

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

SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**Exelon Corporation**

(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

No fee required.

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

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
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- 1) Amount previously paid:
  - 2) Form, Schedule or Registration Statement No.:
  - 3) Filing Party:
  - 4) Date Filed:
-

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

page 5  
 page 6-7, 12 and 17  
 page 9

Also see "Acronyms Used" on the *side back cover* for a guide to the acronyms used throughout our proxy statement.

**Cautionary Statements Regarding Forward-Looking Information**

## Edgar Filing: EXELON Corp - Form DEF 14A

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

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**Notice of the Annual Meeting of Shareholders and 2019 Proxy Statement**

March 20, 2019

**Logistics**

**When**

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

**Where**

Hotel Du Pont located  
at 42 West 11<sup>th</sup> Street,  
Wilmington, Delaware

**Who Can Vote**

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

**Items of Business**

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

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

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

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

Use the internet at  
[www.proxyvote.com](http://www.proxyvote.com)  
24 hours a day

Call toll-free  
1-800-690-6903

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

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

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

**Thomas S. O'Neill**

*Senior Vice President,  
General Counsel and Corporate Secretary*

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

The Notice of 2019 Annual Meeting, Proxy Statement, and 2018 Annual Report and the means to vote by Internet are available at [www.proxyvote.com](http://www.proxyvote.com).

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About Exelon: An Industry Leader

**\$23B**

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

Exelon is a **FORTUNE 100** company

**\$36B**

Operating revenue in 2018

zero-carbon energy producer in America

**#1**

**33,500** employees

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

Customer load served

**10M**

Smart meters installed

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

**\$51M**

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

**~2M**

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

**11,470** transmission line miles for utilities

Note: All numbers reflect year-end 2018



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Exelon is America’s Leading Energy Provider

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

The Exelon Family of Companies

**Generation**

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

Learn more at [www.exeloncorp.com](http://www.exeloncorp.com)

**Energy Sales & Service**

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

**Transmission & Delivery**

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

Our Strategy

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

The Exelon Strategic Plan

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

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



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Proxy Statement Summary

2018 Performance Highlights

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

### **Christopher Crane, CEO**

#### **Strong Financial and Operational Performance**

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

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

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

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

Maintained industry leading operational excellence

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

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

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

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

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

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

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

#### **Regulatory & Policy**

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

ZEC legislation enacted in New Jersey

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

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

#### **Exelon 2018 Summary Annual Report**

Learn more about Exelon from our 2018 Summary Annual Report at [www.exeloncorp.com](http://www.exeloncorp.com)

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Proxy Statement Summary

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

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

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

#### **We are dedicated to safety**

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

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

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

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

#### **We actively pursue excellence**

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

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

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

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

#### **We innovate to better serve our customers**

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

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

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

Exelon Utility customers saved 21.9 million MWh and avoided 9.9 million metric tons of CO<sub>2</sub>e.

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

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

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

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

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

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

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

#### **We succeed as an inclusive and diverse team**

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

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

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

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

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Proxy Statement Summary

Our Director Nominees

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Proxy Statement Summary

[www.exeloncorp.com](http://www.exeloncorp.com) 7

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**Proposal 1: Election of Directors**

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

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

The Exelon Board of Directors

**Director Qualifications and Nomination**

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

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

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

Highest personal and professional ethics, integrity and values;

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

Broad training and experience at the policy-making level in business, government, education or technology;

Willingness to remain current with industry and other developments relevant to Exelon’s strategic direction;

Expertise that is useful to the enterprise and complementary to the background and experience of other Directors;

Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership and a commitment to serve over a period of years to develop knowledge about Exelon’s principal operations;

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

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

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### Board and Corporate Governance Matters

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

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

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

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

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

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

**Compensation** – Human capital management and executive compensation knowledge and experience help Exelon recruit, retain, and develop key talent essential to Company operations.

**Technology** – Innovation and technology experience is important in overseeing Exelon's business in the rapidly changing energy markets and physical and cyber threats.

**Safety & Security** – Safety, physical security, and cybersecurity competencies are critical to oversee safe and secure nuclear and other generation operations, transmission and distribution systems, and our other assets.

**Industry** – Industry experience and knowledge of Exelon's businesses help inform our views on energy markets and economics, technology, nuclear power, renewable and clean energy, electric and gas transmission and distribution and the public policy and public safety implications of these aspects.

**Policy** – Government, public policy and regulatory insights are important to help shape public policy initiatives and government regulation for the benefit of our shareholders and customers.

**Risk** – Risk oversight and management experience inform Exelon's enterprise risk management of key risks with potential to impact public safety, operations and shareholder value including its environmental impacts.

**Investor perspective** – Investor relations and investment management experience ensures strong alignment with investors and informs decision making on value-adding initiatives.

**Engineering & Manufacturing** – Engineering, manufacturing, construction, and performance management experience inform Exelon's ongoing commitment to maintaining and strengthening the reliability, resiliency, and safety of the electric and gas transmission and distribution systems, smart grid and generation portfolio and assets.

**Diversity** – Diverse attributes reflect the Company's commitment to diversity and inclusion through age, ethnicity, gender, race and sexual orientation.

### Director Independence

The Board has determined that all non-employee Directors who served on the Board in 2018 and all nominees for election, except for Mr. Crane as Exelon's President and Chief Executive Officer, are independent according to applicable law and the listing standards of the New York Stock Exchange (NYSE), as incorporated into the Independence Standards for Directors in Exelon's Corporate Governance Principles. In accordance with the Independence Standards for Directors, the Board determined that certain categories of relationships as set forth in the Appendix do not create a conflict of interest that would impair a Director's independence. The Board also determined that the members of the Audit, Compensation and Leadership Development, and Corporate Governance Committees are independent within the meaning of applicable laws, NYSE listing standards, and the Independence Standards for Directors.

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### Board and Corporate Governance Matters

When assessing the independence of Director nominees, the Corporate Governance Committee considers the impact that tenure may have on the independence of certain longer-tenured incumbent Board nominees. The Board determined that the independence of our longer-tenured Directors had not been diminished, and that such members continued thoughtfully to challenge and provide reasoned, balanced, and insightful guidance to management. The Board values the perspectives that such Directors contribute to Board discussions, having served Exelon during various industry developments, mergers, and with different management teams over the years.

### Related Person Transactions

Exelon has adopted a written policy for the review and approval or ratification of related person transactions. Under the policy, the Board reviews transactions, arrangements, or relationships with related persons in which the amount involved exceeds \$120,000 and in which any related person had, has, or will have a direct or indirect material interest. In general, related persons are directors and executive officers and their immediate family members, as well as stockholders beneficially owning 5% or more of Exelon's outstanding stock. The Office of Corporate Governance presents relevant information on transactions, arrangements, and relationships disclosed to Exelon's General Counsel for a determination as to the existence of a related person transaction as defined by SEC rules and the policy. Identified related person transactions are submitted to the Board for approval. The Board may approve any related person transactions deemed to not be contrary to the best interests of Exelon. There were no related person transactions identified for 2018.

### Director Nominees

The Board nominates the 13 candidates named below for re-election as Directors. If elected by shareholders, each Director will serve a term ending with the 2020 annual meeting. Each nominee has agreed to be named in this proxy statement and to serve as a Director, if elected. If any Director is unable to stand for election at the annual meeting, the Board may reduce the number of Directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute Director. Exelon does not expect that any Director nominee will be unable to serve.

John Rogers announced his decision to not stand for election at the 2019 annual shareholders meeting. The Board is deeply appreciative of John's valued contributions and insights into Exelon's business and strategy and fulfillment of responsibilities to shareholders, employees, customers and communities.

In addition to the skills, characteristics, core competencies and other attributes previously described, the Corporate Governance Committee also considers whether each nominee has the time available, in light of other business and personal commitments, to effectively serve on Exelon's Board. Among the criteria the Committee considers is the degree to which any incumbent Director nominee demonstrates effective and productive preparedness and engagement. The Board has adopted limits for service on other boards, providing that Directors who serve as the CEO of a public company should not serve on more than two other public company boards in addition to Exelon and its subsidiary boards. Other Directors should not serve on the boards of more than four other public companies in addition to the Exelon Board and its subsidiary boards.

The Board is aware that some institutional investors have adopted vote policies that include board service limits more restrictive than Exelon's limits based on 1) resource challenges that make it impractical for investors to assess thousands of individual director nominees or 2) a risk assessment involving statistical data measuring average time required for board service and especially in the event of a crisis. Such investor policies apply a one-size-fits-all approach that may not take into account all relevant facts and circumstances for a particular individual director, including the results of a robust individual director assessment process, such as Exelon has in place for its directors. Exelon's individual director assessment process provides for peer reviews by each director and by four members of senior management that regularly interact with the Board (see page 23). The individual director assessment conducted of Stephen Steinour in 2019 reflected heightened attention to this known concern and the results are included as part of Mr. Steinour's biographical information on page 16.

The Corporate Governance Committee and the Board believe the skills and experiences detailed above are well represented among the Director nominees and reflect an effective mix of backgrounds, experience and diversity.

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Board and Corporate Governance Matters

**Anthony K. Anderson** INDEPENDENT

**Career Highlights**

Mr. Anderson served as the Vice Chair and Midwest Area Managing Partner of Ernst & Young (EY), a global assurance, tax, transaction and advisory services firm, until his retirement in 2012. During Mr. Anderson’s 35-year career with EY, he oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients throughout the Midwest and also served for six years in the Los Angeles area as managing partner of EY’s Pacific Southwest region. Mr. Anderson also served as a member of EY’s governing body, the Americas Executive Board.

**Board Service**

Mr. Anderson currently serves as a director of AAR Corp. (aerospace and defense), Avery Dennison (manufacturer of adhesive technologies, display graphics and packaging materials), and Marsh & McLennan Companies (global professional services firm). He also serves on the executive committee of the United States Golf Association, as chairman of the board of the Perspectives Charter School, and as a director for World Business Chicago. Mr. Anderson previously served as a director of First American Financial Corporation from 2012 until 2016.

**Age:** 63

**Director since:** 2013

Mr. Anderson’s experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon Board and add value to his leadership of the Audit Committee and service on the Finance and Risk Committee.

**Committee Memberships:**

**Current Public Boards:**

Audit (Chair)	Exelon Corporation
Finance and Risk	AAR Corp.
Generation	Avery Dennison
Oversight	Marsh & McLennan Companies

**Primary Skills & Core Competencies:**

Accounting    Finance    Executive    Compensation    Risk

**Ann C. Berzin** INDEPENDENT

**Career Highlights**

Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations, from 1992 to 2001. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City.

**Board Service**

Ms. Berzin currently serves as a director of Ingersoll-Rand plc (industrial manufacturing), where she chairs its finance committee and serves on its audit committee. Ms. Berzin also serves on the board of Baltimore Gas and Electric Company, an Exelon subsidiary, and she previously served as a director of Constellation Energy Group until its merger with Exelon in 2012.

**Age:** 66

**Director since:** 2012

Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable for her service on the Audit Committee and leadership of the Finance and Risk Committee.

**Committee Memberships:**

**Current Public Boards:**

Finance and Risk (Chair)	Exelon Corporation
Audit	Ingersoll-Rand plc

**Primary Skills & Core Competencies:**

Accounting    Finance    Executive    Risk    Investors



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Board and Corporate Governance Matters

**Laurie Brlas** **INDEPENDENT**

**Career Highlights**

Ms. Brlas served as Executive Vice President and Chief Financial Officer of Newmont Mining Corporation (gold mining) from 2013 until her retirement in 2016. From 2006 to 2013, Ms. Brlas served in a number of senior leadership positions at Cleveland-Cliffs, Inc. (iron ore pellet production), most recently as Executive Vice President and President, Global Operations.

**Board Service**

Ms. Brlas currently serves on the boards of Albemarle Corporation (global chemical manufacturing) and Graphic Packaging Holding Company (consumer packaging). Ms. Brlas previously served as a director of Calpine Corporation (electricity generation), NOVA Chemical Corporation (plastics and chemical manufacturing), and Perrigo Company plc (over-the-counter pharmaceutical and nutritional product manufacturing).

**Age:** 61

**Director since:**  
2018

With 16 years of experience as a chief financial officer at global, capital-intensive companies, Ms. Brlas's proven leadership skills bring valuable knowledge and a diverse perspective to Exelon's Board and to her service on the Audit and Finance and Risk Committees.

