EXELON GENERATION CO LLC
Form 10-K/A
February 19, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2008

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Exact Name of Registrant as Specified in its Charter; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	**EXELON CORPORATION** **(a Pennsylvania corporation)** 10 South Dearborn Street P.O. Box 805379	23-2990190

Chicago, Illinois 60680-5379

(312) 394-7398

333-85496	**EXELON GENERATION COMPANY, LLC** **(a Pennsylvania limited liability company)** 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	**COMMONWEALTH EDISON COMPANY** **(an Illinois corporation)** 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	**PECO ENERGY COMPANY** **(a Pennsylvania corporation)** P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
EXELON CORPORATION:	
Common Stock, without par value	New York, Chicago and Philadelphia
PECO ENERGY COMPANY:	
Cumulative Preferred Stock, without par value: $4.68 Series, $4.40 Series, $4.30 Series and $3.80 Series	New York
Trust Receipts of PECO Energy Capital Trust III, each representing a 7.38% Cumulative Preferred Security, Series D, $25 stated value, issued by PECO Energy Capital, L.P. and unconditionally guaranteed by PECO Energy Company	New York

Securities registered pursuant to Section 12(g) of the Act:

COMMONWEALTH EDISON COMPANY:

Common Stock Purchase Warrants, 1971 Warrants and Series B Warrants

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Exelon Corporation	Yes x	No ¨
Exelon Generation Company, LLC	Yes x	No ¨
Commonwealth Edison Company	Yes x	No ¨
PECO Energy Company	Yes x	No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Exelon Corporation	Yes ¨	No x
Exelon Generation Company, LLC	Yes ¨	No x
Commonwealth Edison Company	Yes ¨	No x
PECO Energy Company	Yes ¨	No x

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	ü			
Exelon Generation Company, LLC			ü	
Commonwealth Edison Company			ü	
PECO Energy Company			ü	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Exelon Corporation	Yes ¨	No x
Exelon Generation Company, LLC	Yes ¨	No x
Commonwealth Edison Company	Yes ¨	No x
PECO Energy Company	Yes ¨	No x

The estimated aggregate market value of the voting and non-voting common equity held by nonaffiliates of each registrant as of June 30, 2008, was as follows:

Exelon Corporation Common Stock, without par value	$ 59,092,745,316
Exelon Generation Company, LLC	Not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	No established market
PECO Energy Company Common Stock, without par value	None

The number of shares outstanding of each registrant s common stock as of January 30, 2009 was as follows:

Exelon Corporation Common Stock, without par value	658,242,488
Exelon Generation Company, LLC	Not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,519
PECO Energy Company Common Stock, without par value	170,478,507

Documents Incorporated by Reference

Portions of the Exelon Proxy Statement for the 2009 Annual Meeting of Shareholders are incorporated by reference in Part III.

TABLE OF CONTENTS

		Page No.
EXPLANATORY NOTE		1
FILING FORMAT		1
FORWARD-LOOKING STATEMENTS		1
PART III		
ITEM 11.	EXECUTIVE COMPENSATION	2
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	53
PART IV		
ITEM 15.	EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	57
SIGNATURES		58
	Exelon Corporation	58
	Exelon Generation Company, LLC	58
	Commonwealth Edison Company	58
	PECO Energy Company	58
CERTIFICATION EXHIBITS		59

EXPLANATORY NOTE

Exelon, Generation, ComEd and PECO are filing this amendment on Form 10-K/A to disclose required non-employee director compensation disclosures in Item 11 - Executive Compensation and to update the security ownership disclosures in Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters to include information from Schedules 13G filed by certain beneficial owners after the original 10-K was filed on February 6, 2009. This amendment on Form 10-K/A does not change any other part of the disclosures in Items 11 or 12 or any of the previously reported financial statements or other disclosures contained in the original Form 10-K filed on February 6, 2009.

FILING FORMAT

This combined Form 10-K/A is being filed separately by Exelon Corporation (Exelon), Exelon Generation Company, LLC (Generation), Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO) (collectively, the Registrants). Information contained herein relating to any individual registrant is filed by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant.

FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this Report are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by a registrant include (a) those factors discussed in the original Form 10-K and herein, including those factors with respect to such registrant discussed in ITEM 1A. Risk Factors, ITEM 7. Management s Discussion and Analysis of Financial Condition and Results of Operation, and ITEM 8. Financial Statements and Supplementary Data: Note 18 and (b) other factors discussed in filings with the United States Securities and Exchange Commission (SEC) by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of the original Form 10-K. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of the original Form 10-K.

PART III

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Objectives of the Compensation Program

The compensation committee has designed Exelon s executive compensation program to attract and retain outstanding executives. The compensation programs are designed to motivate and reward senior management for achieving financial, operational and strategic success consistent with Exelon s goal of being the best group of electric generation and electric and gas delivery companies in the country, thereby building value for shareholders. Exelon s compensation program has three principles, as described below:

1. A substantial portion of compensation should be performance-based.

The compensation committee has adopted a pay-for-performance philosophy, which places an emphasis on pay-at-risk. Exelon s compensation program is designed to reward superior performance, that is, meeting or exceeding financial and operational goals set by the compensation committee. When excellent performance is achieved, pay will increase. Failure to achieve the target goals established by the compensation committee will result in lower pay. There are pay-for-performance features in both cash and equity-based compensation. The named executive officers (NEOs) listed in the Summary Compensation Table participate in an annual incentive plan that provides cash compensation based on the achievement of performance goals established each year by the compensation committee. A substantial portion of each NEO s equity-based compensation is in the form of performance share units that are paid to the extent that longer-range performance goals set by the compensation committee are met, with the balance delivered in stock options that have value only to the extent that Exelon s stock price increases following the option grant date. As a result of the performance-based features of his cash and equity-based compensation, 82% of Mr. Rowe s 2008 target total direct compensation (base salary plus annual and long-term incentive compensation) was at-risk. Similarly, of the other NEOs 2008 target total direct compensation, approximately 51% to 73% was at-risk.

