting the Dominion Board before any such transaction cease to represent a majority of Dominion's or its successor's Board within two years after the last of such transactions.

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If an executive's employment following a change in control is terminated without cause or due to a constructive termination, the executive will become entitled to the following termination benefits:

Lump sum severance payment equal to three times base salary plus AIP award (determined as the greater of (i) the target annual award for the current year or (ii) the highest actual AIP payout for any one of the three years preceding the year in which the change in control occurs).

Full vesting of benefits under ESRP and BRP with five years of additional credited age and five years of additional credited service from the change in control date.

Group-term life insurance. If the officer elects to convert group-term insurance to an individual policy, the company pays the premiums for 12 months.

Executive life insurance. Premium payments will continue to be paid by the company until the earlier of (i) the fifth anniversary of the termination date, or (ii) the later of the tenth anniversary of the policy or the date the officer attains age 64.

Retiree medical coverage will be determined under the relevant plan with additional age and service credited as provided under an officer's letter agreement (if any) and including five additional years credited to age and five additional years credited to service.

Outplacement services for one year (up to \$25,000).

If any payments are classified as excess parachute payments for purposes of Section 280G of the Code and the executive incurs the excise tax, the company will pay the executive an amount equal to the 280G excise tax plus a gross-up multiple.

In January 2013, the CGN Committee approved the elimination of the excise tax gross-up provision included in the Employment Continuity Agreement for any new officer elected after February 1, 2013.

The terms of awards made under the long-term incentive program, rather than the terms of Employment Continuity Agreements, will determine the vesting of each award in the event of a change in control. These provisions are described in the *Long-Term Incentive Program* section of the CD&A and footnotes to the *Grants of Plan-Based Awards* table.

**Other Post Employment Benefit for Mr. Farrell.** Mr. Farrell will become entitled to a payment of one times salary upon his retirement as consideration for his agreement not to compete with the company for a two-year period following retirement. This agreement ensures that his knowledge and services will not be available to competitors for two years following his retirement date.



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The following table provides the incremental payments that would be earned by each NEO if his employment had been terminated, or constructively terminated, as of December 31, 2016. These benefits are in addition to retirement benefits that would be payable on any termination of employment. Please refer to the *Pension Benefits* table for information related to the present value of accumulated retirement benefits payable to the NEOs.

**Incremental Payments Upon Termination or Change in Control**

| Name                                      | Non-Qualified Plan Payment | Restricted Stock <sup>(1)</sup> | Performance Grant <sup>(1)</sup> | Non-Compete Payments <sup>(2)</sup> | Severance Payments | Retiree Medical and Executive Life Insurance <sup>(3)</sup> | Excise Tax Out-Placement & Tax Service Cross-Up | Total         |
|-------------------------------------------|----------------------------|---------------------------------|----------------------------------|-------------------------------------|--------------------|-------------------------------------------------------------|-------------------------------------------------|---------------|
| <b>Thomas F. Farrell II<sup>(4)</sup></b> |                            |                                 |                                  |                                     |                    |                                                             |                                                 |               |
| Retirement                                | \$                         | \$ 9,149,748                    | \$ 2,447,500                     | \$ 1,509,701                        | \$                 | \$                                                          | \$                                              | \$ 13,106,949 |
| Death/Disability                          |                            | 9,149,748                       | 2,447,500                        |                                     |                    |                                                             |                                                 | 11,597,248    |
| Change in Control <sup>(5)</sup>          | 484,797                    | 5,624,693                       | 2,670,000                        |                                     | 10,190,481         |                                                             | 25,000                                          | 18,994,971    |
| <b>Mark F. McGettrick<sup>(4)</sup></b>   |                            |                                 |                                  |                                     |                    |                                                             |                                                 |               |
| Retirement                                |                            | 2,475,082                       | 642,813                          |                                     |                    |                                                             |                                                 | 3,117,895     |
| Death/Disability                          |                            | 2,475,082                       | 642,813                          |                                     |                    |                                                             |                                                 | 3,117,895     |
| Change in Control <sup>(5)</sup>          | 259,278                    | 1,479,489                       | 701,250                          |                                     | 5,125,211          |                                                             | 25,000                                          | 7,590,228     |
| <b>David A. Christian<sup>(4)</sup></b>   |                            |                                 |                                  |                                     |                    |                                                             |                                                 |               |
| Retirement                                |                            | 1,543,289                       | 400,813                          |                                     |                    |                                                             |                                                 | 1,944,102     |
| Death/Disability                          |                            | 1,543,289                       | 400,813                          |                                     |                    |                                                             |                                                 | 1,944,102     |
| Change in Control <sup>(5)</sup>          | 197,289                    | 922,527                         | 437,250                          |                                     | 3,895,700          |                                                             | 25,000                                          | 5,477,766     |
| <b>Paul D. Koonce<sup>(4)</sup></b>       |                            |                                 |                                  |                                     |                    |                                                             |                                                 |               |
| Retirement                                |                            | 1,543,289                       | 400,813                          |                                     |                    |                                                             |                                                 | 1,944,102     |
| Death/Disability                          |                            | 1,543,289                       | 400,813                          |                                     |                    |                                                             |                                                 | 1,944,102     |
| Change in Control <sup>(5)</sup>          | 1,703,584                  | 922,527                         | 437,250                          |                                     | 3,895,700          | 96,955                                                      | 25,000                                          | 7,081,016     |
| <b>David A. Heacock<sup>(4)</sup></b>     |                            |                                 |                                  |                                     |                    |                                                             |                                                 |               |
| Retirement                                |                            | 723,546                         | 167,391                          |                                     |                    |                                                             |                                                 | 890,937       |
| Death/Disability                          |                            | 723,546                         | 167,391                          |                                     |                    |                                                             |                                                 | 890,937       |
| Change in Control <sup>(5)</sup>          | 419,818                    | 403,246                         | 182,609                          |                                     | 2,706,438          |                                                             | 25,000                                          | 3,737,111     |

(1) Grants made in 2014, 2015 and 2016 under the long-term incentive program vest pro rata upon termination without cause, death or disability. These grants vest pro rata upon retirement provided the CEO of Dominion (or in the

case of the CEO, the CGN Committee) determines the NEO's retirement is not detrimental to the company; amounts shown assume this determination was made. The amounts shown in the restricted stock column are based on the closing stock price of \$76.59 on December 30, 2016.

(2) Pursuant to a letter agreement dated February 28, 2003, Mr. Farrell will be entitled to a special payment of one times salary upon retirement in exchange for a two-year non-compete agreement. Mr. Farrell would not be entitled to this non-compete payment in the event of his death.

(3) Amounts in this column represent the value of the annual incremental benefit the NEOs would receive for executive life insurance and retiree medical coverage. Messrs. Farrell, McGettrick, Christian and Heacock are entitled to executive life insurance coverage and retiree medical benefit upon any termination since they are retirement eligible and have completed 10 years of service. Mr. Koonce is entitled to executive life insurance coverage upon termination because he is age 55 and has 10 years of service. Mr. Koonce is eligible for retiree medical upon a change in control.

(4) All the NEOs are eligible for retirement, and this table above assumes they would each retire in connection with any termination event.

(5) Change in control amounts assume that a change in control and a termination or constructive termination takes place on December 31, 2016. The amounts indicated upon a change in control are the incremental amounts attributable to five years of additional age and service credited pursuant to the Employment Continuity Agreements that each NEO would receive over the amounts payable upon a retirement (Messrs. Farrell, McGettrick, Christian, Koonce and Heacock). The restricted stock and performance grant amounts represent the value of the awards upon a change in control that is above what would be received upon a retirement or termination.