**Committee Memberships:**

Audit  
Finance and  
Risk

**Current Public Boards:**

Exelon Corporation  
Albemarle Corporation  
Graphic Packaging Holding Company

**Primary Skills & Core Competencies:**

Accounting    Finance    Executive    Compensation    Investors

**Christopher M. Crane**

**Career Highlights**

Mr. Crane is President and Chief Executive Officer of Exelon Corporation. In his role, Mr. Crane oversees a family of companies representing every stage of the energy business, including Exelon Generation and Exelon's six utilities, which deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania. Previously, he served as President and Chief Operating Officer of Exelon and Exelon Generation from 2008 to 2012. In that role, he oversaw one of the largest, cleanest, and lowest-cost power generation fleets in the country, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of activities including major acquisitions, transmission strategy, cost management initiatives, major capital programs, generation asset optimization and generation development.

**Board Service**

Mr. Crane is one of the leading executives in the electric utility and power industries. He is vice-chairman and a member of the executive committee of the Edison Electric Institute. He also serves as chair of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He also serves as a director of Aegis Insurance Services (mutual insurance company providing liability and property coverage to the energy industry).

**Age:** 60

**Director since:**  
2012

Mr. Crane previously served as vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association and as a director of Aleris International Inc. from 2010 until 2013.

**Committee Memberships:**

Generation  
Oversight  
Investment  
Oversight

Mr. Crane also serves as Chair of the boards of directors of Exelon subsidiaries Baltimore Gas and Electric Company, Commonwealth Edison Company, PECO Energy Company, and Pepco Holdings LLC.

**Current Public Boards:**

Exelon Corporation

**Primary Skills & Core Competencies:**

Accounting    Finance    Executive    Compensation    Technology    Safety &  
Industry    Policy    Risk    Investors    Engineering & Manufacturing    Security

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Board and Corporate Governance Matters

**Yves C. de Balmann** INDEPENDENT

**Career Highlights**

Mr. de Balmann served as the Co-Chairman of Bregal Investments LP (private equity investing firm) from 2002 to 2012. Prior to this, he was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999, and he remained a Senior Advisor to Deutsche Bank AG from 2001 to 2003.

**Age:** 72

**Director since:** 2012

**Board Service**

Mr. de Balmann currently serves as a director of ESI Group (virtual prototyping software and services). Previously, Mr. de Balmann served as a director of Laureate Education, Inc., and Constellation Energy Group until its merger with Exelon in 2012.

**Committee Memberships:**

Compensation and Leadership Development (Chair)

Corporate Governance

Finance and Risk

Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets as well as industry experience as a former director of Constellation Energy Group until Constellation merged with Exelon in 2012. His background leading major organizations informs his leadership of the Compensation and Leadership Development Committee.

**Current Public Boards:**

Exelon Corporation

ESI Group

**Primary Skills & Core Competencies:**

Finance    Executive    Compensation    Risk    Investors

**Nicholas DeBenedictis** INDEPENDENT

**Career Highlights**

Mr. DeBenedictis currently serves as Chairman Emeritus of Aqua America Inc. (water utility operating in eight states) and served as its Chairman and Chief Executive Officer from 1993 to 2015. As CEO of Aqua America, Mr. DeBenedictis gained experience in dealing with many of the same development, land use, and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government: Secretary of the Pennsylvania Department of Environmental Resources and Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years.

**Board Service**

In addition to serving as Chairman Emeritus of Aqua America, Mr. DeBenedictis has served as a director of MISTRAS Group (asset protection solutions) since 2015, and P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995. Mr. DeBenedictis also serves on the boards of Commonwealth Edison Company and PECO Energy Company, which are Exelon subsidiaries.

**Age:** 73

**Director since:** 2002

As a leader in the greater Philadelphia business community, Mr. DeBenedictis has deep knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' experiences as former CEO of a public company, service on other company boards, familiarity and experience with environmental regulations, and his educational background in environmental engineering and science, all provide valuable perspectives to Exelon's Board, Finance and Risk, Generation Oversight, and Corporate Governance Committees.

**Committee Memberships:**

Corporate Governance

Finance and Risk

Generation Oversight

**Current Public Boards:**

Exelon Corporation

Aqua America

MISTRAS Group

P.H. Glatfelter, Inc.

**Primary Skills & Core Competencies:**

Finance    Executive    Industry    Policy    Risk

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Board and Corporate Governance Matters

**Linda P. Jojo** INDEPENDENT

**Career Highlights**

Ms. Jojo is Executive Vice President, Technology and Chief Digital Officer of United Continental Holdings, Inc. (commercial airline) where she leads the Information Technology, Cyber Security and E-commerce organizations and is responsible for the airline’s digital strategy. She has held her current position at United since 2014. Prior to joining United, she served as Executive Vice President and Chief Information Officer for Rogers Communications Inc. from 2011 to 2014 (wireless communication and media company), where she was responsible for all IT systems for both customer-facing and business support systems. Prior to this, Ms. Jojo served in other senior officer roles at Energy Future Holdings Corporation (held a portfolio of competitive and regulated energy companies), Flowserve Corporation (suppliers of industrial and environmental machinery), and General Electric.

**Age:** 53

**Director since:**  
2015

**Board Service**

Ms. Jojo serves as vice-chair of the board of trustees of the Adler Planetarium in Chicago, Illinois and is a member of the board of trustees at Rensselaer Polytechnic Institute in Troy, NY.

**Committee Memberships:**

Ms. Jojo’s wealth of experience leading complex IT organizations brings important IT and innovation expertise to Exelon’s Board. Ms. Jojo’s educational background in computer science and industrial engineering also lends expertise to Exelon’s risk oversight and cybersecurity programs and initiatives.

Compensation and Leadership Development

**Current Public Boards:**

Finance and Risk Exelon Corporation

**Primary Skills & Core Competencies:**

Compensation Engineering & Manufacturing Technology Safety & Security Industry

**Paul L. Joskow, Ph. D.** INDEPENDENT

**Career Highlights**

Dr. Joskow is the Elizabeth and James Killian Professor of Economics, Emeritus at the Massachusetts Institute of Technology (MIT). He is also the President Emeritus of the Alfred P. Sloan Foundation, where he served as president from 2008 through 2017. Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics from 1994 to 1998 and as Director of the MIT Center for Energy and Environmental Policy Research from 1999 to 2007. Dr. Joskow’s teaching and research has been in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation.

Dr. Joskow has served on the U.S. Environmental Protection Agency’s (EPA) Acid Rain Advisory Committee and on the Environmental Economics Committee of the EPA’s Science Advisory Board. Dr. Joskow also served on the National Commission on Energy Policy, as a member of the Secretary of Energy Advisory Board, and as chair of the National Academies Board on Science, Technology and Economic Policy.

**Age:** 71

**Director since:**  
2007

**Board Service**

Dr. Joskow currently serves as a trustee of the Putnam Mutual Funds board, as a trustee of Yale University, and as a director of the Whitehead Institute for Biomedical Research.

**Committee Memberships:**

Dr. Joskow’s extensive background in economics and energy and his experience as a utility director offer a unique set of skills to the Company’s Board of Directors.

Audit

Finance & Risk

**Current Public Boards:**

Investment Oversight Exelon Corporation

**Primary Skills & Core Competencies:**

Executive Technology Industry Policy Investors

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Board and Corporate Governance Matters

**Robert J. Lawless** INDEPENDENT

**Career Highlights**

Mr. Lawless served as Chairman of McCormick & Company, Inc. (food manufacturing industry) from 1997 to 2009, having also served as its President until 2006, and its Chief Executive Officer until his retirement in 2008.

**Age:** 72

**Director since:** 2012

**Board Service**

Mr. Lawless currently serves as a director of The Baltimore Life Insurance Company (insurance provider) and previously served as a director of Constellation Energy Group until Constellation merged with Exelon in 2012.

**Committee Memberships:**

Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he provides critical perspectives on governance and other public company issues that inform his leadership of the Corporate Governance Committee.

Corporate Governance (Chair)

Compensation and Leadership Development

**Current Public Boards:**

Exelon Corporation

**Primary Skills & Core Competencies:**

Accounting    Executive    Compensation    Investors    Engineering & Manufacturing

**Richard W. Mies** INDEPENDENT

**Career Highlights**

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm, providing strategic planning and risk assessment related to international security, energy, defense, and maritime issues. A graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience, having served as the senior operational commander of the US Submarine Force, and commander of the U.S. Strategic Command for four years prior to his retirement in 2002.

**Board Service**

Admiral Mies serves as a director of BWX Technologies, Inc. (a supplier to the nuclear power industry). He is also a member of the board of governors for Lawrence Livermore National Security LLC and serves as vice-chair of the Secretary of Energy Advisory Board. He previously served as a director of Mutual of Omaha from 2002 until 2014, Babcock and Wilcox (an equipment and technology provider to the energy industry) from 2010 until 2015, and as a member of the board of governors for Los Alamos National Security, LLC, from 2005 until 2018.

**Age:** 74

**Director since:** 2009

Admiral Mies' extensive educational background in mechanical engineering and mathematics, and postgraduate studies and degrees in government administration and international relations at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University contribute to his insights and leadership of the Generation Oversight Committee, and his service on the Finance and Risk and Audit Committees. His deep leadership experience with nuclear power and strategic planning in the Navy and in business, and his extensive board service enable his ability to provide thoughtful contributions to the Exelon Board.

**Committee Memberships:**

Generation Oversight (Chair)

Audit

**Current Public Boards:**

Exelon Corporation

Finance and Risk

BWX Technologies, Inc.

**Primary Skills & Core Competencies:**

Executive    Technology    Safety & Security    Industry    Risk

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Board and Corporate Governance Matters

**Mayo A. Shattuck III INDEPENDENT CHAIRMAN OF THE BOARD**

**Career Highlights**

Mr. Shattuck serves as the independent Board Chair of Exelon Corporation. He previously served as Executive Chair of Exelon from 2012 to 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy from 2001 until 2012, when Constellation merged with Exelon. Prior to this, Mr. Shattuck was at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown Inc. and, during his tenure, also served as Global Head of Investment Banking and Global Head of Private Banking.

Mr. Shattuck is the past chairman of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also co-chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States.

**Board Service**

Mr. Shattuck currently serves as a director of Gap Inc. (clothing retailer), Capital One Financial Corporation, and at Alarm.com Holdings, Inc. (cloud-based security and monitoring services).

Mr. Shattuck's extensive experience in business and the energy industry enables him to effectively identify strategic priorities and oversee the execution of strategic initiatives. His financial expertise from his experience in the financial services industry also brings valuable perspectives to the Board.

**Age:** 64  
**Director since:**  
2012

**Current Public Boards:**

**Committee Memberships:**

Investment Oversight

- Exelon Corporation
- Gap, Inc.
- Capital One Financial Corporation
- Alarm.com Holdings, Inc.

**Primary Skills & Core Competencies:**

Finance    Executive    Compensation    Industry    Risk

**Age:** 60  
**Director since:**  
2007

**Stephen D. Steinour INDEPENDENT**

**Career Highlights**

Mr. Steinour has served as the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated, (regional bank-holding company) since 2009. Mr. Steinour previously served as Managing Partner of CrossHarbor Capital (investment firm) from 2008 until 2009, and in a variety of executive positions culminating as President and CEO of Citizens Financial Group (commercial bank holding company) from 1992 until 2008.

**Board Service**

Mr. Steinour has served as a director of L Brands, Inc. (fashion retailer) since 2014. He also serves as a member of the board of directors of the Federal Reserve Bank of Cleveland and as a trustee of The Ohio State University Wexner Medical Center.

Mr. Steinour's experience has provided him with a strong background in mergers and acquisitions, business development, creation, and partnerships. His deep background in banking, credit and risk management, and capital markets provides experience important to Exelon and its businesses. Mr. Steinour was named to the 2016 "Directorship 100" list issued by the National Association of Corporate Directors.

In conducting the individual director assessment of Mr. Steinour in January 2019 that includes the input of peers and members of management (see page 23), the Board was mindful of certain investor vote policies imposing board service limits that are more restrictive than Exelon's (see page 18 for more). The unanimous consensus of the peer/management input was that Mr. Steinour continues to demonstrate the highest degree of engagement and accessibility, and consistently offers valued advice and guidance.

Mr. Steinour stepped out of the Finance and Risk Committee chair role in June 2018 when he also rotated from the Audit Committee to the Compensation and Leadership Development Committee. Mr. Steinour's commitment to Exelon's Board and Committees has been demonstrated by his consistently high attendance record of over 90% as recorded over 12 years, covering 309 meetings. Lastly, Mr. Steinour's service on the L Brands board does not require onerous travel as the company is based near Mr. Steinour's home in Ohio.

**Committee Memberships:**

Finance and Risk  
Compensation and Leadership Development

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The results of Exelon's robust assessment process demonstrate Mr. Steinour importance to Exelon's Board and clearly support his nomination as a director.

### Current Public Boards:

Exelon Corporation  
Huntington Bancshares Inc.  
L Brands, Inc.