Recoupment Policy

Consistent with the pay-for-performance policy, in May 2007 the board of directors adopted a recoupment policy as part of Exelon s corporate governance principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;

- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

2. A substantial portion of compensation should be granted as equity-based awards.

The compensation committee believes that a substantial portion of compensation should be in the form of equity-based awards in order to align the interests of the NEOs with Exelon s shareholders. The objective is to make the NEOs think and act like owners. Equity-based compensation is in the form of performance share units, stock options, and restricted stock units that are valued in relation to Exelon s common stock, and they gain value in relation to the market price of Exelon s stock or Exelon s total shareholder return in comparison to other energy services companies and/or general industry. Conversely, when the market price of Exelon s stock decreases, the value of the equity compensation decreases. The NEOs have been affected by the decline in the market value of Exelon s stock price in 2008 in three ways. First, the stock options awarded in 2008, 2007 and 2006 are not in the money. Second, the target number of performance shares for the 2006-2008 performance period was based on the January 2008 stock price of approximately $73, while the shares awarded in January 2009 were worth approximately $56. As a result, while Exelon s total shareholder return performance was at 200% of target, as described below, the value of the shares paid out was only about 153% of the target value. Third, the value of the accumulated equity that the NEOs retained from prior compensation declined.

3. Exelon s compensation program should enable the company to compete for and retain outstanding executive talent.

Exelon s shareholders are best served when we can successfully recruit and retain talented executives with compensation that is competitive and fair. The compensation committee strives to deliver total direct compensation generally at the median (the 50^{th} percentile), which is deemed to be the competitive level of pay of executives in comparable positions at certain peer companies with which we compete for executive talent. If Exelon s performance is at target, the compensation will be targeted at the 50^{th} percentile; if Exelon s performance is above target, the compensation will be targeted above the 50^{th} percentile, and if performance is below target, the compensation will be targeted below the 50^{th} percentile. This concept reinforces the pay-for-performance philosophy.

Each year the compensation committee commissions its consultant to prepare a study to benchmark total direct compensation against a peer group of companies. The study includes an assessment of competitive compensation levels at high-performing energy services companies and other large, capital asset-intensive companies in general industry, since the company competes for executive talent with companies in both groups. All competitive data was aged to January 2008 using a 3.75% annual update factor. The study indicated that a steady state was appropriate, with an average of 4% increases to base salaries and relatively unchanged targets for annual and long-term incentives, and that no changes were needed for the long-term incentive mix and design. The consultant considered Exelon s organizational changes to determine how Exelon s positions compared with positions at its peers by establishing a benchmark match for each Exelon executive in the competitive market, where available, and reviewed each element of compensation as well as total direct compensation.

The peer group criteria include having revenue similar to Exelon s, market capitalization generally greater than $5 billion, and a balance of industry segments. The members of the peer group are reviewed each year to determine whether their inclusion continues to be appropriate. Generally the peer group is comprised of 24 companies: 12 general industry companies and 12 energy services companies. The companies were selected by the compensation committee from the Towers Perrin Energy Services Industry Executive Compensation Database and their Executive Compensation Database. The peer group was the same in 2008 as it was in 2007 and 2006, except that for 2008 Bell South, which was acquired by AT&T in late 2006, was replaced by Hess Corporation because it met the criteria with revenues similar to Exelon s and is a domestic, asset-intensive company similar in size to Exelon. The peer group includes the following companies:

General Industry Companies	**Energy Services Companies**
3M	American Electric Power
Abbott Laboratories	Centerpoint Energy

General Industry Companies	**Energy Services Companies**
Caterpillar Inc.	Dominion Resources, Inc.
General Mills Inc.	Duke Energy Corp.
Hess Corporation	Edison International
Honeywell International	Entergy Corp.
International Paper	FirstEnergy
Johnson Controls Inc.	PG&E Corp.
PepsiCo Inc.	Public Service Enterprise Group Inc.
PPG Industries, Inc.	Southern Co.
Union Pacific Corp.	TXU Corp.*
Weyerhaeuser Company	Xcel Energy, Inc.

* Included prior to privatization in 2008.

The compensation committee generally applies the same policies with respect to the compensation of each of the individual NEOs. The compensation committee carefully considers the roles and responsibilities of each of the NEOs relative to the peer group, as well as the individual s performance and contribution to the performance of the business in establishing the compensation opportunity for each NEO. The differences in the amounts of compensation awarded to the NEOs reflect primarily two factors, the differences in the compensation paid to officers in comparable positions in the peer group and differences in the individual responsibility and experience of the Exelon officers. Time in position affects where individuals are relative to market percentiles, with cash compensation generally at the median and incentive compensation slightly above the median. The nuclear organization s pay is generally closer to the 75^{th} percentile given the size and quality of Exelon s nuclear fleet, and certain positions are at the 75^{th} percentile because of unusual expertise in regulatory or nuclear matters. The delivery company presidents were evaluated as a blend of top energy delivery executives and freestanding CEOs, given the amount of independence they have. Mr. Rowe s target compensation was based on the same factors as the other NEOs, but his compensation reflected a greater degree of policy and decision-making authority and a higher level of responsibility with respect to strategic direction and financial and operating results of Exelon. His target compensation was assessed relative to other CEOs in the peer group. Mr. Rowe s compensation also reflects the fact that Exelon has the largest market capitalization in the industry and that Exelon has the largest nuclear fleet in the industry. It also reflects that Mr. Rowe is the senior CEO in the industry.

The role of individual performance in setting compensation

While the consideration of benchmarking data to assure that Exelon s compensation is competitive is a critical component of compensation decisions, individual performance is factored into the setting of compensation in three ways:

First, base salary adjustments are based on an assessment of the individual s performance in the preceding year as well as a comparison with market data for comparable positions in the peer group.

Second, annual incentive targets are based on the individual s role in the enterprise the most senior officers with responsibilities that span specific business units or functions have a target based on earnings per share for the company as a whole, while individuals with specific functional or business unit responsibilities have a significant portion of their targets based on the performance of that functional or business unit.

Third, consideration is given as to whether an individual performance multiplier would be appropriately applied to the individual s annual incentive plan award, based on the individual s

4

performance. The individual performance multiplier can result in a decision not to make an award or to decrease the amount of the award or to increase the amount of the award by up to 10% so long as the adjusted award does not exceed the maximum amount that could be paid to the executive based on achievement of the objective performance criteria applicable under the plan.

Elements of Compensation

This section is an overview of our compensation program for NEOs. It describes the various elements and discusses matters relating to those items, including why the compensation committee chooses to include items in the compensation program. The next section describes how 2008 compensation was determined and awarded to the NEOs.

Exelon s executive compensation program is comprised of four elements: base salary; annual incentives; long-term incentives; and other benefits.

Cash compensation is comprised of base salary and annual incentives. Equity compensation is delivered through long-term incentives. Together, these elements are designed to balance short-term and longer-range business objectives and to align NEOs financial rewards with shareholders interests. Approximately 37% to 67% of NEOs total target direct compensation is delivered in the form of cash. Equity compensation accounts for approximately 33% to 63% of NEO total target direct compensation. The range in the mix of cash and equity compensation is consistent with competitive compensation practices among companies in the peer group. The compensation committee believes that this mix of cash and equity compensation strikes the right balance of incentives to pursue specific short and long-term performance goals that drive shareholder value.