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## Equity Compensation Plans

| As of December 31, 2016            | Number of securities to be issued upon exercise of outstanding options |     | Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) |                              |
|------------------------------------|------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
|                                    | (a)                                                                    | (b) | \$                                                                                                                                        | (c)                          |
|                                    |                                                                        |     |                                                                                                                                           |                              |
| Plans approved by shareholders     |                                                                        |     |                                                                                                                                           | 24,212,522 <sup>(1)(2)</sup> |
| Plans not approved by shareholders |                                                                        |     |                                                                                                                                           | 944,789 <sup>(3)</sup>       |
| Total                              |                                                                        |     |                                                                                                                                           | 25,157,311                   |

(1) Amount includes shares that may be issued other than upon the exercise of an option, warrant or right as follows:  
 Directors Stock Accumulation Plan, 158,230 shares.

(2) Amount also includes 105,127 shares available for issuance under the 2005 Incentive Compensation Plan (2005 Plan) to cover awards that remain outstanding under the 2005 Plan. Shares for forfeited awards are credited to the available balance.

(3) Amount represents shares available for issuance to directors who have shares held in trust under the frozen Directors Stock Compensation Plan.

**Plans Not Approved by Shareholders.** The Directors Stock Compensation Plan was amended to freeze participation and prohibit deferral of compensation and grants of new benefits after December 31, 2004. Additional information regarding the Directors Stock Compensation Plan may be found under *Frozen Director Plans*.

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**ITEM 3 ADVISORY VOTE ON APPROVAL OF EXECUTIVE COMPENSATION (SAY ON PAY)**

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), we are asking shareholders to approve the following advisory resolution at the 2017 Annual Meeting of Shareholders:

RESOLVED, that the compensation paid to the company's named executive officers as described in this Proxy Statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED on an advisory basis.

The primary objectives of Dominion's executive compensation program are to motivate and reward superior performance that supports our business and strategic plans and to provide the compensation and incentives needed to attract, motivate and retain executives who are crucial to Dominion's long-term success. A focal point of the compensation program is to align the interests of our executives with those of our shareholders by placing a substantial portion of pay at risk through performance goals that, if achieved, are expected to increase shareholder value.

In 2016, we set records for energy produced and delivered, yet continued to improve our safety performance by driving OSHA recordable and lost time/restricted duty incident rates to all-time lows. Strategic growth continued through the Questar combination, which also allowed us to grow the long-term value of our interest in Dominion Midstream, and we advanced other significant generation, transmission and gas infrastructure projects. As discussed in the *Compensation Discussion and Analysis* in this Proxy Statement, beginning on page 25, our executive compensation program effectively supports important business objectives and contributes to our performance:

Our five-year TSR outperformed the Compensation Peer Group median and the Philadelphia Stock Exchange Utility Index for the period ending December 31, 2016.

Our one-year TSR for 2016 was in line with the Compensation Peer Group median and the Philadelphia Stock Exchange Utility Index and outperformed the S&P 500 over this period.

The Board increased the annual dividend rate by 8.1% from \$2.59 per share in 2015 to \$2.80 per share in 2016.

2016 CEO compensation reflected our pay for performance philosophy, with long-term compensation that was paid below target, reflecting below-target performance in our TSR results compared to our peers for the two-year period ending December 31, 2016.

This vote is not intended to address any specific item of compensation, but rather the overall compensation that is paid to our NEOs resulting from our compensation objectives, policies and practices relating to our NEOs as described in this Proxy Statement. Because your vote is advisory, it will not be binding upon the Board. However, the Board and the CGN Committee value the opinions expressed by Dominion's shareholders and will review the voting results in connection with their ongoing evaluation of Dominion's executive compensation program.

**Your Board of Directors recommends that you vote**

**FOR the company's executive compensation program.**

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**ITEM 4 ADVISORY VOTE ON THE FREQUENCY OF THE SAY ON PAY VOTE**

Section 14A of the Exchange Act also requires that at least once every six years we ask our shareholders, on an advisory basis, how frequently they would like to cast an advisory vote on the compensation of Dominion's named executive officers as described in Item 3 above. In satisfaction of this requirement, shareholders are being asked to vote on the following advisory resolution:

RESOLVED, that the shareholders of the company advise that an advisory resolution with respect to executive compensation should be presented every one, two or three years as reflected by their votes for each of these alternatives in connection with this resolution.

Our shareholders last voted in 2011 for the right to cast a Say on Pay vote every year, consistent with our recommendation. This year, we are again asking shareholders to vote to indicate whether they would prefer holding an advisory vote on executive compensation every one, two or three years. Shareholders who have no preference may also abstain from voting.

We continue to recommend that an advisory vote be conducted every year so that shareholders may annually express their views on Dominion's executive compensation program. An annual advisory vote provides the most immediate feedback on our program.

Shareholders are not voting to approve or disapprove the company's compensation practices in this proposal. Instead, each proxy card provides four choices with respect to this proposal: one, two or three-year vote frequency or shareholders may abstain from voting on the proposal. Your vote on this proposal will be non-binding on us and the Board and will not be construed as overruling a decision by us or the Board. However, the Board values the opinions of our shareholders and will consider the outcome of this proposal, emerging trends, changes to applicable law and peer practices when determining the frequency of future advisory vote on executive compensation which may be more or less frequent than the option receiving the most votes cast by our shareholders.

**Your Board of Directors recommends that you vote**

**FOR ONE YEAR.**

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**ITEM 5 VOTE TO APPROVE AN AMENDMENT TO THE ARTICLES OF INCORPORATION TO CHANGE THE COMPANY S NAME TO DOMINION ENERGY, INC.**

Our Board has approved, and recommends that you approve, an amendment to our Articles of Incorporation to change the company s name from Dominion Resources, Inc. to Dominion Energy, Inc. to better reflect our expanded footprint and changing role in the energy landscape and unify our brand across all of our businesses. We believe that the proposed new name, together with a new, simple and clean logo, retains elements of the past while creating a lasting image for the future.

If the proposed amendment is approved, Article I of the Articles of Incorporation will be amended to read, The name of the Corporation is Dominion Energy, Inc. We are asking shareholders to approve the following resolution seeking authority and approval to amend the Articles of Incorporation as follows:

RESOLVED, that the proposed amendment to the company s Articles of Incorporation to change the name from Dominion Resources, Inc. to Dominion Energy, Inc. is hereby approved.

If this proposal is approved, the company will retain its ticker symbol D for its stock exchange listing. The voting and other rights that accompany the company s common stock will remain unchanged. The name change will not affect the validity or transferability of any currently outstanding stock certificates nor will it be necessary for shareholders with certificated shares to surrender or exchange any stock certificates they currently hold.

We plan to submit the Articles of Amendment reflecting the name change to the SCC promptly following the approval by shareholders at the 2017 Annual Meeting. The Articles of Amendment will become effective when the SCC issues its Certificate of Amendment.

This proposal will be approved if the votes cast favoring the proposal exceed the votes cast opposing the proposal. Abstentions and broker non-votes will not be counted as a vote in favor of this proposal.

**Your Board of Directors recommends that you vote  
FOR the amendment to the Articles of Incorporation to  
change the company s name to Dominion Energy, Inc.**

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**SHAREHOLDER PROPOSALS**

Dominion has been notified that shareholders or their representatives intend to present the following proposals for consideration at the 2017 Annual Meeting. We are presenting the proposals and supporting statements as they were submitted to us by the proponents. We do not necessarily agree with all of the statements contained in the proposals and the supporting statements, but we have limited our responses to the most important points and have not attempted to address all the statements with which we disagree. The name, address and share ownership of each proponent will be furnished to any shareholder upon oral or written request. We recommend a vote against each of these proposals for the reasons set forth in each opposing statement.