### Primary Skills & Core Competencies:

Accounting    Finance    Executive    Risk    Investors  
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Board and Corporate Governance Matters

**John F. Young** **INDEPENDENT**

**Age:** 62

**Director since:**  
2018

**Career Highlights**

Mr. Young served as President, Chief Executive Officer, and Director of Energy Future Holdings Corp. (energy company with portfolio of competitive and regulated businesses) from 2008 until his retirement in 2016. From 2003 to 2008, Mr. Young served in a number of senior leadership positions at Exelon and Exelon Generation, most recently as Executive Vice President and Chief Financial Officer of Exelon Corporation.

**Committee Memberships:**

**Board Service**

Mr. Young has served on the board of The United States Automobile Association (financial and insurance services) since 2011, and he is a member of the Baylor Healthcare System Foundation Advisory Board and the U.S. Naval Academy Foundation's Board.

**Finance and Risk**  
**Generation**  
**Oversight**

Mr. Young previously served as a director of CSRA, Inc. (IT and cybersecurity services) and Nuclear Electric Insurance Limited (mutual insurance company for nuclear utilities). Mr. Young also previously served as a director of the Nuclear Energy Institute and the Edison Electric Institute.

Mr. Young's extensive leadership, operational expertise, deep industry knowledge, and financial background bring valuable and broad industry insights to our Company's Board of Directors. Mr. Young leverages this expertise in his service to the Finance and Risk and Generation Oversight Committees of the Board.

**Current Public Boards:**

Exelon Corporation

**Primary Skills & Core Competencies:**

Finance    Executive    Safety & Security    Industry Risk  
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Board and Corporate Governance Matters

The Board's Role and Responsibilities

### Overview

Exelon's business, property and affairs are managed under the direction of the Board of Directors. The Board considers the interests of all of its constituencies, which includes shareholders, customers, employees, suppliers, the communities we serve, and the environment. The Board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

### Governance Highlights

Exelon's Board remains committed to maintaining the highest standards of corporate governance. We believe our strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our shareholders, employees, customers, regulators, and other stakeholders. A summary of our corporate governance practices are described below and more detail is presented in our Corporate Governance Principles, which are available on the Exelon website at [www.exeloncorp.com](http://www.exeloncorp.com) on the Governance page located under the Investors tab.

#### **Board Accountability & Shareholder Rights**

Directors are elected annually by a majority of votes cast in uncontested elections. The average level of vote support for Directors in 2018 was 97%.

Eligible shareholders may nominate Directors through Exelon's "proxy access" bylaws.

#### **Oversight of Risk Management**

The Board regularly reviews management's systematic approach to identifying and assessing risks faced by Exelon and each business unit, taking into account emerging trends and developments and in connection with capital investments and business opportunities.

Our Finance and Risk Committee oversees Exelon's risk management strategy, policies and practices, financial condition and risk exposures.

#### **Shareholder Engagement**

Exelon has a long-standing practice of engaging with our shareholders on corporate governance matters throughout the year, as may be necessary or helpful, to understand the positions of our institutional investors and to share Exelon's perspective on matters of mutual interest.

Regular and ongoing engagement with our shareholders helps to inform Board and Committee decisions on governance, compensation, environmental stewardship, and other matters.

Page 36 in our Compensation Discussion & Analysis section summarizes the input received during 2018 related to our executive compensation program.

#### **Governance Practices**

Our Board and each of the Board's six Committees undergo annual self-assessments, and individual directors undergo biennial performance assessments that includes input from peers and select members of executive management. (See page 23 for details.)

Continuing director education is provided during Board and Committee meetings and the Company encourages Director participation in externally offered director development opportunities.

Independent Directors meet regularly in executive sessions without management.

Robust stock ownership guidelines require Directors to hold at least 15,000 shares of Exelon common stock within five years after joining the Board; the CEO to hold shares valued at 6X his base salary, and Executive Vice Presidents and higher-level officers to hold shares valued at 3X base salary. Hedging, pledging, and short sales of Exelon stock are prohibited.

Directors may not stand for election after age 75.

Directors should not serve on the boards of more than four other public companies in addition to Exelon and its subsidiaries and any Director who serves as the CEO of a public company should not serve on more than



two other public company boards in addition to Exelon.

Transparent political activities and contributions are provided through semi-annual reporting on

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

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Board and Corporate Governance Matters

### **Purpose and Principles**

In 2017, we articulated our purpose as a Company—how and why we exist. Thousands of employees from across the Company provided input, and the result was a bold affirmation of our reason for being. Our Purpose statement provided a renewed focus on the impact we have in the communities where we work and live. Our principles serve as our guide. See page 5 for a summary of some of our 2018 achievements.

#### **Purpose Powering a cleaner and brighter future for our customers and communities.**

**Principles** We practice the highest level of safety and security to reliably deliver energy to our customers and communities.

We put customer needs at the center of all we do by fueling innovation to improve the delivery of clean and affordable energy and services.

We return our success to the communities we are privileged to serve.

We adhere to the highest standards—ethically and with uncompromising integrity—to drive value for our customers and shareholders.

Our workforce is the foundation of our success. We succeed as a team of diverse individuals; respected, engaged and inspired to shape our nation's energy future.

### **Environmental, Social and Governance Oversight**

Environmental sustainability has been a core value and business driver for Exelon since our company's beginning. Successfully managing environmental impacts strengthens our relationships with our customers and the communities in which we operate. We are focused on being good stewards of the resources we use by minimizing impacts on watersheds and habitats and innovating processes to reduce waste and emissions. Our most substantial positive environmental impact is our contribution to address climate change — as the largest producer of clean and reliable energy in the United States, our responsibility to manage our environmental impacts for our stakeholders and the planet is significant. Consistent with our Purpose statement, we are committed to building the next-generation energy company and applying innovative technologies to manage energy use and meet customer expectations for clean, reliable and affordable power. For more information about our sustainability practices, please refer to The Exelon Corporation Sustainability Report posted on our website at [www.exeloncorp.com](http://www.exeloncorp.com).

The Board's Corporate Governance Committee oversees our strategies and efforts to protect and improve the quality of the environment and our sustainability policies and practices.

### **Board Oversight of Risk**

The Company operates in a complex market and regulatory environment that involves significant risks, many of which are beyond its direct control. Exelon has a fully staffed Enterprise Risk Management group that also draws upon other Company personnel for additional support on various matters related to identification, assessment, management, mitigation and monitoring of risks through established key risk indicators.

Exelon's Enterprise Risk Management group is composed of:

a Chief Enterprise Risk Officer;

a Chief Commercial Risk Officer;

a Chief Credit Officer;

a Vice President of Enterprise Risk Management Operations;

a Vice President of Enterprise Risk Management Analytics, and;

a full-time staff of approximately 115.

The Company and its business units/operating companies also have Risk Management Committees composed of select senior officers including the chief executive officers of those business units/operating companies and the Exelon CEO, who meet regularly to discuss matters related to enterprise risk management generally, risks associated with new developments or proposed transactions under consideration, and ensure that processes are in place to identify and assess risks within the business as well as measure and manage risk exposures in accordance with Exelon's policies, programs, strategies, and risk appetite as approved by the Exelon Board.

The Chief Enterprise Risk Officer and the Risk Management Committees meet regularly with management of the Company to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the Enterprise Risk Management group perform regular assessments of enterprise

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### Board and Corporate Governance Matters

risks, drawing upon resources throughout the Company for an assessment of the probability and severity of identified risks as well as control effectiveness. These risk assessments, which also include the review of operating company-specific key risk indicators, are discussed at the business unit/operating company Risk Management Committees before being aggregated and discussed with the Board's Finance and Risk and Audit Committees and, when appropriate, the BGE, ComEd, PECO and PHI boards of directors.

The Finance and Risk, Audit, and Generation Oversight Committees regularly report on the Committees' discussions of enterprise risks to the Board. Furthermore, the Board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

### Director Attendance

The Board of Directors held five meetings during 2018, including a two-day strategy retreat with senior officers of Exelon and its subsidiary companies. Each incumbent Director nominee attended at least 75% of the combined Board and Committee meetings of which he or she was a member. Attendance at Board and Committee meetings during 2018 averaged 98% for incumbent Directors as a group.

#### Attendance

While Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all Directors attended the 2018 annual shareholders meeting.

### Board Structure

### Board Leadership

Exelon's bylaws permit the independent members of the Board to determine the leadership structure of the Board including whether the roles of Board Chair and Chief Executive Officer should be performed by the same individual or whether the roles should be performed by separate individuals. As a matter of policy, the Board believes that separation of these functions is not required, and whether to combine the roles or not is a matter for the Board's sole discretion, taking into consideration the current and anticipated circumstances of the Company, the skills and experiences of the individual or individuals in question, and the leadership composition of the Board.

The Board reviews its leadership structure periodically and as circumstances warrant. The Board separated the roles of Board Chair and Chief Executive Officer in 2012 upon the completion of its merger with Constellation Energy Group and named Mayo Shattuck as Board Chair and Christopher Crane as President and Chief Executive Officer of Exelon. We find that this leadership structure ensures independent oversight and promotes the Board's ability to effectively represent the best interests of all shareholders.

The Board is committed to continued independent oversight at all times and our Corporate Governance Principles provide that the independent members of the Board shall select and elect a Lead Independent Director in the event the Board Chair and Chief Executive role are held by the same individual, or the person holding the role of Board Chair is not independent under Exelon's Independence Standards for Directors. At any time during which the position of Lead Independent Director may be required but is vacant due to timing considerations, the Chair of the Corporate Governance Committee shall serve as the Lead Independent Director.

Exelon's Corporate Governance Principles provide a full outline of the responsibilities for each of the Board Chair, Chief Executive Officer, and any Lead Independent Director.

### Board Committees

There are six standing committees of the Board: the Audit Committee, the Compensation and Leadership Development Committee, the Corporate Governance Committee, the Finance and Risk Committee, the Generation Oversight Committee and the Investment Oversight Committee. The Board Chair and CEO generally attend all Committee meetings and all Committees meet regularly in executive session without management present.

Each Committee is governed by a Board-approved charter stating its responsibilities, that is reviewed annually and updated as appropriate. The charters were last amended on January 30, 2018 (Finance and Risk, Generation Oversight and Investment Oversight Committee charters) and July 24, 2018 (Audit, Compensation and Leadership Development, and Corporate Governance Committee charters), and are available on the Exelon website at [www.exeloncorp.com](http://www.exeloncorp.com) on the Governance page under the Investors tab. The charters are available in print to any shareholder who requests a copy from Exelon's Corporate Secretary as described on page 65 of this proxy statement.

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Board and Corporate Governance Matters

**Audit Committee**

**Meetings in 2018: 6**

**Primary Responsibilities:**

**Members** - all independent

Assists Board in the oversight and review of the quality and integrity of the Company's financial statements and internal controls over financial reporting

Mr. Anderson (Chair)

Appoints, retains, and oversees the independent auditor and evaluates its qualifications, performance and independence

Ms. Berzin

Oversees the Company's internal audit function

Ms. Brias

With the advice and assistance of the Finance and Risk Committee, reviews the processes by which Exelon assesses and manages enterprise risk

Dr. Joskow

Oversees compliance with Exelon's Code of Business Conduct, and the process for the receipt and response to complaints regarding accounting, internal controls or audit matters

Adm. Mies

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The Board of Directors has determined that each of the members of the Audit Committee is an "Audit Committee Financial Expert" for purposes of the SEC's rules.

**Compensation and Leadership Development Committee**

**Meetings in 2018: 4**

**Primary Responsibilities:**

**Members** - all independent

Assists Board in establishing performance criteria, evaluation, and compensation for CEO

Mr. de Balmann (Chair)

Retains the Committee's independent compensation consultant

Ms. Jojo

Approves executive compensation program design for executive officers, other than the CEO

Mr. Lawless

Reviews Compensation Discussion and Analysis and prepares Compensation Committee Report for this proxy statement

Mr. Steinour

Monitors and reviews leadership and succession information for executive roles

**Report:** Page 45

**Compensation Committee Interlocks and Insider Participation.** No member of the Compensation and Leadership Development Committee has ever served as an officer or employee of Exelon. During 2018, none of Exelon's executive officers served on the board of directors of any entities whose executive officers serve on the Compensation and Leadership Development Committee.

