

DOMINION ENERGY INC /VA/

Form PRE 14A

March 12, 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 Pursuant to §240.14a-12

**Dominion Energy, Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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**Notice of 2019 Annual Meeting of Shareholders**

**DATE:** Tuesday, May 7, 2019  
**TIME:** 9:30 a.m., Eastern Time  
**PLACE:** University of South Carolina

**Alumni Center**

**900 Senate Street**

**Columbia, South Carolina 29201**

**ITEMS OF BUSINESS:** Matters to be voted on at the 2019 Annual Meeting of Shareholders (2019 Annual Meeting) are as follows:

Election of the 13 director nominees named in this Proxy Statement;

Ratification of the appointment of Deloitte & Touche LLP as our independent auditor for 2019;

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

Management's proposal to amend the Articles of Incorporation to increase the number of authorized shares of common stock;

One shareholder proposal, if properly presented; and

Consideration of other business properly presented at the meeting.

**RECORD DATE:** You can attend the meeting and vote if you were a shareholder of record at the close of business on **March 1, 2019**.

**PROXY VOTING:** Each share of Dominion Energy, Inc. (Dominion Energy) common stock is entitled to one vote on each matter properly brought before the meeting. Please vote by proxy as soon as possible. Your vote is very important to us, and we want your shares to be represented at the meeting.

If you plan to attend the meeting, please see *How do I attend the 2019 Annual Meeting in person?* on page 73 for admission requirements.

This Proxy Statement, our 2018 Summary Annual Report and Dominion Energy's Annual Report on Form 10-K for the year ended December 31, 2018, will be made available to shareholders electronically on or around March 25,

2019, or mailed on or around the same date to those shareholders who have previously requested printed materials.

Dated: March 25, 2019

By Order of the Board of Directors,

Carter M. Reid

*Executive Vice President, Chief Administrative &*

*Compliance Officer and Corporate Secretary*

**Important Notice Regarding the Availability of Proxy Materials for the**

**2019 Annual Meeting of Shareholders to be held on May 7, 2019**

**Dominion Energy's Notice of Annual Meeting, 2019 Proxy Statement, 2018 Summary Annual Report and 2018 Annual Report on Form 10-K are available on our website at [investors.dominionenergy.com/proxy](http://investors.dominionenergy.com/proxy).**

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**Proxy Statement Summary**

This summary highlights information contained elsewhere in this 2019 Proxy Statement. This summary does not contain all of the information that you should consider, and you should read the entire 2019 Proxy Statement carefully before voting. *Questions and Answers About the 2019 Annual Meeting and Voting* can be found beginning on page 70.

**Shareholder Voting Matters**

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

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

Electronically via the Internet\*

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

By telephone within the U.S.\*

**(888) 693-8683**

By mail using the proxy card/voting instruction form

**For beneficial owners:**

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

Electronically via the Internet\*

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

Refer to voting instruction form

Refer to voting instruction form

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

**2019 Annual Meeting Information**

**DATE AND TIME**

May 7, 2019, 9:30 a.m., Eastern Time

**PLACE**

University of South Carolina

Alumni Center

900 Senate Street

Columbia, South Carolina 29201

**RECORD DATE**

March 1, 2019

**VOTING**

Shareholders as of the record date are entitled to vote. Each share of Dominion Energy common stock is entitled to one vote on each matter properly brought before the 2019 Annual Meeting to be held on May 7, 2019.

**ADMISSION**

You must request an Admission Ticket in advance to attend the 2019 Annual Meeting by either emailing us at [shareholderrelations@dominionenergy.com](mailto:shareholderrelations@dominionenergy.com) or contacting Dominion Energy Shareholder Services at (800) 552-4034. Refer to *How do I attend the 2019 Annual Meeting in person?* on page 73 for admission requirements. Admission Tickets are nontransferable.

<b>Voting Matter</b>	<b>Board Vote</b>	<b>Page Reference</b>
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**2018 Business Highlights**

We had our best safety performance ever, surpassing our 2017 performance, with a 0.55 Occupational Safety and Health Administration (OSHA) incident rate.

The Board of Directors (Board) approved an annual dividend rate of \$3.34 per share of common stock for 2018, up from \$3.035 per share in 2017, or a 10 percent increase. This marked the 15th consecutive year in which the annual dividend rate rose from the previous year's rate.

Our \$4.1 billion Cove Point natural gas liquefaction facility entered into commercial service in April 2018. It is the largest construction project ever for Dominion Energy and was only the second liquefied natural gas (LNG) export facility to be constructed nationwide.

In December 2018, our \$1.3 billion, 1,588-megawatt Greensville Power Station entered into commercial operation. Greensville is one of the cleanest natural gas powered stations in the country and its air permit has the strictest carbon dioxide emission limits in the nation.

On July 1, 2018, the Grid Transformation and Security Act of 2018 became law in the Commonwealth of Virginia, laying the framework for expanded investments in renewable energy, smart grid technology, a stronger, more secure grid and energy efficiency programs, all while keeping rates affordable.

Following continued weakness in the master limited partnership (MLP) capital markets combined with the prolonged disruption in Dominion Energy Midstream Partners, LP (Dominion Energy Midstream) common

unit price since a March 2018 Federal Energy Regulatory Commission (FERC) policy revision on the recovery of an income tax allowance, we made a decision to acquire all outstanding public common units of Dominion Energy Midstream. In January 2019, we completed the \$1.6 billion merger with Dominion Energy Midstream.

In 2018, we began construction on the Atlantic Coast Pipeline (ACP), representing an investment estimated between \$7 billion and \$7.5 billion for Dominion Energy and its partners. ACP was developed with best-in-class design and is being built with the strongest environmental protections and the most stringent regulatory oversight of any pipeline in the mid-Atlantic region's history. While the project has been approved by FERC, an injunction by a federal court has halted construction while other federal permits are resolved.

In November 2018, Virginia regulators approved our Coastal Virginia Offshore Wind pilot project, a two-turbine, 12-megawatt project that can serve 3,000 homes and businesses. This \$300 million project is only the second such project in the nation, and the first owned by a U.S. electric utility.

Since 2013, we have invested more than \$3.5 billion in renewables and have increased our solar generation portfolio from 41 megawatts to nearly 2,600 megawatts as of December 31, 2018, making it the fourth largest solar fleet in the nation.

In the fall of 2018, our Board established a Sustainability and Corporate Responsibility Committee to oversee the company's performance as a sustainable organization and responsible corporate citizen.

## **2** **DOMINION ENERGY** **2019 Proxy Statement**

**Table of Contents****Our Board of Directors**

The Dominion Energy Board embodies a diverse range of viewpoints, backgrounds and skills that are vital to its effectiveness.

The graphs below provide an overview of the collective experience, qualifications and attributes of the Board. See page 17 for individual details for each director.

**One Dominion Energy**

On January 3, 2018, we announced an agreement to combine with SCANA Corporation (SCANA) in a stock-for-stock merger. This combination, valued at \$13.4 billion, became effective January 1, 2019, creating a company with more than 21,000 employees and operations in 18 states. We look forward to what the future may bring for our combined company and remain committed to providing safe, reliable energy to meet the needs of our customers and communities, as well as the expectations of our investors.

<b>EMPLOYEES</b>	<b>CUSTOMER ACCOUNTS</b>	<b>OPERATIONS IN</b>	<b>ASSETS</b>
>21,000	7.5	18	~\$100
	<b>MILLION</b>	<b>STATES</b>	<b>BILLION</b>

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Table of Contents**Our Director Nominees**

You are being asked to vote on the election of the following 13 director nominees. Detailed information about each director's background, key experience and qualifications can be found beginning on page 8.

Nominee	Director		Principal Occupation	Independent	Committees
	Age	Since			
<b>James A. Bennett</b>	58	2019	South Carolina Mid-South Area Executive of First-Citizens Bank & Trust Company	Yes	
<b>Helen E. Dragas</b>	57	2010	President and CEO of The Dragas Companies	Yes	CGN; SCR (Chair)
<b>James O. Ellis, Jr.</b>	71	2013	Former President and CEO of the Institute of Nuclear Power Operations	Yes	FROC; SCR
<b>Thomas F. Farrell, II</b>	64	2005	Chairman, President and CEO of Dominion Energy	No	
<b>D. Maybank Hagood</b>	57	2019	Chairman and Chief Executive Officer of Southern Diversified Distributors, Inc.	Yes	
<b>John W. Harris</b> Lead Director	71	1999	Chairman and CEO of Lincoln Harris LLC	Yes	CGN (Chair)
<b>Ronald W. Jibson</b>	65	2016	Retired Chairman, President and CEO of Questar Corporation	Yes	FROC; SCR
<b>Mark J. Kington</b>	59	2005	Managing Director of Kington Management, LP	Yes	CGN; FROC (Chair)
<b>Joseph M. Rigby</b>	62	2017	Retired Chairman, President and CEO of Pepco Holdings, Inc.	Yes	Audit; SCR
<b>Pamela J. Royal, M.D.</b>	56	2013	President of Royal Dermatology and Aesthetic Skin Care, Inc.	Yes	Audit; SCR Audit (Chair);
<b>Robert H. Spilman, Jr.</b>	62	2009	President and CEO of Bassett Furniture Industries, Incorporated	Yes	CGN



<b>Susan N. Story</b>	59	2017	President and CEO of American Water Works Company, Inc.	Yes	Audit; FROC
<b>Michael E. Szymanczyk</b>	70	2012	Former Chairman and CEO of Altria Group, Inc.	Yes	Audit; FROC

CGN = Compensation, Governance and Nominating; FROC = Finance and Risk Oversight; SCR = Sustainability and Corporate Responsibility

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**Sustainability and Corporate Responsibility**

Our company has embraced the opportunity to operate more sustainably in everything we do for our customers, communities, investors and others. We have already seen great results from the challenges we set for ourselves in 2018 and are committed to continuing to do the same in 2019. To move this vision forward, the Board of Directors established a Sustainability and Corporate Responsibility Committee in late 2018, to provide oversight of our performance on environmental, social and governance (ESG) matters.

We committed to a 50% reduction in our carbon intensity (the amount of carbon dioxide emitted per unit of energy produced) by 2030 from 2000 levels. We have met that target and have announced a commitment to a 60% reduction in carbon intensity by 2030 compared to 2000 levels.

60%  
Carbon Intensity  
Reduction Target  
(2000-2030)

We intend to reduce our methane intensity from our natural gas business by 50% by 2030 from 2010 levels.

Dominion Energy was ranked as the top electric and gas utility among the companies included in the Management Top 250, published by *The Wall Street Journal*, which ranks the best run U.S. companies based on customer satisfaction, employee engagement and development, innovation, social responsibility and financial strength.

50%  
Methane Intensity  
Reduction Target  
(2010-2030)

We were named a trendsetter by the Center for Political Accountability for transparency and disclosures with regard to political contributions.

We were recognized by *Forbes* as one of the best workplaces for diversity and one of the best places to work for women.

We recently adopted an Environmental Justice Policy to proactively address stakeholder considerations in connection with developing the company's infrastructure projects and the potential effects of those projects on certain communities.

Environmental  
Justice Policy  
Adopted

We continued to invest in time and funds to serve community needs, environmental stewardship and other worthy causes in the communities throughout our footprint. During 2018, we contributed nearly \$35 million to community causes through the Dominion Energy Charitable Foundation, EnergyShare and other programs. In addition, our employees gave more than 125,000 hours of their time to volunteer.

### Our Five Core Values

<p><b>Safety</b></p> <p>Safety is our highest priority in the workplace and in the community. The work we do can be dangerous. So our first and fundamental goal is to send every employee home safe and sound, every day. That is the only acceptable standard of performance.</p>	<p><b>Ethics</b></p> <p>Integrity, individual responsibility and accountability go hand-in-hand with bottom-line results. We cannot and will not take shortcuts to achieve our goals and fulfill our obligations to stakeholders. Ethical behavior matters, and our reputation depends on it.</p>	<p><b>Excellence</b></p> <p>We set high performance standards and are committed to continuous improvement in all areas of our business. The odds of long-term success improve when we go beyond good and strive for great. Our aim is not to be the biggest energy company, just the best.</p>	<p><b>Embrace Change</b></p> <p>Transformation and growth are the keys to long-term prosperity. A culture of receptivity to change and ardor for innovation propels our company forward, ensuring that our stakeholders will continue to flourish and that our best days still lie ahead.</p>	<p><b>One Dominion Energy</b></p> <p>It's about teamwork. It is a unifying outlook that transcends organizational boundaries and focuses on our shared mission and purpose. We know that strong, sustainable performance depends on how well we support one another in executing our business plan.</p>
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Each of these values plays an integral role in sustainability by safeguarding the health and welfare of our employees and communities, the bond of trust between Dominion Energy and others, the company's adaptability to new circumstances and the standard of execution necessary to ensure the well-being of all our stakeholders, today and long into the future.



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**Corporate Governance Highlights**

Strong corporate governance practices help further our efforts to achieve our performance goals while maintaining the trust and confidence of our shareholders, employees, customers and other stakeholders. Our corporate governance practices are described in more detail beginning on page 15 and in our Corporate Governance Guidelines, which can be found at [www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines](http://www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines).

**DIRECTOR INDEPENDENCE**

12 of our 13 director nominees are independent.

Our Chief Executive Officer (CEO) is the only management director.  
All of our Board committees are composed exclusively of independent directors.

92%

Independent

**BOARD LEADERSHIP**

We have an independent Lead Director with prescribed duties.

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

**BOARD OVERSIGHT OF STRATEGY AND RISK**

The Board is actively engaged in the company's strategic planning through an integrated, risk-informed approach that supports the long-term growth of the company, including oversight of the company's long-term financial plan and sustainability, innovation and workforce development initiatives.

Active

Oversight of Strategy and  
Risk

The Board's involvement with strategy is ongoing throughout the year and includes semi-annual, multi-day strategic retreats as well as oversight of the risks that could challenge the successful execution of our strategy.

The Finance and Risk Oversight Committee meets regularly with members of management to review and discuss implementation of risk-assessment and risk-management policies and procedures.

## SHARE OWNERSHIP REQUIREMENTS

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

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

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

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

## GOVERNANCE MATTERS

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

The Board and its committees conduct annual self-assessments.

We have no poison pill.

Shareholders holding at least 25% of our outstanding shares may call a special meeting.

Robust  
Director and Officer  
Share Ownership  
Guidelines

Strong  
Corporate Governance

Our Bylaws provide our shareholders with a proxy access right.

All directors stand for election annually.

We have a majority vote standard for the election of directors with a resignation policy.

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**Executive Compensation Highlights**

You are being asked to vote on an advisory basis on the compensation paid to the company's named executive officers (NEOs) as described in this Proxy Statement, including the Compensation Discussion and Analysis (CD&A), compensation tables and narrative discussion beginning on page 32.

**Philosophy and Objectives**

Our executive compensation program is designed to:

Link pay to performance

Attract, develop and retain an experienced and highly qualified executive officer team

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

Promote internal pay equity

Encourage long-term commitment to Dominion Energy and align the interests of executive officers with those of our shareholders, customers and other stakeholders by placing a substantial portion of pay at risk through performance goals that, if achieved, are expected to increase total shareholder return and enhance customer service

Reinforce our five core values of safety, ethics, excellence, embrace change and One Dominion Energy — our term for teamwork

We meet these objectives through the appropriate mix of compensation, including base salary, short-term incentives and long-term incentives.



90% of our CEO's pay is incentive and/or stock-based (both short-term and long-term) which creates strong alignment with our shareholders and reinforces our pay for performance culture.

### COMPENSATION GOVERNANCE FEATURES

- u Balance of short-term and long-term incentives
- u Substantial portion of NEO pay is at risk and tied to enhanced shareholder value
- u Different performance measures used for short-term and long-term incentive programs
- u Executive compensation program reviewed to ensure it does not promote excessive risk taking
- u Rigorous share ownership guidelines
- u Clawback provisions incorporated in incentive compensation
- u Non-compete clause included in our executive retirement plans
- u Proactive engagement with our top shareholders on compensation and governance issues
- u Annual Say on Pay votes conducted and prior year's vote considered in compensation setting
- u Two triggers required for the payment of most change in control benefits
- u No payout of short-term or long-term awards greater than 200% of target
- u No long-term or indefinite employment agreements
- u No long-term incentive awards in retirement or severance calculations
- u No hedging or pledging of shares as collateral

- u No excessive perquisites or tax gross-ups on perquisites
  
- u No issuance of excessive equity compensation that would dilute shareholder value
  
- u No excessive change in control severance benefits

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**Item 1 Election of Directors**

Our Board of Directors has nominated 13 directors for election at the 2019 Annual Meeting to hold office until the next annual meeting or until their respective successors have been duly elected or appointed and qualified. All of the nominees are currently directors, and all but two (Messrs. Bennett and Hagood) were elected by shareholders at the 2018 Annual Meeting. Messrs. Bennett and Hagood were each elected in February 2019 by the Board to serve as a director upon the recommendation of Dominion Energy's management and the CGN Committee in accordance with the terms of the merger agreement with SCANA. Each nominee has agreed to be named in this proxy statement and to serve as director for another term, if elected.

All of our directors are elected annually by a majority of votes cast unless there is a contested election, in which case the election is by plurality vote. In an uncontested election, a director who does not receive a majority of votes cast will submit a letter of resignation promptly to the Board. Upon advice from our CGN Committee, the Board will determine, within 90 days following certification of the results, whether or not to accept such resignation.

Our Board selected the 13 nominees based on their diverse mix of skills, experiences and perspectives. They are able to provide quality advice and counsel to Dominion Energy's management and to effectively oversee the business and long-term interests of shareholders. These nominees bring to the Board a wide array of business and professional skills, as well as industry expertise. They are collegial, thoughtful, responsible and intelligent leaders who are also diverse in terms of age, gender, ethnicity, professional experience and geographic location. Many of the nominees serve or have served on other public company boards, enabling our Board to stay apprised of best practices implemented at other companies and promoting informed and effective governance. Since 2013, the Board has added seven new directors, bringing industry experience, insights, new perspectives and diversity that complement the attributes, skills and experience of the current Board members at the time of each of those additions.

Information about each director nominee is presented below including specific key experience and qualifications that led the CGN Committee and our Board to nominate him or her to serve as a director.

**James A. Bennett**

**DIRECTOR SINCE:** 2019

**AGE:** 58

Mr. Bennett has been South Carolina Mid-South Area Executive for First-Citizens Bank & Trust Company (First Citizens) in Columbia, South Carolina since January 2015. Prior to that, he served as Executive Vice President, Director of Public Affairs and Chief Diversity Officer. Before joining First Citizens, he became the youngest bank president in South Carolina when he was named President of Victory Savings Bank in 1989.

## **EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

With his extensive background in the banking industry, including operating responsibilities and management experience, Mr. Bennett provides financial and risk management expertise from a regulated industry perspective. He is also familiar with human resources and customer service concerns associated with the financial services sector. Mr. Bennett also brings industry, corporate governance and public company board experience through his tenure as a former member of the Board of Directors of SCANA Corporation.

## **OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Previous (During Past Five Years):** SCANA Corporation (1997-2018)

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**ITEM 1 ELECTION OF DIRECTORS**

**Helen E. Dragas**

**DIRECTOR SINCE:** 2010

**AGE:** 57

**COMMITTEE MEMBERSHIP:**

Compensation, Governance and Nominating

Sustainability and Corporate Responsibility (Chair)

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

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Ms. Dragas's experience as the leader of a successful Virginia-based development planning and construction firm enables her to provide critical insight on Board discussions as Dominion Energy continues to make significant investments in infrastructure within its service territory. From her tenure as rector of a nationally recognized university and as a community and public service leader, she provides valuable perspective on consumer engagement, governmental, public policy, diversity and social responsibility matters, all of which are important issues to our stakeholders. Ms. Dragas also brings finance, strategic planning, environmental, risk management, and analytical skills from her experience as a chief executive officer.

**Admiral James O. Ellis, Jr.**

**DIRECTOR SINCE:** 2013

**AGE:** 71

**COMMITTEE MEMBERSHIP:**

Finance and Risk Oversight

Sustainability and Corporate Responsibility

Admiral Ellis has served as an Annenberg Distinguished Fellow at the Hoover Institution at Stanford University, Stanford, California since 2014. He served as President and Chief Executive Officer of the Institute of Nuclear Power Operations (INPO) from May 2005 to May 2012. Prior to retiring from active duty in July 2004 as a U.S. Navy Admiral, he served as Commander, U.S. Strategic Command, Offutt Air Force Base, Omaha, Nebraska.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Having served as chief executive officer of INPO, a non-profit corporation established to promote the highest levels of safety and reliability in the operation of commercial nuclear power plants, Admiral Ellis is a recognized expert in the nuclear energy industry with experience in risk management, strategic planning, public policy, regulatory and environmental matters. He has expertise in managing and leading large and complex technology-focused organizations focused on safety and cyber security, including 39 years of service with the U.S. Navy. Admiral Ellis also brings corporate governance experience through his service as a public company director.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:** Lockheed Martin Corporation

**Previous (During Past Five Years):**

Level 3 Communications, Inc. (2014-2017)

Immarsat plc (2005-2014)



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**ITEM 1 ELECTION OF DIRECTORS**

**Thomas F. Farrell, II**

**CHAIRMAN, PRESIDENT AND CEO**

**DIRECTOR SINCE:** 2005

**AGE:** 64

Mr. Farrell has been Chairman, President and Chief Executive Officer of Dominion Energy since April 2007. He is also Chairman of the Board and Chief Executive Officer of Virginia Electric and Power Company and Dominion Energy Gas Holdings, LLC, both wholly owned subsidiaries of Dominion Energy that have registered debt. Mr. Farrell also served as Chairman, President and Chief Executive Officer of Dominion Energy Midstream GP, LLC, the general partner of Dominion Energy Midstream Partners, LP. He is past chairman of the Institute of Nuclear Power Operations and a former chair and current member of the board of directors of Edison Electric Institute, through which he represents the interests of Dominion Energy and the energy sector as a whole.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

As Dominion Energy's Chief Executive Officer, Mr. Farrell leads one of the nation's largest producers and transporters of energy with approximately \$100 billion of assets. He has more than two decades of experience in various executive and operational roles within Dominion Energy and throughout our industry and is keenly familiar with the environmental, regulatory and public policy issues that are central to our business. He has expertise in addressing the complex strategic, operational, investor relations, capital markets, litigation management, risk management, mergers and acquisitions, and regulatory matters and communities we serve.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:** Altria Group, Inc.

**Previous (During Past Five Years):** Dominion Energy Midstream GP, LLC (2014-2019)

**D. Maybank Hagood**



**DIRECTOR SINCE:** 2019

**AGE:** 57

Mr. Hagood has served as Chief Executive Officer of Southern Diversified Distributors, Inc. (SDD) since 2003 and as Chairman since 2012. SDD is the parent company of William M. Bird and Company, Inc., TranSouth Logistics, LLC, and East Bay Supply Co, providers of floor covering distribution and supplies, warehousing, logistics, and transportation throughout the Southeast.