**Item 6 Report on Lobbying**

**Whereas**, we believe in full disclosure of our company's direct and indirect lobbying activities and expenditures to assess whether Dominion's lobbying is consistent with its expressed goals and in the best interests of shareholders.

**Resolved**, the shareholders of Dominion Resources, Inc. ( Dominion ) request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Dominion used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Dominion's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of management's and the Board's decision making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a grassroots lobbying communication is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. Indirect lobbying is lobbying engaged in by a trade association or other organization of which Dominion is a member.

Both direct and indirect lobbying and grassroots lobbying communications include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Dominion's website.

**Supporting Statement**

We encourage transparency in Dominion's use of corporate funds to influence legislation and regulation. Dominion spent \$4.24 million in 2014 and 2015 on federal lobbying (opensecrets.org). These figures do not include lobbying

expenditures to influence legislation in states, where Dominion also lobbies but disclosure is uneven or absent. For example, Dominion has spent at least \$425,000 lobbying in Maryland since November 2013, and Dominion's lobbying in Virginia has also attracted media scrutiny ( Dominion Power Turning Customers' Bills into Politically Connected Donations, *Associated Press*, August 22, 2015)

Dominion lists memberships in the Business Roundtable and the Chamber of Commerce, which together spent over \$242 million on lobbying for 2014 and 2015. Dominion does not disclose its payments to trade associations, or the amounts used for lobbying where the trade association directly pays tax on the portion that is not deductible. This means Dominion can make additional payments that are used to lobby but not disclosed.

And Dominion does not disclose membership in tax-exempt organizations that write and endorse model legislation, such as its support for the American Legislative Exchange Council (ALEC). Dominion's ALEC membership has drawn press scrutiny ( Dominion Can't Support Clean Energy and ALEC, *Virginian-Pilot*, January 3, 2016). Over 100 companies have publicly left ALEC, including peers Ameren, American Electric Power, Entergy, PG&E and Xcel Energy.

We are concerned that Dominion's lack of lobbying disclosure, coupled with potential negative publicity from lobbying on customer utility rates, presents reputational risks for Dominion.

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### **Opposing Statement**

**The Board of Directors recommends that shareholders vote AGAINST this proposal.**

Dominion believes that participation in the legislative, regulatory and political processes at all levels of government is vital to our business, our shareholders and our customers. Dominion actively participates in the political process to help shape policies that advance our business strategies and goals, promote effective public and government relations, and serve the interests of key stakeholder groups. By engaging with elected officials, regulators, community and business leaders, and environmental and safety agencies, among others, we strive to conduct our business as transparently as possible to help build public trust and form mutually beneficial, lasting partnerships.

Dominion discloses comprehensive information regarding its participation in the political process and its political contributions and lobbying expenses on its website at <https://www.dom.com/investors/governance/political-contributions>. Since 2009, Dominion has published a report annually on its website that identifies corporate political contributions to 527 organizations. The report also discloses the lobbying portion of dues and payments to trade associations if Dominion made payments of \$50,000 or more to the association and if that association informs Dominion that a portion of its dues was used for lobbying. Furthermore, we do not participate in ballot initiatives. Dominion's website also discusses the reasons that Dominion participates in lobbying activities, selection and engagement of lobbyists, and oversight of lobbying activities by our senior governmental affairs officer at each appropriate entity. We increased our disclosures in July 2015 with the addition of our Political Contributions Policy.

In addition, the site provides links to access Dominion's federal Lobbying Disclosure Act Registration and Reports. Dominion fully complies with all federal and state lobbying registration and disclosure requirements, which include filing all required reports with Congress and with the applicable state agencies. These reports detail the particular bills and issues on which individual lobbyists had activity, as well as the total lobbying expense each quarter.

For the past five years, Dominion's political contribution disclosure has been evaluated by the Center for Political Accountability (CPA). The CPA-Zicklin Index of Corporate Political Accountability and Disclosure examines the top S&P 500 companies' policies and practices related to corporate political spending as published on their corporate websites. Dominion's disclosure score in 2016 continues to remain in the first tier, where it has been since 2014. The 2016 CPA-Zicklin Index is available online at <http://politicalaccountability.net/index>.

Dominion intends to continue providing appropriate information and disclosures to its investors concerning its lobbying activities. We believe that preparation of the requested report would be duplicative and a waste of company resources.

**Your Board of Directors recommends that you vote  
AGAINST this proposal.**



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**Item 7 Nomination of a Director with Environmental Expertise**

**WHEREAS:**

Climate-science/environmental expertise is critical to Dominion's success, because of the significant climate risks and other environmental issues associated with its operations. Dominion does not have an independent director with climate-science/environmental expertise and designated responsibility for climate risk/environmental matters. Dominion's ability to demonstrate that its climate risk assessments and environmental policies and practices are consistent with internationally accepted standards can lead either to successful business planning or to difficulties in raising new capital and obtaining necessary licenses.

Dominion stakeholders are increasingly concerned about devastation and costs resulting from contributions to severe weather events from global climate change. A leading cause of climate change is man-made carbon emissions from burning fossil fuels. Dominion is the largest industrial source of carbon emissions in Virginia. The company must mitigate environmental challenges and manage climate risk in an effective, strategic and transparent manner to minimize its operations' adverse environmental impacts and costs.

Climate risk/environmental management is critical to the company's future success and must be part of strategic planning. Dominion would benefit by addressing the climate risk/environmental impact of its business at the most strategic level. An authoritative figure with acknowledged climate science expertise and standing would enable Dominion to address environmental issues more effectively, including climate risk and other environmental and health impacts of such large projects as the currently proposed VA pipelines. This expert would also help ensure focus at the highest levels on the development of climate risk/environmental standards for all new and ongoing projects and strengthen Dominion's ability to demonstrate the seriousness with which it addresses climate risk/environmental issues.

The independent director\* would:

Have a high level of expertise in climate science and other environmental matters relevant to use of renewable resources to produce electricity and have wide recognition in the business, scientific, climate science, and environmental communities as an authority in these fields; and

Qualify, subject to exceptions in extraordinary circumstances explicitly specified by the Board, as an independent director\* under the standards applicable to Dominion as an NYSE-listed company.

**RESOLVED:**

Shareholders request that as elected board directors' terms of office expire, at least one expert independent director\* is recommended for Board Election satisfying the described criteria.

\*A director is independent if, during the preceding three years, he or she was **NOT**

affiliated with a company that was an advisor or consultant to Dominion;

employed by or had personal service contract(s) with Dominion or its senior management;

affiliated with a company or non-profit entity that received the greater of \$2 million or 2% of its gross annual revenues from Dominion;

in a business relationship with Dominion worth at least \$100,000 annually;

employed by a public company at which an executive officer of Dominion serves as a director;

in a relationship of the sorts described herein with any affiliate of Dominion; and

a spouse, parent, child, sibling or in-law of any person described above.

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**Table of Contents****Opposing Statement****The Board of Directors recommends that shareholders vote AGAINST this proposal.**

We believe our current process for the nomination, selection and election of directors is effective. As a matter of corporate governance, the Board does not believe that it is in our shareholders' best interests to require a particular type of specialist on Dominion's Board of Directors. A director's fiduciary responsibilities are not limited to any single issue rather a director must be informed on multiple issues and work together with other board members to make decisions on a collaborative basis. Therefore, we believe that our directors must possess a breadth of expertise and experience. As provided in more detail in the section titled *Election of Directors* on page 7, the CGN Committee considers a variety of factors in evaluating nominees for membership on the Board. Part of that evaluation includes consideration of their independence to ensure that a majority of our Board is independent pursuant to the standards set forth earlier in this Proxy Statement, which standards are similar to those set forth in the proposal.

