

EXELON CORP
Form DEF 14A
March 14, 2013
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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

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(3) Filing Party:

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**NOTICE OF THE ANNUAL MEETING
AND 2013 PROXY STATEMENT**

March 14, 2013

To the shareholders of Exelon Corporation:

Our Annual Meeting of Shareholders will be held on Tuesday, April 23, 2013 at 9:00 a.m. Eastern Time in the Sky Lobby Conference Center, 750 E. Pratt Street, Baltimore, Maryland to:

- 1) Elect director nominees named in the attached proxy statement;
- 2) Ratify PricewaterhouseCoopers LLP as Exelon's independent accountant for 2013;
- 3) Approve the compensation of our named executive officers as disclosed in the attached proxy statement;
- 4) Approve the amended and restated Employee Stock Purchase Plan; and
- 5) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 1, 2013 are entitled to vote at the annual meeting.

On or about March 14, 2013, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the internet. By furnishing the Notice Regarding Availability of Proxy Materials, we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson

Senior Vice President,

Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.

Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 22, 2013.

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Frequently Asked Questions

Why did I receive these proxy materials?

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation (Exelon, the company, we, us, or our), a Pennsylvania corporation, of proxies to be voted at our 2013 annual meeting of shareholders and at any adjournment or postponement.

You are invited to attend the annual meeting of shareholders. It will take place on April 23, 2013, beginning at 9:00 a.m., Eastern Time, in the Sky Lobby Conference Center, 750 E. Pratt Street, Baltimore, Maryland.

Can I access the Notice of Annual Meeting and Proxy Statement and the 2012 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 14, 2013, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting. You may present any of the following in order to enter: (1) the Notice Regarding Availability of Proxy Materials, which contains instructions on how to access this proxy statement; (2) the bottom half of your proxy card; or (3) if you received your proxy materials through the internet, the e-mail with your control number.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

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Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 1, 2013 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 855,558,753 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the shareholder of record of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 22, 2013. You may vote in the following ways:

- n **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or voting instruction form (VIF), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.

- n **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.

- n **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.

- n **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

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Exelon has adopted a procedure approved by the SEC called householding. Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2012 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

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

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast for a director nominee must exceed the number of votes cast against the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board's decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Accountant

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation's independent accountant requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation committee in any way, as provided by law. Our board and the compensation committee will review the results of the vote and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Amended and Restated Employee Stock Purchase Plan

The approval of the amended and restated Employee Stock Purchase Plan requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon in order to be adopted.

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of \$10,000 plus reasonable expenses for these services.

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Communication with the Board of Directors

Process for Shareholder Communications with the Board

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

Shareholder Proposals

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before October 25, 2013. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission (SEC). Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2014 annual meeting that is not included in the 2014 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the 2013 annual meeting, which will be December 24, 2013. Exelon's offices will be closed December 24 and 25, 2013 and therefore the deadline will be extended until December 26, 2013.

Director Nominations

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- n **Nominations for 2013.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2013 annual meeting.
- n **Nominations for 2014.** To nominate a candidate for election as a director or to stand for election at the 2014 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than October 25, 2013; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's

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Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

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Availability of Corporate Documents

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com, on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

Corporate Governance at Exelon

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time. A summary of our Corporate Governance Principles is set forth below.

Corporate Governance Principles

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning.

The Board's Function and Structure

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

Lead Director; Chairman of the Board

Exelon's Corporate Governance Principles establish the position of Lead Director. The Lead Director is an independent director elected by the independent directors of the Exelon board, upon the recommendation of the corporate governance committee, with responsibilities to act at any time when (1) the positions of chairman of the board and the chief executive officer are held by the same person; or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards.

As specified in the Corporate Governance Principles, the role of the Lead Director includes:

- n presiding at executive sessions of non-management or independent directors;
- n calling meetings of the independent directors;
- n serving as an advisor to the chairman and the chief executive officer (CEO);

- n functioning as the non-exclusive liaison between the non-management directors and the chairman and the CEO;
- n adding items to agendas for board meetings;
- n assuring the sufficiency of the time for discussion at board meetings;

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- n leading, in conjunction with the corporate governance and compensation committees, the process for evaluating the performance of the chairman and the CEO and determining their respective compensation;
- n leading on corporate governance initiatives relevant to board and committee operations;
- n in the event of the death or incapacity of the chairman of the board, serving as the acting chairman of the board until such time as a chairman of the board is selected;
- n receiving and responding to mail addressed to the board of directors; and

- n having such additional powers and responsibilities as the board of directors may from time to time assign or request.

Upon the completion of the merger between Exelon and Constellation Energy Group, Inc. (Constellation) on March 12, 2012 (the Merger), the board of directors separated the positions of chairman of the board and chief executive officer. The board appointed Mayo A. Shattuck III to the position of executive chairman and Christopher M. Crane to the position of chief executive officer.