#### **EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Hagood brings leadership, management, human resources, risk management, financial operations, and strategic planning skills as the Chief Executive Officer of SDD. He also has expertise in customer service operations, supply chain management and marketing as well as addressing changing consumer preferences, all of which are necessary in serving as the distributor of floor coverings and linking manufacturers with customers. Mr. Hagood also brings industry, corporate governance and public company board experience through his tenure as a member of the Board of Directors of SCANA Corporation.

#### **OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Previous (During Past Five Years):** SCANA Corporation (1999-2018)

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**ITEM 1 ELECTION OF DIRECTORS**

**John W. Harris**

**LEAD DIRECTOR**

**DIRECTOR SINCE:** 1999

**AGE:** 71

**COMMITTEE MEMBERSHIP:**

Compensation, Governance and Nominating (Chair)

Mr. Harris serves as Chairman and Chief Executive Officer of Lincoln Harris LLC (formerly The Harris Group), a real estate consulting firm which he co-founded in 1999, and is a former President of The Bissell Companies, Inc., a commercial real estate and investment management company.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Harris has extensive leadership and management skills, as well as financial and capital markets experience through his current and past service as a chief executive officer and in other senior executive positions. He has knowledge of, and familiarity with, our industry, markets and regulatory concerns as a former director of Piedmont Natural Gas Company, Inc. Mr. Harris also brings insight and expertise in risk management, strategic planning and operations management.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Previous (During Past Five Years):** Piedmont Natural Gas Company, Inc. (1997-2014)

**Ronald W. Jibson**

**DIRECTOR SINCE:** 2016

**AGE:** 65

**COMMITTEE MEMBERSHIP:**

Finance and Risk Oversight

Sustainability and Corporate Responsibility

Mr. Jibson served as Chairman, President and Chief Executive Officer of Questar Corporation (Questar) from July 2012 to September 2016, prior to Questar's merger with Dominion Energy. He served as President and Chief Executive Officer of Questar from June 2010 through July 2012.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Jibson has in-depth knowledge of the U.S. natural gas industry, including responsibility for and extensive experience with gas transmission and distribution operations, operational safety, cyber security, regulatory affairs and marketing, developed during 35 years of service at Questar. He provides management, leadership and analytical skills from his experience as a chief executive officer of a public company as well as an understanding of the finance and accounting associated with a regulated utility. He is a known leader in the natural gas industry as demonstrated through his service as a past chairman of the American Gas Association.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:** IDACORP, Inc.

**Previous (During Past Five Years):** National Fuel Company (2014-2016)

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**ITEM 1 ELECTION OF DIRECTORS**

**Mark J. Kington**

**DIRECTOR SINCE:** 2005

**AGE:** 59

**COMMITTEE MEMBERSHIP:**

Compensation, Governance and Nominating

Finance and Risk Oversight (Chair)

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

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Kington has extensive experience in information technology, investment management and corporate finance, including derivatives and capital markets, that is valuable as the Chair of the Finance and Risk Oversight Committee. He also has regulatory and governmental expertise acquired during his tenure in the highly regulated telecommunications industry. Through his service as a managing director, Mr. Kington brings leadership and risk management experience.

**Joseph M. Rigby**

**DIRECTOR SINCE:** 2017

**AGE:** 62

**COMMITTEE MEMBERSHIP:**

Audit

Sustainability and Corporate Responsibility

Mr. Rigby served as Chairman, President and Chief Executive Officer of Pepco Holdings, Inc. (Pepco), an energy delivery company serving the mid-Atlantic region, from May 2009 to March 2016. Prior to that, Mr. Rigby held other executive officer positions with Pepco and its subsidiaries, including chief operating officer and chief financial officer.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Rigby has extensive utility expertise, with in-depth knowledge of electric transmission and distribution operations, acquired through more than 37 years with Pepco and its subsidiaries. He brings leadership, management, regulatory, finance, human resources and mergers and acquisition experience, among other business disciplines, as the retired Chief Executive Officer of Pepco. Mr. Rigby also provides financial and accounting expertise from his service as the Chief Financial Officer of Pepco and public accounting background.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

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

**Previous (During Past Five Years):** Dominion Energy Midstream GP, LLC (2014-2017)

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**ITEM 1 ELECTION OF DIRECTORS**

**Pamela J. Royal, M.D.**

**DIRECTOR SINCE:** 2013

**AGE:** 56

**COMMITTEE MEMBERSHIP:**

Audit

Sustainability and Corporate Responsibility

Dr. Royal has been the owner and President of Royal Dermatology and Aesthetic Skin Care, Inc. since 1990. She is also a practicing physician. Dr. Royal currently serves on the boards of The Community Foundation, Bon Secours Richmond Health System and St. Christopher's School, and is a member of the Executive Committee of Venture Richmond and the Local Advisory Board of BB&T. She previously served on numerous other boards, including The Valentine Museum (former chair), the United Way of Greater Richmond and Petersburg (former chair), CenterStage Foundation (former vice chair), The Greater Richmond Chamber of Commerce, J. Sargeant Reynolds Community College Foundation and the Virginia Early Childhood Foundation.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

As a recognized leader in the Richmond business and civic community and from her experience as president of her own medical practice, Dr. Royal provides leadership, management and analytical skills to the Board. She also brings broad experience with regulatory matters, including privacy and data security issues, and insurance expertise, developed through her experience running a business in a highly regulated industry. From her familiarity with the local economies and communities served by us, and as a local business owner, Dr. Royal understands the criticality of meeting customer and stakeholder expectations and maintaining the value of building our brand and reputation.

**Robert H. Spilman, Jr.**

**DIRECTOR SINCE:** 2009

**AGE:** 62

**COMMITTEE MEMBERSHIP:**

Audit (Chair)

Compensation, Governance and Nominating

Mr. Spilman has been President and Chief Executive Officer of Bassett Furniture Industries, Incorporated (Bassett), a furniture manufacturer and distributor, since 2000. He has also served as Chairman of the Board of Bassett since 2016. Mr. Spilman serves on the Virginia Foundation for Independent Colleges and previously was Chairman of the Board of Directors of New College Institute.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Spilman has knowledge of and expertise in brand management, product development and competitive consumer markets as chief executive officer of a national retailer, manufacturer and marketer of branded home furnishings. He is familiar with human resources and information technology concerns associated with retail operations. Mr. Spilman provides leadership, investor relations and management skills from experience as a current chief executive officer and director of a public company. He also brings public company board and governance experience as a former lead director of Harris Teeter Supermarkets, Inc.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:** Bassett Furniture Industries, Incorporated

**Previous (During Past Five Years):** Harris Teeter Supermarkets, Inc. (2002-2014)

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**ITEM 1 ELECTION OF DIRECTORS**

**Susan N. Story**

**DIRECTOR SINCE: 2017**

**AGE: 59**

**COMMITTEE MEMBERSHIP:**

Audit

Finance and Risk Oversight

Ms. Story has been President and Chief Executive Officer of American Water Works Company, Inc. (American Water) since 2014, after joining American Water as Senior Vice President and Chief Financial Officer in 2013. Prior to that, Ms. Story served as Executive Vice President of Southern Company (Southern), and in other executive positions with subsidiaries of Southern, including President and Chief Executive Officer of Southern Company Services from January 2011 to April 2013. Ms. Story serves or has served on a number of boards, including the Bipartisan Policy Center, the Alliance to Save Energy, and the Electric Power Research Institute Advisory Council.

**EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Ms. Story brings leadership, operations, strategic planning, ESG and financial and risk management experience from her current service as a chief executive officer and prior experience as the chief financial officer of a publicly traded, regulated utility. She has extensive industry experience developed through her career at Southern, including her tenure as chief executive officer of a subsidiary company, Gulf Power Company, where she addressed issues also faced by Dominion Energy, including technological advances, nuclear operations, cyber security threats, changing workforce demographics and healthcare costs. As lead director of Raymond James Financial, Inc., Ms. Story is extremely familiar with public company corporate governance requirements including transparency, accountability and Board effectiveness.

**OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:**

American Water Works Company, Inc.



Raymond James Financial, Inc.

## Michael E. Szymanczyk

**DIRECTOR SINCE:** 2012

**AGE:** 70

### **COMMITTEE MEMBERSHIP:**

Audit

Finance and Risk Oversight

Mr. Szymanczyk served as Chairman and Chief Executive Officer of Altria Group, Inc. (Altria) from March 2008 to May 2012. He served as Chairman, President and Chief Executive Officer of Philip Morris USA Inc. from 2002 to 2008. Prior to that, he served in various sales and marketing roles at Proctor & Gamble, Inc. and Kraft, Inc.

### **EXPERIENCE, QUALIFICATIONS AND ATTRIBUTES**

Mr. Szymanczyk has leadership, problem-solving, communications, management and analytic skills gained from his experience as the chief executive officer of a global Fortune 500 public company. He has expertise in complex strategic, operational, investor relations, capital markets, regulatory, litigation management, risk management, mergers and acquisitions and other matters that are critical in effective board oversight of a public company. Mr. Szymanczyk brings innovation and technology experience developed through his responsibility for research & development and marketing operations while Chief Operating Officer/CEO of Philip Morris USA Inc. and later as CEO of Altria.

### **OTHER PUBLIC COMPANY DIRECTORSHIPS**

**Current:** Duke Realty Corporation

**Your Board of Directors recommends that**

**you vote FOR each of these nominees.**

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### **Corporate Governance**

#### **Refreshing the Board and Nominating Directors**

The Compensation, Governance and Nominating (CGN) Committee, which is composed entirely of independent directors, regularly considers the size and composition of our Board and continually assesses whether its composition is appropriate for the company's current and future strategic needs, which change as our business environment evolves. The CGN Committee also takes into consideration the results of the Board's self-evaluation. The CGN Committee identifies any gaps that may need to be filled through the board refreshment and succession process by considering a variety of factors, including:

A matrix of existing and desired skills and experiences that would be beneficial to our Board and its committees;

The Board's self-assessment process and identified areas of expertise of current directors;

Changes in our business strategy and operating environment;

Tenure of current Board members, with the goal of striking a balance between the knowledge, continuity and other benefits that directors with longer terms of service provide to the Board, with the new experience, insights and fresh perspectives that new directors contribute; and

Anticipated director retirements.

The CGN Committee is responsible for identifying possible director candidates, reviewing their qualifications, and recommending to the Board specific candidates for nomination. In identifying potential nominees, the CGN Committee considers candidates recommended by shareholders, current members of the Board or members of management, as well as any other well-qualified candidates that may come to the CGN Committee's attention. The CGN Committee may also choose to utilize an independent, third party search firm if needed. In accordance with its charter, when selecting nominees to recommend to the Board, the CGN Committee considers all candidates equally and in the same manner, including those recommended by shareholders. Any shareholder wishing to recommend a director candidate for consideration by the CGN Committee should send a written statement to the Corporate Secretary, identifying the candidate and providing relevant qualifications and biographical information.



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### **CORPORATE GOVERNANCE**

The CGN Committee recognizes that a Board with diverse skills, experiences and perspectives helps encourage critical thinking and innovative, strategic discussions, which in turn contribute to the continued success of the company. In evaluating a director candidate, the CGN Committee considers, among other things:

The candidate's business or other relevant experience, such as energy and utility industry experience, financial or accounting experience (including oversight experience), legislative or regulatory experience and experience on public company boards;

Whether the candidate's skills and competencies align with the company's future strategic challenges and opportunities;

The candidate's character, judgment, diversity of experience, business acumen and ability to act on behalf of shareholders;

The interplay of the candidate's expertise, skills, knowledge and experience with that of other members of our Board; and

The candidate's ability to contribute to the effectiveness of the Board.

Once a potential candidate has been identified, the CGN Committee reviews the background of the candidate for potential conflicts and to determine whether the candidate would be independent under the independence standards of Dominion Energy and the New York Stock Exchange (NYSE). The Board then typically meets with the candidates in small and large groups of directors and in informal and formal settings to allow for personal interaction and assessment. Both the CGN Committee and the Board meet in executive session to discuss the qualifications of the director candidate before the CGN Committee makes a final recommendation to the Board.

When considering director candidates and the current and future composition of the Board, the CGN Committee and the Board consider how each candidate's background, experiences, skills and/or prior board and committee service will contribute to and complement the existing Board.

### **Refreshment and Board Diversity**

Per the company's Corporate Governance Guidelines, the CGN Committee is charged with selecting candidates who represent a mix of backgrounds and experiences enhancing the quality of the Board's deliberations and decisions as well as those of its four committees.

Representation of gender, racial, cultural, geographic and other diverse perspectives promotes the Board's understanding of the needs and viewpoints of our investors, customers, employees, suppliers, community groups and other stakeholders. The CGN Committee is therefore committed to actively seeking quality women and minority candidates for consideration. The slate of recommended directors includes four directors who are women and/or people of color, including 25 percent of Committee chairs, reflecting a Board that is over 30% diverse in those areas. Dominion Energy supports the efforts of the global 30% Club to improve gender balance on public company boards. We will continue to focus on building a board that is broad in attributes and experience.

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**Table of Contents****CORPORATE GOVERNANCE****DIRECTOR ATTRIBUTES AND EXPERIENCE**

The Board seeks a mix of directors with qualities that result in a well-rounded, diverse Board that thinks critically and also functions effectively by reaching informed decisions. Our directors have a diversity of experience and a variety of skills, education, qualifications and viewpoints that strengthen the Board's ability to carry out its oversight role of the company.

The table below is a summary of the range of attributes and experiences that each director brings to our Board. Because it is a summary, it is not intended to be a complete description of all of the skills and attributes that each of our Board members possesses.

Additional information about each director's background, business experience and other matters, as well as a description of how each individual's experience qualifies him or her to serve as a director of the company is provided under the heading *Item 1 Election of Directors* beginning on page 8.

<b>Age</b>	58	57	71	64	57	71	65	59	62	56	62	59	70
<b>Tenure (years)</b>	0	8	5	14	0	19	2	13	2	6	9	2	6
<b>Gender</b>	M	F	M	M	M	M	M	M	M	F	M	F	M
<b>Leadership</b>													
<b>Industry</b>													
<b>Financial</b>													
<b>Corporate Governance</b>													
<b>Risk Oversight and Management</b>													
<b>Government, Public Policy or Legal</b>													
<b>Human Capital/Talent Management</b>													
<b>Innovation and Technology</b>													
<b>Environmental</b>													
<b>Customer Satisfaction and/or Service</b>													

**Leadership** experience is valuable in overseeing management's performance. Directors with leadership experience also tend to demonstrate a practical understanding of organizations, strategy, risk management and corporate governance.

8

**Industry** experience is important given the complexity of the utility industry and nuclear power operations. Directors with industry experience also assist the Board with effective oversight of the company's business and long-term strategy.

13

**Financial** experience is important in understanding and overseeing the financial reporting and internal controls of the company.

13

**Corporate Governance** experience is important in assuring transparency, accountability and Board effectiveness.

13

**Risk Oversight and Management** experience is important in overseeing the challenges and potential disruptors facing the company. Risk management experience is not necessarily acquired only through involvement with a formal risk management program.

10

**Government, Public Policy or Legal** experience is relevant as the company's operations are subject to regulation by multiple states and federal regulatory authorities. Directors with experience in law, government and public policy can provide insight and understanding of effective strategies in these areas.



13

**Human capital/talent management** experience is important in order to attract, develop, motivate and retain high-quality personnel.

7

**Innovation and technology** experience is valuable in developing the best tools to advance operations and address physical and cyber security concerns and identifying new business opportunities.

8

**Environmental** experience is important in understanding and assessing complex regulatory requirements and the company's environmental compliance obligations.

10

**Customer satisfaction and/or service** experience is relevant as the company seeks to provide customers reliable service at reasonable rates.

## SHAREHOLDER-NOMINATED DIRECTOR CANDIDATES

Dominion Energy's Bylaws allow a shareholder, or a group of up to 20 shareholders, owning collectively 3% or more of the company's outstanding common stock continuously for at least the previous three years, to nominate and include in the company's proxy materials director nominees constituting up to the greater of 20% of the Board or two nominees provided that such shareholder(s) and nominee(s) satisfy the requirements set forth in the Bylaws. For additional information, see *Shareholder Director Nominations for Inclusion in the 2020 Proxy Statement* on page 77.

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### **CORPORATE GOVERNANCE**

#### **Board and Committee Evaluations**

Our Board conducts an annual self-assessment aimed at enhancing its effectiveness and performance. As part of this assessment, our Lead Director conducts individual interviews with each of the independent directors designed to gather suggestions for improving Board effectiveness and to solicit input on a range of issues, including overall Board performance, the Board's understanding of the company's core businesses and strategy, Board and committee responsibilities, CEO and senior management succession planning, the flow of information from management, and Board meeting agenda topics. Each director also anonymously completes a written questionnaire covering these topics, giving another opportunity to provide candid observations.

Each of our Board committees also conducts an annual assessment of its effectiveness and performance. Similar to the Board, each committee member anonymously completes a written questionnaire soliciting feedback on topics such as committee size, member expertise, responsibilities, meeting materials provided by management and performance. A compilation of the responses is reviewed and discussed by each committee in executive session, and each committee chair reviews the results of the respective committee with the CGN Committee.

During an executive session of the Board, responses from both the director and committee questionnaires and insights from the Lead Director interviews are discussed and potential areas to enhance the Board's effectiveness are identified. While the formal evaluation process occurs annually, the dialogue continues throughout the year with updates in regular sessions with management and executive sessions of the Board regarding any identified focus item and any new topics that arise. Board policies and practices are updated as appropriate as a result of feedback provided during the annual evaluation process and throughout the year.

#### **Director Independence**

Our Corporate Governance Guidelines and the NYSE listing standards require that the Board be composed of a majority of independent directors. To assist in assessing director independence, the Board has adopted independence standards that also meet the independence requirements of the NYSE listing standards. In applying our independence standards and applicable Securities and Exchange Commission (SEC) and NYSE criteria, the Board considers all relevant facts and circumstances.

Our independence analysis also identifies certain types of commercial and charitable relationships that are immaterial and, therefore, do not affect a director's independence. As such, these categorical relationships are not considered by the Board when determining independence, though they are reported to the CGN Committee annually. The Board may determine that a director is independent even if that director has a relationship that does not fit within these categorical standards, provided that the relationship does not violate our independence standards or NYSE independence standards. If such a determination is made, the basis for the Board's determination will be explained in the company's next proxy statement. Our independence standards are included in the appendix to our Corporate Governance Guidelines, which can be found at [www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines](http://www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines).

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**CORPORATE GOVERNANCE**

Based on the NYSE's and Dominion Energy's independence standards, and taking into account all relevant facts and circumstances, the Board determined that the following directors are independent: Messrs. Bennett, Ellis, Hagood, Harris, Jibson, Kington, Rigby, Spilman and Szymanczyk, Dr. Royal, and Mses. Dragas and Story. The Board determined that Mr. Farrell is not independent because he currently serves as our President and CEO.

In determining the independence of Mr. Jibson, the CGN Committee considered Mr. Jibson's former employment as Chairman, President and CEO of Questar through September 2016, before the merger of Questar with Dominion Energy. Mr. Jibson receives no additional benefits from Dominion Energy except for those he receives for his previous service as an employee of Questar. The CGN Committee also considered the employment of Mr. Jibson's adult, financially independent son by Dominion Energy during 2018. Mr. Jibson's son is employed as a manager of joint operations and regulatory affairs with a subsidiary of Dominion Energy and is not an executive officer of Dominion Energy or any of its subsidiaries. The CGN Committee recommended and the Board concurred that Mr. Jibson's employment by Questar prior to the merger with Dominion Energy and the employment of Mr. Jibson's son do not affect Mr. Jibson's independence.

**Additional Independence Requirements for the Audit Committee and CGN Committee members.** Our Audit Committee and CGN Committee charters contain additional independence requirements for each committee's members. Our Audit Committee charter prohibits committee members from receiving any compensation from Dominion Energy except in their capacity as a director or committee member, or as permitted by SEC rules with respect to fixed amounts of compensation under a retirement plan for prior services. Our CGN Committee charter specifies that all members of the committee must meet the non-employee director requirements prescribed by SEC rules and, for purposes of administering any grandfathered performance-based awards under our executive compensation programs, the outside director requirements under Section 162(m) of the Internal Revenue Code (the Code).

**Board and Committee Governance**

**OUR CORPORATE GOVERNANCE GUIDELINES**

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

Our Corporate Governance Guidelines address, among other things:

The composition and responsibilities of the Board;

Director independence standards;

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

The duties and responsibilities of our Lead Director;

Share ownership requirements and compensation of non-employee directors;

Management succession and review; and

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

Our Corporate Governance Guidelines can be found at [www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines](http://www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines).

## **OUR BOARD LEADERSHIP STRUCTURE**

Our Board leadership is currently structured with a Chairman (who is also our CEO), an independent Lead Director, and independent committee chairs. Our Corporate Governance Guidelines provide that the Board will determine whether to have a joint CEO and Chairman position or to separate these offices, taking into consideration succession planning, the skills and experience of the individual or individuals filling these positions and other relevant factors. The Board believes that the most effective leadership structure for Dominion Energy at

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**CORPORATE GOVERNANCE**

this time is having Mr. Farrell serve as both CEO and Chairman of the Board, but considers the appropriateness of this structure at least annually. A combined CEO and Chairman role promotes unified leadership and direction for the company, and assists in effective execution of the company's strategy and business plans. The Board believes Mr. Farrell provides the necessary experience and skills to lead the company in addressing (i) the energy demands of the communities where Dominion Energy does business, (ii) financial and economic issues, and (iii) current and future environmental and regulatory challenges. The Board also believes that Mr. Farrell's insight and understanding of the material risks inherent to our business allow him to identify and raise key risks to the Board. His role as Chairman ensures that the Board and its standing committees give attention to areas of concern.

The Board believes there is no single best leadership structure that is the most effective in all circumstances and may decide to separate the positions of CEO and Chairman in the future if it deems it appropriate and in the best interests of the company and its shareholders. The Board has also adopted governance policies and practices to ensure a strong and independent Board that provides balance to the combined CEO and Chairman position, including:

All directors, except for Mr. Farrell, are independent;

All of our committees consist entirely of independent directors;

Our Corporate Governance Guidelines dictate that the non-management directors shall elect an independent Lead Director when the Chairman of the Board is not an independent director;

Dominion Energy has an independent Lead Director who leads executive sessions of our non-management directors at each regularly scheduled Board meeting; and

If the Lead Director is not available, the Chair of the CGN or Audit Committee acts as the Lead Director.