Base Salary

Exelon s compensation program for NEOs is designed so that approximately 18% to 49% of NEO total direct compensation is in the form of base salary, consistent with practices at the companies in the peer group.

Annual Incentives

Annual incentive compensation is designed to provide incentives for achieving short-term financial and operational goals for the company as a whole, and for subsidiaries, individual business units and operating groups, as appropriate. Under the annual incentive program, cash awards are made to NEOs and other employees if, and only to the extent that, performance conditions set by the compensation committee are met. The amount of the annual incentive target opportunity is expressed as a percentage of the officer s or employee s base salary, and actual awards are determined using the base salary at the end of the year. Threshold, target and distinguished (i.e., maximum) achievement levels are established for each goal. Threshold is set at the minimally acceptable level of performance, for a payout of 50% of target. Target is set consistent with the achievement of the business plan objectives. Distinguished is set at a level that significantly exceeds the business plan and has a low probability of payout, and is capped at 200% of target. Awards are interpolated to the extent performance falls between the threshold, target and distinguished levels.

Long-term Incentives

Long-term incentives are made available to executives and key management employees who affect the long-term success of the company. The long-term incentive compensation programs are primarily equity based and designed to provide incentives and rewards closely related to the interests of Exelon s shareholders, generally as measured by the performance of Exelon s total shareholder return and stock price appreciation.

A portion of the long-term incentive compensation is in the form of performance share units that are awarded only to the extent that performance conditions established by the compensation committee are met. The balance of long-term incentive compensation is in the form of time-vested stock options that provide value only if, and to the extent that, the market price of Exelon s common stock increases following the grant. The use of both forms of long-term incentives is consistent with the practices in our peer group. The mix of long-term incentives depends on the compensation committee s assessment of competitive compensation practices of companies in the peer group.

In 2007, consistent with the continuing efforts to recognize ComEd s independence, the compensation committee recommended, and the ComEd board adopted, a separate long-term incentive program for ComEd s executives for the period 2007-2009. The goals under the ComEd long-term incentive program are the achievement of ComEd financial, operational, and regulatory/legislative goals. Payments under this plan are made in cash, and are awarded annually by the ComEd board based on the assessment of performance during the year. Other features of the program are similar to the Exelon performance share award program, including the payout of awards ranging from 0-200% of target and vesting over three years.

Stock Options

Individuals receiving stock options are provided the right to buy a fixed number of shares of Exelon common stock at the closing price of such stock on the grant date. The target for the number of options awarded is determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the compensation committee using a Black-Scholes valuation formula. Options vest in equal annual installments over a four-year period and have a term of ten years. Time vesting adds a retention element to our stock option program. Stock option repricing is prohibited by policy or the terms of the company s long-term incentive plans. Accordingly, no options have been repriced. Stock option awards are generally granted annually at the regularly scheduled January compensation committee meeting when the committee reviews results for the preceding year and establishes the compensation program for the coming year. Only one off-cycle grant of stock options was made in 2008. All grants to the NEOs must be approved by the full board of directors, which acts after receiving a recommendation from the compensation committee, except grants to Mr. Rowe, which must be approved by the independent directors, who act after receiving recommendation from the compensation committee.

Performance Share Units

The compensation committee established a performance share unit award program based on total shareholder return for Exelon as compared to the companies in the Standard & Poor s 500 Index and the Dow Jones Utility Index for a three-year period. The threshold, target and distinguished goals for performance unit share awards are established on the grant date (generally the date of the first compensation committee meeting in the fiscal year). The actual performance against the goals and the number of performance unit share awards are established on the award date (generally the date of the first compensation committee meeting after the completion of the fiscal year). The first third of the awarded performance shares vests upon the award date, with the remaining thirds vesting on the date of the compensation committee s January meeting in the next two years. The vesting schedule is designed to add a retention factor to the program. The form of payment provides for payment in Exelon common stock to executives with lower levels of stock ownership, with increasing portions of the payments being made in cash as executives stock ownership levels increase in excess of the ownership guidelines. If an executive achieves 125% or more of the applicable ownership target, performance shares will be paid half in cash and half in stock. If executive vice presidents and above achieve 200% or more of their applicable stock ownership target, their performance shares will be paid entirely in cash. This payment structure serves to deliver the long-term compensation in cash where the executive has substantially greater than the required stock ownership and provides the executive with liquidity and the opportunity for diversification.

Restricted Stock & Restricted Stock Units

In limited cases, the compensation committee has determined that it is necessary to grant restricted shares of Exelon common stock or restricted stock units to executives as a means to recruit and retain talent. They may be used for new hires to offset annual or long-term incentives that are forfeited from a previous employer. They are also used as a retention vehicle and are subject to forfeiture if the executive voluntarily terminates, and in some cases may incorporate performance criteria as well as time-based vesting.

Executive stock ownership and trading requirements

To strengthen the alignment of executives interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock by the later of five years after their employment or promotion to their current position. However, in 2007 the compensation committee terminated the stock ownership requirements for ComEd officers in light of the continuing efforts to recognize ComEd s independence and the compensation committee s recommendation that ComEd officers participate in a separate cash-based long-term incentive program instead of receiving Exelon performance shares. For additional information about Exelon s stock ownership guidelines, please see the Stock Ownership Guidelines section in Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Exelon has adopted a policy requiring officers, executive vice presidents and above, who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Section 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon s stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information that could damage the reputation of the company. Many of the NEOs have such plans, and their exercises during 2008 are reflected in the Option Exercises and Stock Vested table below. Exelon s stock trading policy does not permit short sales or hedging.

Other Benefits

Other benefits offered by Exelon include such things as qualified and non-qualified deferred compensation programs, post-termination compensation, retirement benefit plans and perquisites. The company also provides other benefits such as medical and dental coverage and life insurance to each NEO to generally the same extent as such benefits are provided to other Exelon employees, except that executives pay a higher percentage of their total medical premium. These benefits are intended to make our executives more efficient and effective and provide for their health, well-being and retirement planning needs. The compensation committee reviews these other benefits to confirm that they are reasonable and competitive in light of the overall goal of designing the compensation program to attract and retain talent while maximizing the interests of our shareholders.