We believe that the Board currently represents a diverse group of individuals with broad experience and that the standard suggested by the proposal is too narrow, which would limit the Board's ability to identify and recruit the most qualified candidates to serve. Our current members have the breadth of experience, including dealing with environmental matters, as well as leadership, governance, and other key attributes that make them the most qualified to serve on our Board. Specifically, since the last annual meeting, we have elected three new Board members, each a current or former chief executive officer of an energy or utility company, who have dealt with environmental matters similar to those faced by Dominion. These are the type of individuals that can best oversee Dominion's businesses on behalf of our shareholders.

The Board and its committees have access to extensive internal and external expertise on environmental matters. The Board receives periodic updates throughout the year on environmental matters from senior management, and the Audit Committee receives an environmental compliance report from our Chief Environmental Officer at least annually, as well as reports from the Chief Auditor on environmental compliance audits for each of Dominion's business units.

Our existing commitment to environmental management is evidenced by our established environmental policies, practices and procedures. The company has established a strong track record of environmental protection and stewardship and has spent more than \$2 billion since 1998 to make environmental improvements to its generation fleet. These improvements have reduced the emissions by 81% for nitrogen oxide (NOx), 96% for mercury (Hg), and 95% for sulfur dioxide (SO<sub>2</sub>) from 2000 levels. We currently provide extensive environmental disclosures in our 2014 Greenhouse Gas Report and our 2015-2016 Corporate Citizenship Report (both available at <https://www.dom.com/community/environment/environmental-reports-and-data>).

For these reasons, the Board does not believe that it would be in the best interests of shareholders or be appropriate to select a director exclusively on the basis of a single criterion or area of expertise.

**Your Board of Directors recommends that you vote**

**AGAINST this proposal.**



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**Item 8 Assessment of the Impact of Public Policies and Technological Advances Consistent with Limiting Global Warming**

**WHEREAS:**

In November 2016 the Paris Agreement entered into force and its goal of keeping global temperatures rise well below 2 degrees Celsius will begin to shape national policy decisions. To meet this goal the International Energy Agency estimates that the global average carbon intensity of electricity production will need to drop by 90 percent. As long-term shareholders, we would like to understand how Dominion Resources is planning for the risks and opportunities presented by global efforts to keep global temperature within acceptable boundaries.

In June 2016, the credit rating agency Moody's indicated that they would begin to analyze carbon transition risk based on scenarios consistent with the Paris Agreement, and noted the high carbon risk exposure of the power sector.

Rapid expansion of low carbon technologies including distributed solar, battery storage, grid modernization, energy efficiency and electric vehicles provide not only challenges for utility business models but also opportunities for growth. Many large corporations are actively seeking to increase their use of renewable energy, providing a significant market opportunity for forward-thinking utilities. The International Energy Agency and the International Council on Clean Transportation forecast that electrification of transport will play a critical role in achieving the necessary greenhouse gas reductions by 2050.

Dominion Resources is the 16<sup>th</sup> largest CO<sub>2</sub> emitter in the U.S. Dominion does not have a GHG reduction goal, and does not provide information on its long-term strategy or plan to decarbonize in ways that are consistent with the Paris Climate Agreement. In its recent Integrated Resource Plan in Virginia, the company proposes complying with the EPA's Clean Power Plan by reducing its CO<sub>2</sub> emission rate while increasing absolute CO<sub>2</sub> emissions, which is inconsistent with the Paris Climate Agreement. As investors, we are concerned that Dominion is not properly accounting for the risk of its current high investment in carbon-intensive generation.

A 2 degree scenario analysis of our company's current generation and future plans will generate a more complete picture of current and future risks and opportunities than business as usual planning. By assessing the impact of a 2 degree scenario on the company's full portfolio of power generation assets and planned capital expenditures through 2040, including the financial risks associated with such scenarios, the company can better plan for future regulatory, technological and market changes.

**RESOLVED:** Shareholders request that Dominion Resources, with board oversight, publish an assessment (at reasonable cost and omitting proprietary information) of the long term impacts on the company's portfolio, of public policies and technological advances that are consistent with limiting global warming to no more than two degrees Celsius over pre-industrial levels.

Supporting Statement: This report could include:

How Dominion could adjust its capital expenditure plans to align with a two degree scenario; and

Plans to integrate technological, regulatory and business model innovations such as electric vehicle infrastructure, distributed energy sources (storage and generation), demand response, smart grid technologies, and customer energy efficiency as well as corresponding revenue models and rate designs.

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### Opposing Statement

#### **The Board of Directors recommends that shareholders vote AGAINST this proposal.**

The Board believes that the company, through its current integrated environmental strategy and robust corporate planning, is already taking steps to address the complex, multifaceted challenge climate change may have on its businesses and operations. This includes an ongoing assessment of potential long-term impacts of technological and regulatory changes on our business and assets, including those consistent with limiting global warming in line with the Paris Agreement. The cornerstone of our integrated strategy is diversification through enhanced conservation and energy efficiency programs; expansion of our renewable energy portfolio; modernization of the electric grid; addition of low emission natural gas generation to its generation portfolio and evaluation of new nuclear and extension of licenses for existing nuclear to meet customers' future needs; construction of new natural gas infrastructure; conversion, sale or closure of certain coal-fired generation units; and enhanced methane mitigation measures.

We provide extensive public disclosures on our strategy, including our approach to technological and regulatory changes and the potential impacts on our business. Under Virginia law, we are annually required to develop and file an Integrated Resource Plan (IRP) which identifies the mix of resources (supply-side, demand-side and market purchases) necessary for the company to meet its customers' projected energy and capacity needs over a 15-year period, with consideration of future risks and uncertainties facing the industry, the company, and its customers. This includes a thorough assessment of many factors, including environmental regulations such as the Clean Power Plan (which the U.S. representatives to the Paris Agreement described as one of the tools the country would utilize to meet its commitment under the agreement). We recognize that the Clean Power Plan is currently stayed and is waiting on the federal courts to decide on the path forward with this regulation; however, we have not announced any changes to our plans. The IRP further evaluates a significant number of final, proposed, stayed and anticipated Environmental Protection Agency (EPA) regulations that will affect certain units in our current fleet of generation resources, in addition to load growth, commodity price projections, economic conditions, construction and equipment costs, demand-side management programs and energy efficiency, and many other regulatory and market developments that may occur during a 25-year study period.

Dominion also issues other reports on our climate change strategy, including associated risks. Our annual report on Form 10-K and our quarterly reports on Form 10-Q filed with the SEC disclose material risks to Dominion, including financial risks from climate change and issues frequently associated with climate change, such as extreme weather events and greenhouse gas (GHG) emissions regulation. These reports are available on our website at <https://www.dom.com/investors>. Dominion also makes required disclosures to the EPA and other regulatory agencies, and has also released a series of voluntary disclosures pertaining to its integrated strategy for reducing GHG emission intensity with diversification and lower carbon intensity as its cornerstone. Our integrated strategy is also discussed in our annual Corporate Citizenship Report, as well as in our 2014 Greenhouse Gas Report and 2015 Methane Management Report. These environmental reports can be found at <https://www.dom.com/community/environment/environmental-reports-and-data>.

Our efforts to minimize carbon intensity have had notable results. From 2000-2015, the company has reduced the total volume of carbon dioxide emissions of its generating fleet (in tons) (excluding assets that were divested during the time period) by 19% and its carbon intensity rate (the average CO<sub>2</sub> emissions rate per unit of electric output) by 39%, even as the electric generation increased by 51%.

Environmental stewardship is embedded in the company's culture and core values. Dominion is committed to working with its stakeholders to find sustainable solutions to the energy and environmental challenges that confront our company and our nation. Dominion was recently named by Forbes magazine and partner Just Capital as one of the

Just 100 the best corporate citizens in the United States in 2016. Dominion has provided, and intends to continue providing, appropriate disclosures to its investors regarding climate change and the risks it poses to Dominion. Preparing a separate report as requested by the proponents, analyzing the potential public policy and technological changes that may occur over the next 25 years relating to a global initiative, would not only take additional time and corporate resources and substantially duplicate existing efforts, but result in some speculation with little value. We do not believe that this would be in the best interests of our shareholders.