**ROLE OF THE LEAD DIRECTOR**

The duties and responsibilities of our independent Lead Director include:

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

Serving as a liaison between the Chairman and the independent directors on all Board issues;

Calling meetings of the independent directors, as needed;

Approving Board meeting agendas and information sent to the Board;

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

Being available to communicate with major shareholders, if requested; and

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

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

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

## **ROLE OF THE BOARD    OVERSIGHT OF STRATEGY AND RISK**

### **Oversight of Strategy**

Dominion Energy is operating in an environment of rapid change. Shifting market fundamentals, technological advances, environmental imperatives and changing customer preferences are reshaping our operations and asset portfolio. These shifts require significant Board engagement on strategy. The Board recognizes that the true measure of its stewardship is an effective long-term growth strategy that addresses the interests of shareholders and other constituencies, including customers, employees, suppliers, our neighbors in the communities we serve and the environment.

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**CORPORATE GOVERNANCE**

Given the iterative nature of strategy development, the Board's oversight of strategy is continuous and embedded in its governance activities throughout the year, including:

Oversight of the long-term financial plan, which is updated in a process that dovetails with the company's annual corporate and business unit risk assessments;

Semi-annual planning retreats;

Review of the company's safety, sustainability, workforce development, diversity and innovation initiatives;

Regular public policy updates, including customer and public opinion research; and

Oversight of the Ethics & Compliance program, which is tasked with reinforcing the company's strong ethical culture.

Two key areas of responsibility that support the Board's strategic role are its oversight of risk management and the company's sustainability initiatives.

**Oversight of Risk Management**

The company and the utility industry itself continue to face uncertainty posed by external forces, and the interactions among risks are becoming increasingly complex. Accordingly, appropriate enterprise risk management (ERM) processes are embedded in all critical business processes and are intended to help the company nimbly respond to changes in the business environment. The Board has implemented a risk governance framework designed to help the directors:

Understand critical risks in the company's business and strategy;

Allocate responsibilities for risk oversight among the full Board and its committees;

Evaluate the company's risk management processes and whether they are functioning adequately;

Facilitate open dialogue between management and directors; and



Foster a risk-aware business culture at the company.

The ERM program is designed to identify operational, financial, strategic, compliance and reputational risks that could adversely affect the execution of the company's plans or effectiveness of its business model (or, conversely, facilitate new growth opportunities). ERM processes are used to assess the likelihood and potential impact of these risks and develop strategies to mitigate or manage such risks within the company's risk appetite.

As provided under our Corporate Governance Guidelines and committee charters, the Board, the Audit Committee and the Finance and Risk Oversight Committee each regularly receive and discuss reports from the Chief Risk Officer and other members of management who are involved in risk management functions. In addition, the CGN Committee reviews with management an annual assessment of the overall structure of the company's compensation program and policies to ensure consistency with the company's risk management objectives.

To learn more about risks facing the company, you can review the factors included in Part I, Item 1A. Risk Factors in the 2018 Annual Report on Form 10-K. The risks described in the Form 10-K are not the only risks facing the company. Additional risks and uncertainties also may materially adversely affect the company's business, financial condition or results of operations in future periods.

## **COMMITMENT TO SUSTAINABILITY AND CORPORATE RESPONSIBILITY**

Dominion Energy is shaping the future of energy in America while delivering sustainable, long-term growth to our shareholders. Doing so in the face of a rapidly changing landscape of technology, regulation and stakeholder expectations requires that we meet the needs of multiple stakeholders—our investors, customers, employees, communities and many more. We are embracing change and operating more sustainably than ever before, and have committed to further reduce our impact on the environment by reducing carbon intensity by 60% from 2000 levels and methane intensity by 50% from 2010 levels by 2030. We are focused on the safety, development and engagement of our employees and are committed to maintaining a diverse and inclusive workplace. Dominion Energy is also enhancing our disclosures and seeking new opportunities to engage with our communities.

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**CORPORATE GOVERNANCE**

These matters are a priority for our Board, which recognizes that its oversight of ESG matters is of increasing interest to our investors and other stakeholders. To enhance its oversight of the company's performance as a responsible corporate citizen, the Board formed the Sustainability and Corporate Responsibility Committee, which is composed entirely of independent directors and reviews Dominion Energy's approach to environmental, social, economic and reputational matters that affect the company's business and performance as well as our communities and stakeholder groups.

Under the watch of the Board and the Sustainability and Corporate Responsibility Committee, in December 2018, the company published its 2017-2018 Sustainability and Corporate Responsibility Report, which sets forth our most material ESG priorities, our performance in these areas and targets for further improvement:

**Our Priorities**

**Our Performance and Commitments**

**Serving Customers & Communities**

Nearly \$35 million contributed to community causes through the Dominion Energy Charitable Foundation, EnergyShare and other programs in 2018

We are focused on providing safe, reliable and affordable energy while investing time and funds to serve human needs and environmental stewardship

More than \$1.9 billion in improvements of gas infrastructure since 2008 that enhance service and safety

Electric rates lower than the average for the East and the nation

Adopted Environmental Justice Policy

Safety Improvements Recordable injury rates cut in half since 2010

More than \$580 million in diverse supplier spend in 2017, a 48% increase from 2013

## Environmental Impact

90% reduction in nitrogen dioxide, sulfur dioxide, and mercury (pounds per megawatts/hour)

We work to avoid impacts to the environment and where we cannot, we are working to reduce them.

More than \$3.5 billion invested in renewable energy investments since 2013

4th in nation among utility holding companies for ownership in solar facilities

50% methane intensity reduction target (2010-2030)

60% carbon intensity reduction target (2000-2030)

## Our Culture

Recognized by *Forbes* as one of the Best Workplaces for Diversity and as one of the Best Places to Work for Women

One of our greatest strengths is our employees and we are committed to creating safe, diverse, and inclusive workplaces.

Leading private employer of veterans with veterans making up almost 20 percent of all new hires

Named a trendsetter by the Center for Political Accountability for transparency and disclosure with regard to political contributions

All employees have annual incentive plan goals tied to safety, environmental and diversity and inclusion performance

Recognized by *The Wall Street Journal* as the best managed electric and gas utility

**Our Business for the Future**

Greater innovation. Crowdsourcing and sprint teams

We are working to foster innovation, creativity and development among our people and strategies to keep our business moving forward.

More than \$870 million in investments in expanded energy conservation programs over the next decade. Plus enhancements to the electric grid including smart meters, intelligent grid devices and faster restoration times

3,000 megawatts of new solar or wind generation in Virginia by 2022 (under development or in operation)

\$4.2 billion annual investment in cleaner energy and a more robust delivery system

Offshore wind generation pilot project

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**CORPORATE GOVERNANCE**

**Enhanced ESG Disclosures Published in 2018**

Our investors have told us they want more transparency about how Dominion Energy is addressing ESG concerns. We provided just that by publishing new or updated reports and completing multiple ESG surveys in 2018.

Issued our second Sustainability and Corporate Responsibility Report which discusses how we have performed against our 2018 commitments and where we are headed for 2019.

Published a Climate Report, which looks at the future make-up of Dominion Energy's electric generation fleet under hypothetical 60 and 80 percent carbon reduction scenarios. This report provides an overview of the company's strategy to further reduce our carbon footprint and discusses the opportunities and risk we see in the transition to a lower carbon environment.

Issued an update to our Methane Management Report, including leak rates.

Completed the Carbon, Water and Forest CDP questionnaires, whose results are available publicly.

**INVESTOR ENGAGEMENT**

Our relationship with our shareholders is an important part of our success, and we have a long tradition of engaging with our shareholders and obtaining their perspectives. Our management engages with shareholders on a variety of topics throughout the year to solicit input, answer questions and provide perspective on the company's policies and practices. These engagements typically cover governance, compensation, environmental, sustainability, and other current and emerging issues that are important to our shareholders. Investor feedback from these engagements is considered by management, provided to the Board on a regular basis and reflected in enhancements to policies and practices, as appropriate. During 2018, our integrated outreach team led by our Corporate Secretary, Sustainability and Investor Relations teams reached out to investors representing approximately 50% of our outstanding shares and discussed a wide variety of issues. We believe that our approach to engaging openly with our investors on topics such as corporate governance, executive compensation, environmental, sustainability, and other current and emerging issues that are viewed important by our shareholders provides increased accountability and transparency and ultimately drives long-term value.

**2018 MEETINGS AND ATTENDANCE**

As outlined in our Corporate Governance Guidelines, directors are expected to attend all Board and committee meetings. The Board met 10 times in 2018. Each director serving in 2018 attended at least 75% of all Board meetings and the respective meetings of the committees on which he or she served. All of our directors then serving attended the 2018 Annual Meeting.

## **MEETINGS OF INDEPENDENT DIRECTORS**

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

## **THE COMMITTEES OF THE BOARD**

The Board has four standing committees, described below. The Board has adopted charters for each of these committees, which can be found at [www.dominionenergy.com/about-us/who-we-are/governance/board-committees-and-charters](http://www.dominionenergy.com/about-us/who-we-are/governance/board-committees-and-charters).

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**CORPORATE GOVERNANCE**

The principal role, independence standards and number of meetings held during 2018 of each committee are outlined below.

**Audit**

**Committee**

**MEMBERS:**

**Robert H. Spilman, Jr. (Chair)**

Joseph M. Rigby

Pamela J. Royal, M.D.

Susan N. Story

Michael E. Szymanczyk

**MEETINGS HELD IN 2018:** Seven

**ROLE & RESPONSIBILITIES**

The primary responsibility of the Audit Committee is to assist the Board in fulfilling its oversight responsibility for:

The integrity of the company's financial statements and financial reporting practices;

The company's compliance with legal and regulatory requirements and our systems of disclosure controls and internal controls;

The qualifications, independence and performance of the company's independent auditor;

The performance of the company's internal audit function; and

The review of the company's policies with respect to risk assessment and risk management.

The Audit Committee has sole responsibility to appoint and, where appropriate, replace the independent auditor and to approve all audit engagement fees and terms. This committee periodically meets with both the independent auditor and internal auditor in separate sessions without management present and consults with the independent and internal auditors regarding audits of the company's consolidated financial statements and adequacy of internal controls. The Audit Committee's report is on page 30.

The Board has determined that each member of the Audit Committee is independent in accordance with NYSE listing standards, SEC regulations and the company's independence standards. In addition, each member meets the financial literacy requirements for Audit Committee membership under the NYSE's rules and the rules and regulations of the SEC. The Board has determined that all members are

audit committee financial experts, as defined under SEC rules.

## Compensation, Governance and Nominating Committee

### MEMBERS:

#### John W. Harris (Chair)

Helen E. Dragas

Mark J. Kington

Robert H. Spilman, Jr.

### MEETINGS HELD

IN 2018: Four

## ROLE & RESPONSIBILITIES

The CGN Committee's primary responsibilities include reviewing and evaluating the company's compensation and benefits policies and programs and overseeing the company's corporate governance practices, including the identification and nomination of qualified director candidates and the assessment of the Board as a whole.

The CGN Committee consults directly with its independent compensation consultant, Frederic W. Cook & Co. (FW Cook), as needed, in reviewing and approving the company's executive compensation program philosophy and strategy to ensure that the program is based on sound compensation practices. For more information on the responsibilities and activities of the CGN Committee, including the committee's processes for determining executive compensation, see CD&A beginning on page 32.

In overseeing Dominion Energy's corporate governance practices, the CGN Committee reviews, evaluates, and makes recommendations to the Board regarding the Board's effectiveness and its governance compliance and policies, as well as the qualifications of director candidates and the selection of director nominees.

The Board has determined that each member of the CGN Committee is independent in accordance with NYSE listing standards, SEC regulations and the company's independence standards. The CGN Committee's report to shareholders is on page 32.



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**CORPORATE GOVERNANCE**

**Finance and Risk Oversight Committee**

**MEMBERS:**

**Mark J. Kington (Chair)**

James O. Ellis, Jr.

Ronald W. Jibson

Susan N. Story

Michael E. Szymanczyk

**MEETINGS HELD IN 2018:** Four

**ROLE & RESPONSIBILITIES**

The Finance and Risk Oversight Committee's main finance responsibilities include oversight of the company's financial policies and objectives, including:

Reviewing the company's capital structure;

Considering our dividend policy; and

Reviewing the company's financing activities.

In addition, this committee oversees the implementation of the company's risk assessment and risk management policies and objectives and reviews its insurance coverage.

This committee also reviews and discusses periodic reports pertaining to the oversight of nuclear operations.

The Board has determined that each member of the Finance and Risk Oversight Committee is independent in accordance with NYSE listing standards and the company's independence standards.

**Sustainability and Corporate Responsibility Committee**

**MEMBERS:**

**Helen E. Dragas (Chair)**

James O. Ellis, Jr.

**ROLE & RESPONSIBILITIES**

The Sustainability and Corporate Responsibility Committee's primary responsibility is to assist the Board in its oversight of the company's performance as a sustainable organization and responsible corporate citizen, including:

Oversight of strategies, activities and policies regarding environmental sustainability, corporate social responsibility and public issues of significance that may affect the stakeholders of the company;

Ronald W. Jibson

Joseph M. Rigby

Pamela J. Royal, M.D.

**MEETINGS HELD**

**IN 2018:** One

(Formed in October 2018)

Review sustainability and corporate responsibility reports and other significant communications and reporting to stakeholders on environmental and social responsibility initiatives and activities; and

Review sustainability targets established by the company and receive reports from management on the company's progress in achieving those commitments.

The Board has determined that each member of the Sustainability and Corporate Responsibility Committee is independent in accordance with NYSE listing standards and the company's independence standards.

**Table of Contents****CORPORATE GOVERNANCE****Compensation of Non-Employee Directors**

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

Effective May 9, 2018, the components of non-employee director compensation are as follows:

Annual cash retainer: \$107,500

Annual stock retainer: \$157,500

Lead Director annual cash retainer: \$35,000

Committee chair annual cash retainer: Audit Committee and CGN Committee, \$25,000; Finance and Risk Oversight Committee and Sustainability and Corporate Responsibility Committee, \$20,000

Board and committee meeting fees: No separate meeting fees are paid, except that an excess meeting fee of \$2,000 will be paid to each director who attends more than 25 meetings per calendar year, including Board and committee meetings, but not special education sessions.

The following table and footnotes reflect the compensation and fees received in 2018 by our non-employee directors for their services. Mr. Farrell does not receive any separate compensation for his service as a director.

<b>Name</b>	<b>Fees Earned or Paid</b>		<b>All Other</b>	<b>Total</b>
	<b>In Cash<sup>(1)</sup></b>	<b>Stock Awards<sup>(2)</sup></b>	<b>Compensation<sup>(3)</sup></b>	
William P. Barr	\$ 132,500	\$ 157,471	\$	\$ 289,971
Helen E. Dragas <sup>(1)(4)</sup>	119,166	157,471		276,637
James O. Ellis, Jr.	107,500	157,471		264,971
John W. Harris <sup>(3)</sup>	142,500	157,471	143,274	443,245
Ronald W. Jibson	107,500	157,471		264,971
Mark J. Kington <sup>(1)</sup>	127,500	157,471	5,000	289,971

Joseph M. Rigby	107,500	157,471		264,971
Pamela J. Royal, M.D.	107,500	157,471	5,000	269,971
Robert H. Spilman, Jr.	132,500	157,471		289,971
Susan N. Story <sup>(1)</sup>	107,500	157,471		264,971
Michael E. Szymanczyk <sup>(1)</sup>	107,500	157,471		264,971

- (1) Directors may defer all or a portion of their compensation or choose to receive stock in lieu of cash for meeting fees under the Non-Employee Directors Compensation Plan. Mses. Dragas and Story and Messrs. Kington and Szymanczyk deferred all fees to stock unit accounts in lieu of cash for their 2018 meeting fees and annual cash retainer. Mr. Rigby deferred all meeting fees and 20% of his annual cash retainer to a stock unit account in lieu of cash for 2018.
- (2) Each non-employee director who was elected in May 2018 received an annual stock retainer valued at \$157,471, which was equal to 2,494 shares, valued at \$63.14 per share based on the closing price of Dominion Energy common stock on May 8, 2018. Directors may defer all or a portion of this stock retainer. (See the *Director and Officer Beneficial Ownership* table for March 1, 2019 balances.) A total of 27,434 shares of stock, in aggregate, were distributed to these directors, or to a trust account for deferrals, for their annual stock retainers. No options have been granted to directors since 2001. No directors had options outstanding as of December 31, 2018.
- (3) *All Other Compensation* amounts for 2018 are as follows: For Mr. Harris, the amount reported in this column is for dividend equivalents earned on his Directors Stock Accumulation Plan (SAP) balance. For certain directors elected to the Board prior to 2004, the SAP provided non-employee directors a one-time stock award equivalent in value to approximately 17 times the annual cash retainer then in effect. Stock units were credited to a book account and a separate account continues to be credited with additional stock units equal in value to dividends on all stock units held in the director's account. A director must have 17 years of service to receive all of the stock units awarded and accumulated under the SAP. Reduced distributions are made where a director has at least 10 years of service or has reached age 62 when service as a director ends. Dividend earnings under the SAP are paid at the same rate declared by the company for all shareholders. All other amounts in this column represent matching gift contributions made by the Dominion Energy Charitable Foundation as described under *Other Director Benefits*.
- (4) Ms. Dragas was elected the chair of the new Sustainability and Corporate Responsibility Committee effective October 1, 2018. She was paid a prorated cash retainer of \$11,666.

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**Table of Contents****CORPORATE GOVERNANCE****EXPENSE REIMBURSEMENTS**

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

**DIRECTOR COMPENSATION PLANS****Non-Employee Directors Compensation Plan**

Our non-employee directors are paid their annual retainers and meeting fees under this plan. A director may elect to receive all or a portion of his or her meeting fees in the form of cash or stock. If a director does not make an election, meeting fees are paid in cash. This plan also allows directors to defer all or a portion of their annual cash retainer and meeting fees into stock unit or cash accounts and all or a portion of their annual stock retainer into stock unit accounts. Stock unit accounts are credited quarterly with additional stock units equal in value to dividends paid on Dominion Energy common stock, and cash accounts are credited monthly with interest at an annual rate established for the Dominion Energy Fixed Rate Fund (which was 3.63% in 2018) under Dominion Energy's frozen Executive Deferred Compensation Plan. Shares of Dominion Energy common stock equal in value to stock units held for directors under this plan are issued into a trust and directors retain all voting and other rights as shareholders. Distributions under this plan are made when a director ceases to serve on the Board. For a director who has served at least five years, he or she will be granted 1,000 shares of Dominion Energy common stock upon departure from the Board. If that director also served as a committee chair or Lead Director in the year preceding the year of departure, he or she will be granted an additional 1,000 shares of Dominion Energy common stock for each such position held upon departure from the Board. In addition, this plan provides a means for the Board to receive grants of restricted stock awards and stock options. However, no stock options or restricted stock have been granted under this plan.

**Frozen Director Plans**

On December 31, 2004, the Board froze the following director plans: Stock Compensation Plan and Stock Accumulation Plan (described in footnote (3) under the *Compensation of Non-Employee Directors* table on page 26). These plans provided a means to compensate directors and allowed directors to defer receipt of that compensation, whether in cash or stock, until they ceased to be directors or reached a specified age. Under the frozen plans, dividend equivalents continue to accrue and may be held in trust until distributions are made. Prior to 2005, the stock portion of a director's retainer was paid under the Stock Compensation Plan, and directors had the option to defer receipt of that stock.

**OTHER DIRECTOR BENEFITS****Charitable Contribution Program**

This program was discontinued in January 2000. For directors elected before that time, Dominion Energy funded the program by purchasing life insurance policies on the directors. The one participating director (Mr. Harris) will derive

no financial or tax benefits from the program because all insurance proceeds and charitable tax deductions accrue solely to Dominion Energy. Upon a participating director's death, \$500,000 will be paid in 10 annual installments to the qualifying charitable organization(s) designated by that director.

### **Matching Gifts Program**

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

**Table of Contents****CORPORATE GOVERNANCE****Securities Ownership**

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

The following table sets forth, as of March 1, 2019, the number of shares of our common stock beneficially owned by each of our directors, NEOs, and by all directors and executive officers as a group.

**DIRECTOR AND OFFICER BENEFICIAL OWNERSHIP****Beneficial Ownership as of March 1, 2019<sup>(1)</sup>**

<b>Name</b>	<b>Shares of Common Stock</b>	<b>Deferred Stock Accounts<sup>(2)</sup></b>	<b>Restricted Shares</b>	<b>Total<sup>(3)</sup></b>
James A. Bennett	2,283	909		3,192
Helen E. Dragas	52,139	37,712		89,851
James O. Ellis, Jr.	6,306	13,500		19,806
Thomas F. Farrell, II	952,716		227,744	1,180,460
D. Maybank Hagood	1,010	540		1,550
John W. Harris	17,494	48,361		65,855
Ronald W. Jibson	9,882			9,882
Mark J. Kington	112,683	70,636		183,319
Joseph M. Rigby	5,314	6,176		11,490
Pamela F. Royal, M.D.	8,473	22,071		30,544
Robert H. Spilman, Jr.	24,812	5,680		30,492
Susan N. Story	6,481	3,692		10,173
Michael E. Szymanczyk	44,541	5,672		50,213
Robert M. Blue	38,505		27,692	66,197
James R. Chapman	17,686		15,197	32,883
Paul D. Koonce	144,485		34,998	179,483
Diane Leopold	36,345		27,692	64,037
Mark F. McGettrick <sup>(4)</sup>	268,750		56,387	325,137
All directors and executive officers	1,521,180	214,949	373,279	2,109,408

as a group (21 persons)<sup>(4)(5)</sup>

- (1) The definition of beneficial ownership for proxy statement purposes includes securities over which a person, directly or indirectly, has sole or shared voting or investment power. For purposes of this proxy statement, beneficial ownership also includes securities that a person has a right to acquire beneficial ownership of within 60 days after March 1, 2019. Unless otherwise noted, all securities are held directly by the director or executive officer and such person has sole voting and investment power with respect to such securities.
- (2) Shares in trust for which a director has voting rights. Amounts include shares issued to a trust for certain directors from their frozen deferred compensation plan accounts.
- (3) Includes shares as to which a director or executive officer has sole voting and/or investment power or voting and/or investment power is shared with or controlled by another person as follows: Ms. Dragas, 17,699 (shares held by jointly owned companies); Mr. Farrell, 24,492 (shares held jointly with spouse), 71,352 (shares held by family foundation), and 14,927 (shares held by jointly owned company); Mr. Jibson, 5,101 (shares held by jointly owned company); Mr. Kington, 8,704 (shares held in joint tenancy); Mr. Szymanczyk, 25,000 (shares held in trust); and all directors and executive officers as a group, 167,337.
- (4) Mr. McGettrick served as Chief Financial Officer until November 1, 2018 and retired from Dominion Energy effective January 1, 2019 and is not included in the group total.
- (5) Neither any individual director or executive officer nor all of the directors or executive officers as a group owns more than one percent of Dominion Energy's outstanding shares as of March 1, 2019.