**Corporate Governance Committee**

**Meetings in 2018: 5**

**Primary Responsibilities:**

**Members** - all independent

Identifies and recommends qualified candidates for election by the Board and shareholders and oversees Board and Committee structure and composition

Recommends Corporate Governance Guidelines and advises on corporate governance issues including evaluation processes for the Board, Committees, each Director, the Board Chair and CEO

Mr. Lawless (Chair)

Oversees Exelon's environmental strategies, including climate change and sustainability policies

Mr. de Balmann

Reviews Exelon's director compensation program and has authority to retain independent compensation consultant

Mr. DeBenedictis

Has authority to retain an independent search firm to identify candidates for Director

Mr. Rogers

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Board and Corporate Governance Matters

**Finance and Risk Committee**

**Meetings in 2018: 4**

**Members** - all independent

**Primary Responsibilities:**

- Ms. Berzin (Chair) Oversees risk management functions and matters relating to the financial condition and risk exposures of Exelon and its subsidiaries
- Mr. Anderson Monitors financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity, and related financial risks
- Ms. Brlas Oversees capital management and planning process, including capital expenditures, acquisitions and divestitures
- Mr. de Balmann Oversees risk management strategies, policies, procedures, and mitigation efforts including with respect to marketing and trading of energy and energy-related products and cyber security
- Mr. DeBenedictis
- Ms. Jojo
- Dr. Joskow
- Adm. Mies
- Mr. Steinour
- Mr. Young

**Generation Oversight Committee**

**Meetings in 2018: 4**

**Primary Responsibilities:**

**Members**

- Oversees the safe and reliable operation of all generating facilities with principal focus on nuclear safety
- Oversees management and operations of generating facilities including the overall organizational effectiveness of generation station operations
- Adm. Mies (Chair) Oversees compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon's generation assets
- Mr. Anderson
- Mr. Crane
- Mr. DeBenedictis
- Mr. Young
- Reviews environmental, health and safety issues related to generating facilities

**Investment Oversight Committee**

**Primary Responsibilities:**

**Meetings in 2018: 2**

**Members**

- Oversees the management and investment of the assets in trusts for the purpose of funding the expense of decommissioning nuclear facilities
- Monitors performance of the nuclear decommissioning trusts and trustees, investment managers, and other advisors and service providers for the trusts
- Mr. Rogers (Chair) Oversees the retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts
- Mr. Crane Oversees the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts
- Dr. Joskow
- Mr. Shattuck Monitors investment performance of the trusts under the pension and post-retirement welfare plans and investment options under the savings plans

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Board and Corporate Governance Matters

Board Processes and Policies

Board, Committee, and Individual Director Evaluations

**Exelon has strong evaluation processes for its Board, six Board Committees, and individual Directors.**

**Board Evaluations**

The Board conducts an annual assessment of its performance and effectiveness. The process is coordinated by the Board Chair and the chair of the Corporate Governance Committee, taking into account the recommendations of the Corporate Governance Committee on the process and criteria to be used for Board, Committee, and individual Director evaluations. All Directors are interviewed by the Board Chair or the chair of the Corporate Governance Committee to discuss the following topics, among others that may arise:

- overall Board performance and areas of focus including strategic and business issues, challenges, and opportunities;

- Board meeting logistics;

- CEO, senior management and Director succession planning;

- accountability to shareholder views;

- Board Committee structure and composition;

- Board culture;

- Board composition; and

- management performance, including quality of materials, provided to the Directors.

Interviews also seek practical input on what the Board should continue doing, start doing, and stop doing. Following such interviews, the Board Chair and chair of the Corporate Governance Committee collaborate to prepare and provide to the Board a summary of the assessment input provided.

**Committee Evaluations**

All six of the Board's Committees conduct annual assessments of their performance and take into consideration:

- the sufficiency of their charters;

- whether Committee members possess the right skills and experiences or whether additional education or training is required;

- whether there are sufficient meetings covering the right topics; and

- whether meeting materials are effective, among other matters.

Assessments also seek practical input on what Committees should continue doing, start doing, and stop doing.

A summary of all Committee assessment results is provided to the Corporate Governance Committee and Board for review and discussion.

**Individual Director Evaluations**

The process for individual Director evaluations was strengthened in 2017 to provide for individual assessments of all Directors on a biennial basis, which means that each Director is evaluated every other year. Individual Director performance assessments include peer review by all members of the Board as well as input from members of senior management on the contributions and performance of each Director. Directors are interviewed by the Chair of the Corporate Governance Committee or by the Board Chair to provide input on each Director undergoing assessment. In addition, four members of senior management are interviewed to provide input based on their regular interactions with Directors. In 2019, all interviews were conducted by the Board Chair because the chair of the Corporate Governance Committee was in the group undergoing assessment. Topics covered in the interviews included:

- meeting preparedness;

- meaningful and constructive participation and contributions;

- respectful, effective and candid communication skills;

- demonstrated independence;

- Company and industry knowledge;

- strategic foresight; and

- openness to new learnings and training.

Interviews also sought practical input on what Directors should continue doing, start doing, and stop doing. After discussing the process and overall results with the Corporate Governance Committee, the Board Chair collaborates with the chair of the Corporate Governance Committee to provide feedback separately to individual Directors for developmental opportunities.

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Board and Corporate Governance Matters

### Director Education

The Board has an orientation and onboarding program for new Directors and provides continuing education for all Directors that is overseen by the Corporate Governance Committee.

**New Director Orientation** The orientation program is tailored to the needs of each new Director depending on his or her level of experience serving on other boards and knowledge of the Company or industry acquired before joining the Board. Materials provided to new Directors include information on the Company's vision, strategic direction, financial matters, corporate governance practices, Code of Business Conduct, and other key policies and practices. New Directors also meet with the CEO, senior executives and members of their staff for briefings on the executives' responsibilities, programs and challenges. New Directors are also invited for tours of various Company facilities, depending on their orientation needs. Incumbent Directors are also invited to participate in site visits.

**Continuing Director Education** Continuing director education is provided during portions of Board and Committee meetings and is focused on topics necessary to enable the Board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers" covering timely subjects or topics that a Director can review before the meeting. The Audit Committee plans for at least one meeting a year in which a session is devoted to education on new accounting rules and standards and topics deemed to be helpful to having a good understanding of our accounting practices and financial statements. The Generation Oversight Committee uses site visits as a regular part of education for its members by holding each of its meetings at a different generating station (nuclear, fossil or hydro). Each Generation Oversight Committee meeting agenda includes a briefing by local plant management, a tour of the facility, and lunch with plant personnel.

**Director Education Seminars** Continuing director education also involves individual Directors' attendance at education seminars and programs sponsored by other organizations. The Company covers the cost for any Director who wishes to attend external programs and seminars on topics relevant to their service as Directors.

### Corporate Governance Principles

Our Corporate Governance Principles, together with the articles of incorporation, bylaws, Committee charters, and other policies and practices, provide the framework for the effective governance of Exelon. The Corporate Governance Principles address matters including the Board's responsibilities and role; Board structure, Director selection, evaluation, and other expectations; Board operations; Board Committees; and additional matters such as succession planning, executive stock ownership requirements, and our recoupment policy. The Corporate Governance Principles are reviewed periodically and were last amended in January 2018 to reflect evolving governance trends and to remain contemporary with the needs of the Company and its stakeholders.

### Process for Communicating with the Board

Shareholders and other interested persons can communicate with any Director or the independent Directors as a group by writing to them, c/o Thomas S. O'Neill, Senior Vice President, General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The Board has instructed the Corporate Secretary to review communications initially and transmit a summary to the Directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the Board policy, the Corporate Secretary will forward to the Directors any communication raising substantial issues. All communications are available to the Directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via email to [EthicsOffice@ExelonCorp.com](mailto:EthicsOffice@ExelonCorp.com).

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Board and Corporate Governance Matters

Directors' Compensation

**Compensation of Non-Employee Directors**

The Corporate Governance Committee is responsible for reviewing and making recommendations to the Board regarding its non-employee Director compensation program. The Committee is authorized to engage outside advisors and consultants in connection with its review and analysis of Director compensation and takes various factors into consideration, including responsibilities of Directors generally, Board leadership roles such as the Board Chair and Committee Chairs, and the form and amount of compensation paid to Directors at comparable companies.

The Board targets total Director compensation to be at the median level of compensation paid at the peer group of companies used to benchmark executive compensation. The non-employee Director compensation program comprises two components -cash fees and equity compensation.

**Cash Fees**

The following table sets forth the cash compensation paid in 2018 to Exelon's non-employee Directors.

<b>Role</b>	<b>Annual Cash Retainer \$</b>
Non-Employee Director	\$ 125,000
Board Chair	300,000
Chairs of Audit Committee and Finance and Risk Committee	25,000
Chairs of Compensation and Leadership Development Committee, Corporate Governance Committee and Generation Oversight Committee	20,000
Chair of Investment Oversight Committee	15,000
Generation Oversight Committee Member, including the Chair	20,000

Directors may elect to defer any portion of cash compensation into a non-qualified multi-fund deferred compensation plan. Under the plan, each Director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including amounts invested in the Exelon common stock fund) are settled in cash and may be distributed in a lump sum or in annual installment payments upon a Director reaching age 65, age 72, or upon departure from the Board. These funds are identical to those that are available to Company employees who participate in the Exelon Employee Savings Plan.

**Equity Compensation**

A significant portion of Director compensation is paid in the form of equity to align the interests of Directors with the interests of shareholders. In 2018, Exelon's non-employee Directors received deferred stock units valued at \$145,000 that are paid quarterly in arrears. Deferred stock units are credited to a notional account maintained on the books of the Company at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn dividend equivalents at the same level and time that dividends are paid on shares of Exelon common stock. Dividend equivalents are reinvested in the deferred stock accounts as additional stock units. Deferred stock units are settled in shares of Exelon common stock and may be distributed in a lump sum or in annual installments upon reaching age 65, age 72, or upon a Director's departure from the Board.

Based upon the Corporate Governance Committee's review of peer benchmarking completed in December 2018, the Board approved an increase in the value of directors' deferred stock units to \$155,000 per year, effective January 2019 and made no other changes.



## Other Benefits Provided

From time to time, Exelon Directors are invited to bring spouses or guests to Exelon or industry related events. When such invitations are extended, Exelon covers the cost of spousal or guest travel, meals, lodging and related activities. The value of spousal or guest related travel is calculated according to IRS regulations and imputed to the Director as additional taxable income. Directors also receive reimbursement to cover the additional taxes owed on such imputed income. However, in most cases there is no direct incremental cost to Exelon of providing transportation and lodging for a Director's spouse or guest when he or she accompanies the Director, and the only additional costs to Exelon are those for meals and activities and to reimburse the Director for the taxes on the imputed income. In 2018, there were no incremental costs to the Company for such benefits and reimbursements paid to cover additional taxes are detailed in footnote 1 to the 2018 Director Compensation table below.

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Board and Corporate Governance Matters

**2018 Director Compensation**

The following table summarizes the compensation paid for each of our non-employee Directors who served as a member of the Board and its Committees in 2018.

<b>Name</b>	<b>Annual Board &amp; Committee Retainers</b> \$	<b>Stock Awards</b> \$	<b>All Other Compensation (Note 1)</b> \$	<b>Total Compensation</b> \$
<b>Anderson</b>	\$170,000	\$145,000	\$3,423	\$318,423
<b>Berzin<sup>(2)</sup></b>	139,560	145,000	15,000	299,560
<b>Brlas<sup>(3)</sup></b>	31,250	36,250	—	67,500
<b>de Balmann</b>	145,000	145,000	17,792	307,792
<b>DeBenedictis</b>	145,000	145,000	15,000	305,000
<b>Gioia<sup>(3)</sup></b>	48,599	48,599	—	97,198
<b>Jojo</b>	125,000	145,000	15,000	285,000
<b>Joskow</b>	125,000	145,000	—	270,000
<b>Lawless</b>	145,000	145,000	—	290,000
<b>Mies</b>	165,000	145,000	15,000	325,000
<b>Rogers</b>	140,000	145,000	515,000	800,000
<b>Shattuck</b>	433,352	145,000	15,000	593,352
<b>Steinour<sup>(2)</sup></b>	135,440	145,000	15,000	295,440
<b>Young<sup>(3)</sup></b>	69,348	69,348	15,861	154,557
<b>Total All Directors</b>	<b>\$2,017,549</b>	<b>\$1,749,197</b>	<b>\$642,076</b>	<b>\$4,408,822</b>

Values reflect matching contributions made by Exelon or the Exelon Foundation to qualified not-for-profit organizations and represent charitable contributions made by directors to such organizations under Exelon's matching gift program. For Mr. Rogers, the amount also includes charitable contributions approved by the Corporate Governance Committee and the Board in connection with Mr. Roger's retirement in honor of his long-standing service to Exelon and its shareholders. Exelon's matching gift program provides up to \$15,000 per year in matched contributions made by Directors. Amounts reported for Messrs. Anderson, de Balmann, and Young also reflect \$3,423, \$2,792, and \$861, respectively, for the

(1) reimbursement of income taxes incurred on approved spousal travel benefits.