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Deferred Compensation Plan is a non-qualified plan that permits executives and key managers to defer contributions that would be made to the Exelon Corporation Employee Savings Plan (the company s tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Deferred Compensation Plan permits participants to defer taxation of a portion of their income. It benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Employee Savings Plan is tax-qualified under Sections 401(a) and 401(k) of the Internal Revenue Code (the Code). Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plan to enable management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS for purposes of Federal tax policy.

The Stock Deferral Plan is a non-qualified plan that permitted executives to defer performance share units prior to 2007.

In response to declining plan enrollment and the administrative complexity of compliance with Section 409A of the Code, the compensation committee approved amendments to the Deferred Compensation and Stock Deferral Plans at its December 4, 2006 meeting. The amendments cease future compensation deferrals for the Stock Deferral Plan and Deferred Compensation Plan other than the excess Employee Savings Plan contribution deferrals. For more information about the amendments, please see Nonqualified Deferred Compensation.

Change In Control and Severance Benefits

The compensation committee believes that change in control employment agreements and severance benefits are an important part of Exelon s compensation structure for NEOs. The compensation committee believes that these agreements will help to secure the continued employment and dedication of the NEOs to continue to work in the best interests of shareholders, notwithstanding any concern they might have regarding their own continued employment prior to or following a change in control. The compensation committee also believes that these agreements and the Exelon Corporation Senior Management Severance Plan are important as recruitment and retention devices, as all or nearly all of the companies with which Exelon competes for executive talent have similar protections in place for their senior leadership.

Exelon s change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon s predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the executive committee and select senior vice presidents other than the CEO. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for good reason , clarified the definition of cause , and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee s consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon s severance policies. In discussing the compensation consultant s December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon s change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive.

8

In 2007, the compensation committee adopted a policy limiting the amount of future severance benefits to be paid to NEOs under future arrangements without shareholder approval to 2.99 times salary plus annual incentive. This policy clarifies that severance benefits include cash severance payments and other post-employment benefits and perquisites, but do not include:

- Amounts earned in the ordinary course of employment rather than upon termination, such as pension benefits and retiree medical benefits;
- Amounts payable under plans approved by shareholders;
- Amounts available to one or more classes of employees other than the NEOs;
- Excise tax gross-up payments, but only if the compensation includable in determining whether excise taxes apply exceed 110% of the threshold amount; otherwise the NEO s benefits are reduced so that no excise tax is imposed; and
- Amounts that may be required by existing agreements that have not been materially modified, Exelon s indemnification obligations or the reasonable terms of a settlement agreement.

In April 2008, the compensation committee reviewed the level of non-change in control severance benefits provided to senior vice presidents. These benefits had varied over time as the corporate organization evolved from 1.25 to 2 times annual salary and incentive. The compensation consultant reported that 1.5 times annual salary and incentive was more appropriate and consistent with competitive practices. The compensation committee determined that non-change in control severance benefits for senior vice presidents would be reset at 1.5 times annual salary and bonus, provided that those senior vice presidents with such benefits at 2 times annual salary and bonus would be grandfathered at that level. In December 2008, the individual change in control employment agreements provided to the NEOs (other than the CEO) and certain other executives were amended to comply with section 409A of the Internal Revenue Code, which requires that certain payments of deferred compensation be paid not earlier than six months following a termination of employment. In addition, the severance multiple available to executives who entered into such agreements prior to 2007 was reduced from 3.0 to 2.99 times base salary and annual incentive, consistent with the 2007 compensation committee policy described immediately above, and the board s recoupment policy was incorporated.

Retirement Benefit Plans

The compensation committee believes that retirement benefit plans are an important part of the NEO compensation program. These plans serve a critically important role in the retention of senior executives, as retirement benefits increase for each year that these executives remain employed. The plans thereby encourage our most senior executives to remain employed and continue their work on behalf of the shareholders. Exelon sponsors both qualified traditional defined benefit and cash balance defined benefit pension plans and related non-qualified supplemental pension plans (the SERPs).

Exelon previously granted additional years of credited service under the SERP to a few executives in order to recruit or retain them. As of January 1, 2004, Exelon ceased the practice of granting additional years of credited service to executives under the non-qualified pension plans that supplement the Exelon Corporation Retirement Program for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date. Service credits available under employment, change in control or severance agreements or arrangements (or any successor arrangements) in effect as of January 1, 2004 were not affected by this policy. To attract a new executive, Exelon is permitted to grant additional years of service under the SERP related to its cash balance pension plan to make the executive whole for retirement benefits lost from another employer by joining Exelon, provided such a grant is disclosed to shareholders. To date, Exelon has not made any such grant.

Perquisites

Exelon provides limited perquisites intended to serve specific business needs for the benefit of Exelon; however, it is understood that some may be used for personal reasons as well. When perquisites are utilized for personal reasons, the cost or value is imputed to the officer as income and the officer is responsible for all applicable taxes; however, in certain cases, the personal benefit is closely associated with the business purpose in which case the company may reimburse the officer for the taxes due on the imputed income. In 2005, the compensation consultant reviewed Exelon s perquisites program. Although specific data for Exelon s peer group was not available, the compensation consultant based its analysis on survey data for large energy and general industry companies. The compensation consultant found that Exelon s perquisite program was competitive. The compensation committee reviewed the costs of the perquisite program and determined the costs to be appropriate for a company of Exelon s size.

Anticipating an emerging trend among the peer group to curtail perquisite programs in the future, on January 22, 2007 the compensation committee approved the phase-out of many executive perquisites, effective January 1, 2008. The eliminated perquisites included: leased vehicles (existing leases allowed to expire), financial and estate planning, tax preparation and health and dining/airline club memberships. The phase-out approach included a one-time transition payment in January 2008. The amounts of the transition payments are reflected in the column headed All Other Compensation in the Summary Compensation Table and are detailed in the table headed Perquisites that follows that table. Mr. Rowe did not receive a transition payment. Exelon continues to provide executive physicals, parking in downtown Chicago, supplemental long-term disability insurance and executive life insurance for those with existing policies. Exelon provides Mr. Rowe with 60 hours of personal travel per year on the corporate aircraft and car and driver services because of the time commitments his position requires.

How The Amount of 2008 Compensation Was Determined

This section describes how 2008 compensation was determined and awarded to the NEOs.