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**Table of Contents****CORPORATE GOVERNANCE****SIGNIFICANT SHAREHOLDERS**

<b>Name and Address of Beneficial Owner</b>	<b>Beneficial Ownership of Shares of Common Stock (based on 13G Filing)</b>	<b>Percentage of Common Stock Outstanding</b>
BlackRock, Inc. <sup>(1)</sup>  55 East 52nd Street  New York, NY 10055	47,209,637	5.91%
The Vanguard Group <sup>(2)</sup>  100 Vanguard Boulevard  Malvern, PA 19355	51,918,558	6.49%

(1) According to its Schedule 13G filing for December 31, 2018, this shareholder has sole voting power over 41,760,322 shares, and sole dispositive power over 47,209,637 shares.

(2) According to its Schedule 13G filing for December 31, 2018, this shareholder has sole voting power over 877,361 shares, shared voting power over 351,174 shares, sole dispositive power over 50,821,554 shares, and shared dispositive power over 1,097,004 shares.

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### **Audit-Related Matters**

#### **Audit Committee Report**

Our Committee is responsible for assisting the Board in fulfilling its responsibility for oversight of the quality and integrity of Dominion Energy's accounting, auditing and financial reporting practices. Our Committee operates under a written charter that is reviewed annually and can be found at [www.dominionenergy.com/about-us/who-we-are/governance/board-committees-and-charters](http://www.dominionenergy.com/about-us/who-we-are/governance/board-committees-and-charters).

Management is responsible for Dominion Energy's financial statements and internal controls over financial reporting. Throughout 2018, our Committee met with the internal and independent auditors, with and without management present, to discuss the plans for, and scope and results of, their audits and reviews of Dominion Energy's financial statements and internal controls over financial reporting, and the overall quality of Dominion Energy's financial reporting. At three of the Committee's meetings, we also met with the internal auditors, independent auditors and management in separate executive sessions.

Management has represented that Dominion Energy's consolidated financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP). We reviewed and discussed the audited consolidated financial statements with management and the independent auditors. In accordance with the requirements established under AS 1301 (Communications with Audit Committees), as adopted by the Public Company Accounting Oversight Board (United States) (PCAOB) and approved by the SEC, this discussion included a review of significant accounting policies, critical accounting policies and estimates, and the quality of Dominion Energy's accounting principles.

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

#### **2018 CONSOLIDATED FINANCIAL STATEMENTS**

Relying on these reviews and discussions, we recommended to the Board, and the Board approved, the inclusion of the audited financial statements and management's annual report on internal control over financial reporting in Dominion Energy's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the SEC.

#### **INDEPENDENT AUDITORS FOR 2019**

Our Committee discussed with management and reviewed with the independent auditors their plans and proposed fees for auditing the 2019 consolidated financial statements and internal controls over financial reporting of Dominion Energy and its subsidiaries, as well as their proposed audit-related services and fees. Based on our discussions and review of the proposed fee schedule, we have retained Deloitte & Touche LLP, a registered public accounting firm that is independent of Dominion Energy, as Dominion Energy's independent auditor for 2019 and in accordance with our pre-approval policy, approved the fees for the services presented to us. Permission for any non-audit related services will require prior approval by our Committee or our Chair.

Robert H. Spilman, Jr., *Chair*

Joseph M. Rigby

Pamela J. Royal, M.D.

Susan N. Story

Michael E. Szymanczyk

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**Table of Contents****AUDIT-RELATED MATTERS****Auditor Fees and Pre-Approval Policy**

The Audit Committee has a pre-approval policy for Deloitte & Touche LLP's services and fees. Each year, the Audit Committee pre-approves a schedule that details the services to be provided for the following year and an estimated charge for such services. The Audit Committee approved the schedule of services and fees for 2019. In accordance with Dominion Energy's pre-approval policy, any changes to the schedule may be approved by the Audit Committee at its next meeting.

The following table presents fees paid to Deloitte & Touche LLP for the fiscal years ended December 31, 2018 and 2017, all of which were pre-approved by the Audit Committee.

**Type of Fees**

<b>(millions)</b>	<b>2018</b>	<b>2017</b>
Audit Fees <sup>(1)</sup>	\$ 8.14	\$ 8.22
Audit-Related Fees <sup>(2)</sup>	0.82	0.59
Tax Fees <sup>(3)</sup>	0.62	
All Other Fees <sup>(4)</sup>		
<b>Total</b>	<b>\$ 9.58</b>	<b>\$ 8.81</b>

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

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

(3) These amounts are for tax compliance services, tax consulting services and related costs. We had no such fees in 2017.

(4) We had no other fees in 2018 or 2017 other than those described above.

Representatives of Deloitte & Touche LLP will be present at the 2019 Annual Meeting. They will have an opportunity to make a statement if they desire, and will be available to respond to appropriate shareholder questions.

## **Item 2 Ratification of Appointment of Independent Auditor**

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent external audit firm retained to audit the company's financial statements. The Audit Committee has appointed Deloitte & Touche LLP as the company's independent external auditor for the fiscal year 2019. Deloitte & Touche LLP has served as Dominion Energy's independent external auditor continuously since 1988. The Audit Committee is responsible for the audit fee negotiations associated with the retention of Deloitte & Touche LLP. In order to ensure continuing auditor independence, the Audit Committee periodically considers whether there should be a regular rotation of the independent external audit firm. Further, in conjunction with the mandated rotation of the auditing firm's lead engagement partner, the Audit Committee and its chairperson will continue to be directly involved in the selection of Deloitte & Touche LLP's new lead engagement partner. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP to serve as the company's independent external auditor is in the best interests of Dominion Energy and its shareholders.

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

**Your Board of Directors recommends that**

**you vote FOR this item.**

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### Executive Compensation

#### Compensation, Governance and Nominating Committee Report

In preparation for filing this Proxy Statement, the CGN Committee reviewed and discussed the following Compensation Discussion and Analysis (CD&A) with management. Based on this review and discussion, we recommended to the Board of Directors that the CD&A be included in this Proxy Statement and incorporated by reference into Dominion Energy's Annual Report on Form 10-K for the year ended December 31, 2018. This report was prepared by the following independent directors who compose the CGN Committee:

John W. Harris, *Chair*

Helen E. Dragas

Mark J. Kington

Robert H. Spilman, Jr.

#### Compensation Discussion and Analysis

##### EXECUTIVE SUMMARY

Our executive compensation program supports our business goals by rewarding performance that serves our customers and creates shareholder value. This CD&A focuses on the compensation for our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as our three other most highly compensated executive officers serving at the end of the year. Collectively, these officers are referred to as the named executive officers (NEOs).

Dominion Energy's NEOs for 2018 were:

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

**James R. Chapman**, Executive Vice President, Chief Financial Officer and Treasurer (*CFO as of November 1, 2018*)

**Mark F. McGettrick**, Executive Vice President (*CFO until November 1, 2018; retired January 1, 2019*)

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

**Diane Leopold**, Executive Vice President and President & Chief Executive Officer – Gas Infrastructure Group

**Robert M. Blue**, Executive Vice President and President & Chief Executive Officer – Power Delivery Group

##### PAY-FOR-PERFORMANCE HIGHLIGHTS

Our pay-for-performance program:

Attracts, motivates and retains key executive talent with a competitive pay package

Is tailored to our company's unique strategies and objectives

Includes substantial performance-based and at-risk compensation  
Is subject to robust governance practices and controls

Is supported by strong stock ownership guidelines

Strikes an appropriate balance between risk and reward

We believe that our executive compensation program contributes to our long-term strategy by aligning the interests of our executive officers with the interests of our shareholders, customers and other stakeholders.

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**EXECUTIVE COMPENSATION**

**SHAREHOLDER OUTREACH AND SAY ON PAY**

Dominion Energy has a long tradition of engaging with shareholders and obtaining their perspectives. The feedback our shareholders have provided over time has greatly informed our executive compensation, governance, environmental and sustainability programs. Our shareholders voted on an advisory basis on our executive compensation program (also known as Say on Pay) and approved it with a 94.1% vote at the 2018 Annual Meeting, which followed an approval by a 93.5% vote in 2017. The CGN Committee considered the very strong shareholder endorsement of our executive compensation program in continuing the pay-for-performance program that is currently in place without any specific changes based on the vote. Unless the Board modifies its policy on the frequency of future Say on Pay advisory votes, shareholders will have an opportunity annually to cast an advisory vote to approve our executive compensation program. We will ask shareholders, on an advisory basis, to vote on the frequency of the Say on Pay vote at least once every six years, with the next advisory vote on frequency to be held no later than the 2023 Annual Meeting.

**GUIDE TO COMPENSATION DISCUSSION & ANALYSIS**

**Our  
Performance**

- Successful merger with SCANA
- Completion of two significant large-scale infrastructure projects
- Exceeded midpoint of annual earnings guidance range
- 12.5% operating earnings per share (EPS) growth in 2018\*
- Increased our dividend by 10% in 2018
- All-time safety records, including record-low OSHA recordable incident rate

**Our  
Philosophy**

- Align executive management's interests with those of shareholders, customers and other stakeholders
- Drive short-term and long-term goal achievement while reinforcing core values of safety, ethics, excellence, embrace change and One Dominion Energy our term for teamwork
- Pay-for-performance, placing a substantial portion of NEO compensation at risk

**Our**

- Competitive base pay



**Compensation**

**Elements**

Annual Incentive Plan (AIP) based on operating earnings per share

Long-term incentives consisting of restricted stock and performance awards

Employee and executive benefits

**Our**

**Process**

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

FW Cook serves as independent compensation consultant to the CGN Committee

**Our**

**Compensation**

**Policies**

Annual risk analysis of compensation program

Rigorous share ownership guidelines

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

Clawback provisions in incentive compensation

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

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**EXECUTIVE COMPENSATION**

**Our Performance**

In 2018, Dominion Energy set the stage for strategic growth by pursuing the SCANA combination which closed on January 1, 2019. The \$13.4 billion merger significantly grew our presence in the southeast U.S. markets by adding approximately 2 million electric power and natural gas customer accounts. As a result of the merger, we now deliver energy to approximately 7.5 million customer accounts, have an electric generating portfolio of about 32,000 megawatts, 95,000 miles of electric transmission and distribution lines, a natural gas pipeline network totaling 108,800 miles and operate one of the nation's largest natural gas storage systems with 1 trillion cubic feet of capacity. We successfully executed several major initiatives that support our earnings and credit objectives including merchant asset sales, approximately \$8 billion of parent-level debt reduction, the merger with Dominion Energy Midstream, and the commercial in-service of the \$4.1 billion Cove Point liquefaction project and the \$1.3 billion Greenville Power Station all while simultaneously achieving company-wide safety records.

**Key Financial Results**

Reported 2018 consolidated operating earnings of \$4.05 per share, up from \$3.60 per share in 2017 and exceeding the midpoint of our guidance range of \$3.95 to \$4.10 per share\*

12.5% annual operating EPS growth\*

Increased our dividend for the 15th consecutive year

Our best-in-class dividend growth of approximately 10% in 2018 and a compounded annual growth rate of 8.6% since 2014 outperformed the Philadelphia Stock Exchange Utility Index (UTY) company dividend growth rate of approximately 4.4% over the same time period

Strong sustained financial performance – top quartile performance for three-year average of return on assets (ROA), return on equity (ROE) and earnings before interest, taxes, depreciation and amortization (EBITDA) growth relative to our Compensation Peer Group

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

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**EXECUTIVE COMPENSATION**

**Total Shareholder Return**

Our goal is to deliver long-term value to our shareholders with appropriate risk-adjusted total shareholder return (TSR). In 2018, our TSR was -7.6%, largely as a result of a 12% reduction in our share price in the month following a policy revision from FERC limiting the ability of master limited partnerships to recover an income tax allowance. Following consequent and sustained disruptions to MLP equity capital markets and the value of our MLP, Dominion Energy Midstream, we decided to acquire all outstanding public common units of Dominion Energy Midstream and merge the MLP into Dominion Energy. We completed the \$1.6 billion merger in January 2019. As a result, assets formerly owned by Dominion Energy Midstream are now owned by Dominion Energy.

At the same time, we moved expeditiously to alter our financing strategy for 2018 that had been affected by the FERC policy revision and by the effects of federal tax reform on our regulated businesses' cash flows. We reduced parent-level debt by approximately \$8 billion through non-core assets sales, equity issuances and asset-level financing. These steps allowed us to achieve our parent-level leverage targets two years early and resulted in the affirmation of our existing ratings by credit ratings agencies.

Looking forward, as we couple projected 10% dividend growth through 2019 (subject to declaration by the Board of Directors) with an improved credit outlook and transition from large-scale infrastructure projects to strong programmatic enterprises, we expect our TSR to perform favorably relative to our peers.

We believe that investing in Dominion Energy is a solid, long-term proposition. Our company's TSR growth, over the past 10 years, including dividends, of 201.3% is 48 percentage points higher than that of the UTILITY.

- (1) For Dominion Energy and the Compensation Peer Group, TSR represents the change in value (including reinvested dividends) of an investment in common stock over the specified period. The members of our Compensation Peer Group are identified on page 48 of this *CD&A*. The TSR shown for the Compensation Peer Group is the median TSR for all members of the group. TSR results for the Philadelphia Stock Exchange Utility Index and the S&P 500 are as reported by Bloomberg.

**Business Highlights**

We had our best safety year ever, surpassing our 2017 performance, with a 0.55 OSHA incident rate. This rate was the product of vigorous and sustained effort across our entire company.

Through our combination with SCANA, we are successfully expanding our regulated portfolio and growing our footprint in the fast-growing southeastern U.S.

Our \$4.1 billion Cove Point natural gas liquefaction project entered into commercial service in April 2018. It is the largest construction project ever for Dominion Energy and was only the second LNG export facility to be constructed nationwide.

In December 2018, we began operating our \$1.3 billion, 1,588-megawatt Greenville Power Station. Greenville is one of the cleanest natural gas powered stations in the country and its air permit has the strictest carbon dioxide emission limits in the nation.

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### **EXECUTIVE COMPENSATION**

On July 1, 2018, the Grid Transformation and Security Act of 2018 became law in the Commonwealth of Virginia, laying the framework for expanded investments in renewable energy, smart grid technology, a stronger, more secure grid and energy efficiency programs, all while keeping rates affordable.

We began construction on the ACP, representing an investment estimated between \$7 billion and \$7.5 billion for Dominion Energy and its partners. ACP was developed with best-in-class design and is being built with the strongest environmental protections and the most stringent regulatory oversight of any pipeline in the mid-Atlantic region's history. While the project has been approved by FERC, an injunction by a federal court has halted construction while other federal permits are resolved.

In November 2018, Virginia regulators approved our Coastal Virginia Offshore Wind pilot project, a two-turbine, 12-megawatt project that can serve 3,000 homes and businesses. This \$300 million project is only the second such project in the nation, and the first owned by a U.S. electric utility.

Since 2013, we have invested more than \$3.5 billion in renewables and have increased our solar generation portfolio from 41 megawatts to nearly 2,600 megawatts as of December 31, 2018, making it the fourth largest solar fleet in the nation.

In the fall of 2018, our Board established a Sustainability and Corporate Responsibility Committee to oversee the company's performance as a sustainable organization and responsible corporate citizen.

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

### **Our Philosophy**

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

Attract, develop and retain an experienced and highly qualified executive officer team;

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

Align the interests of executive officers with those of our shareholders, customers and other stakeholders by placing a substantial portion of pay at risk through performance goals that, if achieved, are expected to increase TSR and enhance customer service;

Promote internal pay equity; and

Reinforce our five core values of safety, ethics, excellence, embrace change and One Dominion Energy our term for teamwork.

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

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**EXECUTIVE COMPENSATION**

**Individual Factors in Setting Compensation**

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

Job and leadership performance;

Scope, complexity and significance of job responsibilities;

Internal pay equity, such as relative importance of a particular position or individual officer to Dominion Energy's strategy and success;

Experience, background and tenure;

Retention and market competitive concerns; and

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

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



### **Variable Compensation Opportunities in 2018**

Consistent with our objective to reward strong performance based on achievement of short-term and long-term goals, a significant portion of total cash and total direct compensation is variable. Approximately 90% of Mr. Farrell's targeted 2018 total direct compensation was performance-based; tied to pre-approved performance metrics, including relative and absolute TSR, price-earnings ratio, and return on invested capital (ROIC); or tied to the performance of our stock. For the other NEOs, performance-based and stock-based compensation ranged from 62% to 81% of targeted 2018 total direct compensation.

The charts below illustrate the components of the target total direct compensation opportunities provided to our CEO and the other NEOs.

**Table of Contents****EXECUTIVE COMPENSATION****Our Compensation Elements**

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

	Annual	Long-Term	
<b>Base Salary</b>	<b>Incentive Plan</b>	<b>Incentive Program</b>	<b>Benefits</b>
Competitive fixed cash compensation	At risk cash compensation focused on short-term goals	50/50 mix of equity and cash focused on long-term goals	Retirement and other benefits to attract and retain executive talent
<b>Base Salary</b>			

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

The CGN Committee did not increase Mr. Farrell's base salary for 2018, with a decision to focus any increases on performance-based components of compensation. The CGN Committee approved the following base salary increases, effective March 1, 2018: Mr. McGettrick, 3%; Mr. Koonce, 5%; Ms. Leopold, 10%; and Mr. Blue, 10%, recognizing all their continued contributions to Dominion Energy's success and, relative to Ms. Leopold and Mr. Blue, the CGN Committee's continued assessment of their 2017 promotions to business unit heads and the associated additional responsibilities. Effective November 1, 2018, the CGN Committee approved a 50% base salary increase for Mr. Chapman, recognizing his promotion to CFO and resulting significantly expanded responsibilities.

**Annual Incentive Plan**

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

Tie interests of shareholders, customers and employees closely together;

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

Reward corporate and operating unit earnings performance;  
Reward safety, diversity, environmental and other operating and stewardship goal successes;

Emphasize teamwork by focusing on common goals; and

Provide a competitive total compensation opportunity.

For the NEOs, funding of the 2018 AIP was tied solely to achievement of predetermined earnings per share goals. However, the CGN Committee retained discretion to reduce the AIP payout for any NEO for any reason, including missed business unit financial targets or failure to satisfy operating and stewardship goals.

The CGN Committee calculated 2018 AIP payouts for the NEOs as follows:

**Table of Contents****EXECUTIVE COMPENSATION****Target Award Percentage**

Each NEO's compensation opportunity under the AIP is a percentage of his or her base salary. AIP target award percentages are set to be consistent with our intent to keep a significant portion of NEO compensation at risk, taking into account the items described above under *Our Philosophy*. There were no changes to AIP target award percentages from 2017 to 2018 for Messrs. Koonce and Blue or Ms. Leopold. Messrs. Farrell's and McGettrick's AIP target award percentages increased from 125% to 140% and 100% to 110%, respectively, reflecting the CGN Committee's decision to place increased emphasis on performance-based compensation for its senior-most management team. Mr. Chapman's AIP target award percentage increased from 50% to 90% to reflect his promotion and increased responsibilities as CFO.

<b>Name</b>	<b>2018 AIP Target Award Percentage*</b>
Thomas F. Farrell, II	140%
James R. Chapman	90%
Mark F. McGettrick	110%
Paul D. Koonce	90%
Diane Leopold	90%
Robert M. Blue	90%

\* As a percentage of base salary.

**Funding Level**

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

For the NEOs, the CGN Committee set the consolidated operating EPS goal to provide for 100% funding of the 2018 AIP at \$3.85 per share, inclusive of funding. The target for maximum funding of 200% was set at \$4.10 operating EPS. The CGN Committee established a funding floor, providing 50% funding if operating earnings were at \$3.60 per share and no funding if less than \$3.60 per share.

Dominion Energy's consolidated reported earnings in accordance with GAAP for the year ended December 31, 2018 were \$2.4 billion or \$3.74 per share, and Dominion Energy's consolidated operating earnings for the year ended December 31, 2018 were \$2.7 billion or \$4.05 per share\*, which surpassed the target of \$3.85. In order to fund the NEOs' AIP payouts consistent with all other AIP plan participants, the CGN Committee exercised negative discretion and approved a funding percentage of 120%.

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

## **Payout Goal Score**

In determining whether and how to exercise its negative discretion for AIP payout, the CGN Committee typically considers each NEO's accomplishment of pre-determined business unit financial goals and operating and stewardship goals, weighted according to each NEO's responsibilities. The CGN Committee approved 100% payout scores for Messrs. Farrell, Chapman, McGettrick, Koonce and Blue and exercised negative discretion to reduce the payout score of Ms. Leopold to 99.96% due to a missed operating and stewardship goal, as discussed below.

Messrs. Chapman, Koonce and Blue and Ms. Leopold carried discretionary business unit financial goals, with the CGN Committee having the ability to exercise negative discretion with respect to these goals if appropriate. Messrs. Chapman and Koonce, as officers of Dominion Energy Services and the Power Generation Group, respectively, achieved 100% of their discretionary business unit financial goals. Ms. Leopold and Mr. Blue were officers of the Gas Infrastructure Group and the Power Delivery Group, respectively. While these two business units did not accomplish 100% of their business unit financial goals, as permitted by the terms of and consistent with the design of the AIP, the CGN Committee did not exercise negative discretion to reduce their payout scores.

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The CGN Committee noted that the Power Delivery Group would have achieved its goal but for the adverse weather and major storm events of 2018 and the Gas Infrastructure Group would have achieved its goal but for delays in the Cove Point liquefaction project's in-service date and penalties related thereto and the ACP delays that prevented anticipated capital use.

Each business unit's financial results are shown below:

<b>Business Unit</b>	<b>Goal Target (Operating Net Income)</b>		<b>Actual 2018 Operating Net Income*</b>	
Power Delivery Group	\$	612	\$	589
Gas Infrastructure Group		1,238		1,221
Power Generation Group		1,172		1,262
Dominion Energy Services**		576		573

Operating net income shown in millions. Actual 2018 Operating Net Income assuming 100% AIP funding.

\* See Reconciliation of Reported Earnings (GAAP) to Operating Earnings (non-GAAP) in Appendix A. 2018 Operating Net Income results shown above have been further adjusted from actual Operating Earnings (in millions) of \$587, \$1,214 and \$1,254, respectively, to exclude the impact of additional AIP funding above target.

\*\*Dominion Energy Services officers and employees carry a pre-tax expense goal rather than an earnings goal.

Messrs. Farrell, Chapman and McGettrick each met their corporate-wide safety goals and Mr. Koonce, Mr. Blue and Ms. Leopold achieved their business unit safety goals.

Each NEO met his or her discretionary diversity goal, which related to diversity and inclusion training. Messrs. Farrell, Chapman, McGettrick, Koonce and Blue met their discretionary environmental goal, which related to environmental sustainability issues. Ms. Leopold did not fully achieve her environment goal due to one operating segment within her business unit missing its environmental stewardship/pollution prevention/corporate responsibility target due to permit delays.

Mr. Chapman also had discretionary operating and stewardship goals relating to the completion of Treasury sub-group goals and accomplishment of transition of key functions across Treasury and Mergers and Acquisitions. Mr. Chapman met each of these goals.