Amounts reported for Ms. Berzin and Mr. Steinour each include pro-rated Finance and Risk Committee Chair fees. Ms. Berzin assumed the

(2) Finance and Risk Chair role from Mr. Steinour on June 1, 2018.

Prorated retainers were paid to Ms. Brlas and Mr. Young upon their elections to the Board on October 1, 2018, and July 9, 2018, respectively,

(3) and to Ms. Gioia, who retired from the Board on May 1, 2018.

**Outstanding Equity Awards as of December 31, 2018**

As of December 31, 2018, the non-employee Directors held the following amounts of deferred stock units.

<b>Name</b>	<b>Total Deferred Stock Units (Note 1)</b> (#)
<b>Anderson</b>	22,080
<b>Berzin</b>	54,251
<b>Brlas</b>	771
<b>de Balmann</b>	65,235
<b>DeBenedictis</b>	45,792
<b>Gioia</b>	8,782
<b>Jojo</b>	12,602
<b>Joskow</b>	38,616
<b>Lawless</b>	69,597
<b>Mies</b>	35,475
<b>Rogers</b>	61,833
<b>Shattuck</b>	21,781
<b>Steinour</b>	39,010
<b>Young</b>	1,518
<b>Total All Directors</b>	<b>477,343</b>

Total deferred stock units reported include deferred stock units under the Exelon deferred stock unit plan and deferred stock units earned under Unicom Corporation and Constellation Energy Group, Inc. legacy plans for Directors who previously served on the boards of those predecessor

(1) companies.



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**Proposal 2: Ratification of PricewaterhouseCoopers LLP as Exelon’s Independent Auditor for 2019**

The Audit Committee and the Board of Directors have determined that retaining PricewaterhouseCoopers LLP (PwC) to be the independent auditor is in the best interests of the Company and its shareholders based on consideration of the factors set forth below.

PwC has served as the Company’s independent auditor since the Company’s formation in 2000. During this time, PwC has become deeply familiar with the Company’s operations and businesses, accounting policies and practices, and internal control over financial reporting. The Committee believes this experience and expertise to be valuable to the Company and its shareholders.

Representatives of PwC will attend the annual meeting to answer questions and will have the opportunity to make a statement.

**The Board recommends a vote “FOR” the ratification of PricewaterhouseCoopers LLP as Exelon’s Independent Auditor for 2019.**

The Audit Committee considers the independence, qualifications, compensation and performance of the independent auditor on an ongoing basis. In 2018, as part of a continued focus on its governance of its assessment process, management developed a framework to assist the Audit Committee with its assessment of the independent audit firm and to ensure the appropriateness of the firm’s fees.

As part of its annual review of the retention of PwC as the Company’s independent auditor, the Audit Committee considers both the continued independence of PwC and whether retaining PwC is in the best interests of the Company and its shareholders. Using the framework developed by management, the Audit Committee assessed the following matters:

<b>Quality of the independent audit firm and audit process</b>	<p>The independent audit firm’s role in identifying restatements, material weaknesses and significant deficiencies and the quality of the Audit Committee’s ongoing discussions with PwC.</p> <p>The risk associated with the audit firm, based on their financial stability, compliance with applicable laws and professional standards, and any pending litigation or judgment against the firm.</p> <p>External information on audit quality and performance, including recent Public Company Accounting Oversight Board (PCAOB) reports on PwC and its peer firms.</p>
<b>Level of service provided by the independent audit firm</b>	<p>Results of surveys conducted by management with personnel that have high interactions with the independent audit firm to determine the firm’s expertise and capability in handling the accounting, internal control, process and system risks and practices present in the Company’s utility and energy generation businesses.</p> <p>The quality, quantity, and geographic location of PwC staff, and PwC’s ability to provide responsive service.</p> <p>Whether the independent audit firm’s onsite team demonstrates a commitment to diversity that aligns with the Company’s core values.</p>
<b>Alignment with Exelon’s core values</b>	<p>Survey results as it relates to the independent audit firm’s performance and commitment to transparency, integrity, and compliance.</p> <p>Assessment of the appropriateness of PwC’s fees, relative to the Company’s financial statement risk, the size and complexity of its business and related internal control environment, and as compared to fees incurred by peer companies.</p>
<b>Good faith negotiation of fees</b>	<p>Periodic review of fees approved as compared with annually approved fees and fee estimates and fees for pre-approved non-audit services provided to the Company to ensure their compatibility with independence.</p>

**Table of Contents****Audit Committee Matters**

Based on the results of the annual evaluation, the Audit Committee found PwC to be independent from the Company and its management, and appointed PwC as its independent auditor for 2019. If shareholders fail to ratify the appointment, the Audit Committee will reconsider the appointment, but no assurance can be given that the Audit Committee will change the appointment.

**Pre-approval Policies**

The Audit Committee has a policy for the pre-approval of audit and non-audit services. Under this policy, the Audit Committee pre-approves all audit and non-audit services to be provided by the independent auditor taking into account the nature, scope, and projected fees of each service as well as any potential implications for auditor independence. The policy specifically sets forth services that the independent auditor is prohibited from performing by applicable law or regulation. Further, the Audit Committee may prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the Audit Committee on an annual basis.

For any services not covered by these initial pre-approvals, the Audit Committee has delegated authority to the Audit Committee Chair to pre-approve any audit or permitted non-audit service with fees in amounts less than \$500,000. Services with fees exceeding \$500,000 require full Committee pre-approval. The Audit Committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. No services were provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

**Auditor Fees**

The table presents fees for professional audit services rendered by PwC for the audit of Exelon's annual financial statements for the years ended December 31, 2018 and 2017, and fees billed for other services rendered by PwC during those periods.

<b>(in thousands)</b>	<b>Year Ended December 31, 2018</b>	<b>2017</b>
Audit fees <sup>(1)</sup>	\$27,719	\$28,483
Audit related fees <sup>(2)</sup>	1,442	2,207
Tax fees <sup>(3)</sup>	1,087	1,205
All other fees <sup>(4)</sup>	380	379

Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by (1) statute or regulation.

Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of (2) stand-alone financial statements or other assurance services not required by statute or regulation.

Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical (3) advice from taxing authorities.

(4) All other fees primarily reflect accounting research software license costs.

**Report of the Audit Committee**

Management has primary responsibility for preparing the Company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the Company's independent auditor for the year ended December 31, 2018, is responsible for auditing those financial statements and expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles and on the effectiveness of the Company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

The Audit Committee has reviewed and discussed with management and PwC the Company's audited financial statements for the year ended December 31, 2018, including the critical accounting policies applied by the Company in the preparation of these financial statements and PwC's evaluation of the Company's internal control over financial reporting. The Audit Committee has also discussed with PwC the matters required to be discussed pursuant to PCAOB standards and had the opportunity to ask PwC questions relating to such matters. PwC has provided to the Audit Committee the written disclosures and PCAOB-required letter regarding its communications with the Audit Committee concerning independence, and the Audit Committee has discussed with PwC the firm's independence.

In reliance on these reviews and discussions and other information considered by the Committee in its judgment, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

THE AUDIT COMMITTEE

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**Anthony K. Anderson**, *Chair*   Ann C. Berzin   Laurie Brlas   Paul L. Joskow   Richard W. Mies  
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**Proposal 3: Say-on-Pay: Advisory Vote on Executive Compensation**

We provide shareholders with a say-on-pay vote every year at the annual meeting of shareholders. While the vote is non-binding, the Board and Compensation and Leadership Development Committee (referred to as the "Compensation Committee" in the Executive Compensation and Compensation Discussion and Analysis sections) take the results of the vote into consideration when evaluating the executive compensation program. Accordingly, you may vote to approve or not approve the following advisory resolution on the compensation of the named executive officers at the 2019 annual meeting:

RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's proxy statement for the 2019 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2019 Summary Compensation Table and the other related tables and disclosure.

The Board of Directors recommends a vote FOR this proposal for the following reasons:

Most compensation is based on performance driven by rigorous goals that are tied to achieving financial and operational results that align the interests of executives with those of the Company's shareholders.

Exelon had strong financial performance in 2018, achieving total shareholder return (TSR) of **18.33%**, adding to the positive TSR results of 2016 and 2017, leading to a three-year TSR from 2016-2018 of **80.80%**.

The compensation framework provides market-aligned pay opportunities that foster the attraction, motivation, engagement, and retention of key talent, to drive outstanding Company performance and long-term shareholder value.

We continued to engage with shareholders over the course of the year, building on prior dialogues to deepen our understanding of investor sentiments about our compensation program. The input received was positive and continued to support the program's design and components. Many investors commented favorably on the demonstrated linkage between pay and performance and the alignment of our incentive compensation goals with the Company's overall business strategies.

**The Board recommends a vote "FOR" the approval of the compensation paid to the Company's named executives, as disclosed in this proxy statement.**

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“Our Committee strives to design and implement an executive compensation framework that motivates and rewards Exelon executives to achieve superior performance for the benefit of our shareholders and other key stakeholders.”

**Yves de Balmann**

**Chair, Compensation and Leadership Development Committee**

This Compensation Discussion and Analysis (CD&A) discusses Exelon’s 2018 executive compensation program. The program covers compensation for our named executive officers (NEOs) listed below:

**Exelon’s Named Executive Officers**

<b>CHRISTOPHER CRANE</b>	<b>JOSEPH NIGRO</b>	<b>JONATHAN THAYER *</b>	<b>ANNE PRAMAGGIORE</b>	<b>WILLIAM VON HOENE, JR.</b>	<b>KENNETH CORNEW</b>
President and Chief Executive Officer	Senior EVP and Chief Financial Officer, as of May 8, 2018	Senior EVP and Chief Transformation Officer	Senior EVP, CEO Exelon Utilities	Senior EVP and Chief Strategy Officer	Senior EVP and Chief Commercial Officer, President and CEO Exelon Generation
	* Chief Financial Officer through May 8, 2018				

**2018 Leadership Changes**

In May 2018, Exelon announced several leadership changes to further strengthen and position the Company for future growth. As a result, this year’s proxy includes six NEOs that include two new NEOs, and a new role for an existing NEO.

Joseph Nigro, former CEO of Exelon’s Constellation business, was promoted to the role of Exelon’s Chief Financial Officer.

Jonathan Thayer, former Chief Financial Officer, transitioned to the role of Chief Transformation Officer in May 2018 until his departure from Exelon in January 2019 to pursue another opportunity.

Anne Pramaggiore, former ComEd President and CEO, was promoted to the role of CEO of Exelon Utilities, succeeding Denis O’Brien.



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Compensation Discussion & Analysis

**Business and Strategy Overview, Value Proposition and Performance Highlights**

Exelon is composed of two primary businesses – regulated utilities and electric generation.

1

**Regulated Utilities**

We have regulated operations that consist of six utility subsidiaries, serving approximately 10 million electricity and natural gas customers, more than any other company in the industry. Our operational performance is generally top quartile or better across numerous metrics such as the frequency and duration of outages. We have significantly improved the operational performance of PHI since the 2016 acquisition consistent with our long-term strategy to increase investment in regulated assets for the benefit of our customers.

2

**Electric Generation**

We also operate a competitive generation business that comprises one of the largest and cleanest electric generation businesses in the country and the largest competitive retail supply business serving wholesale, commercial, and industrial customers. We are the largest producer of emissions-free energy in the U.S. and are a best-in-class operator in terms of outage days and operating costs for our nuclear fleet.

**Exelon’s Value Proposition and Overview of 2018 Key Achievements on Objectives**

The value proposition articulated below provides more granular insights into our long-term strategic goals and the path to achieving these goals. Our continued focus on the following five key strategic initiatives is expected to drive strong operational and financial performance. The table below demonstrates the strong link between Exelon’s value proposition and the compensation components or metrics used in our executive compensation program.

**STRONG FINANCIAL AND OPERATIONAL PERFORMANCE**

<b>Strategic Business Objective</b>	<b>Compensation Component or Metric</b>	<b>2018 Results</b>
	<b>Adjusted (non-GAAP) Operating EPS*</b>	
	Performance measure for annual incentive	
Regulated utility growth with utility EPS rising 6-8% and rate base growth of 1.7.4% annually through 2021	<b>Utility Net Income</b>	Operating EPS of \$3.12 exceeded the mid-point of 2018 guidance and our targets with utilities contributing \$1.93
Strong free cash generation and maintaining a strong balance sheet to support utility growth while also reducing debt by \$3 billion over the next 2.4 years	Performance share award measure	Completed eight distribution rate cases with regulatory authorities, reaching six constructive settlements
Invest in utilities where we can earn an 3. appropriate return	<b>Exelon FFO/Debt*</b>	
	Performance share award measure	
Superior operational performance to support achievement of financial 4. objectives	<b>Utility Earned Return on Equity*</b>	Investment in advanced technology and infrastructure continued to drive improved customer satisfaction across our utilities, and allowed ComEd to complete its \$920 million smart meter installation program three years ahead of its original schedule and more than \$20 million under budget
	Performance share award measure	
Create sustainable value for shareholders by executing business 5. strategy	<b>Operational Metrics</b>	
	Outage duration, outage frequency, nuclear fleetwide capacity factor and dispatch match are performance measures for the annual incentive	All Exelon Utilities generally achieved top quartile reliability performance in outage frequency and outage duration
		Achieved significant judicial success in defending ZEC programs in New York and Illinois
		Announced additional annual cost savings of \$200 million gross, and \$150 million net, reflecting ongoing initiatives leveraging process efficiency and technology; full run-rate savings scheduled to be achieved in 2021
	<b>Relative TSR</b>	
	Modifier for performance share award	Together with previously announced cost savings, Exelon has identified total savings of over \$900 million since 2015.