**Your Board of Directors recommends that you vote  
AGAINST this proposal.**

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**Item 9 Report on Methane Emissions**

**WHEREAS:** Research indicates methane leaks from gas operations could erase the climate benefits of reducing coal use. Methane emissions are a significant contributor to climate change, with an impact on global temperature roughly 84 times that of CO<sub>2</sub> over a 20 year period. Leaked methane represented 30 billion dollars of lost revenue (3 percent of gas produced) in 2012. Yet, an October 2016 study published in *Nature* indicates methane emissions from the oil and gas sector are 20 to 60 percent higher than previously thought.

While utilities are increasingly reliant on the safe, reliable, and efficient delivery of gas along the value chain, the 2015 failure of a gas injection well at Southern California Gas Company's Aliso Canyon Storage Field in Los Angeles revealed major vulnerabilities in the maintenance and safety of natural gas storage facilities. The incident exposed both a lack of oversight and contingency planning in the face of a well blowout.

The casing failure of well SS-25 precipitated the release of over 100,000 tons of methane into the atmosphere, resulting in the relocation of 8,000 families and jeopardizing California's mitigation objectives under the state's climate law AB-32. Relocation, clean up, and well containment costs have soared to over 700 million dollars to date, with criminal filings and civil lawsuits against SoCal Gas pending.

There are over 400 gas storage facilities around the country. According to the Energy Information Administration (EIA), over 80 percent of these facilities are also located in depleted oil wells, many drilled decades ago. Dominion has storage facilities that may face similar risks, as it is estimated to hold the 3<sup>rd</sup> highest volume of natural gas in the country.

A failure by companies to proactively inspect, monitor, and upgrade critical transportation and storage infrastructure with the aim of reducing methane emissions may invite more rigorous regulations. The EPA released new rules in May 2016 to reduce oil and gas sector methane emissions by 11 million metric tons by 2025.

Poor oversight of gas infrastructure, including storage facilities, has a direct economic impact on Dominion, as lost gas is not available for sale. We believe a strong program of measurement, mitigation, target setting and disclosure reduces regulatory and legal risk, maximizes gas for sale, and bolsters shareholder value.

**RESOLVED:** Shareholders request Dominion issue a report (by October 2017, at reasonable cost, omitting proprietary information) reviewing the Company's policies, actions and plans to measure, monitor, mitigate, disclose, and set quantitative reduction targets for methane emissions resulting from all operations, including storage and transportation, under the Company's financial or operational control.

**SUPPORTING STATEMENT:** We believe the report should include the leakage rate as a percentage of production, throughput, and/or stored gas; management of high risk infrastructure; best practices; worst performing assets; environmental impact; reduction targets and methods to track progress over time. Best practice strategy would utilize real-time measurement and monitoring.

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**Opposing Statement**

**The Board of Directors recommends that shareholders vote AGAINST this proposal.**

Since late 2015, Dominion has voluntarily published a comprehensive Methane Management Report (the Report) that discloses its active efforts to manage methane emissions from its natural gas systems through measurement, mitigation and disclosure. This Report provides detailed emissions metrics, including methane emissions generated by Dominion and certain of its subsidiaries and those reported under the EPA's Greenhouse Gas Reporting Program. We also disclose Dominion's plan to mitigate and reduce actual methane emissions through implementation of best management practices for new construction and existing pipeline operations. We list steps that Dominion has taken to mitigate methane emissions and leaks at its subsidiaries and provide detailed descriptions of each of these mitigation measures. The Report is publicly available on Dominion's website at

<https://www.dom.com/community/environment/environmental-reports-and-data>.

The Report discusses Dominion's active role with the EPA and other industry participants in the development of, and efforts to enhance, the EPA's Natural Gas STAR program, which includes methane emissions reduction measures for natural gas escaping from gas infrastructure. In addition, we disclose our voluntary participation in the EPA's Natural Gas STAR Methane Challenge Program (Methane Challenge Program) as a founding partner. The Methane Challenge Program covers the entire natural gas sector from production to distribution, with an emphasis on greater transparency and increased reporting for both annual methane emissions and methane emission reductions achieved through implementation measures. The Report discloses which of our subsidiaries have already submitted implementation plans and corresponding commitments under the Methane Challenge Program. While we have not set specific reduction targets for methane emissions, as part of the Methane Challenge Program, we have committed to a progressive program for reducing our methane emissions.

We also provide information in the Report with respect to our natural gas storage system, and we fully support the Interim Final Rule on gas storage issued by the Pipeline and Hazardous Materials Safety Administration that became effective in January 2017 and includes requirements for storage well integrity.

Dominion believes in transparency and full disclosure of our methane emissions which is of interest to our shareholders. We believe we have already provided in the Report (and our other public reports and disclosures) appropriate disclosures to our shareholders regarding our methane emissions, the manner in which our emissions are measured, and the steps we take to mitigate. We believe that preparing an additional report as requested by the proponents, in addition to our current Report and other disclosures already being made, would be duplicative and a waste of company resources.

**Your Board of Directors recommends that you vote**

**AGAINST this proposal.**

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### **QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

#### **Why did I receive these proxy materials?**

You received these materials because you owned shares of Dominion common stock as of March 3, 2017 (the record date), and are therefore eligible to vote at the 2017 Annual Meeting. These materials allow you to exercise your right to vote at the 2017 Annual Meeting and provide you with important information about Dominion and the items to be presented for a vote at this meeting.

#### **Why did I receive a Notice Regarding the Availability of Proxy Materials instead of printed proxy materials?**

Most shareholders received a Notice Regarding the Availability of Proxy Materials (the Notice) instead of a full set of printed proxy materials. The Notice provides access to proxy materials in a fast and efficient manner via the Internet. This reduces the amount of paper necessary to produce these materials, as well as costs associated with mailing these materials to shareholders. On or around March 20, 2017, we began mailing the Notice to certain shareholders of record as of March 3, 2017, and posted our proxy materials on the website referenced in the Notice. As more fully described in the Notice, shareholders may choose to access our proxy materials on the website or may request to receive a printed set of our proxy materials. The Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by email for this meeting and on an ongoing basis. Shareholders who previously requested printed proxy materials or electronic materials on an ongoing basis received those materials in the format requested.

#### **What is a proxy?**

A proxy is your legal designation of another person to vote your shares at the 2017 Annual Meeting. The person you designate is called a proxy. When you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

The proxy card accompanying this Proxy Statement is solicited by your Board for the 2017 Annual Meeting. By signing and returning it, you will be designating two non-employee members of the Board and Dominion's Corporate Secretary as proxies to vote your shares at the 2017 Annual Meeting based on your direction. You also may designate your proxies and direct your votes by telephone or over the Internet as described below.

#### **Who is entitled to vote?**

All shareholders who owned Dominion common stock at the close of business on the record date of March 3, 2017, may vote. Each share of Dominion common stock is entitled to one vote on each matter properly brought before the 2017 Annual Meeting. There were 628,231,727 shares of Dominion common stock outstanding on the record date.

#### **What are the matters on which I will be casting a vote?**

You will be voting on the following:

Election of the 12 director nominees named in this Proxy Statement;

Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2017;

Advisory vote on approval of executive compensation (Say on Pay);

Advisory vote on the frequency of the Say on Pay vote;

Approval of an amendment to Articles of Incorporation to change the company's name to Dominion Energy, Inc.;

Four shareholder proposals, if properly presented; and

Other business properly presented at the meeting.