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- n 15 of the 17 directors on the board are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company s Corporate Governance Principles.
- n In 2012, the board elected William C. Richardson as the independent Lead Director. Dr. Richardson has been a member of our board since 2005. Dr. Richardson s responsibilities as Lead Director complement Mr. Shattuck s role as chairman and Mr. Crane s role as CEO while providing independent board leadership and the necessary checks and balances to hold the board, the chairman and the CEO accountable in their respective roles.
- n The audit, compensation, corporate governance, energy delivery oversight, investment oversight and risk oversight committees are composed solely of and chaired by independent directors. The generation oversight committee is chaired by an independent director and includes Mr. Crane as a member of the committee.
- n A significant portion of the business of the Exelon board is reviewed or approved by the board s committees, and the agendas of the board s committees are driven by the independent chairs through their discussions with management.
- n The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the reports the committee chairs present to the full board.
- n The performance and compensation of the chairman and the CEO are reviewed annually by the full board in executive session under the leadership of the Lead Director and the corporate governance and compensation committees.

Information About the Board of Directors and Committees

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The board of directors held eleven meetings during 2012. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of 99.5% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting and all of them did so in 2012.

The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except when the independent directors meet in executive session, such as when they conduct performance evaluations or discuss the compensation of the chairman or the CEO, or both.

Upon the closing of the Merger, four directors who served on the Constellation board of directors were appointed to the Exelon board of directors. These directors were Ms. Ann Berzin and Messrs. Yves de Balmann, Robert Lawless and

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Mayo Shattuck III. On March 12, 2012 the newly constituted Exelon board of directors made changes to the committee memberships and certain of the committee chairs. Mr. John W. Rowe and Dr. John M. Palms also retired from the Exelon board of directors on March 12, 2012.

Ms. Berzin and Messrs. de Balmann, Lawless and Shattuck were nominated and reelected to the Exelon board of directors at the Annual Meeting of Exelon's shareholders on April 2, 2012.

On December 31, 2012, Ms. Rosemarie B. Greco and Mr. M. Walter D. Alessio retired from the Exelon board. On January 29, 2013, the Exelon board appointed Mr. Anthony K. Anderson to the Exelon board. Also, Mr. Don Thompson announced that he would not stand for reelection as a director at the 2013 Annual Meeting.

In 2012, seven standing committees assisted the board in carrying out its duties: the audit committee, the compensation committee, the corporate governance committee, the energy delivery oversight committee, the generation oversight committee, the investment oversight committee, and the risk oversight committee. The committees, their membership during 2012 and their principal responsibilities are described below:

Audit	Compensation	Corporate Governance	Energy Delivery Oversight	Generation Oversight	Investment Oversight	Risk Oversight
Anderson ¹	Canning (Chair) ⁷	Canning	Berzin ²	Crane	Gin	Berzin ²
Berzin ²	D. Alessio ⁸	D. Alessio ⁸	DeBenedictis (Chair)	DeBenedictis	Joskow	de Balmann ²
Canning ³	Greco ⁸	DeBenedictis	Diaz	Diaz	Richardson	Diaz
de Balmann ²	Lawless ²	Gin	Greco ⁸	Mies (Chair)	Rogers (Chair)	Gin ⁶
Gin (Chair) ⁴	Richardson	Greco ⁸	Joskow	Palms ⁵		Joskow
Joskow	Steinour	Lawless (Chair) ²	Ridge			Mies
Mies	Thompson	Mies	Thompson			Palms ⁵
Palms ^{5,6}		Palms ⁵				Richardson ⁹
Richardson		Richardson				Ridge
Steinour		Rogers				Rogers ⁹
						Steinour (Chair) ²

Notes to Committee Membership Table:

- 1) Anthony K. Anderson became a member of the audit committee effective March 1, 2013.
- 2) Effective March 12, 2012.
- 3) John A. Canning, Jr. resigned from the audit committee effective August 1, 2012.
- 4) Sue L. Gin was appointed chair of the audit committee effective March 12, 2012.
- 5) John M. Palms retired from the Exelon board effective March 12, 2012.
- 6) Chair through March 12, 2012.
- 7) John A. Canning, Jr. was appointed chair of the compensation committee effective January 1, 2013.
- 8) Rosemarie B. Greco and M. Walter D. Alessio retired from the Exelon board effective December 31, 2012.
- 9) Member through March 12, 2012.