\* See Definitions of Non-GAAP measures in Appendix at page 69.



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Compensation Discussion & Analysis

### Executive Compensation Program Highlights

#### **What We Do**

- Pay for performance – 90% of CEO pay and an average of 81% of NEO pay is at risk
- Require Directors and executive officers to maintain significant stock ownership – 6X base salary for CEO and 3X for other NEOs
- Mitigate undue risk in compensation programs (e.g., incentive awards are capped) and conduct an annual risk assessment of the compensation programs
- Require double-trigger for change-in-control benefits – change-in-control plus termination
- Retain an independent compensation consultant to advise the Compensation Committee
- Evaluate management succession and leadership development efforts annually
- Provide limited perquisites based on sound business rationale
- Seek shareholder feedback on executive compensation programs, engaged with holders of approximately 40% of our shares in 2018
- Prohibit hedging transactions, short sales, derivative transactions or pledging of Company stock
- Require executive officers to trade through 10b5-1 trading plans and obtain pre-approval before trading Exelon stock
- Annually assess our programs against peer companies and best practices
- Set appropriate levels of “stretch” in incentive targets, based on industry performance and/or Exelon’s business plan
- Provide for discretionary clawbacks of incentive compensation paid or payable to current and former executives under certain circumstances
- Conduct annual review by an independent third party of pay equity to maintain no systemic pay disparity

#### **2018 CEO Pay**

### **Strong CEO Pay for Performance Closely Aligned to Total Shareholder Return (TSR)**

Chart depicts Exelon’s annual stock price for the last three years and CEO total compensation as it appears in the Summary Compensation Table.

Over the last three years, CEO pay increased at an annualized rate of 0.8%, from \$15.0 million to \$15.6 million, while Exelon’s stock price increased from \$27.77 to \$45.10, resulting in an annualized rate of increase for TSR of 21.82%.

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#### **What We Don’t Do**

- No guaranteed minimum payout of AIP or LTIP programs
- No employment agreements
- No excise tax gross-ups for change-in-control agreements
- No dividend-equivalents on PShares
- No inclusion of the value of LTIP awards in pension or severance calculations
- No additional credited service under supplemental pension plans since 2004
- No option re-pricing or buyouts

#### **EXELON STOCK PRICE AND CEO PAY**

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Compensation Discussion & Analysis

**Continued TSR Outperformance Compared to UTY in 2018**

Building on Exelon's 2017 TSR of 15.11%, we continued to deliver strong TSR performance of 18.33% in 2018, outperforming the PHLX Utility Sector Index (UTY) by 14.81 percentage points.

**ONE- AND THREE-YEAR TSR GROWTH**

For the three-year period beginning in 2016, Exelon outperformed the UTY index by 43.70 percentage points.

**CEO**

The Compensation Committee and Board approved the following compensation for the CEO:

**77% of the CEO's total target direct compensation for 2018 was in the form of long-term incentives, which is nearly five percentage points higher than the average used by our peer group for CEO compensation.**

**2018 NEO Pay**

**NEOs**

The majority of target compensation paid to our NEOs is tied to the achievement of short- and long-term financial and operational goals. A significant portion is paid in the form of equity with all components except for salary being "at-risk."

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Compensation Discussion & Analysis

**Exelon’s Executive Compensation Program Philosophy and Objectives**

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives that support the Company’s long-term strategic plan, as shown below.

The design of our executive compensation program is based on aligning the incentives of our high-quality leaders, who effectively manage a company of Exelon’s size and complexity, with the interests of our shareholders. This is accomplished by using metrics and goals that are directly linked to the Company’s strategy and performance.

We believe that the consistent execution of our strategy over multi-year periods drives long-term shareholder value creation. Moreover, our program is structured to motivate measured, but sustainable and appropriate, risk-taking.

**Objectives**

<p><b>Manage for the Long-term</b></p> <p>The Board manages for the long-term and makes pay decisions that are in the best long-term interests of the Company and shareholders.</p> <p><b>Market Competitive</b></p> <p>Our NEOs’ pay levels are set by taking into consideration multiple factors including peer group market data, internal equity comparisons, experience, succession planning, performance and retention.</p>	<p><b>Alignment with Shareholders</b></p> <p>Compensation is directly linked to performance and is aligned with shareholders by having approximately 80% of NEO pay at risk in both short-and long-term incentives.</p> <p><b>Stock Ownership Guidelines</b></p> <p>Executives are required to meet and maintain significant stock ownership requirements. Since 2016, our CEO’s requirement is 6X base salary, while other NEOs are 3X base salary. See page 43 for current ownership details.</p>	<p><b>Extensive Shareholder Engagement</b></p> <p>We engage directly with shareholders and take responsive actions to improve our compensation programs based on year-round feedback.</p> <p><b>Balance</b></p> <p>The portion of NEO pay at risk rewards the appropriate balance of short- and long-term financial and strategic business results.</p>
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**AIP Goal Rigor and Process Used to Set Goals**

The 2018 EPS “Target” goal was set at \$3.07, which was 47 cents above actual results for 2017, and 2 cents above the midpoint of our publicly disclosed 2018 earnings guidance range set at the beginning of the year. Operational “Target” metrics for 2018 were set at challenging levels that corresponded to top quartile performance compared to industry standards.

Building on the 2018 goal rigor, the Compensation Committee set an adjusted (non-GAAP) operating EPS\* AIP target for 2019 at a level higher than the Company’s actual performance in 2018, which is generally aligned with the midpoint of our publicly disclosed 2019 financial guidance. For the 2019 operational goals, “Distinguished” targets were set at levels that outperform the historical achievement of Company metrics for three of the four operational metrics:

- Best-ever for Dispatch Match
- Best-ever for Nuclear Fleetwide Capacity Factor
- Best-ever for outage frequency results (best-in-class)
- First decile of industry standards for outage duration goals

Exelon’s goal-setting process employs a multi-layer approach and analysis that incorporates a blend of objective and subjective business considerations and other analytical methods to ensure that the goals are sufficiently rigorous. Such considerations include:

- Recent History** - Goals generally reflect a logical progression of results from the recent past
- Relative Performance** - Performance is evaluated against a relevant group of the Company’s peers
- Strategic Aspirations** - Near- and intermediate-term goals follow a trend line consistent with long-term aspirations
- Shareholder Expectations** - Goals are aligned with externally communicated financial guidance and shareholder expectations
- Sustainable Sharing** - Earned awards reflect a balanced degree of shared benefits between shareholders and participants

\* See Definitions of Non-GAAP measures in Appendix at page 69.

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Compensation Discussion & Analysis

The Compensation Committee annually reviews components, targets and payouts to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk

The Committee considers short- and long-term financial and operational results relative to our internal goals

Goals for the AIP, including adjusted (non-GAAP) operating EPS, are set in January around the same time that Exelon provides full-year guidance for EPS and other key financial metrics

EPS metric is aligned generally with external financial guidance

Target goals are generally set near the mid-point of Exelon’s full-year EPS guidance

Distinguished goals are set above the upper end of Exelon’s full-year EPS guidance

Operational metrics are set at challenging levels (i.e., target typically corresponds to top quartile performance) compared to industry standards

Return and cash flow metrics are set based on internal business plan

**Compensation Decisions - Roles of Board, Compensation Committee, CEO and Independent Compensation Consultant**

CEO compensation decisions are made by the independent members of the Board, based on recommendation of the Compensation Committee.

Other NEO compensation decisions are made by the Compensation Committee, based on several factors including input from the CEO and an independent compensation consultant retained to provide services described below.

**Setting Target Total Direct Compensation (TDC) for the CEO...**

One of the Compensation Committee’s most important responsibilities is to recommend the CEO’s target total direct compensation to the independent Directors of the Board. The Compensation Committee fulfills this responsibility by analyzing peer group compensation and performance data with its independent compensation consultant. The Committee also reviews the various elements of the CEO’s compensation in the context of the target TDC which includes base salary, annual and long-term incentive target opportunities.

**...and for Our NEOs**

The Compensation Committee also approves target TDC for our other NEOs. In doing so, the Compensation Committee considers input from the CEO and analyzes a variety of data to gauge market competitiveness, including peer group compensation and performance data with its independent compensation consultant. TDC can vary by named executive officer based on competencies and skills, scope of responsibilities, the executive’s experience and performance, retention, succession planning and the organizational structure of the businesses (e.g., internal alignment and reporting relationships).

**Role of the Compensation Consultant**

The Compensation Committee retains the services of Meridian Compensation Partners, LLC (Meridian), an independent compensation consultant to support its duties and responsibilities. Meridian provides advice and counsel on executive and director compensation matters and provides information and advice regarding market trends, competitive compensation programs, and strategies including as described below.

Market data for each senior executive position, including evaluating Exelon’s compensation strategy and reviewing and confirming the peer group used to prepare the market data

Assisting management to ensure the Company’s executive compensation programs are designed and administered consistent with the Compensation Committee’s requirements

Ad hoc support on executive compensation matters and related governance trends

An independent assessment of management recommendations for changes in the compensation structure

The Compensation Committee annually reviews the independence of Meridian, and approves its fees and other retention terms. In 2018, Meridian provided no other services for Exelon or its affiliates. Fees paid to Meridian were less than 1% of its gross annual revenues.

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Compensation Discussion & Analysis

**Peer Groups Used for Benchmarking Executive Compensation**

We use a blended peer group for assessing our executive compensation program that consists of two sub-groups: energy services peers and general industry peers. We use a blended peer group because (1) there are not enough energy services peers with size, scale and complexity comparable to Exelon to create a robust energy services-only peer group, and (2) Exelon’s market for attracting talent includes general industry peers, with recent key executives hired from companies such as Johnson & Johnson and Proctor & Gamble. When selecting general industry peers, we look for capital asset-intensive companies with size, scale and complexity similar to Exelon, and we also consider the extent to which they may be subject to the effects of volatile commodity prices similar to Exelon’s sensitivity to commodity price volatility. Exelon evaluates its peer group on an annual basis in July and adjusts for changes with our energy and general industry peers when needed. For 2019, Exelon will take into account the bankruptcy filing of PG&E and the expected spin-off of DowDuPont.

Exelon’s revenues are at the 80<sup>th</sup> percentile of the following blended peer group comprising 20 companies.

<b>Energy Services</b>			<b>EXELON VS. PEER GROUP</b>
Beginning in 2017, we included the following 11 energy services companies in our peer group even though seven of these companies had 2017 revenues that were less than half of Exelon’s revenues:			
<b>American Electric Power Company, Inc.</b>	<b>Dominion Energy, Inc.</b>	<b>Duke Energy Corporation</b>	
<b>Edison International</b>	<b>Entergy Corporation</b>	<b>FirstEnergy Corporation</b>	
<b>NextEra Energy, Inc.</b>	<b>PG&amp;E Corporation</b>	<b>Public Service Enterprise Group Inc.</b>	
<b>Sempra Energy</b>	<b>The Southern Company</b>		
<b>General Industry</b>			
There have been no changes since 2017 to the general industry peers in our peer group:			
<b>3M Company</b>	<b>Deere &amp; Company</b>	<b>DowDuPont International Paper Company</b>	Based on the four fiscal quarters prior to and publicly available as of June 30, 2018
<b>General Dynamics Corporation</b>	<b>Honeywell International Inc.</b>		
<b>Marathon Petroleum Company</b>	<b>Northrop Grumman Corporation</b>	<b>Valero Energy Corporation</b>	

Because there is a correlation between the size of an organization and its compensation levels, market data is statistically adjusted using a regression analysis. This commonly applied technique allows for a more precise estimate of the market value of Exelon given the size/scope of responsibility for Exelon’s executive roles. Each element of NEO compensation is then compared to these size-adjusted medians of the peer group.