For Ms. Leopold, the CGN Committee determined 2018 payout goal scores as follows:

<b>Name</b>	<b>Consolidated Financials</b>	<b>Goal Weighting</b>	<b>Business Unit Financials</b>	<b>Goal Weighting</b>	<b>Operating / Stewardship</b>	<b>Goal Weighting</b>	<b>Total Payout Goal Score</b>
Diane Leopold	100%	X 40%	+ 100%	X 45%	+ 99.74%	X 15%	= 99.96%
<b>Final AIP Payout</b>							

The CGN Committee calculated final 2018 AIP payouts as shown below:

<b>Name</b>	<b>Base Salary</b>	<b>Target Award</b>			<b>Funding Level</b>	<b>Payout</b>		<b>Final AIP Payout</b>
		<b>Percentage*</b>				<b>Goal Score</b>		
Thomas F. Farrell, II	\$ 1,554,992	X	140%	X	120%	X	100%	= \$ 2,612,387
James R. Chapman	553,092	X	90%	X	120%	X	100%	= 597,339
Mark F. McGettrick	906,223	X	110%	X	120%	X	100%	= 1,196,214
Paul D. Koonce	739,158	X	90%	X	120%	X	100%	= 798,291
Diane Leopold	623,150	X	90%	X	120%	X	99.96%	= 672,733
Robert M. Blue	623,150	X	90%	X	120%	X	100%	= 673,002

\* As a percentage of base salary.

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**Table of Contents****EXECUTIVE COMPENSATION****Long-Term Incentive Program**

Our long-term incentive program focuses on Dominion Energy's longer-term strategic goals and the retention of our executive officers. Each year, our NEOs receive a long-term incentive award consisting of two components:

50% restricted stock with time-based vesting

50% performance-based cash

We believe restricted stock serves as a strong retention tool and also creates a focus on Dominion Energy's stock price to further align the interests of officers with the interests of our shareholders and customers. Our performance-based award encourages and rewards officers for making decisions and investments that create and maintain long-term shareholder value and benefit our customers.

The CGN Committee approves long-term incentive awards in January each year. In setting long-term award levels for each NEO, the CGN Committee applies the concepts and individual factors discussed under *Our Philosophy*. The CGN Committee approved a 10% increase in the 2018 long-term incentive target award for Mr. Farrell, increasing the percentage of his targeted total direct compensation that is performance-based. It approved a \$350,000 increase for Ms. Leopold and Mr. Blue, reflecting the CGN Committee's continued assessment of their 2017 promotions to business unit heads and the associated additional responsibilities. The CGN Committee also considered each officer's leadership experience and accomplishments, as well as Dominion Energy's overall performance. No change was made to Messrs. Chapman's, McGettrick's, or Koonce's long-term incentive target awards. The 2018 long-term incentive target awards for each of the NEOs were as follows:

Name	2018 Target		2018 Total Target Long-Term Incentive Award	2017 Total Target Long-Term Incentive Award*
	Performance Grants	2018 Restricted Stock Grant		
Thomas F. Farrell, II	\$ 5,741,835	\$ 5,741,835	\$ 11,483,670	\$ 10,439,700
James R. Chapman	215,000	215,000	430,000	430,000
Mark F. McGettrick	1,375,000	1,375,000	2,750,000	2,750,000
Paul D. Koonce	855,000	855,000	1,710,000	1,710,000
Diane Leopold	675,000	675,000	1,350,000	1,000,000
Robert M. Blue	675,000	675,000	1,350,000	1,000,000

\*The 2017 Total Target Long-Term Incentive Award column excludes the value of the transition performance grants described below under *2017 Performance Grant Payouts*.

**2018 Restricted Stock Grants**



All NEOs received a restricted stock grant on January 31, 2018, based on the dollar value above. The number of shares awarded was determined by dividing the dollar value above by the closing price of Dominion Energy's common stock on January 31, 2018. The grant cliff vests in three years on February 1, 2021. Dividends are paid to officers during the restricted period.

### **2018 Performance Grants**

In January 2018, the CGN Committee approved cash performance grants for the NEOs, effective February 1, 2018 (2018 Performance Grants). The performance period commenced on January 1, 2018, and will end on December 31, 2020. The 2018 Performance Grants are denominated as a target dollar value, with potential payouts ranging from 0% to 200% of the target based on Dominion Energy's TSR relative to the companies that are members of the company's 2018 Compensation Peer Group as of the grant date (as adjusted for certain events that may occur during the performance period, such as a merger or divestiture involving any member of the group) and ROIC, weighted equally (see *Compensation Peer Group* for listing of our peer companies). TSR is the difference between the value of a share of common stock at the beginning and end of the three-year performance period, plus dividends paid as if reinvested in stock. The TSR metric was selected to focus our officers on long-term shareholder value when developing and implementing strategic plans and to reward management based on the achievement of TSR levels relative to the Compensation Peer Group.

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In order to reward strong absolute TSR performance or strong price-earnings ratio performance relative to the company's peers, a portion of the 2018 Performance Grants may be earned based on Dominion Energy's performance on absolute TSR and/or relative price-earnings ratio for the performance period. If the company's relative TSR is below the 25th percentile, but its absolute TSR is at least 9% on a compounded annual basis for the performance period, a goal achievement of 25% of the TSR percentage will apply. In addition to the foregoing amounts and regardless of the company's relative TSR, (i) if the company's absolute TSR on a compounded annual basis for the performance period is at least 10% but less than 15%, or if the company's price-earnings ratio is at or above the 50th percentile but lower than the top third of the Compensation Peer Group, then an additional 25% will be added to the goal achievement percentage or (ii) if the company's absolute TSR on a compounded annual basis for the performance period is at least 15% or if the company's price-earnings ratio is at or above the top third of the Compensation Peer Group, then an additional 50% will be added to the goal achievement percentage, provided that the aggregate goal achievement may not exceed 250% for the TSR percentage and the overall percentage payment under the entire performance grant may not exceed 200%. For this purpose, price-earnings ratio is the closing price of a share of common stock on the last trading day of the performance period divided by the annual operating earnings per share reported for the 12-month period ending on the last day of the performance period (or, where earnings information is unavailable on the last day of the most recent fiscal quarter ending prior to the last day of the performance period).

ROIC reflects the company's total return divided by average invested capital for the performance period. The ROIC goal at target is consistent with the strategic plan and annual business plan as approved by the Board. For this purpose, total return is the company's consolidated operating earnings plus its after-tax interest and related charges and average invested capital means the average balances for long-term and short-term debt plus preferred equity plus common shareholders' equity. The ROIC metric was selected to reward our officers for the achievement of expected levels of return on the company's investments. We believe an ROIC measure encourages management to choose the right investments, and with those investments, to achieve the highest returns possible through prudent decisions, management and cost control.

Because officers are expected to retain ownership of shares upon vesting of restricted stock awards, as explained in *Share Ownership Guidelines*, the cash performance grant balances the long-term program and allows a portion of the long-term incentive award to be accessible to our NEOs during the course of their employment.

Officers who have not yet achieved 50% of their targeted share ownership guideline receive goal-based stock performance grants instead of a cash performance grant. Dividend equivalents are not paid on any performance-based grants. As all of our NEOs had achieved more than 50% of their full targeted share ownership guidelines as of the date of grant, they all received the performance-based component of their 2018 long-term incentive award in the form of a cash performance grant.

**2017 Performance Grant Payout**

In January 2017, the CGN Committee approved cash performance grants for the NEOs (other than Mr. Chapman), effective February 1, 2017. Mr. Chapman, who (due to his recent hire) had not yet achieved 50% of his requisite share ownership guideline at the time of the grant, received his 2017 performance grant in the form of goal-based stock. To reflect prior shareholder feedback and to better align performance awards with the CGN Committee's objective of incentivizing employees to achieve long-term performance goals, the CGN Committee increased the performance period of our performance grants from two years to three years. To facilitate the transition to the three-year performance period, each NEO received two performance grants under the 2017 Long Term Incentive Program. The standard 2017 performance grant has a three-year performance period, commencing on January 1, 2017 and ending on December 31, 2019 (Standard Grant). To bridge the potential gap year in 2019 during which participants would not have the opportunity to earn any performance grant payout due to the change to a three-

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year performance period and avoid a significant one-year pay decrease, the CGN Committee approved a one-time transition performance grant that uses a two-year performance period commencing on January 1, 2017 and ending on December 31, 2018 (Transition Performance Grant).

In January 2019, payouts were made to officers who received Transition Performance Grants in February 2017, including the NEOs. The 2017 Transition Performance Grants were based on two goals: TSR for the two-year period ended December 31, 2018, relative to the companies in the Compensation Peer Group as of the February 1, 2017 grant date, as adjusted for mergers and other similar events occurring during the performance period (weighted 50%) and ROIC for the same two-year period (weighted 50%). The members of the Compensation Peer Group used to measure performance under the 2017 Transition Performance Grants are the same companies listed as members of the 2018 Compensation Peer Group on page 48 below.

Relative TSR (50% weighting). The relative TSR targets and corresponding payout scores for the 2017 Transition Performance Grants were as follows:

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

\*TSR weighting is interpolated between the top and bottom of the percentages within a quartile.

Like the 2018 Performance Grant, the 2017 Transition Performance Grant provided that if the company's relative TSR was below the 25th percentile, but its absolute TSR was at least 9% on a compounded annual basis for the performance period, a goal achievement of 25% of the TSR percentage would apply. In addition to the foregoing amounts and regardless of the company's relative TSR, the 2017 Transition Performance Grants also provided that if (i) the company's absolute TSR on a compounded annual basis for the performance period was at least 10% but less than 15%, or if the company's price-earnings ratio was at or above the 50th percentile but lower than the top third of the Compensation Peer Group, then an additional 25% would be added to the goal achievement percentage or (ii) the company's absolute TSR on a compounded annual basis for the performance period was at least 15% or if the company's price-earnings ratio was at or above the top third of the performance grant peer group, then an additional 50% would be added to the goal achievement percentage, provided that the aggregate goal achievement could not exceed 250% for the TSR percentage and the aggregate goal achievement could not exceed 200%.

Actual relative TSR performance for the 2017-2018 period was in the 23.5th percentile, which produced a relative TSR goal achievement percentage of 0%. Dominion Energy's absolute TSR for the two-year period ended December 31, 2018, was 1.6%, which is equivalent to 0.8% on a compounded annual basis, resulting in no additional percentage to the TSR goal achievement. Dominion Energy's price-earnings ratio of 17.6 for the two-year performance period was in the 58.8th percentile of the Compensation Peer Group, resulting in a 25% addition to the TSR goal achievement percentage.



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ROIC (50% weighting). We designed our ROIC goals for the 2017 Transition Performance Grants to provide 100% payout if the company achieved an ROIC between 6.03% and 6.27% over the two-year performance period. The ROIC performance targets and corresponding payout scores for the 2017 Transition Performance Grants were as follows:

<b>ROIC Performance</b>	<b>Goal Achievement %*</b>
6.75% and above	200%
6.41%	125%
6.03% 6.27%	100%
5.88%	50%
Below 5.88%	0%

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

Actual ROIC performance for the 2017-2018 period was 6.57%, which produced a goal achievement percentage of 160.4%.

Based on the achievement of the TSR and ROIC performance goals (including the price-earnings ratio adjustment), the CGN Committee approved a 92.7% payout for the 2017 Transition Performance Grants, determined as follows:

<b>Measure</b>	<b>Goal Weight %</b>		<b>Goal Achievement %</b>		<b>Payout%</b>
TSR					
+ P/E Ratio modifier	50%	X	25%	=	12.5%
ROIC	50%	X	160.4%	=	80.2%
			<b>Combined Overall Performance Score</b>		<b>92.7%</b>

Although the CGN Committee has discretionary authority to reduce this overall score for any reason, this discretion was not exercised. The resulting payout amounts for the NEOs, other than Mr. Chapman, for the cash-based 2017 Transition Performance Grants are shown below:

<b>Name</b>	<b>2017 Transition Performance Grant Target Award</b>		<b>Overall Performance Score</b>		<b>Calculated Performance Grant Payout</b>
Thomas F. Farrell, II	\$ 5,219,850	X	92.7%	=	\$ 4,838,801
Mark F. McGettrick	1,375,000	X	92.7%	=	1,274,625
Paul D. Koonce	855,000	X	92.7%	=	792,585

Diane Leopold	500,000	X	92.7%	=	463,500
Robert M. Blue	500,000	X	92.7%	=	463,500

The corresponding payout for Mr. Chapman's stock-based 2017 Transition Performance Grant was as follows:

<b>Name</b>	<b>2017 Transition Performance Grant Target Award (# of Shares)</b>		<b>Overall Performance Score</b>		<b>Calculated Performance Grant Payout (# of Shares)</b>
James R. Chapman	2,999	X	92.7%	=	2,780

**Employee and Executive Benefits**

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

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**Table of Contents****EXECUTIVE COMPENSATION****Retirement Plans**

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

We also maintain two nonqualified retirement plans for our executive officers, the Retirement Benefit Restoration Plan (BRP) and the Executive Supplemental Retirement Plan (ESRP). These plans help us compete for and retain executive talent. Due to the Code limits on Pension Plan benefits and because a more substantial portion of total compensation for our officers is paid as incentive compensation than for other employees, the Pension Plan and 401(k) plan alone would produce a lower percentage of replacement income in retirement for officers than these plans will provide for other employees. The BRP restores benefits that cannot be paid under the Pension Plan due to Code limits. The ESRP provides a benefit that covers a portion (25%) of final base salary and target annual incentive compensation to partially make up for this gap in retirement income. Effective July 1, 2013, the ESRP was closed to any new participants. As a result, Mr. Chapman does not participate in the ESRP.

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

In individual situations and primarily for mid-career changes or retention purposes, the CGN Committee has granted certain officers additional years of credited age and service for purposes of calculating benefits under the BRP. Age and service credits granted to the NEOs are described in *Dominion Energy Retirement Benefit Restoration Plan* under *Pension Benefits*. Additional age and service may also be earned under the terms of an officer's Employment Continuity Agreement in the event of a change in control, as described in *Change in Control* under *Potential Payments Upon Termination or Change in Control*. No additional years of age or service credit were granted to the NEOs during 2018.

**Other Benefit Programs**

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

We also maintain an executive life insurance program for officers that is fully insured by individual policies that provide death benefits at a fixed amount depending on an officer's salary tier. This life insurance coverage is in



addition to the group-term insurance that is provided to all employees. The officer is the owner of the policy and the company makes premium payments until the later of 10 years from enrollment date or the date the officer attains age 64. Officers are taxed on the premiums paid by the company. The premiums for these policies are included in the *All Other Compensation* column of the *Summary Compensation Table*.

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### **EXECUTIVE COMPENSATION**

#### **Perquisites**

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

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

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

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

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

#### **Employment Continuity Agreements**

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

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

### **Other Agreements**

Dominion Energy does not have comprehensive employment agreements or severance agreements with its NEOs. Although the CGN Committee believes the compensation and benefit programs described in this CD&A are appropriate, Dominion Energy, as one of the nation's largest producers and transporters of energy, is part of a constantly changing and increasingly competitive environment. In recognition of their valuable knowledge and experience and to secure and retain their services, we have entered into letter agreements with certain of our NEOs to provide certain benefit enhancements or other protections, as described in *Dominion Energy Retirement Benefit Restoration Plan*, *Dominion Energy Executive Supplemental Retirement Plan* and *Potential Payments Upon Termination or Change in Control*. We did not enter into any new letter agreements with NEOs in 2018.

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**EXECUTIVE COMPENSATION**

**Our Process**

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

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

**The Role of the Independent Compensation Consultant**

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

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

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

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

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

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

In 2018, the CGN Committee reviewed and assessed the independence of FW Cook and concluded that FW Cook's work did not raise any conflicts of interest. FW Cook did not provide any additional services to Dominion Energy during 2018.

### **Management's Role in Our Process**

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

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

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**EXECUTIVE COMPENSATION**

**The Compensation Peer Group**

The CGN Committee uses the Compensation Peer Group to assess the competitiveness of the compensation of our NEOs. This same group is used to evaluate the relative performance of the company for purposes of our 2018 Performance Grants.

In the fall of each year with input and advice from its independent consultant, the CGN Committee reviews and approves the Compensation Peer Group. In selecting the Compensation Peer Group, we identify companies in our industry that compete for customers, executive talent and investment capital. We screen this group based on size and usually eliminate companies that are much smaller or larger than Dominion Energy in revenues, assets or market capitalization. No changes were made to the Compensation Peer Group for 2018.

Dominion Energy's 2018 Compensation Peer Group was comprised of the following companies:

Ameren Corporation

American Electric Power Company, Inc.

CenterPoint Energy, Inc.

Consolidated Edison, Inc.

DTE Energy Company  
Duke Energy Corporation

Edison International

Entergy Corporation

Eversource Energy

Exelon Corporation

FirstEnergy Corp.  
NextEra Energy, Inc.

PG&E Corporation

PPL Corporation

Public Service Enterprise Group Incorporated

The Southern Company

Xcel Energy Inc.

The CGN Committee and management use the Compensation Peer Group to: (i) compare Dominion Energy's stock and financial performance against these peers using a number of different metrics and time periods to evaluate how we are performing; (ii) analyze compensation practices within our industry; (iii) evaluate peer company practices and determine peer median and 75th percentile ranges for base pay, annual incentive pay, long-term incentive pay and total direct compensation, both generally and for specific positions; and (iv) compare our benefits and perquisites. In setting the levels for base pay, annual incentive pay, long-term incentive pay and total direct compensation, the CGN Committee also takes into consideration Dominion Energy's size compared with the median of the Compensation Peer Group and the complexity of its business. As compared to the Compensation Peer Group, as of year-end 2018, Dominion Energy ranked third in market capitalization, fifth in assets and ninth in revenues, as reported by Bloomberg.

### **Survey and Other Data**

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

### **CEO Compensation Relative to Other NEOs**

Mr. Farrell generally participates in the same compensation programs and receives compensation based on the same philosophy and factors as the other NEOs. Application of the same philosophy and factors to Mr. Farrell's position results in overall CEO compensation that is higher than the compensation of the other NEOs. Mr. Farrell's compensation is commensurate with his greater responsibilities and decision-making authority, broader scope of duties encompassing the entirety of the company (as compared to the other NEOs who are responsible for significant but distinct areas within the company) and his overall responsibility for corporate strategy. His compensation also reflects his role as our principal corporate representative to investors, customers, regulators, analysts, legislators, industry, the communities in which we operate and the media.

We consider CEO compensation trends as compared to the next highest-paid officer, as well as to our executive officers as a group, over a multi-year period to monitor the ratio of Mr. Farrell's pay relative to the pay of other

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**EXECUTIVE COMPENSATION**

executive officers. The CGN Committee did not make any adjustments to the compensation of any NEOs based on this review for 2018.

**Our Compensation Practices and Policies**

Dominion Energy supports our culture of good governance with solid compensation practices that pay for performance and promote strategic risk management.

***WE DO:***

***WE DO NOT:***

Balance short-term and long-term incentives

× Allow payout of AIP awards or performance grants greater than 200% of target

Place a substantial portion of NEO pay at risk and tie to enhanced shareholder value

× Offer long-term or indefinite employment agreements to our executive officers

Use different performance measures for our annual and long-term incentive programs

× Include long-term incentive awards in retirement or severance calculations (other than prorated payout of outstanding awards)

Review our executive compensation program to ensure it does not promote excessive risk taking

× Permit officers or directors to hedge or pledge shares as collateral

Maintain rigorous share ownership guidelines

× Offer excessive executive perquisites or provide tax gross-ups on executive perquisites

Incorporate clawback provisions in incentive compensation

Include a non-compete clause in our executive retirement plans × Dilute shareholder value by issuing excessive equity compensation

Proactively engage with our top shareholders on compensation and governance issues × Offer excessive change in control severance benefits

Conduct annual Say on Pay votes × Provide excise tax gross-ups in change in control agreements for new officers (elected after February 1, 2013)

Review and consider prior year's Say on Pay vote × Offer the ESRP to new officers (elected after July 1, 2013)

Require two triggers for the payment of most change in control benefits

### **Annual Compensation Risk Review**

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

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

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

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

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

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

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

**Share Ownership Guidelines**

We require executive officers to own and retain significant amounts of Dominion Energy stock to align their interests with those of our shareholders by promoting a long-term focus through share ownership. The guidelines ensure that management maintains a personal stake in the company through significant equity investment in the company.

Targeted ownership levels are the lesser of the following value or number of shares:

<b>Position</b>	<b>Value/# of Shares</b>
Chairman, President & Chief Executive Officer	8 x salary/145,000
Executive Vice President – Dominion Energy	5 x salary/35,000
Senior Vice President – Dominion Energy & Subsidiaries	4 x salary/20,000
President – Dominion Energy Subsidiaries	4 x salary/20,000
Vice President – Dominion Energy & Subsidiaries	3 x salary/10,000

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

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

The CGN Committee annually reviews the share ownership guidelines and monitors compliance by executive officers, both individually and by the officer group as a whole.

**Anti-Hedging Policy**

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

## **Recovery of Incentive Compensation**

Dominion Energy's Corporate Governance Guidelines authorize the Board to seek recovery of cash and equity performance-based compensation paid to officers who are found to be personally responsible for fraud or intentional misconduct that causes a restatement of financial results filed with the SEC. Our AIP and long-term incentive performance grant documents include a broader clawback provision that authorizes the CGN Committee, in its discretion and based on facts and circumstances, to recoup AIP and performance grant payouts from any employee whose fraudulent or intentional misconduct (i) directly causes or partially causes the need for a restatement of a financial statement or (ii) relates to or materially affects the company's operations or the employee's duties at the company. The company reserves the right to recover a payout by seeking repayment from the employee, by reducing the amount that would otherwise be payable to the employee under another company benefit plan or compensation program to the extent permitted by applicable law, by withholding future incentive compensation, or any combination of these actions. The clawback provision is in addition to, and not in lieu of, other actions the company may take to remedy or discipline misconduct, including termination of employment or a legal action for breach of fiduciary duty, and any actions imposed by law enforcement agencies.

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We include provisions in our long-term incentive program performance grants and restricted stock grants that subject those awards to any additional or revised clawback guidelines that Dominion Energy may adopt in the future in response to the Dodd-Frank rules.

**Tax Deductibility of Compensation**

Section 162(m) of the Code generally disallows a deduction for annual compensation in excess of \$1 million that we pay to our CEO, CFO, our next three most highly compensated officers and any other individual who has served as one of our covered executive officers after 2016, other than pursuant to certain grandfathered compensation arrangements in effect on November 2, 2017. Compensation decisions for our NEOs are driven by market competitiveness and the other factors described above in this CD&A and the CGN Committee approves non-deductible compensation whenever it feels that corporate objectives justify the cost of being unable to deduct such compensation.

**Accounting for Stock-Based Compensation**

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

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**EXECUTIVE COMPENSATION**

**Executive Compensation Tables**

**SUMMARY COMPENSATION TABLE AN OVERVIEW**

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

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

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

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

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

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

assumptions used to calculate pension benefits.