Your Board is soliciting this proxy for the 2017 Annual Meeting and recommends that you vote **FOR** each of the 12 director nominees named in this Proxy Statement, **FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2017, **FOR** the approval of, on a non-binding, advisory basis, the executive compensation of those executive officers named in this Proxy Statement, for holding the Say on Pay vote every **ONE YEAR**, and **FOR** an amendment to the company's Articles of Incorporation to change the company's name to Dominion Energy, Inc.

Your Board recommends that you vote **AGAINST** each of the shareholder proposals presented in this Proxy Statement.

**What are the voting requirements to elect the directors and to approve each of the proposals in this Proxy Statement?**

Our Bylaws and Corporate Governance Guidelines require that directors be elected by a majority of the votes cast unless the election is contested. If an incumbent nominee does not receive a majority of votes cast for his or her election, he or she will continue to serve on the Board as a holdover director and will be required to submit a letter of resignation promptly to the Board. A majority of votes cast means that the number of shares voted for a director exceeds the number of votes cast against the director. In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are

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elected by a plurality of the votes cast. All other items on the agenda will be approved if the votes cast favoring the action exceed the votes cast opposing the action, with the exception of the advisory vote on the frequency of the Say on Pay vote for which the frequency receiving the most votes will be deemed the preference of the shareholders. Broker discretionary voting is permitted only for Item 2, which is the proposed ratification of the appointment of our independent auditors. Broker non-votes or abstentions will not affect the outcome of the advisory vote on the frequency of the Say on Pay vote or be counted as a vote cast in favor or against any of the other items presented.

### **What is discretionary voting by brokers?**

If you hold your shares in street name and you do not provide your broker with timely voting instructions, NYSE rules permit brokerage firms to vote at their discretion on certain routine matters. At this meeting, the only routine matter is the ratification of the appointment of Deloitte & Touche LLP as our independent auditors. Brokerage firms may not vote without instructions from you on the following matters: election of directors, advisory vote on approval of executive compensation (Say on Pay), advisory vote on the frequency of the Say on Pay vote, amendment to the Articles of Incorporation or on any of the shareholder proposals. Without your voting instructions on items that require them, a broker non-vote will occur.

### **Will any other matters be voted on at the 2017 Annual Meeting?**

Management and the Board are not aware of any matters that may properly be brought before the 2017 Annual Meeting other than the matters disclosed in this Proxy Statement. If any other matters not disclosed in this Proxy Statement are properly presented at the 2017 Annual Meeting for consideration, the person or persons voting the proxies solicited by the Board for the meeting will vote them in accordance with their best judgment.

### **How do I vote my shares?**

Your voting method varies depending on whether you are a Shareholder of Record, Beneficial Owner or participant in one of Dominion's employee savings plans.

### **Shareholders of Record**

If your shares are registered directly in your name on Dominion's records (including any shares held in Dominion Direct®, Dominion's direct stock purchase and dividend reinvestment plan), you are considered, for those shares, to be the Shareholder of Record. The proxy materials or Notice have been sent directly to you by Dominion.

If you received your proxy materials in the mail, you may vote your shares by proxy over the Internet, by telephone or by returning your proxy card by mail in the envelope provided. Instructions to vote over the Internet or by telephone are printed on your proxy card. If you received an electronic or paper Notice, you may vote over the Internet using the instructions provided. All votes must be received by the proxy tabulator no later than 6:00 a.m. Eastern Time on the day of the 2017 Annual Meeting.

If you attend the 2017 Annual Meeting, you may vote your shares in person. For admission requirements, please see *How do I attend the 2017 Annual Meeting in person?* on page 66.

You may revoke your proxy and change your vote before the 2017 Annual Meeting by submitting a written notice to our Corporate Secretary, by submitting a later dated and properly signed proxy (including by means of a telephone or Internet vote), or by voting in person at the 2017 Annual Meeting.

All shares will be voted according to your instructions if you properly vote your proxy by one of the methods listed above. If you sign your proxy card but do not specify how you want your shares voted on any matter, you will be deemed to have directed the proxies to vote your shares as recommended by the Board. However, no vote will be recorded if you do not properly sign your proxy card, regardless of whether you specify how you want your shares voted.

### **Beneficial Owners**

If your shares are held in a stock brokerage account or by a bank or other Shareholder of Record, you are considered a Beneficial Owner of shares held in street name. The proxy materials or Notice, including voting and revocation instructions, have been forwarded to you by the institution that holds your shares. As the Beneficial Owner, you have the right to direct your broker, bank or other Shareholder of Record on how to vote your shares.

Follow the instructions on the voting instruction form or Notice provided by the institution that holds your shares.

To vote in person at the 2017 Annual Meeting, you must present a government-issued photo identification, your Admission Ticket and a legal proxy provided by the institution that holds your shares. For admission requirements, please see *How do I attend the 2017 Annual Meeting in person?* on page 66.

If you do not provide your broker with timely voting instructions, your broker will not be able to vote on most of the items on the agenda of the 2017 Annual Meeting. Please see *What is discretionary voting by brokers?* above.

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### **Dominion Employee Savings Plan Participants**

If your shares are held under one of Dominion's employee savings plans (the Plans), you are considered the Beneficial Owner of shares held in your Plan account. The Notice has been forwarded to you by the Trustee for the Plans. As the Beneficial Owner, you have the right to direct the Trustee on how to vote your shares.

Only the Trustee can vote your Plan shares. To allow sufficient time for the Trustee to vote your shares, your voting instructions must be received by 6:00 a.m. Eastern Time, May 4, 2017.

You may revoke or change your voting instructions any time prior to the deadline by submitting a later dated Internet vote or by submitting a written notice to the agent for the Plan Trustee, Corporate Election Services, at P.O. Box 125, Pittsburgh, PA 15230-0125.

The Trustee will vote according to your instructions, except as otherwise provided in accordance with the Employee Retirement Income Security Act of 1974, as amended. The Trustee will keep your vote confidential. Under the terms of the Plans, you are not allowed to vote your own Plan shares, even if you attend the meeting in person.

If you do not vote your Plan shares or if you return your voting instruction card signed with no direction given, your shares will be voted by the Trustee as directed by the independent fiduciary hired by the Plan Administrator.

### **How many shares must be present to hold the 2017 Annual Meeting?**

In order for us to conduct the 2017 Annual Meeting, a majority of the shares outstanding on the record date of March 3, 2017, must be present in person or represented by proxy. This is referred to as a quorum. Your shares are counted as present if you attend the 2017 Annual Meeting in person or if you submit a properly executed proxy by mail, Internet or telephone.

### **Do I have to attend the 2017 Annual Meeting in order to vote my shares?**

No. Whether or not you plan to attend this year's meeting, you may vote your shares by proxy. It is important that all Dominion shareholders participate by voting, regardless of the number of shares owned.

### **How do I attend the 2017 Annual Meeting in person?**

If you plan to attend the 2017 Annual Meeting, *you must request and obtain an Admission Ticket in advance.*

Please submit your request for an Admission Ticket on or before Wednesday, May 3, 2017, by emailing a request to [shareholderrelations@dom.com](mailto:shareholderrelations@dom.com) or contacting Dominion Shareholder Services at (800) 552-4034. Please provide the following information with your request:

your name, mailing address and email address;

whether you need special assistance at the meeting; and

if your shares are held for you in the name of your broker, bank or other Shareholder of Record, evidence of your stock ownership as of March 3, 2017 (such as a current letter from your broker or bank or a photocopy of a current brokerage or other account statement).

You will need both the Admission Ticket and a government-issued photo identification to enter the 2017 Annual Meeting. An authorized proxy must also present an Admission Ticket, a government-issued photo identification and proof that he or she is an authorized proxy of a shareholder. Admission tickets are nontransferable.