**2018 Say-on-Pay Vote Outcome and Shareholder Engagement**

The Compensation Committee regularly reviews executive compensation, taking into consideration input received through Exelon’s regular and ongoing practice to engage with its investors. Feedback is typically solicited throughout the year in connection with the annual meeting of shareholders and the Compensation Committee’s review of the executive compensation program.

During 2018, Exelon contacted the holders of nearly 40% of our outstanding shares. Portfolio managers and governance professionals that accepted our offer to engage included a significant cross-section of our shareholder base, representing approximately one-third of Exelon’s outstanding shares. The Chair of Exelon’s Compensation Committee participated in many of the discussions held with shareholders in 2018, and feedback received was shared with the Compensation Committee, the Corporate Governance Committee, and the Board.

No substantive changes to our executive compensation program were requested through our engagement discussions. Feedback indicated that investors remain supportive of Exelon’s executive compensation program and design as demonstrated by our 2018 say-on-pay vote result of 93%.

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Compensation Discussion & Analysis

Compensation Decisions and Rationale

2018 Compensation Program Structure

In keeping with Exelon’s executive compensation philosophy to motivate and reward leaders that create long-term value for our shareholders, the Compensation Committee designed Exelon’s 2018 compensation program, which is summarized below. Primary compensation elements include fixed and variable components:

Pay Element	Form	Performance	Purpose
	Cash	Merit Based 1 Year Adjusted (non-GAAP) Operating EPS <b>(70%)</b> Operational Goals <b>(30%)</b> <i>Outage Duration, Outage Frequency, Nuclear Fleetwide Capacity Factor, Dispatch Match</i>	Provides portion of income stability at competitive, market-based levels  Motivates executives to achieve key annual financial and operational objectives using adjusted (non-GAAP) operating EPS and operational goals that reflect commitment to become leading diversified energy provider
	Cash	TSR Cap if negative 1-year absolute TSR Utility Earned ROE* <b>(33.3%)</b> Utility Net Income <b>(33.3%)</b>	Aligns with shareholder interests by capping payouts for any annual period with negative TSR results
		2018-2020 Exelon FFO/Debt* Scorecard <b>(33.4%)</b>	Drives executive focus on long-term goals supporting utility growth, financial results, and capital stewardship to drive behavior and align with shareholder interests
		Relative TSR Modifier (3-year period) TSR Cap if Cumulative 2018-2020 negative 1-year Performance Modifier absolute TSR	Includes relative comparison of TSR to market index and cap if absolute TSR is negative over the last 12 months of the performance cycle to further align with shareholder interests  Shareholder friendly feature which provides a double-layer of shareholder protection over both a 1- and 3-year basis
	Performance Shares <b>(67% of LTIP)</b> Restricted Stock <b>(33% of LTIP)</b>	Vest One-Third Per Year Over 3 Years	Provides executive with market competitive time-based restricted stock, diversifying the LTI portfolio

\* See Definitions of Non-GAAP measures in Appendix at page 69.  
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Compensation Discussion &amp; Analysis

**2018 Target Compensation for Named Executive Officers**

The table below lists the target value of the compensation elements for each NEO as of December 31, 2018. An explanation of the promotion-related adjustments provided to Mr. Nigro and Ms. Pramaggiore is disclosed below this table.

Name	Cash Compensation		Target Total Cash	Long-Term Incentives		Target Total LTIP	Target Total Direct Compensation
	Base	AIP Target		RSUs 33%	PShares 67%		
Crane	\$1,261,000	140%	\$3,026,400	\$3,332,901	\$6,766,799	\$10,099,700	\$13,126,100
Nigro	775,000	95%	1,511,250	788,287	1,600,463	2,388,750	3,900,000
Thayer	828,098	95%	1,614,791	891,526	1,810,069	2,701,595	4,316,386
Pramaggiore	775,000	95%	1,511,250	788,287	1,600,463	2,388,750	3,900,000
Von Hoene, Jr.	908,765	100%	1,817,530	963,864	1,956,936	2,920,800	4,738,330
Cornew	905,690	100%	1,811,380	963,204	1,955,596	2,918,800	4,730,180

**Promotion-Based Compensation Adjustments**

Mr. Nigro and Ms. Pramaggiore each received adjustments to their compensation components including base salary and annual and long-term incentive target awards based on market data for their new positions.

Base salaries were adjusted to \$775,000, representing an increase of 12% for Mr. Nigro and 18% for Ms. Pramaggiore.

Annual incentive targets were increased to 95% of base salary, from 85% for Mr. Nigro, and 70% for Ms. Pramaggiore.

Long-term incentive targets were increased to a value of \$2,388,750, from \$1,786,130 for Mr. Nigro, and \$973,640 for Ms. Pramaggiore, with 33% of the total value awarded in the form of RSUs and 67% in the form of performance shares.

Incremental RSUs were granted to align to a target value of \$788,287 for each of Mr. Nigro and Ms. Pramaggiore on May 8, 2018, and June 1, 2018, respectively.

The target value for the 2018-2020 cycle of the performance share awards was set at \$1,600,463.

Performance share cycles: Consistent with 2018 promotion-based award methodology, Mr. Nigro and Ms. Pramaggiore also received incremental awards to bring their target values to \$1,600,463 for the two outstanding performance share cycles of 2016-2018 and 2017-2019.

Beginning in 2019, executives who are promoted during the first six months of the year will receive an adjustment to only that year's current performance share award to reflect the increased scope and responsibilities for the new role.

The accounting impacts of the promotion-related awards are reflected in the Summary Compensation table on page 46, as well as the Grants of Plan-Based Awards table on page 49.

2018 Retention RSU award: Mr. Nigro also received a retention-related award granted in January 2018 with a grant date fair market value at \$1,533,200.

**Cash Compensation**

The Compensation Committee sets base salaries for each NEO, which salaries may be adjusted following an annual market assessment of peer group compensation. When evaluating whether a NEO's base salary should be adjusted, the Compensation Committee considers a number of factors, including the outcome of the annual merit review, the results of the annual market assessment of NEO compensation, job promotion, individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

In January 2018 as part of its annual merit review, the Compensation Committee approved a 2.5% increase in base salary, in line with prior years, for each NEO in his/her role as of that date, effective March 1, 2018.

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Compensation Discussion &amp; Analysis

## Annual Incentive Program

**How 2018 Annual Incentive Program (AIP) Awards Are Determined**

The Compensation Committee used the following process to determine 2018 AIP awards for each NEO:

Step	Step	Step	Step
1	2	3	4
<b>Set AIP Target</b>	<b>Determine Performance Factor</b>	<b>Determine Negative TSR Cap</b>	<b>Apply Final Multiplier</b>
Expressed as percentage of base salary, as of 12/31/18 CEO annual incentive target of 140% Other NEO annual incentive targets range from 95% to 100%	Based on 70% adjusted (non-GAAP) operating EPS and 30% operational metrics	If Exelon's absolute TSR for the year is negative, AIP payout will be capped at target (100%)	Multiply the target award by the lesser of (i) the performance factor or (ii) the negative TSR cap if applicable Award can range from 0% to 200% of target (target of 100%)

**2018 AIP Performance.** The following table details the 2018 threshold, target, and distinguished or maximum performance goals, and the results achieved. The Compensation Committee selected the performance metrics below as they align with the long-term business strategy.

Goals	Threshold	Target	Distinguished	Weighting	Weighted Payout as a % of Target
<b>Financial</b>					
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)				70.0%	79.72%
<b>Operational</b>					
<b>Outage Duration (CAIDI)</b>					
Calculated as the total number of customer interruption minutes divided by the total number of customers served				7.5%	8.57%
<b>Outage Frequency (SAIFI)</b>					
Calculated as the total number of customer interruptions divided by the total number of customers served				7.5%	8.18%
<b>Nuclear Fleetwide Capacity Factor*</b>					
The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period				7.5%	13.66%
<b>Dispatch Match</b>					
Measures the responsiveness of a fossil generating unit to the market				7.5%	10.13%
				<b>Formulaic Performance Calculation</b>	<b>120.26%</b>

In 2017, we introduced a capping feature on Nuclear Fleetwide Capacity Factor metric to adjust for lower spot pricing for energy, and to ensure \* that this metric was self-funding. For every incremental dollar the Company makes after achieving target performance, participants receive half.  
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## Compensation Discussion &amp; Analysis

**AIP Performance Considerations.** Payouts for 2018 AIP awards were calculated to be 120.26% of target, based on the following performance outcomes:

Achieved outstanding operational performance on the four metrics, including best-in-class performance for Nuclear Fleetwide Capacity Factor and best-ever SAIFI performance

Delivered solid financial performance on our adjusted (non-GAAP) operating EPS, at \$3.12

The TSR cap was not invoked based on a positive 18.33% TSR for 2018 that significantly outperformed the UTY

The following table shows actual payout amounts awarded to Exelon's NEOs:

NEO	AIP Target	Formulaic Performance Factor	Actual Award
Crane	\$1,765,400	120.26%	\$2,123,070
Nigro	736,250	120.26%	885,414
Thayer	786,693	120.26%	946,077
Pramaggiore	736,250	120.26%	885,414
Von Hoene, Jr.	908,765	120.26%	1,092,880
Cornew	905,690	120.26%	1,089,182

**Other Compensation**

As discussed on page 30 under 2018 Leadership Changes, Mr. Thayer assumed the role of Chief Transformation Officer in May 2018 before he left the Company in January 2019 to pursue another opportunity. In this role, Mr. Thayer was focused on leading the critical work of optimizing Exelon's costs, efficiencies and effectiveness in overall operations. These efforts resulted in a total cost savings of more than \$900 million achieved since 2015, as reported by the Company in the third quarter of 2018. In November 2018, Exelon announced its commitment to drive another \$200 million of gross annual cost savings by 2021. Mr. Thayer led the effort that identified these additional future cost savings in a manner that the Compensation Committee determined had exceeded the expectations and responsibilities of his position and that such accomplishments were not reflected in his AIP award for 2018. The Committee therefore awarded Mr. Thayer a \$275,000 bonus in recognition of his leadership to transform Exelon's businesses and the results achieved. See Bonus column of the Summary Compensation Table on page 46.

**2018 Long-Term Incentive Program (LTIP)**

The Compensation Committee grants equity incentive awards annually at its meeting in January. On January 29, 2018, the Committee approved awards of RSUs and performance shares shown in detail in the Grants of Plan-Based Awards table on page 49. As discussed on page 36 each element of total direct compensation, including the annual equity incentive awards, is determined for each NEO based on market data, and the executive's competencies and skills, scope of responsibilities, experience and performance, retention, succession planning and the organizational structure of the businesses. When the total target equity incentive award is determined, the value is split between RSUs (33%) and performance shares (67%).

**Restricted Stock Units (33% of total award).** RSUs granted to NEOs vest ratably over three years. Dividend equivalents with respect to RSUs are reinvested as additional RSUs and are subject to the same vesting conditions as the underlying RSUs.

**Performance Shares (67% of total award).** A target number of PShares was granted in January 2018 to each NEO, the earning of which is contingent on performance for the three-year period ending on December 31, 2020. The following equally-weighted performance measures underlying these awards include Utility Net Income, Utility Earned ROE, and Exelon FFO/Debt, which are the same performance metrics underlying the 2016-2018 and 2017-2019 performance cycles. The 2016-2018 performance cycle was the last cycle that reflected a transition to the use of one three-year performance cycle that began in 2016. In addition to the financial measures shown below, any awards earned are then subject to a total shareholder return modifier that factors in the relative performance of Exelon compared to the performance of the UTY index. See page 42 for the rationale behind the selection of the performance goals used for PShares.

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Compensation Discussion & Analysis

**How Performance Share (PShare) Awards Are Determined**

The Compensation Committee used the following process to determine PShare targets and awards:

Step	Step	Step	Step	Step
1	2	3	4	5
<b>Establish PShare Target</b>	<b>Determine Performance Multiplier</b>	<b>Determine TSR Modifier</b>	<b>Calculate Final Multiplier</b>	<b>Apply Final Multiplier</b>
Target set in January of the first year of the cycle	Performance can range from 0% to 150% of target (target of 100%)	performance over the three-year period (e.g., 2018-2020)	Multiply the performance multiplier by (1 + the TSR modifier) If Exelon's absolute TSR for the 12 months of the measurement period is negative, PShare payout will be capped at target	Apply the final multiplier to determine the number of shares issued Award can range from 0% to 200% of target (target of 100%) after application of the TSR modifier

**Payout Determinations for the 2016-2018 PShare Cycle**

The Compensation Committee approved a payout of 169.82%, based on the weighted average performance of the one-year scorecard measuring 2016 performance and the two-year scorecard for 2017-2018 and the application of a positive TSR modifier of 43.70% based on 2016-2018 TSR performance.