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

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

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## EXECUTIVE COMPENSATION

## SUMMARY COMPENSATION TABLE

The following table presents information concerning compensation paid or earned by our NEOs for the years ended December 31, 2018, 2017 and 2016 as well as the grant date fair value of stock awards and changes in pension value.

Name and Principal Position	Year	Salary <sup>(1)</sup>	Stock Awards <sup>(2)</sup>	Non-Equity Incentive Plan Compensation <sup>(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation <sup>(4)</sup>	All Other Compensation <sup>(5)</sup>	Total
	2018	\$ 1,554,992	\$ 5,741,867	\$ 7,451,188	\$ 0	\$ 208,395	\$ 14,956,442
	2017	1,547,444	5,219,903	7,240,125	1,285,131	203,159	15,495,762
<b>Thomas F. Farrell, II</b> Chairman, President and Chief Executive Officer	2016	1,502,372	5,117,547	5,282,476	1,192,221	191,238	13,285,854
<b>James R. Chapman</b>  Executive Vice President, Chief Financial Officer and Treasurer	2018	396,526	215,026	597,339	26,306	52,153	1,287,350
<i>(CFO as of November 1, 2018)</i>	2018	901,823	1,375,003	2,470,839	1,864,596	131,664	6,743,925
	2017	875,557	1,375,063	2,363,204	1,078,985	112,540	5,805,349
<b>Mark F. McGettrick</b>  Executive Vice President	2016	850,055	1,344,125	1,745,958	924,015	106,418	4,970,571
<i>(CFO until November 1, 2018)</i>	2018	733,292	855,058	1,590,876	379,367	92,453	3,651,046
	2017	700,543	855,023	1,571,815	1,089,950	88,338	4,305,669
Executive Vice President and President & CEO	2016	680,138	838,111	1,160,874	898,989	86,375	3,664,487



Power Generation Group							
<b>Diane Leopold</b>	<b>2018</b>	<b>613,708</b>	<b>675,042</b>	<b>1,136,233</b>	<b>639,150</b>	<b>58,106</b>	<b>3,122,239</b>
Executive Vice President and President & CEO Gas Infrastructure Group	2017	563,750	500,036	871,293	1,517,769	47,649	3,500,497
<b>Robert M. Blue</b>	<b>2018</b>	<b>613,708</b>	<b>675,042</b>	<b>1,136,502</b>	<b>455,242</b>	<b>53,709</b>	<b>2,934,203</b>
Executive Vice President and President & CEO Power Delivery Group	2017	563,750	500,036	872,313	914,021	43,939	2,894,059

- (1) Effective March 1, 2018, other than Mr. Farrell, the NEOs received the following base salary increases: Mr. McGettrick 3%; Mr. Koonce 5%; Ms. Leopold 10%; and Mr. Blue 10%. Mr. Chapman received a 5% base salary increase effective March 1, 2018 and then a 50% base salary increase effective November 1, 2018 when he became Chief Financial Officer. Mr. Farrell did not receive a base salary increase for 2018.
- (2) The amounts in this column reflect the grant date fair value of stock awards for the respective year of grant in accordance with FASB guidance for share-based payments. Dominion Energy did not grant any stock options in 2018. See also Note 19 to the Consolidated Financial Statements in Dominion Energy's 2018 Annual Report on Form 10-K for more information on the valuation of stock-based awards, the *Grants of Plan-Based Awards* table for stock awards granted in 2018, and the *Outstanding Equity Awards at Fiscal Year-End* table for a listing of all outstanding equity awards as of December 31, 2018.
- (3) The 2018 amounts in this column include the payout under Dominion Energy's 2018 AIP for each of the NEOs and under the 2017 Transition Performance Grants for each of the NEOs other than Mr. Chapman, who received his 2017 Transition Performance Grant in the form of goal-based stock. All of the NEOs received 120% funding of their 2018 AIP target awards. Messrs. Farrell, Chapman, McGettrick, Koonce, and Blue each received 100% payout scores for accomplishments of their goals. The CGN Committee exercised its discretion to reduce Ms. Leopold's payout score to 99.96% due to a missed environmental goal as a result of a permit delay. The 2018 AIP payout amounts were as follows: Mr. Farrell: \$2,612,387; Mr. Chapman: \$597,339; Mr. McGettrick: \$1,196,214; Mr. Koonce: \$798,291; Ms. Leopold: \$672,733 and Mr. Blue: \$673,002. See CD&A for additional information on the 2018 AIP and the *Grants of Plan-Based Awards* table for the range of each NEO's potential award under the 2018 AIP. The 2017 Transition Performance Grant was issued on February 1, 2017 and the payout amount was determined based on achievement of performance goals for the performance period ended December 31, 2018. Payouts could range from 0% to 200%. The actual payout was 92.7% of the target amount. The 2017 Transition Performance Grant payout amounts were as follows: Mr. Farrell: \$4,838,801; Mr. McGettrick: \$1,274,625; Mr. Koonce: \$792,585; Ms. Leopold: \$463,500 and Mr. Blue: \$463,500. See *2017 Transition Performance Grant Payout* in the CD&A for additional information on the 2017 Transition Performance Grants. The 2017 amounts reflect both the 2017 AIP and the 2016 Performance Grant payouts, and the 2016 amounts reflect both the 2016 AIP and 2015 Performance Grant payouts.

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

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A change in the discount rate can be a significant factor in the change reported in this column. A decrease in the discount rate results in an increase in the present value of the accumulated benefit without any increase in the benefits payable to the NEO at retirement and an increase in the discount rate has the opposite effect. The discount rate used in determining the present value of the accumulated benefit increased from 3.80% used as of December 31, 2017 to a discount rate of 4.43% used as of December 31, 2018. The decrease in present value attributed solely to the change in discount rate was as follows: Mr. Farrell: \$(1,216,619); Mr. Chapman: \$(399); Mr. McGettrick: \$(819,331); Mr. Koonce: \$(547,236); Ms. Leopold: \$(365,783) and Mr. Blue: \$(248,222).

(5) *All Other Compensation* amounts for 2018 are as follows:

Name	Executive	Life Insurance	Company Match		Total All Other Compensation
	Perquisites <sup>(a)</sup>	Premiums	Employee 401(k) Plan Match <sup>(b)</sup>	Above IRS Limits <sup>(c)</sup>	
Thomas F. Farrell, II	\$ 116,501	\$ 29,448	\$ 11,000	\$ 51,446	\$ 208,395
James R. Chapman	33,080	7,695	5,302	6,076	52,153
Mark F. McGettrick	34,939	60,527	11,000	25,198	131,664
Paul D. Koonce	26,947	43,507	8,250	13,749	92,453
Diane Leopold	19,673	16,886	7,931	13,616	58,106
Robert M. Blue	18,643	16,655	8,250	10,161	53,709

(a) Unless noted, the amounts in this column for all NEOs are comprised of the following: personal use of company vehicle and financial planning and health and wellness allowance. For Mr. McGettrick and Mr. Chapman, the amounts in this column include \$25,439 and \$27,290, respectively, for the personal use of company vehicles. For Mr. Farrell the amount in this column also includes personal use of the corporate aircraft. The value of the personal use of the aircraft for Mr. Farrell during 2018 was \$99,227. For personal flights, all direct operating costs are included in calculating aggregate incremental cost. Direct operating costs include the following: fuel, airport fees, catering, ground transportation and crew expenses (any food, lodging and other costs). The fixed costs of owning the aircraft and employing the crew are not taken into consideration, as 96% of the use of the corporate aircraft is for business purposes. The CGN Committee has directed Mr. Farrell to use corporate aircraft for all personal travel.

(b) Employees hired before 2008 (including all NEOs other than Mr. Chapman) who contribute to the 401(k) plan receive a matching contribution of 50 cents for each dollar contributed up to 6% of compensation (subject to IRS limits) for employees who have less than 20 years of service, and 67 cents for each dollar contributed up to 6% of compensation (subject to IRS limits) for employees who have 20 or more years of service. Employees hired after 2008 (including Mr. Chapman) who contribute to the 401(k) plan receive a matching contribution of one dollar for each dollar contributed up to 4% of compensation (subject to IRS limits) for employees who have less than 5 years of service, and up to 5% of compensation (subject to IRS limits) for employees who

have 5 to 15 years of service.

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

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## EXECUTIVE COMPENSATION

**GRANTS OF PLAN-BASED AWARDS**

The following table provides information about stock awards and non-equity incentive awards granted to our NEOs during the year ended December 31, 2018.

Name	Grant Date <sup>(1)</sup>	Grant Approval Date <sup>(1)</sup>	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Options Award <sup>(1)(4)</sup>
			Threshold	Target	Maximum		
<b>Thomas F. Farrell, II</b>							
2018 Annual Incentive Plan <sup>(2)</sup>			\$	\$ 2,176,989	\$ 4,353,978		
2018 Cash Performance Grant <sup>(3)</sup>				5,741,835	11,483,670		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18				75,116	\$ 5,741,867
<b>James R. Chapman</b>							
2018 Annual Incentive Plan <sup>(2)</sup>				497,783	995,566		
2018 Cash Performance Grant <sup>(3)</sup>				215,000	430,000		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18				2,813	215,026
<b>Mark F. McGettrick</b>							
2018 Annual Incentive Plan <sup>(2)</sup>				966,845	1,933,690		
2018 Cash Performance Grant <sup>(3)</sup>				1,375,000	2,750,000		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18				17,988	1,375,003
<b>Paul D. Koonce</b>							
2018 Annual Incentive Plan <sup>(2)</sup>				665,242	1,330,484		
2018 Cash Performance Grant <sup>(3)</sup>				855,000	1,710,000		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18				11,186	855,058
<b>Diane Leopold</b>							

2018 Annual Incentive Plan <sup>(2)</sup>			560,835	1,121,670		
2018 Cash Performance Grant <sup>(3)</sup>			675,000	1,350,000		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18			8,831	675,042
<b>Robert M. Blue</b>						
2018 Annual Incentive Plan <sup>(2)</sup>			560,835	1,121,670		
2018 Cash Performance Grant <sup>(3)</sup>			675,000	1,350,000		
2018 Restricted Stock Grant <sup>(4)</sup>	1/31/18	1/25/18			8,831	675,042

(1) On January 25, 2018, the CGN Committee approved the 2018 long-term incentive compensation awards for our officers, which consisted of a restricted stock grant and a cash performance grant. The 2018 restricted stock award was granted on January 31, 2018. Under the 2014 Incentive Compensation Plan, fair market value is defined as the closing price of Dominion Energy common stock on the date of grant or, if that day is not a trading day, on the most recent trading day immediately preceding the date of grant. The fair market value for the January 31, 2018 restricted stock grant was \$76.44 per share, which was Dominion Energy's closing stock price on the grant date.

(2) Amounts represent the range of potential payouts under the 2018 AIP. Actual amounts paid under the 2018 AIP are found in the *Non-Equity Incentive Plan Compensation* column of the *Summary Compensation Table*. Under our AIP, officers are eligible for an annual performance-based award. The CGN Committee establishes target awards for each NEO based on his or her salary level and expressed as a percentage of the individual NEO's base salary. The target award is the amount of cash that will be paid if the plan is fully funded and payout goals are achieved. For the 2018 AIP, funding was based on the achievement of consolidated operating earnings goals with the maximum funding capped at 200%, as explained under the *Annual Incentive Plan* section of the CD&A.

(3) Cash Performance Grants were awarded on February 1, 2018. Amounts represent the range of potential payouts under the 2018 performance grants of our 2018 LTIP. Payouts can range from 0% to 200% of the target award. Awards will be paid by March 15, 2021 depending on the achievement of performance goals for the three-year period ending December 31, 2020. The amount earned will depend on the level of achievement of two performance metrics: TSR 50% and ROIC 50%. TSR measures Dominion Energy's share performance for the three-year period relative to the TSR of the companies in the Compensation Peer Group on the grant date. ROIC goal achievement will be measured against internal goals and scored against our financial forecasts for the performance period. There are additional opportunities to earn a portion of the awards based on our absolute TSR or relative price-earnings ratio performance. See Exhibit 10.43 to Dominion Energy's Form 10-K filed on February 27, 2018, for TSR and ROIC goals.

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

amount will be the greater of the officer's target award or an amount based on the predicted performance used for compensation cost disclosure purposes in Dominion Energy's financial statements.

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

- (4) The 2018 restricted stock grant fully vests at the end of three years. The restricted stock grant is forfeited in its entirety if an officer voluntarily terminates employment or is terminated with cause before the vesting date. The restricted stock grant provides for prorated vesting if an officer retires, dies, becomes disabled, is terminated without cause, or if there is a change in control. In the case of retirement, prorated vesting will not occur if the CEO (or for the CEO, the CGN Committee) determines the officer's retirement is detrimental to the company. In the event of a change in control, prorated vesting is provided as of the change in control date, and full vesting if an officer's employment is terminated, or constructively terminated by the successor entity following the change in control date but before the scheduled vesting date. Dividends on the restricted shares are paid during the restricted period at the same rate declared by Dominion Energy for all shareholders.

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The following table summarizes equity awards made to NEOs that were outstanding as of December 31, 2018. There were no unexercised or unexercisable option awards outstanding for any of our NEOs as of December 31, 2018.

<b>Name</b>	<b>Stock Awards</b>	
	<b>Number of Shares or Units of</b>	<b>Market Value of Shares or Units of</b>
	<b>Stock That Have Not Vested (#)</b>	<b>Stock That Have Not Vested (\$)<sup>(1)</sup></b>
Thomas F. Farrell, II	73,181 <sup>(2)</sup>	\$ 5,229,514
	72,802 <sup>(3)</sup>	5,202,431
	75,116 <sup>(4)</sup>	5,367,789
James R. Chapman	2,146 <sup>(2)</sup>	153,353
	2,999 <sup>(3)</sup>	214,309
	2,813 <sup>(4)</sup>	201,017
	2,999 <sup>(5)</sup>	214,309
Mark F. McGettrick	2,999 <sup>(6)</sup>	214,309
	19,221 <sup>(2)</sup>	1,373,533
	19,178 <sup>(3)</sup>	1,370,460
Paul D. Koonce	17,988 <sup>(4)</sup>	1,285,422
	11,985 <sup>(2)</sup>	856,448
	11,925 <sup>(3)</sup>	852,161
Diane Leopold	11,186 <sup>(4)</sup>	799,352
	3,576 <sup>(2)</sup>	255,541
	6,974 <sup>(3)</sup>	498,362
Robert M. Blue	8,831 <sup>(4)</sup>	631,063
	3,576 <sup>(2)</sup>	255,541
	6,974 <sup>(3)</sup>	498,362
	8,831 <sup>(4)</sup>	631,063

(1) The market value is based on closing stock price of \$71.46 on December 31, 2018.

(2) Shares vested on February 1, 2019.

(3) Shares scheduled to vest on February 1, 2020.

(4) Shares scheduled to vest on February 1, 2021.



(5) Goal-based shares issued in lieu of 2017 Transition Cash Performance Grant. Shares vested on January 25, 2019.

(6) Goal-based shares issued in lieu of 2017 Standard Cash Performance Grant. Shares scheduled to vest by February 1, 2020

**OPTION EXERCISES AND STOCK VESTED**

The following table provides information about the value realized by NEOs during the year ended December 31, 2018, on vested restricted stock and goal-based stock awards. There were no option exercises by NEOs in 2018.

<b>Name</b>	<b>Stock Awards</b>	
	<b>Number of Shares Acquired on Vesting</b>	<b>Value Realized on Vesting</b>
Thomas F. Farrell, II	57,875	\$ 4,392,713
James R. Chapman	3,188	241,969
Mark F. McGettrick	15,201	1,153,756
Paul D. Koonce	9,478	719,380
Diane Leopold	3,252	246,827
Robert M. Blue	3,252	246,827

**Table of Contents****EXECUTIVE COMPENSATION****PENSION BENEFITS**

The following table shows the actuarial present value of accumulated benefits payable to our NEOs, together with the number of years of benefit service credited to each NEO, under the plans listed in the table. Values are computed as of December 31, 2018, using the same interest rate and mortality assumptions used in determining the aggregate pension obligations disclosed in the company's financial statements. The years of credited service and the present value of accumulated benefits were determined by our plan actuaries, using the appropriate accrued service, pay and other assumptions similar to those used for accounting and disclosure purposes. Please refer to *Actuarial Assumptions Used to Calculate Pension Benefits* for detailed information regarding these assumptions.

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service<sup>(1)</sup></b>	<b>Present Value of Accumulated Benefit<sup>(2)</sup></b>
Thomas F. Farrell, II	Pension Plan	23.00	\$ 1,686,860
	Benefit Restoration Plan	30.00	13,141,131
	Supplemental Retirement Plan	30.00	14,476,428
James R. Chapman	Pension Plan	5.42	56,057
	Benefit Restoration Plan	5.42	18,268
Mark F. McGettrick	Pension Plan	30.00	2,560,037
	Benefit Restoration Plan	30.00	7,430,600
	Supplemental Retirement Plan	30.00	8,948,200
Paul D. Koonce	Pension Plan	20.00	1,455,480
	Benefit Restoration Plan	20.00	2,765,399
	Supplemental Retirement Plan	20.00	6,380,082
Diane Leopold	Pension Plan	23.17	1,354,781
	Benefit Restoration Plan	23.17	1,299,384
	Supplemental Retirement Plan	23.17	2,186,599
Robert M. Blue	Pension Plan	13.50	728,081
	Benefit Restoration Plan	13.50	807,478
	Supplemental Retirement Plan	13.50	1,824,418

(1) Years of credited service shown in this column for the Pension Plan are actual years accrued by an NEO from his or her date of participation to December 31, 2018. Service for the Benefit Restoration Plan and the Supplemental Retirement Plan is the NEO's actual credited service as of December 31, 2018 plus any potential total credited service to the plan maximum, including any extra years of credited service granted to Messrs. Farrell and McGettrick by the CGN Committee for the purpose of calculating benefits under these plans. Please refer to the narrative below and under *Dominion Energy Retirement Benefit Restoration Plan*, *Dominion Energy Executive Supplemental Retirement Plan* and *Potential Payments Upon Termination or Change in Control* for information about the requirements for receiving extra years of credited service and the amount credited, if any, for each NEO.

(2) The amounts in this column are based on actuarial assumptions that all of the NEOs would retire at the earliest age they become eligible for unreduced benefits, which, for NEOs participating in the traditional Pension Plan formula, is (i) age 60 for Messrs. Farrell, Koonce, and Blue and Ms. Leopold and (ii) age 55 for Mr. McGettrick (when he would be treated as age 60 based on his five additional years of credited age). In addition, for purposes of calculating the Benefit Restoration Plan benefits for Messrs. Farrell and McGettrick, the amounts reflect additional credited years of service granted to them pursuant to their agreements with the company (see *Dominion Energy Retirement Benefit Restoration Plan*). If the amounts in this column did not include the additional years of credited service, the present value of the Benefit Restoration Plan benefit would be \$4,065,663 lower for Mr. Farrell and \$287,480 lower for Mr. McGettrick. Pension Plan and Supplemental Retirement Plan benefits amounts are not augmented by the additional service credit assumptions. In addition, the benefit calculations for the Executive Supplemental Retirement Plan reflect that, pursuant to the terms of their individual letter agreements, the benefits for Messrs. Farrell, McGettrick and Koonce are payable for each executive officer's lifetime.

### **Dominion Energy Pension Plan**

The Dominion Energy Pension Plan (Pension Plan) is a tax-qualified defined benefit pension plan. Messrs. Farrell, McGettrick, Blue and Koonce and Ms. Leopold were hired before 2008 and therefore participate in the final average earnings formula of the Pension Plan (Traditional Pension Formula). Mr. Chapman was hired after January 1, 2008 and therefore participates in the cash balance formula of the Pension Plan (Cash Balance Formula) which applies to non-union employees hired on or after January 1, 2008.

### **Traditional Pension Formula**

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

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

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

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

<b>For Credited Service Through December 31, 2000</b>		<b>For Credited Service On or After January 1, 2001</b>	
2.03% <b>times</b> Final Average Earnings <b>times</b> Credited Service before 2001	<b>Minus</b>	2.00% <b>times</b> estimated Social Security benefit <b>times</b> Credited Service before 2001	
			<b>Minus</b>
		1.80% <b>times</b> Final Average Earnings <b>times</b> Credited Service after 2000	1.50% <b>times</b> estimated Social Security benefit <b>times</b> Credited Service after 2000

Credited service is limited to a total of 30 years for all parts of the formula and credited service after 2000 is limited to 30 years minus credited service before 2001.

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

Participants in the Traditional Pension Formula also receive a special retirement account, which is in addition to the basic pension benefit. The special retirement account is credited with 2% of base pay each month as well as interest based on the 30-year Treasury bond rate set annually (2.78% in 2018). The special retirement account can be paid in a lump sum or paid in the form of an annuity benefit.

A participant becomes vested in his or her benefit after completing three years of service. A vested participant who terminates employment before age 55 can start receiving benefit payments calculated using terminated vested reduction factors at any time after attaining age 55. If payments begin before age 65, then the following reduction factors for the portion of the benefits earned after 2000 apply: age 64 9%; age 63 16%; age 62 23%; age 61 30%; age 60 35%; age 59 40%; age 58 44%; age 57 48%; age 56 52%; and age 55 55%.

**Cash Balance Formula**

The Cash Balance Formula is based solely on amounts credited to a cash balance account on behalf of the participant. The cash balance account is credited with a percentage of pay each month, depending on years of credited service:

Less than 5 Years: 4% of pay

Between 5 to 15 Years: 5% of pay

Between 15 to 25 Years: 6% of pay

25 or more Years: 7% of pay

Cash balance accounts are also credited with interest at an annual rate established in accordance with IRS guidelines. Participants in the Cash Balance Formula can receive immediate distribution of benefits following termination of employment at any age, with three years of service. Benefits will be payable as either an immediate lump sum, an immediate annuity or a deferred annuity.

The Code limits the amount of compensation that may be included in determining pension benefits under qualified pension plans. For 2018, the compensation limit was \$275,000. The Code also limits the total annual benefit that may be provided to a participant under a qualified defined benefit plan. For 2018, this limitation was

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**EXECUTIVE COMPENSATION**

the lesser of (i) \$220,000 or (ii) the average of the participant's compensation during the three consecutive years in which the participant had the highest aggregate compensation.

**Dominion Energy Retirement Benefit Restoration Plan**

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

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

**BRP Benefit with Traditional Pension Formula**

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

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

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

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

**BRP Benefit with Cash Balance Formula**

Participants in the Cash Balance Formula of the Pension Plan are also eligible to receive a BRP benefit. The benefit is calculated by determining what the cash balance benefit would have been but for the application of the Code limits and then subtracting the amount of the actual cash balance benefit, paid as a lump sum.