For safety and security reasons, video and still cameras, recording equipment, electronic devices (including cell phones, smartphones, tablets, laptops, other portable electronic devices, etc.), large purses or bags, briefcases and packages will not be permitted in the 2017 Annual Meeting, other than for company-authorized purposes. Security measures may include bag and hand-wand searches. Rules of the meeting will be printed on the back of the agenda given to you at the 2017 Annual Meeting. We thank you in advance for your patience and cooperation with these rules.

**Will seating be limited at the 2017 Annual Meeting?**

Yes. Seating will be limited and shareholders will be admitted on a first-come, first-served basis. Admission will begin one hour before the start of the meeting.

**Will shareholders be given the opportunity to ask questions at the 2017 Annual Meeting?**

Yes. The Chairman will answer questions asked by shareholders during a designated portion of the meeting. When speaking, shareholders must direct questions and comments to the Chairman and limit their remarks to matters that relate directly to the business of the meeting. For other rules, please see the back of the agenda that will be given to you at the meeting.

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### **Who will pay for the cost of this proxy solicitation and who will count the votes?**

Dominion will pay for the cost of this proxy solicitation. Some of our employees may telephone shareholders after the initial mail solicitation, but will not receive any special compensation for making the calls. We have also retained Georgeson Inc., a proxy solicitation firm, to assist in the solicitation of proxies for a fee of \$14,000 and reimbursement of expenses. In addition, we may reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to the Beneficial Owners of stock. We have retained Corporate Election Services, Inc. to tabulate the votes and to assist with the 2017 Annual Meeting.

### **Can I access the Notice of Annual Meeting, 2017 Proxy Statement, 2016 Summary Annual Report and 2016 Annual Report on Form 10-K over the Internet?**

Yes. These documents may be viewed at [www.dom.com/proxy](http://www.dom.com/proxy) or at the website address provided on your proxy card or voting instructions.

### **How can I access future proxy materials and annual reports on the Internet?**

If you received the printed proxy materials this year, you can consent to access these materials electronically in the future by marking the appropriate box on your proxy card or by following the instructions provided when voting by telephone. You will receive a proxy card by mail next year with instructions containing the Internet address to access these documents. If you vote by Internet, you will have the opportunity to consent to receive an email message when future proxy materials are available to view online. By agreeing to access your proxy materials online, you will save Dominion the cost of producing and mailing documents to you and help preserve environmental resources. Your choice will remain in effect unless you notify Dominion that you wish to resume mail delivery of these documents. You can request paper copies of these documents by writing us at Dominion Resources, Inc., Shareholder Services, P.O. Box 26532, Richmond, Virginia 23261; by calling us at (800) 552-4034; or by emailing us at [shareholderrelations@dom.com](mailto:shareholderrelations@dom.com).

If you are a Beneficial Owner of shares, please refer to the information provided by the institution that holds your shares for instructions on how to elect this option.

### **What is householding and how does it affect me?**

Householding refers to practices used to reduce the number of copies of proxy materials sent to one address. For Shareholders of Record who received printed proxy materials, a single copy of the 2017 Proxy Statement, 2016 Summary Annual Report and 2016 Annual Report on Form 10-K (annual report package) has been sent to multiple shareholders who reside at the same address, unless we have received instructions from you to the contrary. Any shareholder who would like to receive a separate annual report package may call or write us at the telephone number and address above, and we will promptly deliver it. If you received multiple copies of the annual report package and would like to receive combined mailings in the future, please contact us as shown above. Beneficial Owners of shares should contact the institution that holds the shares regarding combined mailing.

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### **OTHER INFORMATION**

#### **Compensation Committee Interlocks and Insider Participation**

No member of the CGN Committee has served as an officer or employee of Dominion at any time. No Dominion executive officer serves as a member of the compensation committee or on the Board of Directors of any company at which a member of Dominion's CGN Committee or Board of Directors serves as an executive officer.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

To the company's knowledge, no executive officer, director or 10% beneficial owner failed to file, on a timely basis, the reports required by Section 16(a) of the Exchange Act, for the fiscal year ended December 31, 2016, with the exception of one late Form 4 filed for Mr. Heacock due to an inadvertent clerical error. The late Form 4 was filed in January 2017 to report a transaction that occurred on November 4, 2016 which resulted in a change in beneficial ownership.

#### **Related Party Transactions**

The Board has adopted related party transaction guidelines for the purpose of identifying potential conflicts of interests arising out of financial transactions, arrangements and relations between Dominion and any related person. Under our guidelines, a related person is a director, executive officer, director nominee, beneficial owner of more than 5% of Dominion's common stock or any immediate family member of one of the foregoing persons. A related party transaction is any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in excess of \$120,000 in which Dominion (and/or any of its consolidated subsidiaries) is a party and in which a related person has or will have a direct or indirect material interest. The full text of the guidelines may be found on our website at <https://www.dom.com/library/domcom/pdfs/investors/related-party-guidelines.pdf>.

In determining whether a direct or indirect interest is material, the significance of the information to investors in light of all circumstances is considered. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors considered in determining the significance of the information to investors.

The CGN Committee has reviewed certain categories of transactions and determined that transactions between Dominion and a related person that fall within such categories will not result in the related person having a direct or indirect material interest. Under our guidelines, such transactions are not deemed related party transactions and, therefore, are not subject to review by the CGN Committee. The categories of excluded transactions include, among other items, compensation and expense reimbursements paid to directors and executive officers in the ordinary course of performing their duties; transactions with other companies where the related party's only relationship is as an employee, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of that company's gross revenues; and charitable contributions that are less than the greater of \$1 million or 2% of the charity's annual receipts.

We collect information about potential related party transactions in our annual questionnaires completed by directors and executive officers. Management reviews the potential related party transactions and assesses whether any of the identified transactions constitutes a related party transaction. Any identified related party transaction is then reported to the CGN Committee. The CGN Committee reviews and considers relevant facts and circumstances and determines whether to approve or ratify the related party transactions identified. The CGN Committee may approve or ratify only those related party transactions that are in, or are not inconsistent with, the best interests of Dominion and its

shareholders and that are in compliance with our Code of Ethics and Business Conduct.

Other than as described below, since January 1, 2016, there have been no related party transactions that were required either to be approved or ratified under Dominion's related party transaction guidelines or reported under the SEC's related party transaction rules.

During 2016, Mr. Thomas P. Wohlfarth, the spouse of Ms. Diane Leopold (President and CEO of Dominion Energy, one of the company's principal business units) was employed by Dominion's services company as Senior Vice President, Regulatory Affairs. Mr. Wohlfarth received aggregate compensation of approximately \$998,000, consisting of salary, annual and long-term incentive plan payouts, restricted stock (including dividend payments) and other benefits. His compensation and benefits are consistent with the company's overall compensation principles based on his years of experience, performance and position within the company. The transaction involving the compensation paid to Mr. Wohlfarth was reviewed and approved by the CGN Committee in accordance with Dominion's related party transaction guidelines.

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During 2016, Mr. Paul Jibson, the son of Ronald W. Jibson, was employed by Wexpro Company, a subsidiary of Dominion acquired through the merger with Questar in 2016. Mr. Paul Jibson worked as the Manager of Joint Operations and Regulatory Affairs and received compensation of approximately \$265,000 consisting of salary, annual incentive payout, and restricted stock units of Questar (including dividend payments), which included outstanding unvested shares distributed in cash upon closing of the merger. The transaction involving the compensation paid to Mr. Paul Jibson was reviewed and approved by the CGN Committee in accordance with Dominion's related party guidelines.

During 2016, three providers of asset management services to Dominion were also beneficial owners of at least 5% of Dominion common stock: BlackRock, Inc. (BlackRock), The Vanguard Group (Vanguard) and Capital Research Global Investors (Capital Research). The nature and value of services provided by these 5% shareholders and their affiliates are described below.