Year	Scorecard Performance	Weighted Average Performance	TSR Modifier	Overall Award Payout
2016	125.00%	118.18%	43.70%	169.82%
2017-2018	114.77%			

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## Compensation Discussion &amp; Analysis

The following table shows how the payout formula was calculated and actual PShare amounts awarded.

NEO	Target Shares		Performance Factor		Actual Award
Crane	249,146	x	169.82%	=	423,100
Nigro	50,502	x	169.82%	=	85,762
Thayer	66,631	x	169.82%	=	113,153
Pramaggiore	37,578	x	169.82%	=	63,815
Von Hoene, Jr.	68,564	x	169.82%	=	116,435
Cornew	71,984	x	169.82%	=	122,243

Pursuant to the terms of the long-term incentive program, all NEOs that have achieved 200% or more of their stock ownership targets (as described on page 43) receive PShare award payouts in cash. All NEOs except for Mr. Thayer achieved 200% of their stock ownership target. Other PShare participants who have not achieved 200% of their stock ownership targets receive PShare award payouts settled 50% in shares of Exelon common stock and 50% in cash.

**Long-Term Incentive Program Goal-Setting Process**

The Compensation Committee strives to set challenging financial performance targets that drive and motivate executives to achieve long-term success, shareholder value, and to help ensure key talent is retained. For the LTIP program, the Compensation Committee selects metrics that are directly tied to the Company's financial strategies and are proven measures of long-term value creation. Financial targets are based on our internal business plans and external market factors.

**Goal-Setting for 2019-2021 Performance Share Award Cycle**

To ensure adequate rigor for the financial targets applicable to the 2019-2021 PShare performance cycle, we conducted statistical simulations to understand the level of difficulty of our payout range. We conducted a sensitivity analysis of reasonable value ranges for several internal and external variables that are significant drivers of performance, and we also examined historical levels of deviation of Company performance compared to plan.

**PShare Goal Setting**

The three-performance metrics underlying the 2019-2021 PShare awards include the following:

Utility Earned ROE (33.3%)	Utility Net Income (33.3%)	Exelon FFO/Debt (33.4%)
Average utility ROE weighted by year-end rate base	Aggregate utility adjusted (non-GAAP) operating earnings, including Corporate	Funds from operations to total debt ratio
The Utility Earned Return on Equity (ROE) and Utility Net Income use interpolation between threshold, target, and distinguished levels of performance whereas the Funds From Operations (FFO)/Debt metric uses a "stair-step" approach with no interpolation between the performance levels. Performance will be evaluated at the end of 2021 after the completion of the three-year performance period. This design aspect was implemented as part of the Company's transition to the use of three-year performance periods.		

PShare targets were set based on external commitments and/or probabilistic modeling. The performance scale range for the Utility ROE and Utility Net Income metrics was based on the following probability levels of achievement: 95% for threshold and 5% for distinguished and the target is aligned with projected performance. The target for the Exelon FFO/Debt metric is aligned with the expectations of credit rating agencies.

To safeguard the confidentiality of our long-term outlook on projected performance outcomes in light of changes in our industry and with our peer companies, as well as the overall utility and power generation markets, we do not disclose actual targets applied to the performance share unit cycles until the cycles have been completed. This maintains the propriety of our policy to only issue annual performance guidance externally.

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Compensation Discussion & Analysis

## Governance Features of Our Executive Compensation Programs

### Stock Ownership and Trading Requirements

To strengthen the alignment of executive interests with those of shareholders, VPs and above of the Company are required to own certain multiples of base salary of Exelon common stock by the later of five years following (1) an adjustment made to the guidelines (last made in 2012) or (2) his or her hire date or promotion to a new position. As of the annual measurement date of September 30, 2018, all NEOs except for Mr. Thayer had exceeded 200% of their stock ownership guidelines, as shown in the following chart.

<b>Crane</b>	<b>Nigro</b>	<b>Thayer</b>	<b>Pramaggiore</b>	<b>Von Hoene, Jr.</b>	<b>Cornew</b>
The following types of ownership count towards meeting the stock ownership guidelines: restricted shares and restricted stock units, shares held in the Exelon Deferral Plan, dividend reinvestment plan, 401(k) Employee Savings Plan, and common shares beneficially owned directly or indirectly. For additional details about NEO stock ownership, please see the Beneficial Ownership Table on page 62.					

Exelon requires executive vice presidents and above who wish to sell Exelon common stock to do so only through the adoption of a stock trading plan meeting the requirements of SEC Rule 10b5-1(c). This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their personal financial plans. The use of Rule 10b5-1 stock trading plans serves to reduce the risks that such transactions will be viewed negatively or as commentary with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans are believed to reduce the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the Company. Exelon's Insider Trading Policy does not permit short sales, derivative transactions involving Exelon stock, hedging or pledging.

### Recoupment (Clawback) Policy

The Board of Directors revised its recoupment policy in 2018 to broaden the discretionary ability to clawback incentive compensation when deemed appropriate. Under the policy, the Board has sole discretion to recoup incentive compensation if it determines that:

- the incentive compensation was based on the achievement of financial or other results that were subsequently restated or corrected;
- the incentive plan participant engaged in fraud or intentional misconduct that caused or contributed to the need for restatement or correction;
- a lower incentive plan award would have been made to the participant based on the restated or corrected results; and
- recoupment is not precluded by applicable law or employment agreements.

The Board or Compensation Committee may also seek to recoup incentive compensation paid or payable to current or former incentive plan participants if, in its sole discretion, the Board or Compensation Committee determine that:

- the current or former incentive plan participant breached a restrictive covenant or engaged or participated in misconduct or intentional or reckless acts or omissions or serious neglect of responsibilities that caused or contributed to a significant financial loss or serious reputational harm to Exelon or its subsidiaries regardless of whether a financial statement restatement or correction of incentive plan results was required; and
- recoupment is not precluded by applicable law or employment agreements.

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### Compensation Discussion & Analysis

In addition, the terms of the annual incentive plan provide that the Compensation Committee and management may curtail awards if there is a "significant event," which is defined as a single, high-profile event caused by a failure of Exelon that is determined to have been directly or indirectly caused by a human error or poor management attention. Significant events may include a single high-profile outage or another event that may result in negative customer and media impact or a significant adverse governmental or regulatory action.

The Compensation Committee may also apply negative discretion to unvested equity incentive awards if a significant event or other occurrence is determined to have a similar impact on the Company. Similarly, the terms of the long-term incentive plan provide that the Compensation Committee may amend or adjust the performance measures or other terms and conditions of outstanding awards in the event of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

### Risk Management Assessment of Compensation Policies and Practices

The Compensation Committee reviews Exelon's compensation policies and practices as they relate to the Company's risk management practices and risk-taking incentives. In 2018, the Compensation Committee partnered with Exelon's Enterprise Risk Management group to apply the enterprise risk management policy and framework to the compensation risk assessment process to assess and validate that the controls in place continued to mitigate incentive compensation risks.

Following this assessment, the Committee believes that the risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the Compensation Committee considered the following compensation program features, which balance the degree of risk taking.

The annual incentive plan includes multiple incentive performance measures with a balance of financial and non-financial metrics.

Long-term incentives include multiple vehicles and performance metrics and three-year overlapping performance periods that are aligned with long-term stock ownership requirements.

Incentive metrics, performance goals, and capital allocation require multiple approval levels and oversight.

Total compensation pay mix includes effective and market aligned balance of short- and long-term incentive compensation elements.

Incentive compensation is balanced by formulaic and discretionary funding.

Short- and long-term incentive awards contain award caps or modifiers.

Reasonable change-in-control and severance benefits are within common market norms.

Clawback provisions exceed regulatory mandates.

Consistent and meaningful stock ownership requirements create sustained and consistent ownership stakes.

### Tax Consequences

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Act) was signed into law and included significant changes to expand the scope of the executive compensation rules in Section 162(m) of the Internal Revenue Code that limit deductible compensation to \$1 million for covered employees. Pursuant to the Tax Act, the types of compensation subject to the \$1 million limitation has been expanded beyond salary, restricted stock and RSUs to include performance-based compensation such as AIP and PShare awards. The Tax Act also expanded the definition of covered employee to include the CFO and sustains the classification as a covered employee in perpetuity even after death through severance and post-death payments. Finally, the application of the \$1 million limitation has been expanded to include covered employees at Exelon's corporate registrants with publicly traded debt in addition to those with publicly traded equity as required prior to the Tax Act. Under the new law, Exelon has eight registrants that now fall within the scope of Section 162(m). The IRS and Treasury have issued a preliminary notice to assist with interpreting the technical aspects of the new law and expect to issue regulations in 2019 to provide further guidance.

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Compensation Discussion & Analysis

Report of the Compensation and Leadership Development Committee

The Compensation and Leadership Development Committee is accountable for ensuring that the decisions made about executive compensation are in the best long-term interests of our shareholders consistent with our compensation philosophy. To achieve the objectives of our program, rigorous but balanced metrics directly linked to the Company's business and strategic goals as informed by feedback received from shareholders help us to continuously improve and strengthen our executive compensation programs. Investor input received on our executive compensation program in 2018 was positive and resulted in no significant changes to our program.

The Compensation and Leadership Development Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained on pages 30-44 of this proxy statement. Based on such review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the 2019 Proxy Statement.

THE COMPENSATION AND LEADERSHIP  
DEVELOPMENT COMMITTEE

**Yves C. de Balmann**, *Chair*  
www.exeloncorp.com **45**

Robert J. Lawless

Linda P. Jojo

Stephen D. Steinour



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## Summary Compensation Table

Year	Salary (\$)	Bonus (\$) (Note 1)	Stock Awards (\$) (Note 2)	Non-Equity Incentive Plan Compensation (\$) (Note 3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (Note 4)	All Other Compensation (\$) (Note 5)	Total (\$)
<b>Christopher M. Crane</b>							
President and Chief Executive Officer, Exelon							
2018	\$1,261,000	—	\$10,099,725	\$2,123,070	\$1,734,587	\$424,696	\$15,643,078
2017	1,261,000	—	10,099,755	1,585,531	1,524,765	386,808	14,857,859
2016	1,255,515	—	10,099,718	1,639,300	1,836,211	400,958	15,231,702
<b>Joseph Nigro</b>							
Senior Executive Vice President and Chief Financial Officer, Exelon							
2018	767,496	—	4,589,122	885,414	188,680	99,509	6,530,221
<b>Jonathan W. Thayer</b>							
Senior Executive Vice President and Chief Financial Officer and Chief Transformation Officer, Exelon							
2018	824,839	275,000	2,701,652	946,077	172,860	3,699,854	8,620,282
2017	804,339	—	2,701,654	742,331	144,688	119,146	4,512,158
2016	784,802	—	2,701,035	1,071,368	225,160	60,504	4,842,869
<b>Anne Pramaggiore</b>							
Senior Executive Vice President and Chief Executive Officer, Exelon Utilities							
2018	720,225	—	3,892,882	885,414	194,694	220,915	5,914,130
<b>William A. Von Hoene Jr.</b>							
Senior Executive Vice President and Chief Strategy Officer, Exelon							
2018	904,673	—	2,920,823	1,092,880	242,061	534,420	5,694,857
2017	882,696	—	2,920,829	857,520	202,125	374,057	5,237,227
2016	831,350	—	3,700,342	1,237,642	216,271	198,770	6,184,375
<b>Kenneth W. Cornew</b>							
Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation							
2018	935,596	—	2,918,830	1,089,182	281,793	89,336	5,314,737
2017	878,865	—	2,918,832	854,618	235,324	87,667	4,975,306
2016	857,477	—	2,918,043	1,233,350	231,669	93,848	5,334,387

**Notes to the Summary Compensation Table**

- (1) Amount shown in this column reflects bonus awarded in recognition of Mr. Thayer's business transformation efforts and resulting cost-saving initiatives. The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share awards for the 2018-2020 performance period granted on January 29, 2018 as well as the promotion-related awards for Mr. Nigro and Ms. Pramaggiore made on May 8, 2018 and June 1, 2018, respectively. Mr. Nigro's balance also includes a retention RSU award granted on January 29, 2018. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 20 of the Combined Notes to Consolidated Financial Statements included in
- (2)

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Executive Compensation Data

Exelon's 2017 Annual Report on Form 10-K. The performance share awards are subject to performance conditions. For the 2018-2020 performance share award, the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier, is as follows:

	<b>Performance Share Unit Value</b>	
	<b>At Target</b>	<b>At Maximum</b>
<b>Crane</b>	\$6,766,817	\$13,533,634
<b>Nigro</b>	1,600,513	3,201,026
<b>Thayer</b>	1,810,096	3,620,192
<b>Pramaggiore</b>	1,600,516	3,201,032
<b>Von Hoene Jr.</b>	1,956,938	3,913,876