### **Dominion Energy Executive Supplemental Retirement Plan**

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

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

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

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

Messrs. Farrell, McGettrick and Koonce are currently entitled to a full ESRP retirement benefit. Based on the terms of their individual letter agreements, Messrs. Farrell, McGettrick and Koonce will receive an ESRP benefit calculated as a lifetime benefit. Ms. Leopold and Mr. Blue are eligible for a prorated ESRP retirement benefit since they both have 10 years of service with the company. Their benefit will be a prorated benefit until they reach the age of 55 at which time they will be entitled to a full ESRP retirement benefit based on a 10-year period. Effective July 1, 2013, the ESRP was closed to any new participants. Mr. Chapman became an officer after that date and is therefore not eligible to participate in the ESRP.

**Actuarial Assumptions Used to Calculate Pension Benefits**

Actuarial assumptions used to calculate Pension Plan benefits are prescribed by the terms of the Pension Plan based on the Code and Pension Benefit Guaranty Corporation (PBGC) requirements. The present value of the accumulated benefit is calculated using actuarial and other factors as determined by the plan actuaries and approved by Dominion Energy. Actuarial assumptions used for the December 31, 2018, benefit calculations shown in the *Pension Benefits* table include a discount rate of 4.43% to determine the present value of the future benefit obligations for the Pension Plan, BRP and ESRP and a lump sum interest rate of 3.68% to estimate the lump sum values of BRP and ESRP benefits. Each NEO is assumed to retire at the earliest age at which he or she is projected to become eligible for full, unreduced pension benefits. For purposes of estimating future eligibility for unreduced Pension Plan and ESRP benefits, the effect of future service is considered. Each NEO is assumed to commence Pension Plan payments at the same age as BRP payments. The longevity assumption used to determine the present value of benefits is the same assumption used for financial reporting of the Pension Plan liabilities, with no assumed mortality before retirement age. Mortality rates are developed from actual and projected plan experience for postretirement benefit plans. Dominion Energy's actuaries conduct an experience study periodically as part of the process to select a best estimate of mortality. Dominion Energy considers both standard mortality tables and improvement factors as well as the plans actual experience when selecting a best estimate. During 2018, Dominion Energy conducted a new experience study as scheduled and, as a result, updated its mortality assumptions. For BRP and ESRP benefits, other actuarial



assumptions include an assumed tax rate of 43%. Cash Balance Formula Pension Plan, BRP and ESRP benefits are assumed to be paid as lump sums; Traditional Pension Formula Pension Plan benefits are assumed to be paid as annuities.

The discount rate for calculating lump sum BRP and ESRP payments at the time an officer terminates employment is selected by Dominion Energy's Administrative Benefits Committee and adjusted periodically. For 2018, a 2.60% discount rate was used to determine the lump sum payout amounts. This discount rate was selected based on a rolling average of the blended rate published by the PBGC in October of the previous five years.

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**Table of Contents****EXECUTIVE COMPENSATION****NONQUALIFIED DEFERRED COMPENSATION**

<b>Name</b>	<b>Aggregate Earnings in Last FY (as of 12/31/2018)*</b>	<b>Aggregate Withdrawals/ Distributions (as of 12/31/2018)</b>	<b>Aggregate Balance at Last FYE (as of 12/31/2018)</b>
Thomas F. Farrell, II	\$	\$	\$
James R. Chapman			
Mark F. McGettrick			
Paul D. Koonce	(108,250)		2,080,808
Diane Leopold			
Robert M. Blue			

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

At this time, Dominion Energy does not offer any nonqualified elective deferred compensation plans to its officers or other employees. The *Nonqualified Deferred Compensation* table reflects, in aggregate, the plan balances for a former plan offered to Dominion Energy officers and other highly compensated employees, the Dominion Energy, Inc. Executives' Deferred Compensation Plan (Frozen Deferred Compensation Plan), which was frozen as of December 31, 2004.

**Frozen Deferred Compensation Plan**

The Frozen Deferred Compensation Plan includes amounts previously deferred from one of the following categories of compensation: (i) salary; (ii) bonus; (iii) vested restricted stock; and (iv) gains from stock option exercises. The plan also provided for company contributions of lost company 401(k) plan match contributions and transfers from several Consolidated Natural Gas Company deferred compensation plans. The Frozen Deferred Compensation Plan offers 29 investment funds for the plan balances, including a Dominion Energy Stock Fund. Participants may change investment elections on any business day. Any vested restricted stock and gains from stock option exercises that were deferred were automatically allocated to the Dominion Energy Stock Fund and this allocation cannot be changed. Earnings are calculated based on the performance of the underlying investment fund. The following funds had rates of return for 2018 as follows: Dominion Energy Stock Fund, -7.6%; and Dominion Energy Fixed Rate Fund, 2.69%.

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

The default benefit commencement date is February 28 after the year in which the participant retires, but the participant may select a different benefit commencement date in accordance with the plan. Participants may change

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

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

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**EXECUTIVE COMPENSATION**

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

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

**Change in Control**

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

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

There must be a change in control; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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## EXECUTIVE COMPENSATION

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

The following table provides the incremental payments that would be earned by each NEO if his or her employment had been terminated, or constructively terminated, as of December 31, 2018. These benefits are in addition to retirement benefits that would be payable on any termination of employment. Please refer to the *Pension Benefits* table for information related to the present value of accumulated retirement benefits payable to the NEOs.

Name	Non-Qualified Plan Payment	Restricted Stock <sup>(1)</sup>	Performance Grant <sup>(1)</sup>	Non-Compete Payments <sup>(2)</sup>	Severance Payments	Retiree Medical and Executive Life Insurance <sup>(3)</sup>	Out-placement Services	Excise Tax & Tax Gross-Up	Total
<b>Thomas F. Farrell, II<sup>(4)</sup></b>									
Retirement	\$	\$ 10,048,134	\$ 5,234,764	\$ 1,554,992	\$	\$	\$	\$	\$ 16,837,890
Death/Disability		10,048,134	5,234,764						15,282,898
Change in Control <sup>(5)</sup>	519,638	5,751,601	5,726,921		11,954,001		25,000		23,977,161
<b>James R. Chapman<sup>(4)</sup></b>									
Termination without Cause		347,367	208,857						556,224
Termination with Cause/ Voluntary Termination									
Death / Disability		347,367	208,857						556,224
Change in Control <sup>(5)</sup>		221,312	221,143		3,152,611	109,145	25,000		3,729,211
<b>Mark F. McGettrick<sup>(4)</sup></b>									
Retirement		2,603,645	1,335,714						3,939,359
Death/Disability		2,603,645	1,335,714						3,939,359
Change in Control <sup>(5)</sup>	348,653	1,425,770	1,414,286		6,018,024		25,000		9,231,733
<b>Paul D. Koonce<sup>(4)</sup></b>									
Retirement		1,621,213	830,571						2,451,784
Death/Disability		1,621,213	830,571						2,451,784
Change in Control <sup>(5)</sup>	1,834,253	886,747	879,429		4,569,579		25,000	3,007,168	11,202,176
<b>Diane Leopold<sup>(4)</sup></b>									

Termination without Cause	759,548	540,714						1,300,262
Termination with Cause/Voluntary								
Termination Death/Disability	759,548	540,714						1,300,262
Change in Control <sup>(5)</sup>	3,757,444	625,418	634,286	3,778,329	109,205	25,000	4,346,817	13,276,499
<b>Robert M. Blue<sup>(4)</sup></b>								
Termination without Cause	759,548	540,714						1,300,262
Termination with Cause/Voluntary								
Termination Death/Disability	759,548	540,714						1,300,262
Change in Control <sup>(5)</sup>	2,914,528	625,418	634,286	3,781,386	108,140	25,000	3,854,340	11,943,098

- (1) Grants made in 2016, 2017 and 2018 under the long-term incentive program vest pro rata upon termination without cause, death or disability. These grants vest pro rata upon retirement provided the CEO (or in the case of the CEO, the CGN Committee) determines the NEO's retirement is not detrimental to the company; amounts shown assume this determination was made. The amounts shown in the restricted stock column are based on the closing stock price of \$71.46 on December 31, 2018.
- (2) Pursuant to a letter agreement dated February 28, 2003, Mr. Farrell will be entitled to a special payment of one times salary upon retirement in exchange for a two-year non-compete agreement. Mr. Farrell would not be entitled to this non-compete payment in the event of his death.
- (3) Amounts in this column represent the value of the annual incremental benefit the NEOs would receive for executive life insurance and retiree medical coverage. Messrs. Farrell, McGettrick and Koonce are entitled to executive life insurance coverage and retiree medical benefit upon any termination since they are retirement eligible and have completed 10 years of service. Mr. Chapman, Ms. Leopold and Mr. Blue are not vested in their executive life insurance policies because they are not age 55, but under a change in control, the company would continue to pay premiums for five additional years. Mr. Chapman, Ms. Leopold and Mr. Blue are not eligible for retiree medical benefits under a change in control because they would not have reached the age of 58 that is required for eligibility.
- (4) Messrs. Farrell, McGettrick and Koonce are eligible for retirement, and this table above assumes they would each retire in connection with any termination event. Ms. Leopold and Mr. Blue are not retirement eligible but under a change in control they would be granted five years of extra age and service which would put them at the early retirement age of 55. Mr. Chapman is 49 years of age and, therefore, would not reach the early retirement age of 55 with the five years of additional age and service.
- (5) Change in control amounts assume that a change in control and a termination or constructive termination takes place on December 31, 2018. The amounts indicated upon a change in control are the incremental amounts

attributable to five years of additional age and service credited pursuant to the Employment Continuity Agreements that each NEO would receive over the amounts payable upon a retirement (Messrs. Farrell, McGettrick and Koonce) or termination without cause (Mr. Chapman, Ms. Leopold and Mr. Blue). The restricted stock and performance grant amounts represent the value of the awards upon a change in control that is above what would be received upon a retirement or termination.



**Table of Contents****EXECUTIVE COMPENSATION****EQUITY COMPENSATION PLANS**

	(a)	(b)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
<b>As of December 31, 2018</b>	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted average exercise price of outstanding options</b>	
Plans approved by shareholders		\$	22,067,419 <sup>(1)</sup>
Plans not approved by shareholders			943,969 <sup>(2)</sup>
Total			23,011,388

(1) Amount includes shares that may be issued other than upon the exercise of an option, warrant or right as follows: Directors' Stock Accumulation Plan, 117,281 shares; and 2005 Incentive Compensation Plan (2005 Plan), 104,866 shares. There are no outstanding awards remaining under the 2005 Plan.

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

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

**CEO PAY RATIO**

This section presents required disclosure, in accordance with SEC rules, of (i) the median of the annual total compensation of all of our employees, other than our CEO, (ii) the annual total compensation of our CEO, and (iii) the ratio of (i) to (ii), sometimes referred to as the CEO pay ratio.

Mr. Farrell had 2018 annual total compensation of \$14,956,442 as reflected in the Total column of the Summary Compensation Table. Our median employee's annual total compensation for 2018 was \$103,761. As a result, we estimate that the ratio of the annual total compensation of our CEO to the estimated median of the annual compensation of our employees was 144:1.

As permitted by SEC rules, we are using the same median employee in our pay ratio calculation for 2018 as we used for 2017. We believe that there have not been any changes in our employee population or employee compensation arrangements since 2017 that would significantly impact our pay ratio disclosure for 2018.

We previously identified our median employee for 2017 from our employee population as of December 31, 2017. On that date we had approximately 16,200 employees, all of whom were employed in the United States. To determine our median employee, we chose base pay as our consistently applied compensation measure. We then conducted our analysis using a clustered sampling methodology, which divides the population into clusters or groups, to identify employees within a 1 percent range of the median. To accomplish this, we used payroll data to determine the base pay actually paid to each employee in our sample during a measurement period from January 1, 2017 through December 31, 2017.

We calculated annual total compensation for our median employee for 2018 using the same methodology we used for our NEOs as set forth in the Summary Compensation Table on page 53. One of the main factors behind the decrease in the median employee's annual total compensation from 2017 to 2018 was a substantial year-over-year decrease in the change in pension value, itself primarily attributable to an increase in the interest rate used to calculate the pension benefits.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. Therefore the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

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**Item 3 Advisory Vote on Approval of Executive Compensation (Say on Pay)**

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), we are asking shareholders to approve the following advisory resolution at the 2019 Annual Meeting:

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

The major objectives of Dominion Energy's executive compensation program are to attract, develop and retain an experienced and highly qualified executive team; motivate and reward superior performance that supports our business and strategic plans and contributes to Dominion Energy's long-term success; and reinforce our five core values of safety, ethics, excellence, embrace change and One Dominion Energy — our term for teamwork. A focal point of the compensation program is to align the interests of our executive officers with those of our shareholders, customers and other stakeholders by placing a substantial portion of pay at risk through performance goals that, if achieved, are expected to increase total shareholder return and enhance customer service.

In 2018, Dominion Energy set the stage for strategic growth by pursuing the SCANA combination which closed on January 1, 2019. We successfully executed several major initiatives that support our earnings and credit objectives including merchant asset sales, approximately \$8 billion of parent-level debt reduction, merger with Dominion Energy Midstream, and the commercial in-service of the \$4.1 billion Cove Point liquefaction project and the \$1.3 billion Greenville Power Station — all while simultaneously achieving company-wide safety records. As discussed in the *Compensation Discussion and Analysis* in this Proxy Statement, beginning on page 32, our executive compensation program effectively supports important business objectives and contributes to our performance:

We exceeded the midpoint of our annual earnings guidance range and grew our dividend for the fifteenth consecutive year with an increase of 10% in 2018. Our best-in-class dividend growth of approximately 10% per year over the past five years outperformed the UTY company dividend growth rate of approximately 4.4% over the same time period. We achieved top quartile performance for three-year average of ROA, ROE and EBITDA growth relative to our Compensation Peer Group.

Our 10-year TSR outperformed that of the UTY and our Compensation Peer Group. We believe our lagging shorter-term TSR is largely attributable to FERC's policy revision relating to taxation treatment of our master limited partnership combined with the effects of federal tax reform on our regulated businesses cash flows. In response, we pursued strategic credit improvement transactions and achieved our parent-level leverage targets two years early. Looking forward, as we couple projected 10% dividend growth through 2019 (subject to declaration by the Board of Directors) with an improved credit outlook and transition from large-scale infrastructure projects to strong programmatic enterprises, we expect our TSR to perform favorably relative to our peers.

2018 CEO compensation reflected our pay for performance philosophy, with long-term compensation that was paid below-target, reflecting below-target performance in our TSR results compared to our peers for the two-year period ending December 31, 2018.

This vote is not intended to address any specific item of compensation, but rather the overall compensation that is paid to our NEOs resulting from our compensation objectives, policies and practices relating to our NEOs as described in this Proxy Statement.

Because your vote is advisory, it will not be binding upon the Board. However, the Board and the CGN Committee value the opinions expressed by Dominion Energy's shareholders and will review the voting results in connection with their ongoing assessment of Dominion Energy's executive compensation program.

**Your Board of Directors recommends  
that you vote FOR this item.**

**Table of Contents****Item 4 Management's Proposal to Amend the Company's Articles of Incorporation to Increase the Number of Authorized Shares of Common Stock**

Our Board has approved, and recommends that you approve, an amendment to our Articles of Incorporation to increase the number of authorized shares of common stock without par value from 1,000,000,000 to 1,750,000,000 shares. As of March 1, 2019, 799,398,289 shares of common stock were issued and outstanding, and 200,601,711 shares of common stock were available for future issuance. The following table reflects the number of authorized, outstanding, reserved and unreserved shares of common stock as of March 1, 2019:

	<b>Number of shares of Common Stock</b>
Total Authorized Shares of Common Stock	1,000,000,000
Less: Issued and Outstanding Shares of Common Stock	799,398,289
Shares of Common Stock Available for Future Issuance	200,601,711
Shares of Common Stock Reserved for Future Issuance	
Dominion Energy Direct	5,033,098
Employee Savings Plans	12,674,131
2016 Equity Units	23,100,000
At the Market Program	11,601,216
Employee and Director Equity Compensation Plans	22,694,007
Total Shares of Common Stock Reserved for Future Issuance	75,102,452
Shares Available for Future Issuance, Less Reserved Shares	125,499,259

We are not requesting any increase to the company's authorized number of shares of Preferred Stock, which will remain unchanged at 20,000,000 shares, none of which are currently issued or outstanding.

**Proposed Amendment**

We are asking shareholders to approve the following resolution seeking authority and approval to amend the Articles of Incorporation as follows:

**RESOLVED**, that the proposed amendment to Dominion Energy's Articles of Incorporation to increase the number of authorized shares of Common Stock from 1,000,000,000 to 1,750,000,000 is hereby approved.

If the proposed amendment is approved, the first paragraph of Article III of the Articles of Incorporation will be amended and restated to read, "The Corporation shall have authority to issue 1,750,000,000 shares of Common Stock without par value."

**Purpose of the Proposed Amendment**

Our Board believes it is in the best interest of the company to increase the number of authorized shares of common stock to provide the company greater flexibility in considering and planning for future business needs, such as raising

additional capital through the issuance of equity securities, convertible debt securities or other equity-linked securities; potential strategic transactions; stock dividends; stock splits; grants of equity incentives to employees (subject to future shareholder approvals under equity plans); as well as for other general corporate purposes. Approval of this amendment by shareholders at the 2019 Annual Meeting will enable the company to take timely advantage of market conditions and other opportunities that become available to the company without the expense and delay of arranging for a special meeting of shareholders in the future.

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**ITEM 4 MANAGEMENT S PROPOSAL TO AMEND THE COMPANY S ARTICLES OF  
INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK**

If the proposed amendment is adopted, the company would be permitted to issue the authorized shares without further shareholder approval, except to the extent otherwise required by law, by a securities exchange on which the common stock is listed at the time, or by the Articles of Incorporation. The NYSE on which the Common Stock is now listed, currently requires stockholder approval as a prerequisite to listing shares in certain instances, including acquisition transactions where the issuance could increase the number of outstanding shares by 20% or more. The company has no current plans, agreements, or arrangements for the issuance of additional Common Stock other than pursuant to the company s continuous direct stock purchase and dividend reinvestment plan (Dominion Energy Direct), under the stock purchase contracts entered into as part of Dominion Energy s 2016 Equity Units, pursuant to the at the market program and pursuant to the company s employee and director stock plans. The company may also reserve shares for future issuances in the event we should choose to replace the 2016 Equity Units following settlement with an additional issuance of such securities.

**Anti-takeover Considerations**

The proposed amendment could, under certain circumstances, have an anti-takeover effect or delay or prevent a change in control of the company by providing the company the capability to engage in actions that would be dilutive to a potential acquirer, pursue alternative transactions or otherwise increase the potential cost to acquire control of the company. For example, without further shareholder approval, the company could issue shares of Common Stock in a public or private sale, merger or similar transaction, which would increase the number of outstanding shares, thereby diluting the interest of a party seeking to take over the company or to gain control of the Board. Thus, while the Company currently has no intent to employ the additional authorized shares of Common Stock as an anti-takeover device, the proposed amendment may have the effect of discouraging future unsolicited takeover attempts. The Board is not aware of any such attempt to take control of the company.

**Possible Effects of the Amendment**

The additional shares of Common Stock for which authorization is sought would have the same rights and privileges as the shares of Common Stock currently issued and outstanding. Holders of Common Stock do not have preemptive rights to acquire additional shares of Common Stock. Therefore, while the adoption of the amendment would not have an immediate dilutive effect on the ownership interest in the Company of existing shareholders, any future issuances of additional Common Stock or other securities convertible into Common Stock in the future could dilute the respective percentage ownership interest and voting rights attributable to present shareholders and could have a negative effect on the market price of the Common Stock.

**Vote Required for Approval**

This proposal will be approved if a majority of the votes entitled to be cast on the proposal are cast in favor of the proposal. Abstentions will have the same effect as a vote against this proposal.

We plan to submit the Articles of Amendment reflecting the increase in the number of authorized shares of Common Stock to the Virginia State Corporation Commission (SCC) promptly following the approval by shareholders at the 2019 Annual Meeting. The Articles of Amendment will become effective when the SCC issues its Certificate of

Amendment.

**Your Board of Directors recommends  
that you vote FOR this item.**

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### Shareholder Proposal

Dominion Energy has been notified that a shareholder or its representative intends to present the following proposal for consideration at the 2019 Annual Meeting. We are presenting the proposal and supporting statement as it was submitted to us by the proponent. We do not necessarily agree with all of the statements contained in the proposal and the supporting statement, but we have limited our responses to the most important points and have not attempted to address all the statements with which we disagree. The name, address and share ownership of the proponent of the proposal will be furnished to any shareholder upon oral or written request. We recommend a vote against the proposal for the reasons set forth in the opposing statement.

#### Item 5 Independent Board Chair

##### **Proposal 5 Independent Board Chairman**

Shareholders request our Board of Directors to adopt as policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

Caterpillar and Wells Fargo are examples of a companies changing course and naming an independent board chairman. Caterpillar had even opposed a shareholder proposal for an independent board chairman at its annual meeting.

It is more important to consider an independent Board Chairman when our current CEO/Chairman Thomas Farrell receives 7-times as many negative votes as certain other directors on our Board. And Susan Story received 22-times as many negative votes as certain other directors on our Board.

John Harris, with 19-years long-tenure, which can seriously erode director independence, had the role of Lead Director which demands more independence than a director without this important responsibility.

Plus we do not have the shareholder right to act by written consent which would give us more standing to have input on our directors.

Meanwhile there are many challenges that face our company that need to be managed well and prevented from reoccurring that could be helped by having an independent chairman to run the Board of Directors and address the above director issues while our CEO focuses on day-to-day challenges like these:

Environmental Impact Concern Atlantic Coast Pipeline: Community opposition, Virginia.

September 2018

Chemical Spill/Toxic Release Local community concerns over storage and handling of fly ash ponds along Elizabeth River, Chesapeake, Virginia.

September 2018

Environmental Impact Concern Cove Point LNG Export Facility: community opposition, Maryland.

April 2018

Political or Lobbying Concern Company petition against ruling of regulator allowing customer purchase of renewable energy.

April 2018

Chemical Spill/Toxic Release Possum Point Power Station: Environmental groups challenge plans to discharge coal ash wastewater in Quantico Creek and Potomac River, Virginia.

March 2018

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**SHAREHOLDER PROPOSAL**

Community Economic Impact    Opposition to overhead transmission line due to potential impacts to historical sites in Jamestown, Virginia.

July 2017

Environmental Impact Concern    Possum Point Power Plant: Residents file complaint claiming contamination of drinking wells, Virginia.

April 2017

Please vote yes:

**Independent Board Chairman    Proposal 5**

**Opposing Statement**

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST THIS PROPOSAL.**

The Board believes it is important to maintain the flexibility to choose the leadership structure that will best fit the company's circumstances and Board composition at any particular time and that mandating a set leadership structure regardless of the circumstances could impede the Board's effectiveness and ability to act in the best interests of the company and its shareholders. Any decision to separate the roles of Chairman and CEO should be within a board's discretion and based on the specific circumstances of the company, the independence and capabilities of its directors, and the leadership provided by its CEO and Lead Director. Our Board does not believe that separate roles for the Chairman and CEO should be mandated or that such a separation would, by itself, deliver an additional benefit for shareholders.