The independent directors of the Exelon board, on the recommendations of the Exelon corporate governance committee, conducted a thorough review of Mr. Rowe s performance in 2008. The review considered performance requirements in the areas of finance and operations, strategic planning and implementation, succession planning and organizational goals, communications and external relations, board relations, leadership, and shareholder relations. Mr. Rowe prepared a detailed self-assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company s vision and goals. The factors considered included:

- goals with respect to protecting the current value of the company, including:

    delivering superior operating performance in terms of safety, reliability, efficiency, and the environment,

    supporting competitive markets,

    protecting the value of our generation assets, and building healthy, self-sustaining delivery companies; as well as

- goals relating to growing long-term value, including:

    organizational improvement,

    advancing an environmental strategy that sets the industry standard for low carbon energy generation and delivery, and

    rigorously evaluating new growth opportunities.

The Exelon board considered, in particular, outage frequency at the energy delivery companies, the high average capacity factor of the nuclear generating plants, above target results in operating earnings, notwithstanding the current economic turmoil, and improvements in safety and environmental performance, as well as challenges such as the decline in the value of the pension and nuclear decommissioning funds and increased bad debt expenses. The board also considered 2008 progress in advancing longer-term goals, including the formulation of Exelon s low carbon strategy and diversity and inclusion strategy, leadership in addressing regulatory issues, and progress toward building value through disciplined financial management.

How base salary was determined

At its January 28, 2008 meeting, the compensation committee considered organizational changes recommended by the corporate governance committee, subject to approval by the board of directors that was made on January 29, 2008. These changes included promoting Mr. McLean to Executive Vice President, Finance and Markets and Mr. Hilzinger to Senior Vice President and Chief Financial Officer, both effective as of January 29, 2008. The compensation committee reviewed base salary data for the other NEOs listed in the Summary Compensation Table as compared to compensation data at the 50th and 75th percentile of the peer group. Based on this review and their individual performance reviews, including the review of Mr. Rowe s performance by the corporate governance committee and the independent directors, most of the NEOs received base salary increases effective as of March 1, 2008 that were in line with the average 4% increase that the consultant reported was competitive. Because Messrs. Crane, Pardee, O Brien, Adams, Clark and Mitchell received significant base salary increases in September 2007, they did not receive base salary increases effective March 1, 2008.

In July 2008, the compensation committee recommended, and the board of directors approved, base salary increases for certain NEOs in the nuclear and finance areas as well as the chief executive officers (CEOs) of ComEd and PECO. These increases were based on the compensation committee s determination that the compensation for these officers was not competitive, as evidenced by specific examples of Exelon Nuclear officers who were being recruited by other nuclear generating and engineering companies and by the resignation of several senior financial officers who left Exelon to pursue opportunities at other companies, as well as the leadership being demonstrated by the ComEd and PECO CEOs in the face of significant challenges. These base salary adjustments were effective as of August 1, 2008. In addition, Mr. Crane received a further increase in pay effective as of September 23, 2008, in connection with his promotion to President and Chief Operating Officer of Exelon and President of Generation. The amounts of base pay, percentages of increase, and effective dates of base salary increases are set forth in the following table.

Exelon, Generation and PECO

Name	Base Salary	Percent Increase	Effective Date
Rowe	$ 1,430,000	4.0%	3/1/2008
O Brien	520,000	8.3%	8/1/2008
Hilzinger	380,000	15.9%	1/29/2008
Hilzinger	425,000	11.8%	8/1/2008
Barnett	300,000	4.9%	3/1/2008
Crane	700,000	16.7%	8/1/2008
Crane	800,000	14.3%	9/23/2008
McLean	570,000	21.3%	1/29/2008
McLean	625,000	9.6%	8/1/2008
Clark	550,000	7.8%	8/1/2008
Moler	470,000	4.0%	3/1/2008
Pardee	550,000	15.8%	8/1/2008
Bonney	274,931	3.75%	3/1/2008
Galvanoni	208,000	4.0%	3/1/2008

11

ComEd

Name	Base Salary	Percent Increase	Effective Date
Clark	$ 550,000	7.8%	8/1/2008
McDonald	326,000	4.2%	3/1/2008
Hooker	300,000	7.1%	3/1/2008
Pramaggiore	338,000	4.0%	3/1/2008

How 2008 annual incentives were determined

For 2008, the annual incentive payments to Mr. Rowe and each of nine other senior executives were funded by a notional incentive pool established by the Exelon compensation committee under the Annual Incentive Plan for Senior Executives, a shareholder-approved plan, which is intended to comply with Section 162(m). The incentive pool was funded with 1.5% of Exelon s 2008 operating income, the same percentage used in 2007 and 2006, but was not fully distributed to participants because the committee decided on substantially lesser awards.

Annual incentive payments for 2008 to Messrs. Rowe, O Brien, Crane, McLean, Clark, Pardee, and Mitchell and Ms. Moler, were made from the portion of the incentive pool available to fund awards for each of them based on the company s operating earnings per share, adjusted for non-operating charges and other one-time, unusual and non-recurring items.

For executives with general corporate responsibilities, the goal was adjusted (non-GAAP) operating earnings per share so that they would focus their efforts on overall corporate performance. The earnings per share goal ranges were set to be like the forecast earnings ranges, with the annual incentive plan target slightly higher than the financial plan target. This goal was thought to be a stretch, but attainable. In accordance with the design of the annual incentive program, the compensation committee reviewed 2008 earnings and decided not to include the effects of significant one-time charges or credits that are not normally associated with ongoing operations and mark-to-market adjustments from economic hedging activities in adjusting earnings for purposes of making awards under the annual incentive plan. The adjusted earnings are consistent with the adjusted (non-GAAP) operating earnings that Exelon reports in its quarterly earnings releases. For 2008, the adjustments included:

- the cost of Illinois rate relief associated with the legislative settlement and a settlement with the City of Chicago,
- unrealized gains and losses on mark-to-market adjustments,
- a reduction in estimated decommissioning costs, and
- the positive effect of adjustments relating to sales of businesses.