Affiliates of BlackRock provided asset management services to the company's pension plan and received approximately \$235,900 in fees for such services for 2016.

Affiliates of Vanguard provided asset management services to various trusts associated with the company's employee benefit plans and received approximately \$432,200 in fees for such services for 2016.

Affiliates of Capital Research provided asset management services to the company's pension plan and various trusts associated with the company's employee benefit plans and received approximately \$1,360,800 in fees for such services for 2016.

In each of these cases, the investment management agreements were entered into on an arm's-length basis in the ordinary course of business. These transactions were reviewed and approved in accordance with Dominion's related party transaction guidelines.

## **Shareholder Proposals for Inclusion in 2018 Proxy Statement**

If you wish to submit a proposal for possible inclusion in the 2018 Proxy Statement, Dominion's Corporate Secretary must receive it no later than 5 p.m., Eastern Time, on November 20, 2017. Shareholders should refer to Rule 14a-8 of the Exchange Act, which sets standards for eligibility and specifies the types of proposals that are not appropriate for inclusion in the 2018 Proxy Statement. Shareholder proposals should be sent to our Corporate Secretary at Dominion Resources, Inc., 120 Tredegar Street, Richmond, Virginia 23219.

## **Shareholder Director Nominations for Inclusion in 2018 Proxy Statement**

In addition, we have adopted a proxy access right to permit, under certain circumstances, a shareholder or a group of shareholders, to include in our annual meeting proxy statement director candidates that they have nominated. These proxy access provisions in our Bylaws provide, among other things, that a shareholder or group of up to 20 shareholders seeking to include director candidates in our annual meeting proxy statement must own, in the aggregate, at least 3% of the company's outstanding common stock continuously for at least the previous three years. The number of shareholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed the greater of 20% of our Board or two directors. Shareholder(s) and the nominee(s) must satisfy the other requirements in our Bylaws. Notice of proxy access director nominees must be received by our Corporate Secretary at the address above

no earlier than October 21, 2017 and no later than 5 p.m., Eastern Time, on November 20, 2017. Please refer to our Bylaws for the complete proxy access requirements.

**Shareholder Director Nomination and Other Shareholder Proposals for Presentation at the 2018 Annual Meeting Not Included in the 2018 Proxy Statement**

To nominate a director at the 2018 Annual Meeting, you must be a shareholder and deliver written notice to our Corporate Secretary at least 60 days before the meeting. If the meeting date has not been publicly announced 70 days before the meeting, then notice can be given up to 10 days following the public announcement. Any notice must include the following information:

Your name and address;

Each nominee's name and address;

A statement that you are an owner of Dominion stock entitled to vote at the meeting and you intend to appear in person or by proxy to nominate your nominee;

A description of all arrangements or understandings between you and each nominee and any other person concerning the nomination;

Other information about the nominee that would be included in a proxy statement soliciting proxies for the election of directors; and

The consent of the nominee to serve as a director.

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If you wish to bring any other matter (other than the nomination of a director) in person before the 2018 Annual Meeting, Dominion's Bylaws require you to notify the Corporate Secretary in writing no less than 90 days and not more than 120 days prior to the one-year anniversary of the date of the 2017 Annual Meeting. This means that for the 2018 Annual Meeting, your notice must be delivered, or mailed and received, between January 10, 2018, and February 9, 2018, and must contain the information specified by our Bylaws regarding each matter, including:

A brief description of the business you wish to bring before the 2018 Annual Meeting, including the complete text of any related resolutions to be presented and the reasons for conducting such business at the meeting;

Your name and address and the name and address of any associated person of yours, as they appear on Dominion's records;

The number of shares of stock that you, and any associated person of yours, own or beneficially own, including a description of any agreement, arrangement or understanding relating to such shares, and a written agreement by you to update and supplement this information as of the record date for the 2018 Annual Meeting; and

Any material interest you and any associated person of yours have in such business.

## **Shareholder Communications**

Broadridge Corporate Issuer Solutions, Inc. (Broadridge) is the transfer agent, registrar and dividend paying agent for Dominion's common stock and is the administrator for Dominion Direct®, Dominion's direct stock purchase and dividend reinvestment plan. For transfer agent matters, shareholders may communicate with Dominion through Broadridge by writing to Dominion Shareholder Services, c/o Broadridge Corporate Issuer Solutions, P.O. Box 1342, Brentwood, NY 11717, by calling Dominion Shareholder Services care of Broadridge at (800) 552-4034 or by sending an email to [shareholder@broadridge.com](mailto:shareholder@broadridge.com). Additional information regarding Dominion Shareholder Services can be found at [www.dom.com/investors/shareholder-services](http://www.dom.com/investors/shareholder-services). For non-transfer agent related matters, you may email Dominion at [shareholderrelations@dom.com](mailto:shareholderrelations@dom.com).

**Table of Contents****APPENDIX A****Reconciliation of Reported Earnings (GAAP) to Operating Earnings (non-GAAP)**

| <b>(MILLIONS, EXCEPT PER SHARE AMOUNTS)</b>     | <b>2015</b>     | <b>2016</b>     |
|-------------------------------------------------|-----------------|-----------------|
| <b>Reported Earnings (GAAP)</b>                 | <b>\$ 1,899</b> | <b>\$ 2,123</b> |
| Adjustments to reported earnings <sup>1</sup> : |                 |                 |
| Pre-tax loss (income)                           | 220             | 359             |
| Income tax                                      | (79)            | (135)           |
|                                                 | 141             | 224             |
| <b>Operating Earnings (non-GAAP)</b>            | <b>\$ 2,040</b> | <b>\$ 2,347</b> |
| <b>Earnings per common share - diluted:</b>     |                 |                 |
| <b>Reported Earnings (GAAP)</b>                 | <b>\$ 3.20</b>  | <b>\$ 3.44</b>  |
| Adjustments to reported earnings (after-tax)    | 0.24            | 0.36            |
| <b>Operating Earnings (non-GAAP)</b>            | <b>\$ 3.44</b>  | <b>\$ 3.80</b>  |

<sup>1</sup> Adjustments to reported earnings are reflected in the following table:

|                                                                 | <b>2015</b>    | <b>2016</b>     |
|-----------------------------------------------------------------|----------------|-----------------|
| <b>Pre-tax loss (income):</b>                                   |                |                 |
| Future ash pond and landfill closure costs                      | 99             | 197             |
| Questar transaction and transition costs                        |                | 74              |
| Loss from discontinued operations                               |                |                 |
| Charges associated with North Anna and offshore wind facilities |                |                 |
| Producer Services repositioning                                 |                |                 |
| Charges associated with liability management exercise           |                |                 |
| Impairment of generation assets                                 |                |                 |
| Other items                                                     | 121            | 88              |
|                                                                 | <b>\$ 220</b>  | <b>\$ 359</b>   |
| <b>Income tax expense (benefit):</b>                            |                |                 |
| Tax effect of above adjustments to reported earnings            | (85)           | (123)           |
| Other income tax adjustments                                    | 6              | (12)            |
|                                                                 | <b>(\$ 79)</b> | <b>(\$ 135)</b> |

Consolidated operating earnings is a financial measure that is not required by, or presented in accordance with GAAP. This non-GAAP financial measure should not be considered as an alternative to GAAP measures, such as reported earnings, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies.

Dominion uses operating earnings as the primary performance measurement of its earnings guidance and results for public communications with analysts and investors. Dominion also uses operating earnings internally for budgeting, for reporting to the Board of Directors, for the company's incentive compensation plans and for its targeted dividend payouts and other purposes. Dominion management believes operating earnings provide a more meaningful representation of the company's fundamental earnings power.



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