Board Oversight of Risk

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has an enterprise risk management group consisting of a Chief Risk Officer and a full-time staff of 161. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has a risk management committee of company officers and other management personnel, who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Risk Officer and the risk management committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and

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mitigate those risks. In addition, the Chief Risk Officer and risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the likelihood and magnitude of the identified risks. The Chief Risk Officer and senior executives of the company discuss those risks with the risk oversight and audit committees of the Exelon board of directors and, when appropriate, the Baltimore Gas & Electric Company (BGE), the Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO) boards of directors. In addition, the Exelon board s generation oversight and energy delivery oversight committees, respectively, evaluate risks related to the company s generation and energy delivery businesses. The committees of the Exelon board regularly report to the full board on the committees discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities.

Board/Committee/Director Evaluation

The board has a three-part annual evaluation process that is coordinated by the Lead Director and the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO s performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments involve a discussion among the Lead Director and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the Lead Director, the chairman of the corporate governance committee or the chairman of the board provides individual feedback, as necessary. The assessments focus on both strengths and opportunities for improvement.

Director Education

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of white papers, covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

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Audit Committee

The audit committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The audit committee met ten times in 2012. Under its charter, the audit committee's principal duties include:

- n Reviewing financial reporting, accounting practices and internal control functions;

- n With the assistance of the risk oversight committee, reviewing and making recommendations to the full board regarding risk management policy and legal and regulatory compliance;

- n Recommending the independent accountant;

- n Approving the scope of the annual audits by the independent accountant and internal auditors; and

- n Reviewing officers' and directors' expenses and compliance with Exelon's Code of Business Conduct.

The audit committee receives an annual report from the risk oversight committee regarding corporate risk management policy and other areas overseen by the risk oversight committee. On occasion, the audit and risk committees meet jointly to review areas of overlap between the two committees.

The committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent accountant, the internal auditors and the chief legal officer.

The board of directors has determined that each of the members of the audit committee is an audit committee financial expert for purposes of the SEC's rules.

The board of directors also has determined that each of the members of the audit committee is independent as defined by the rules of the NYSE and our Corporate Governance Principles.

Report of the Audit Committee

In fulfilling its responsibilities, the Exelon audit committee has reviewed and discussed the audited financial statements contained in the 2012 Annual Report on SEC Form 10-K with Exelon Corporation's management and the independent accountant. The Exelon audit committee discussed with the independent accountant the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Exelon audit committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee regarding independence and has discussed with the independent accountant the independent accountant's independence.

In reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors has approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, for filing with the SEC.

The committee has a charter that has been approved by the Exelon board of directors.

February 18, 2013

The Audit Committee

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Sue L. Gin, Chair

Ann C. Berzin

Yves C. de Balmann

Paul L. Joskow

Richard W. Mies

William C. Richardson

Stephen D. Steinour

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Compensation Committee

The compensation committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The compensation committee met eight times in 2012.

The compensation committee's principal duties, as discussed in its charter, include:

- n Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives; and
- n Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation.

Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation committee (and the independent directors with respect to the compensation of executive vice presidents and higher officers) makes the final determinations with respect to compensation programs and adjustments. The executive chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation committee, except when the compensation committee meets in executive session to discuss, for example, the executive chairman's or the CEO's own compensation. The executive chairman and the CEO cannot call meetings of the compensation committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation committee reviews the recommendations and establishes the final goals. The compensation committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier. Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation committee. The human resources function provides to the compensation committee and the independent directors data showing the history of the compensation of the chairman and the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the chairman and the CEO, but the executive officers, the chairman and the CEO do not make any recommendation to the compensation committee or the independent directors with respect to the compensation of the chairman or the CEO.

The compensation committee has delegated to the CEO the authority to make off-cycle awards to employees who are not subject to the limitations of Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 1,200,000 options in the aggregate, and 20,000 options per recipient in any year. The compensation committee reviews and ratifies these grants. On rare occasions, stock options are granted to new hires on the date they commence employment.

Compensation Consultant

Pursuant to the compensation committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee. For many years the committee relied on Mr. Richard Meischeid of Pay Governance LLC as its independent compensation consultant.

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In July 2012 the compensation committee determined that because of the changes to the company that resulted from the completion of the Merger with Constellation, it would be appropriate to conduct a request for proposal (RFP) process to determine whether to continue to retain Pay Governance as its independent consultant or to retain a different firm. Seven firms (including Pay Governance) were invited to participate in the RFP process; six firms responded. The RFP elicited information about the scope of services the firms would provide; their independence; their diversity; their understanding of the energy industry, Exelon's business environment, and specific executive compensation issues. After reviewing the responses to the RFP and meetings of three committee members with three of the responding firms, the committee determined in November 2012 to engage Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. In engaging Semler Brossy, the compensation committee considered the following factors in determining that Ms. Jones and the firm would be independent consultants and did not have any conflicts of interest:

- n The compensation committee members who screened and interviewed the candidates determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research and benchmarking;
- n Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company;
- n the firm's policies would preclude any of the firm's consultants providing services to the committee from owning any Exelon stock and none of the persons identified for the consulting team owned any Exelon stock;
- n the firm has formal written policies designed to prevent conflicts of interest; and
- n there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Ms. Greco, then the chair of the compensation committee, had known Ms. Jones in connection with her previous engagement as a consultant to the compensation committee at another company where Ms. Greco had served as a member of the compensation committee, and Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

As part of its ongoing services to the compensation committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the compensation committee, the compensation consultant does the following:

- n Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- n Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- n Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- n Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation committee in preparing their recommendations to the full board of directors or, in the case of the CEO and the executive chairman, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation

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consultant attends the compensation committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee adopted a formal compensation consultant independence policy in July 2009 that codified its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com, under the investor relations tab. The purpose of the policy is to ensure that the advisers or

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consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the compensation committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2012, the total fees paid to Pay Governance was \$554,000, of which \$6,000 was for additional services for Exelon unrelated to its service as consultant to the compensation committee and \$183,000 was for additional services to a subsidiary of Constellation under an ongoing engagement that began before the Merger closed in March 2012. Such additional services were approved by management. For 2012, the total fees paid to Semler Brossy was \$92,000; no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation committee.

Compensation Committee Interlocks and Insider Participation

During fiscal 2012 and as of the date of this proxy statement, none of the members of the compensation committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation committee or board of directors.

Corporate Governance Committee

The corporate governance committee met four times in 2012. All members of the committee are independent directors.

In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- n Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- n Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- n Identifying potential director candidates and coordinating the nominating process for directors;
- n Coordinating the board's role in establishing performance criteria for the chairman and the CEO and evaluating the performance of the chairman and the CEO;
- n Monitoring succession planning and executive leadership development;
- n Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change, sustainability and the Exelon 2020 plan;
- n Approving or amending delegations of authority for Exelon and its subsidiaries; and

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n Overseeing Exelon's efforts to promote diversity among its directors, officers, employees and contractors. The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

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Energy Delivery Oversight Committee

The energy delivery oversight committee met four times in 2012.

The energy delivery oversight committee's principal duties, as discussed in its charter, include:

- n Overseeing the operating utilities (BGE, ComEd, PECO and Exelon Transmission Company) performance trends, compared to benchmarks, focusing on issues having cross-utility impact or opportunities for sharing best practices and lessons learned;
- n Reviewing issues having significant impact on utility capital budgets and resource adequacy to meet utility service obligations;
- n Overseeing the establishment of and compliance with policies and procedures for the management and mitigation of risks associated with the security and integrity of the transmission and distribution assets of BGE, ComEd, PECO and Exelon Transmission Company;
- n Reviewing significant legislative, regulatory and investment and recovery strategies, focusing on those with potential multi-state or multi-utility impact;
- n Reviewing significant labor and human relations policies or issues related to the operating utilities, focusing on those with potential cross-utility impact and sharing of best practices and lessons learned; and
- n Reviewing significant environmental, health and safety policies or practices related to the operating utilities.

Generation Oversight Committee

The generation oversight committee met five times in 2012.

The generation oversight committee's principal duties, as discussed in its charter, include:

- n Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- n Reviewing major investments and changes in strategy regarding the generating facilities;
- n Reviewing the budget and business plans of Exelon Generation and monitoring its operating and financial performance;
- n Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and

- n Reviewing environmental, health and safety issues related to Exelon Generation.

Investment Oversight Committee

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2012.

The investment oversight committee's principal duties, as discussed in its charter, include:

- n Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- n Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- n Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;

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- n Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- n Overseeing the administration of the nuclear decommissioning trusts; and
- n Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

Risk Oversight Committee

The risk oversight committee met four times in 2012.

The risk oversight committee's principal duties, as discussed in its current charter, include:

- n Overseeing the company's risk management functions;
- n Reporting to the audit committee and to the full board regarding corporate risk management policy (including financial risks, legal and regulatory risks), power marketing, power trading risk management strategy, nuclear fuels procurement and performance, and the hedged condition of the generation portfolio; and
- n Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

The risk oversight committee also monitors the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies, and liquidity and related financial risks of Exelon and its major subsidiaries. The committee also oversees or approves the capital management and planning process, including capital investments, acquisitions and divestitures.

Director Independence

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation committee members under rules of the SEC (for members of the audit and compensation committees) and the Internal Revenue Service (for members of the compensation committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of \$1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of \$1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a

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material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of \$1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather

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information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Shattuck is not considered an independent director because of his recent employment as executive chairman. Mr. Crane is not considered an independent director because of his employment as chief executive officer of Exelon. Each of the other current Exelon directors and each director who retired in 2012 (other than Mr. Rowe) was determined by our board of directors to be independent under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries.

None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

[Anthony K. Anderson](#)