2008 annual incentive payments for other NEOs with specific business unit responsibilities were based upon a combination of adjusted (non-GAAP) operating earnings per share (so that they would focus on overall corporate performance) and business unit financial and/or operating measures, depending on the nature of their responsibilities (so they would focus on the performance of their business unit). Under the terms of the plan, the business unit financial measures are adjusted from GAAP measures. For ComEd executive officers, adjusted (non-GAAP) operating earnings of Exelon were not a goal, consistent with the continuing efforts to recognize ComEd s independence as described above. ComEd s goals included other financial and operational goals. The ComEd net income goals were reduced from 50% in 2007 to 25% for 2008 and their reliability, safety and customer satisfaction goals were increased from 25% in 2007 to 50% in 2008 so that their goals would be more similar to the goals for other ComEd employees. The following table summarizes the goals and weights applicable to the NEOs for 2008:

12

Exelon, Generation and PECO

Name	Adjusted Operating Earnings Per Share	Adjusted Generation Net Income	Adjusted PECO Net Income	Exelon Nuclear Fleet-Wide Capacity Factor	Adjusted PECO Total Cost	Adjusted BSC Total Cost	PECO Reliability, Safety & Customer Satisfaction Measures	Finance Operating Expense vs. Budget
Rowe	100%	0%	0%	0%	0%	0%	0%	0%
O Brien	50%	0%	25%	0%	0%	0%	25%	0%
Hilzinger	75%	0%	0%	0%	0%	25%	0%	0%
Barnett	25%	0%	25%	0%	25%	0%	25%	0%
Crane	75%	25%	0%	0%	0%	0%	0%	0%
McLean	100%	0%	0%	0%	0%	0%	0%	0%
Moler	100%	0%	0%	0%	0%	0%	0%	0%
Pardee	50%	25%	0%	25%	0%	0%	0%	0%
Adams	25%	0%	25%	0%	25%	0%	25%	0%
Bonney	25%	0%	25%	0%	25%	0%	25%	0%
Galvanoni	50%	0%	0%	0%	0%	25%	0%	25%

(1) Mr. Clark s goals are shown below in the table for ComEd.

ComEd

Name	Adjusted ComEd Net Income	Adjusted ComEd Total Cost	ComEd Reliability, Safety & Customer Satisfaction Measures
Clark	25%	25%	50%
McDonald	25%	25%	50%
Mitchell	25%	25%	50%
Hooker	25%	25%	50%
Pramaggiore	25%	25%	50%

The following table describes the performance scale and result for the 2008 goals:

Exelon, Generation, and PECO

2008 Goals	Threshold	Target	Distinguished	2008 Results	Payout as a Percentage of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 3.65	$ 4.15	$ 4.45	$ 4.20	116.67%
Adjusted Generation Net Income ($M)	$ 2,006	$ 2,156	$ 2,256	$ 2,291.9	200.00%
Adjusted PECO Net Income ($M)	$ 350	$ 381	$ 405	$ 321.35	0.00%
Exelon Nuclear Fleet-Wide Capacity Factor	91.1%	93.1%	94.3%	93.9%	166.67%
Adjusted PECO Total Cost ($M)	$ 883	$ 835	$ 802	$ 795.86	200.00%
Adjusted BSC Total Cost ($M)	$ 638.1	$ 607.7	$ 589.5	$ 580.83	200.00%
PECO Reliability Measure - Customer Average Interruption Duration Index (CAIDI) (minutes per outage)	134	107	100	126	64.81%
PECO Reliability Measure - System Average Interruption Frequency Index (SAIFI) (outages per customer)	1.22	1.01	0.95	1.03	95.24%
PECO Reliability Measure - Gas All-In Corrective Maintenance Backlog (year-end number of tasks)	540	500	475	437	200.00%
PECO Safety Measure - Occupational Safety and Health Administration (OSHA) Recordable Rate	1.78	1.05	0.88	0.96	152.94%
PECO Customer Satisfaction (weighted combined score of residential, small commercial & industrial and large commercial & industrial customers)	69	72	75	72.10	103.33%
Finance Operating Expense vs. Budget ($M)	$ 145.8	$ 138.9	$ 134.7	$ 137.09	143.43%

ComEd

2008 Goals	Threshold	Target	Distinguished	2008 Results	Payout as a Percentage of Target
Adjusted ComEd Net Income ($M)	$ 220	$ 237	$ 260	$ 241.82	121.53%
Adjusted ComEd Total Cost ($M)	$ 1,681	$ 1,601	$ 1,552	$ 1,602.38	98.83%
ComEd Reliability Measure - CAIDI (minutes per outage)	114	95	87	116	0.00%
ComEd Reliability Measure - SAIFI (outages per customer)	1.35	1.21	1.17	1.13	200.00%
ComEd Safety Measure - OSHA Recordable Rate	1.54	1.21	1.15	1.10	200.00%
ComEd Customer Satisfaction (weighted combined score of residential, small commercial & industrial and large commercial & industrial customers)	75	77	79	79.20	200.00%

In making annual incentive awards, the compensation committee has the discretion to reduce or not pay awards even if the targets are met.

The 2008 annual incentive program included the following shareholder protection features (SPF):

- If target earnings per share are not achieved, then operating company/business unit key performance indicator payments are limited to actual performance, not to exceed 100% of the target payout

- If earnings per share are greater than or equal to target, but less than 150% of target, then the operating company/business unit key performance indicator payments are limited to 150% of target payout

If earnings per share are greater than or equal to 150% of target, operating company/business unit key performance indicators are based on actual performance.

As a result of 2008 earnings being at 116.67% of target, the operating company/business unit key performance indicators were limited to actual performance, not to exceed 150% of target. The effect of these SPF reductions is shown in the table below.

With respect to the NEOs in the table below, individual performance multipliers (IPM) other than 100% were approved and recommended by the compensation committee based upon assessments of NEO performance and input from the CEO. Under the terms of the Annual Incentive Program, the individual performance multiplier is used to adjust awards from minus 50% to plus 10% subject to the maximum 200% of target opportunity and the amounts available under the incentive pool. Increases in IPM shown below reflect exceptional performance; reductions in IPM reflect additional accountability for bad debt performance at PECO. The ACSI Proxy goal, which had been used in 2007 and prior years to either limit or increase AIP awards, was not a part of the 2008 AIP. Instead, customer satisfaction was a KPI under the PECO funding goal structure and a part of the customer satisfaction index funding KPI under the ComEd objectives.

The compensation committee noted that the zero payout under PECO net income results reflects accountability for bad debt performance in 2008, and adjusted Mr. O Brien s award to be consistent with the other PECO NEOs. The compensation committee also took into account the result in the ComEd rate case, which was viewed as favorable even though ComEd did not receive as much of a rate increase as it had requested. Accordingly, the compensation committee provided relief to the ComEd NEOs on their operating net income goal for the asset write-off resulting from the rate case. Based on the performance against the goals shown in the tables above, and taking into account the reductions resulting from the shareholder protection features and the adjustments discussed above, the compensation committee recommended and the Exelon or the ComEd board of directors, as the case may be (or in the case of Mr. Rowe, the independent directors) approved the following awards for the NEOs:

Exelon, Generation, and PECO	Payout as a % of Target (pre-SPF)	Payout $ (pre-SPF)	SPF Reduction $	Payout as a % of Target (post-SPF & pre-IPM)	Payout $ (post-SPF & pre-IPM)	IPM %	Payout $ (post-SPF & post-IPM)
Rowe	116.7%	$ 1,835,166	$ 0	116.7%	$ 1,835,166	100%	$ 1,835,166
O Brien	110.0	428,934	0	110.0	428,934	100	428,934
Hilzinger	137.5	350,625	(31,875)	125.0	318,750	100	318,750
Barnett	110.0	164,975	0	110.0	164,975	90	148,477
Crane	137.5	825,000	(75,000)	125.0	750,000	100	750,000
McLean	116.7	510,416	0	116.7	510,416	100	510,416
Moler	116.7	329,000	0	116.7	329,000	100	329,000
Pardee	150.0	495,000	(55,000)	133.3	440,000	110	484,000
Adams	110.0	175,973	0	110.0	175,973	100	175,973
Bonney	110.0	120,951	0	110.0	120,951	100	120,951
Galvanoni	144.2	104,972	(7,905)	133.3	97,067	95	92,213

(1) Mr. Clark s award is shown below in the table for ComEd.