Our corporate governance guidelines provide the Board with the flexibility to determine the optimal leadership structure for the company, including separating the positions of Chairman and CEO when appropriate, taking into consideration succession planning, skills and experience of the individual or individuals filling these positions and other relevant factors. The Board believes our directors are best positioned to lead this evaluation given their knowledge of the company's leadership team, strategic goals, opportunities, and challenges. No single leadership model is appropriate in all circumstances, and the adoption of a policy requiring whenever possible that the Chairman be an independent director could limit the Board's ability to choose the best structure or person best suited at a particular time.

We have a strong governance framework in place that ensures an objective and independent board that provides balance to the combined Chairman and CEO position, including:

All directors are independent, except for the Chairman and CEO;

All members of our four Board committees, including the Chair of each of those committees, are independent directors;

Our Corporate Governance Guidelines require the independent directors to appoint a Lead Director when the Chairman and CEO positions are held by one person. Our Lead Director is elected annually by the independent, non-management directors and has clearly defined responsibilities that are prescribed by our Corporate Governance Guidelines; and

Independent directors meet frequently in executive sessions that are presided over by our Lead Director with no members of management present. These executive sessions are used to discuss matters of concern as well as any matter deemed appropriate, including evaluation of the performance of the CEO and other senior management, management succession planning, board informational needs and board effectiveness.

The Board is currently led by a combination of our Lead Director and our Chairman and CEO, supported by independent, engaged, skilled and committed directors. Our existing corporate governance practices reinforce the Board's accountability to its shareholders and include the annual election of directors, a majority vote requirement in uncontested election of Directors, proxy access, a shareholder right to call special meetings, and an ability to communicate directly with the non-management directors of the Board. We believe that the Board should maintain the flexibility to select the structure of leadership best suited to meet the needs of the company and its shareholders at any given time, and the adoption of an independent chair policy is unnecessarily rigid and not in the best interests of our shareholders.

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

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### **Questions and Answers About the 2019 Annual Meeting and Voting**

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

You received these materials because you owned shares of Dominion Energy common stock as of March 1, 2019, and are therefore eligible to vote at the 2019 Annual Meeting. These materials allow you to exercise your right to vote at the 2019 Annual Meeting and provide you with important information about Dominion Energy and the items to be presented for a vote at this meeting.

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

Most shareholders received a Notice Regarding the Availability of Proxy Materials (the Notice) instead of a full set of printed proxy materials. The Notice provides access to proxy materials in a fast and efficient manner via the Internet. This reduces the amount of paper necessary to produce these materials, as well as the costs associated with mailing these materials to shareholders. On or around March 25, 2019, we began mailing the Notice to certain shareholders of record as of March 1, 2019, and posted our proxy materials on the website referenced in the Notice. As more fully described in the Notice, shareholders may choose to access our proxy materials on the website or may request to receive a printed set of our proxy materials. The Notice and website provide information regarding how you may request to receive proxy materials in printed form by mail or electronically by email for this meeting and on an ongoing basis. Shareholders who previously requested printed proxy materials or electronic materials on an ongoing basis received those materials in the format requested.

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

A proxy is your legal designation of another person to vote your shares at the 2019 Annual Meeting. The person you designate is called a proxy. When you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

The proxy card accompanying this Proxy Statement is solicited by your Board for the 2019 Annual Meeting. By signing and returning it, you will be designating two non-employee directors of the Board and Dominion Energy's Corporate Secretary as proxies to vote your shares at the 2019 Annual Meeting based on your direction. You also may designate your proxies and direct your votes by telephone or over the Internet as described below.

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

All shareholders who owned Dominion Energy common stock at the close of business on the record date of March 1, 2019, may vote. Each share of Dominion Energy common stock is entitled to one vote on each matter properly brought before the 2019 Annual Meeting. There were 799,398,289 shares of Dominion Energy common stock outstanding on March 1, 2019.

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

You will be voting on the following:

Election of each of the 13 director nominees named in this Proxy Statement;

Ratification of the appointment of Deloitte & Touche LLP as our independent auditor for 2019;

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

Management's proposal to amend the Articles of Incorporation to increase the number of authorized shares of common stock;

One shareholder proposal, if properly presented; and

Other business properly presented at the meeting.

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING**

Your Board is soliciting this proxy for the 2019 Annual Meeting and recommends that you vote **FOR** each of the 13 director nominees named in this Proxy Statement, **FOR** the ratification of the appointment of Deloitte & Touche LLP as our independent auditor for 2019, **FOR** the approval of the amendment to the Articles of Incorporation to increase the number of authorized shares of common stock, and **FOR** the approval of, on a non-binding, advisory basis, the executive compensation of those executive officers named in this Proxy Statement.

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

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

Our Bylaws and Corporate Governance Guidelines require that directors be elected by a majority of the votes cast unless the election is contested. In an uncontested election, if an incumbent nominee does not receive a majority of votes cast for his or her election, he or she will continue to serve on the Board as a holdover director and will be required to submit a letter of resignation promptly to the Board. A majority of votes cast means that the number of shares voted for a director exceeds the number of votes cast against the director. In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are elected by a plurality of the votes cast. All other items on the agenda will be approved if the votes cast favoring the action exceed the votes cast opposing the action, with the exception of management's proposal to approve an amendment to our Articles of Incorporation to increase the number of authorized shares of common stock, which will be approved if a majority of the votes entitled to be cast on the proposal are cast in favor of the proposal. Broker discretionary voting is permitted only for Item 2, which is the proposed ratification of the appointment of our independent auditor, and for Item 4, which is the proposed amendment to our Articles of Incorporation to increase the number of authorized shares of common stock. Broker non-votes or abstentions will not be counted as a vote cast in favor or against any of the items presented, except with respect to the proposal to approve an amendment to our Articles of Incorporation to increase the number of authorized shares of common stock, in which case an abstention will have the same effect as a vote cast against the proposal.

**What is discretionary voting by brokers?**

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

**Will any other matters be voted on at the 2019 Annual Meeting?**

Management and the Board are not aware of any matters that may properly be brought before the 2019 Annual Meeting other than the matters disclosed in this Proxy Statement. If any other matters not disclosed in this Proxy Statement are properly presented at the 2019 Annual Meeting for consideration, the person or persons voting the proxies solicited by the Board for the meeting will vote them in accordance with their best judgment.

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

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

### **Shareholders of Record**

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

If you received your proxy materials in the mail, you may vote your shares by proxy over the Internet, by telephone or by returning your proxy card by mail in the envelope provided. Instructions to vote over the Internet or by telephone are printed on your proxy card. If you received an electronic or paper Notice, you may vote over the Internet using the instructions provided. All votes must be received by the proxy tabulator no later than 11:59 p.m., Eastern Time on May 6, 2019.



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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING**

If you attend the 2019 Annual Meeting, you may vote your shares in person. For admission requirements, please see *How do I attend the 2019 Annual Meeting in person?* on page 73.

You may revoke your proxy and change your vote before the 2019 Annual Meeting by submitting a written notice to our Corporate Secretary, by submitting a later dated and properly signed proxy (including by means of a telephone or Internet vote), or by voting in person at the 2019 Annual Meeting.

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

**Beneficial Owners**

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

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

To vote in person at the 2019 Annual Meeting, you must present a government-issued photo identification, your Admission Ticket and a legal proxy provided by the institution that holds your shares. For admission requirements, please see *How do I attend the 2019 Annual Meeting in person?* on page 73.

If you do not provide your broker with timely voting instructions, your broker will not be able to vote on most of the items on the agenda of the 2019 Annual Meeting. Please see *What is discretionary voting by brokers?* above.

**Dominion Energy Employee Savings Plan Participants**

If your shares are held under one of the employee savings plans sponsored by Dominion Energy or its subsidiaries, including the SCANA Corporation 401(k) Retirement Savings Plan (the SCANA 401(k) Plan) (and collectively, the Plans), you are considered the Beneficial Owner of shares held in your Plan account. As the Beneficial Owner, you have the right to direct the applicable Trustee on how to vote your shares.

Only the applicable Trustee can vote your Plan shares. To allow sufficient time for the applicable Trustee to vote your shares, your voting instructions must be received by 11:59 p.m., Eastern Time on April 30, 2019.

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

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

If you do not vote your Plan shares or if you return your voting instruction card signed with no direction given, your shares, other than shares held in the SCANA 401(k) Plan, will be voted by the applicable Trustee as directed by the independent fiduciary hired by the Plan Administrator for all of the Plans, except for the SCANA 401(k) Plan. SCANA 401(k) Plan shares that are not voted, or for which a signed voting instruction card was returned with no direction given, will be voted by the applicable Trustee in the same proportion as the SCANA 401(k) Plan shares for which a direction was received.

**How many shares must be present to hold the 2019 Annual Meeting?**

In order for us to conduct the 2019 Annual Meeting, a majority of the shares outstanding on the record date of March 1, 2019 must be present in person or represented by proxy. This is referred to as a quorum. Your shares are counted as present if you attend the 2019 Annual Meeting in person or if you submit a properly executed proxy by mail, Internet or telephone.

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING**

**Do I have to attend the 2019 Annual Meeting in order to vote my shares?**

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

**How do I attend the 2019 Annual Meeting in person?**

If you plan to attend the 2019 Annual Meeting, *you must request and obtain an Admission Ticket in advance*. Please submit your request for an Admission Ticket on or before April 30, 2019, by emailing a request to [shareholderrelations@dominionenergy.com](mailto:shareholderrelations@dominionenergy.com) or contacting Dominion Energy Shareholder Services at (800) 552-4034. You will need to provide the following information with your request:

Your name, mailing address and email address;

Whether you need special assistance at the meeting; and

If your shares are held for you in the name of your broker, bank or other Shareholder of Record, evidence of your stock ownership as of March 1, 2019 (such as a current letter from your broker or bank or a photocopy of a current brokerage or other account statement).

You will need both the Admission Ticket and a government-issued photo identification to enter the 2019 Annual Meeting. An authorized proxy must also present an Admission Ticket, a government-issued photo identification and proof that he or she is an authorized proxy of a shareholder. Admission tickets are nontransferable.

For safety and security reasons, video and still cameras, recording equipment, electronic devices (including cell phones, smartphones, tablets, laptops, other portable electronic devices, etc.), large purses or bags, briefcases and packages will not be permitted in the 2019 Annual Meeting, other than for company-authorized purposes. Security measures may include bag and hand-wand searches. Rules of the meeting will be printed on the back of the agenda given to you at the 2019 Annual Meeting. We thank you in advance for your patience and cooperation with these rules.

**Will seating be limited at the 2019 Annual Meeting?**

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

**Will shareholders be given the opportunity to ask questions at the 2019 Annual Meeting?**

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

you at the meeting.

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

Dominion Energy will pay for the cost of this proxy solicitation. Some of our employees may telephone shareholders after the initial mail solicitation, but will not receive any special compensation for making the calls. We have also retained Georgeson LLC, a proxy solicitation firm, to assist in the solicitation of proxies for a fee of \$14,000 and reimbursement of expenses. In addition, we may reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to the Beneficial Owners of stock. We have retained Corporate Election Services, Inc. to tabulate the votes and to assist with the 2019 Annual Meeting.

**Can I access the Notice of Annual Meeting, 2019 Proxy Statement, 2018 Summary Annual Report and 2018 Annual Report on Form 10-K over the Internet?**

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

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**QUESTIONS AND ANSWERS ABOUT THE 2019 ANNUAL MEETING AND VOTING**

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

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

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

Householding refers to practices used to reduce the number of copies of proxy materials sent to one address. For Shareholders of Record who received printed proxy materials, a single copy of the 2019 Proxy Statement, 2018 Summary Annual Report and 2018 Annual Report on Form 10-K (annual report package) has been sent to multiple shareholders who reside at the same address, unless we have received instructions from you to the contrary. Any shareholder who would like to receive a separate annual report package may call or write us at the telephone number and address above, and we will promptly deliver it. If you received multiple copies of the annual report package and would like to receive combined mailings in the future, please contact Shareholder Services as shown above. Beneficial Owners of shares should contact the institution that holds the shares regarding combined mailing.

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### Other Information

#### How to Contact Us

**Our Directors.** Shareholders and other stakeholders can communicate with our non-management directors individually, including our Lead Director or committee chairs, or as a group or Board committee by sending correspondence by mail, care of the Corporate Secretary, Dominion Energy, Inc., P.O. Box 26532, Richmond, Virginia, 23261. Concerns relating to accounting, internal accounting controls and auditing matters may also be submitted confidentially and anonymously by mail.

The Board has directed the Corporate Secretary or her representative to monitor, review and sort all written communications sent to the non-management directors. Communications related to matters that are within the scope of the responsibilities of the Board are forwarded to the Board, Board committee or individual directors, as appropriate.

The Corporate Secretary and her representative are authorized to exclude communications that are related to routine business and customer service matters, bulk advertising or otherwise inappropriate communications, including, but not limited to, business and product solicitations, unsolicited publications, résumés and job inquiries, spam, junk mail, mass mailing and material containing profanity, hostility or material of a similar nature. The Board has also directed the Corporate Secretary or her representative to forward correspondence related to routine business and customer service matters to the appropriate management personnel. When appropriate, the Corporate Secretary will consult with the Audit Committee Chair, who will determine whether to communicate further with the Audit Committee and/or the full Board with respect to the correspondence received.

**Investor Relations.** Reach out to our Investor Relations team at any time at [investor.relations@dominionenergy.com](mailto:investor.relations@dominionenergy.com).

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

#### Corporate Governance Materials Available on our Website

On our website, [www.dominionenergy.com/about-us/who-we-are/esg](http://www.dominionenergy.com/about-us/who-we-are/esg), under the heading Environmental, Social & Governance, you can find, among other things:

Information regarding the current members of our Board;

Code of Ethics and Business Conduct;

Descriptions of each of our Board committees (Audit, CGN, FROC, and SCR), as well as each committee's current charter and members;

Articles of Incorporation;

Bylaws;

Corporate Governance Guidelines;

Related party transaction guidelines; and

Information related to our political contributions and lobbying activities.

You may request a paper copy of any of our governance documents at no charge by writing to our Corporate Secretary at Dominion Energy, Inc., P.O. Box 26532, Richmond, Virginia 23261. Information on our website is not, and will not be deemed to be, a part of this Proxy Statement or incorporated into any other filings with the SEC.

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### **OTHER INFORMATION**

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

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

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

To the company's knowledge, no executive officer, director or 10% beneficial owner failed to file, on a timely basis, the reports required by Section 16(a) of the Exchange Act, for the fiscal year ended December 31, 2018. Since the end of the most recently concluded fiscal year, one late Form 4 was filed for Mr. Spilman due to inadvertent clerical error. The Form 4 was filed on March 12, 2019 to report a transaction that occurred on March 7, 2019, which resulted in a change in beneficial ownership.

#### **Code of Ethics and Business Conduct**

The company has a Code of Ethics and Business Conduct that applies to our Board, our principal executive, financial and accounting officers, and all other employees, and can be found at [www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines](http://www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines). Any waivers or changes to our Code of Ethics and Business Conduct relating to our executive officers will also be posted at this web address.

#### **Certain Relationships and Related Party Transactions**

The Board has adopted related party transaction guidelines for the purpose of identifying potential conflicts of interests arising out of financial transactions, arrangements and relationships between Dominion Energy and any related person. Under our guidelines, a related person is a director, executive officer, director nominee, beneficial owner of more than 5% of Dominion Energy's common stock or any immediate family member of one of the foregoing persons. A related party transaction is any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in excess of \$120,000 in which Dominion Energy (and/or any of its consolidated subsidiaries) is a participant and in which a related person has or will have a direct or indirect material interest. The full text of the guidelines can be found at [www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines](http://www.dominionenergy.com/about-us/who-we-are/governance/governance-guidelines).

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

The CGN Committee has reviewed certain categories of transactions and determined that transactions between Dominion Energy and a related person that fall within such categories will not result in the related person having a direct or indirect material interest. Under our guidelines, such transactions are not deemed related party transactions and, therefore, are not subject to review by the CGN Committee. The categories of excluded transactions include, among other items, compensation and expense reimbursements paid to directors and executive officers in the ordinary



course of performing their duties; transactions with other companies where the related party's only relationship is as an employee, if the aggregate amount involved does not exceed the greater of \$1 million or 2% of that company's gross revenues; and charitable contributions that are less than the greater of \$1 million or 2% of the charity's annual receipts.

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

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**OTHER INFORMATION**

Other than as described below, since January 1, 2018, there have been no related party transactions that were required either to be approved or ratified under Dominion Energy's related party transaction guidelines or reported under the SEC's related party transaction rules.

During 2018, Mr. Thomas P. Wohlfarth, the spouse of Ms. Diane Leopold, was employed by Dominion Energy's services company as Senior Vice President, Regulatory Affairs. Mr. Wohlfarth received aggregate compensation of approximately \$1,064,200 consisting of salary, annual and long-term incentive plan payouts, restricted stock (including dividend payments) and other benefits. His compensation and benefits are consistent with the company's overall compensation principles based on his years of experience, performance and position within the company. The transaction involving the compensation paid to Mr. Wohlfarth was reviewed and approved by the CGN Committee in accordance with Dominion Energy's related party transaction guidelines.

During 2018, Mr. Paul Jibson, the son of Mr. Ronald W. Jibson, was employed by Dominion Energy Wexpro Services Company, a subsidiary of Dominion Energy. Mr. Paul Jibson received compensation in 2018 of approximately \$195,600, consisting of salary, annual incentive payout, dividend payments on unvested restricted stock and other benefits. The transaction involving the compensation paid to Mr. Paul Jibson was reviewed and approved by the CGN Committee in accordance with Dominion Energy's related party transaction guidelines.

During 2018, two providers of asset management services to Dominion Energy were also beneficial owners of at least 5% of Dominion Energy common stock: The Vanguard Group (Vanguard) and BlackRock, Inc. (BlackRock). The nature and value of services provided by these 5% shareholders and their affiliates are described below.

Affiliates of Vanguard provided asset management services to various trusts associated with the company's employee benefit plans and received approximately \$757,000 in fees for such services for 2018.

Affiliates of BlackRock provided asset management services to various trusts associated with the company's employee benefit plans and received approximately \$130,000 in fees for such services for 2018.

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

**Proposals and Business by Shareholders**

**SHAREHOLDER PROPOSALS FOR INCLUSION IN THE 2020 PROXY STATEMENT**

If you wish to submit a proposal for possible inclusion in the 2020 Proxy Statement, Dominion Energy's Corporate Secretary must receive it no later than 5 p.m., Eastern Time, on November 26, 2019. Shareholders should refer to Rule 14a-8 of the Exchange Act, which sets standards for eligibility and specifies the types of proposals that are not appropriate for inclusion in the 2020 Proxy Statement. Shareholder proposals should be sent to our Corporate Secretary at Dominion Energy, Inc., 120 Tredegar Street, Richmond, Virginia 23219.

## **SHAREHOLDER DIRECTOR NOMINATIONS FOR INCLUSION IN THE 2020 PROXY STATEMENT**

In addition, we have adopted a proxy access right to permit, under certain circumstances, a shareholder or a group of shareholders to include in our annual meeting proxy statement director candidates whom they have nominated. These proxy access provisions in our Bylaws provide, among other things, that a shareholder or group of up to 20 shareholders seeking to include director candidates in our annual meeting proxy statement must own, in the aggregate, at least 3% of the company's outstanding common stock continuously for at least the previous three years. The number of shareholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed the greater of 20% of our Board or two directors. Shareholder(s) and the nominee(s) must satisfy the other requirements outlined in our Bylaws. Notice of proxy access director nominees must be received by our Corporate Secretary at the address above no earlier than October 27, 2019 and no later than 5 p.m., Eastern Time, on November 26, 2019. Please refer to our Bylaws for the complete proxy access requirements.

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**OTHER INFORMATION**

**SHAREHOLDER DIRECTOR NOMINATIONS AND OTHER SHAREHOLDER PROPOSALS FOR PRESENTATION AT THE 2020 ANNUAL MEETING NOT INCLUDED IN THE 2020 PROXY STATEMENT**

To nominate a director at the 2020 Annual Meeting, you must be a shareholder and deliver written notice to our Corporate Secretary at least 60 days before the meeting. If the meeting date has not been publicly announced 70 days before the meeting, then notice can be given up to 10 days following the public announcement. Any notice must include information contained in the company's Bylaws.

If you wish to bring any other matter (other than the nomination of a director) in person before the 2020 Annual Meeting, you must satisfy the eligibility and other requirements specified in our Bylaws and notify the Corporate Secretary in writing no less than 90 days and not more than 120 days prior to the one-year anniversary of the date of the 2019 Annual Meeting. Any such notice must contain the information specified in Article X of our Bylaws.

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<b>(MILLIONS, EXCEPT PER SHARE AMOUNTS)</b>	<b>2018</b>	<b>2017</b>
<b>Reported Earnings (GAAP)</b>	<b>\$ 2,447</b>	<b>\$ 2,999</b>
Adjustments to reported earnings <sup>(1)</sup> :		
Pre-tax loss (income)	201	235
Income tax	3	(945)
	204	(710)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 2,651</b>	<b>\$ 2,289</b>
<b>Earnings per common share diluted:</b>		
<b>Reported Earnings (GAAP)</b>	<b>\$ 3.74</b>	<b>\$ 4.72</b>
Adjustments to reported earnings (after-tax)	0.31	(1.12)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 4.05</b>	<b>\$ 3.60</b>

(1) Adjustments to reported earnings are reflected in the following table:

	<b>2018</b>	<b>2017</b>
<b>Pre-Tax loss (income):</b>		
Sale of non-core assets	\$ (759)	\$
Impairment of gathering and processing assets	219	
FERC-regulated plant disallowance	124	
Impact of Virginia rate legislation	215	
Net (gain) loss on nuclear decommissioning trust funds	170	(46)
Future ash pond and landfill closure costs	81	
Merger-related transaction and transition costs	37	72
Charges associated with equity method investments in wind-powered generation facilities		158
Other items	114	51
	<b>\$ 201</b>	<b>\$ 235</b>
<b>Income tax expense (benefit):</b>		
Tax effect of above adjustments to reported earnings	\$ (52)	\$ (94)
Other income tax adjustments <sup>(2)</sup>	55	(851)
	<b>\$ 3</b>	<b>\$ (945)</b>

(2) Federal tax reform enacted in December 2017 reduced the corporate income tax rate from 35% to 21%, effective 1/1/2018. Deferred taxes are required to be measured at the enacted rate in effect when they are expected to reverse. As a result, deferred taxes were re-measured to the 21% rate. For regulated entities, where the reduction in deferred taxes is expected to be recovered or refunded in future rates, the adjustment was recorded to a regulatory

asset or liability instead of income tax expense. During 2018, Dominion Energy recorded further adjustments to deferred taxes in accordance with recently released tax reform guidance and to revise estimates made at year-end 2017.

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

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

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