ComEd	Payout as a % of Target (pre-IPM)	Payout $ (pre-IPM)	IPM %	Payout $ (post-IPM)
Clark	120.1%	$ 495,371	100%	$ 495,371
McDonald	120.1	195,747	100	195,747
Mitchell	120.1	331,448	100	331,448
Hooker	120.1	180,135	105	189,142
Pramaggiore	120.1	202,952	110	223,247

How long-term incentives were determined

The compensation committee reviewed the amount of long-term compensation paid in the peer group for positions comparable to the positions held by the NEOs and then applied a ratio of stock options to performance shares in order to determine the target long-term equity incentives for each NEO, using Black-Scholes valuation for stock options and a 90 day weighted-average price for the preceding quarter to value performance shares. Stock option grants for 2008 were all at the targeted amounts. The actual amounts of performance shares awarded to the NEOs depended on the extent to which the performance measures were achieved.

Stock option awards

The company granted non-qualified stock options to the Exelon Corporation senior officers, including the NEOs, but excluding the ComEd NEOs, on January 28, 2008. These options were awarded at an exercise price of $73.29, which was the closing price on the January 28, 2008 grant date. The stock option awards were all at target levels. The size of the awards granted in 2008 was smaller than in 2007, reflecting the increase in the price of Exelon s stock on the grant date in 2008 as compared to the price on the grant date in 2007.

Exelon performance share unit awards

The 2008 Long-Term Performance Share Unit Award Program was based on two measures, Exelon s three-year Total Shareholder Return (TSR), compounded monthly, as compared to the TSR for the companies listed in the Dow Jones Utility Index (60% of the award), and Exelon s three-year TSR, as compared to the companies in the Standard and Poor s 500 Index (40% of the award). This structure was consistent with the structure used in the 2007 program.

Payouts are determined based on the following scale: the threshold TSR Position Ranking, for a 50% of target payout, was the 25th percentile; the target, for a 100% payout, was 50th percentile; and distinguished, for a 200% payout, was the 75th percentile, with payouts interpolated for performance falling between the threshold, target, and distinguished levels.

Exelon exceeded target performance levels with respect to both TSR measures. For the performance period of January 1, 2006 through December 31, 2008, Exelon s relative ranking of TSR as compared to the Dow Jones Utility Index was at the distinguished level (75 percentile ranking or 200% of target payout). For the same time period, the company s relative ranking of TSR in the S&P 500 Index was at the distinguished level (85.6 percentile ranking or 200% of target payout). Overall performance against both measures combined resulted in a payout to participants for 2008 that represented 200% of each participant s target opportunity.

The amount of each NEO s target opportunity was based on the portion of the long-term incentive value for each NEO attributable to performance share units (75%) and the weighted average Exelon stock price for the fourth quarter of 2007.

Based on the formula, 2008 Performance Share Unit Awards for NEOs were as set forth in the following table. The first third of the awarded performance shares vests upon the award date, with the remaining thirds vesting on the date of the compensation committee s January meeting in the next two years.

Exelon, Generation, and PECO	**Shares**	**Value ***	**Form of Payment ****
Rowe	104,000	$ 5,877,040	100% Cash
O Brien	20,800	1,175,408	100% Cash
Hilzinger	10,000	565,100	50% Cash / 50% Stock
Barnett	6,400	361,664	50% Cash / 50% Stock
Crane	26,220	1,481,692	100% Cash
McLean	24,800	1,401,448	100% Cash
Moler	20,800	1,175,408	100% Cash
Pardee	16,800	949,368	50% Cash / 50% Stock
Adams	8,000	452,080	50% Cash / 50% Stock
Bonney	5,600	316,456	50% Cash / 50% Stock
Galvanoni	2,800	158,228	50% Cash / 50% Stock

* Based on the Exelon closing stock price of $56.51 on January 26, 2009.

** Form of payment based on stock ownership level. Stock payment means amounts paid in shares of Exelon common stock. Refer to the Stock Ownership Guidelines section in Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters. The figures in this column are not the same as the figures reported in column E of the Summary Compensation Tables because of the effect of the vesting requirement.

2007-2009 ComEd Long-Term Incentive Program

In 2007 the compensation committee recommended, and the ComEd board adopted, a long-term incentive program designed to align the incentive compensation program with ComEd s status as a fully regulated operating company. Accordingly, the program pays out in cash; there is no Exelon equity component to the program. The program for the 2007-2009 performance period is based on ComEd s executive s ability to avoid adverse legislation and maintain competitive power procurement with cost pass through as well as make appropriate progress in ComEd s 2007-2011 business plan. The measures are qualitative and quantitative and encompass financial (one-third), operational (one-third), and regulatory and legislative (one-third) goals for the three-year target. There is a subjective element to payouts under the program. Financial goals for the performance cycle are that by year-end 2009, ComEd s 2010 budget should reflect financial stability as evidenced by financial measures such as an industry median, adjusted (non-GAAP) operating return on equity, with the milestone for year-end 2008 being an adjusted (non-GAAP, e.g., excluding goodwill) return on equity at 6% with 56% debt; the threshold for this milestone is 5.6%, with distinguished at 6.6%. Operational goals are measured by ComEd CAIDI and ComEd SAIFI. The performance cycle goals are to achieve second quartile (or the level agreed to with the Illinois Commerce Commission) with targets of 1.15 and 92, respectively. The 2008 milestone is SAIFI of 1.21, with threshold at 1.35 and distinguished at 1.17, and CAIDI at 95, with threshold at 114 and distinguished at 87. The regulatory/legislative goals for the performance cycle are measured by ratemaking, preservation of the power procurement process, and avoidance of harmful legislation. The goals for the performance cycle are supporting the current delivery service tariff rate case; preparing for the next rate case using a future test year as base, if feasible; developing contingency plans for potential 2008 rate case outcomes; supporting the transmission rate case update; implementing a new horizontal RFP procurement process; working with the IPA and stakeholders to obtain ICC approval of the 2009-2010 procurement plan; developing and supporting retail competition initiatives; implementing energy efficiency and demand response plans; and avoiding adverse legislation that would significantly impact the business.

For the performance period of January 1, 2008 through December 31, 2008, ComEd achieved below threshold performance relative to CAIDI (outage duration) and distinguished performance relative to SAIFI (outage frequency). For the same time period, ComEd achieved a below threshold level of performance relative to 2008 operating return on equity. However, the result in the ComEd rate case was viewed as favorable even though ComEd did not receive as much of a rate increase as it had requested. Excluding the rate case asset write-offs, ComEd would have achieved target performance on the financial goal. Taking into consideration the favorable result in the rate case and heavy storm recovery costs, the Committee considered performance on the financial goal to have been at target. ComEd also achieved a distinguished level of performance relative to its regulatory and legislative goals. Based on their evaluation of this performance, the compensation committee recommended and the ComEd board approved payouts to participants for 2008 that represented 150% of each participant s target opportunity.

Based on the formula, 2008 ComEd Long-Term Incentive Awards for NEOs were as set forth in the following table. The first third of the award vests upon the award date, with the remaining thirds vesting on the date of the compensation committee s January meeting in the next two years.

ComEd	**Value ***	**Form of Payment ****
Clark	$ 1,554,000	100% Cash
McDonald	594,000	100% Cash
Mitchell	1,071,000	100% Cash
Hooker	477,000	100% Cash
Pramaggiore	594,000	100% Cash

* Based on 150% of target opportunity.

** Form of payment is 100% cash. The figures in this column are not the same as the figures reported in column E of the Summary Compensation Tables because of the effect of the vesting requirement.

Retention Awards

In July 2008, the compensation committee recommended, and the Exelon board approved, retention awards of restricted stock units for certain officers. These awards were based on the same considerations that led to the approval of base salary increases effective on August 1, 2008 that were discussed above. The compensation committee recommended restricted stock unit awards to certain ComEd executive officers at the same time, however the ComEd board decided to offer retention agreements with cash payments designed to offer the same value as the recommended restricted stock awards. These restricted stock units will be settled in shares. The NEOs who received such awards and the number of restricted stock units (or, in the case of the ComEd NEOs, the value of the retention agreements) is set forth below:

Exelon, Generation, and PECO	**Shares**	**Vesting**
Hilzinger	5,000	100% after 5 years
Crane	15,000	100% after 5 years
McLean	10,000	50% after 3 years
		50% after 5 years
Pardee	10,000	100% after 5 years
Adams	4,000	100% after 5 years

ComEd	**Value ***	**Vesting**
McDonald	$ 400,000	100% after 4 years

Tax Consequences

Under Section 162(m) of the Code, executive compensation in excess of $1 million paid to a CEO or other person among the four other highest compensated officers is generally not deductible for purposes of corporate Federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The compensation committee s policy has been to seek to cause executive incentive compensation to qualify as performance-based in order to preserve its deductibility for Federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not qualified performance-based compensation within the meaning of Section 162(m), base salary is not eligible for a Federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Rowe s base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and are therefore deductible for Federal income tax purposes. However, because of the element of compensation committee and ComEd board of directors discretion in the 2007-2009 ComEd Long-Term Incentive Program, payments under that program are not eligible for Federal income tax deduction to the extent that, combined with an individual s base salary, payments exceed $1 million. Restricted stock and restricted stock units are not deductible by the company for Federal income tax purposes under the provisions of Section 162(m) if NEOs compensation that is not qualified performance-based compensation is in excess of $1 million.

Under Section 4999 of the Internal Revenue Code, there is a steep excise tax if change in control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual s W-2. This provision can have an arbitrary effect, due to the uneven effect of such items as relocation reimbursements and stock option exercises. In addition, the excise tax is imposed if compensation is only $1 greater than the threshold. Accordingly, Exelon has a policy of providing excise tax gross-ups, and avoiding gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold. In December 2007 the compensation committee reviewed this policy and concluded that it was reasonable.

Conclusion

The compensation committee is confident that Exelon s compensation programs are performance-based and consistent with sound executive compensation policy. They are designed to attract, retain and reward outstanding executives and to motivate and reward senior management for achieving high levels of business performance, customer satisfaction and outstanding financial results that build shareholder value.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the 2008 Annual Report on Form 10-K and the 2009 Proxy Statement.

February 6, 2009

The Compensation Committee

Rosemarie B. Greco, Chair

John A. Canning, Jr.

M. Walter D Alessio

William C. Richardson

Stephen D. Steinour

Summary Compensation Table

The tables below summarize the total compensation paid or earned by each of the NEOs of Exelon, Generation, PECO (shown in one table because of the overlap in their named executive officers) and ComEd for the year ended December 31, 2008.

Salary amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Tables reflect actual amounts paid during the year including the effect of changes in salary rates. Changes to base salary generally take effect on March 1, and there may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier approved by the compensation committee and the board of directors or, in the case of Mr. Rowe, approved by the independent directors.

Stock awards and option awards show the dollar amount calculated in accordance with SFAS No.123-R and recognized in the company s financial statements for the full year 2008 for all outstanding equity awards made to NEOs in prior years as well as the grants of any awards made during 2008. In accordance with SFAS No.123-R, if the NEO is retirement eligible, the full value of any outstanding awards will be recognized in the year of grant for financial statement purposes, even though the NEO will still receive the award subject to the original vesting schedule.

Stock awards consist primarily of performance share awards. All performance share units are made pursuant to the terms of the 2006 Long-Term Incentive Plan based upon the achievement of goals, as described above. The threshold, target and distinguished goals for performance share unit awards are established on the grant date. The actual performance against the goals and the number of performance share units awarded are established on the award date. Upon retirement or involuntary termination without cause, earned but non-vested shares are eligible for accelerated vesting. The form of payment provides for payment in Exelon common stock to executives with lower levels of stock ownership, with increasing portions of the payments being made in cash as executives stock ownership levels increase in excess of the ownership guidelines. If an executive achieves 125% or more of the applicable ownership target, performance shares will be paid half in cash and half in stock. If executive vice presidents and above achieve 200% or more of their applicable stock ownership target, their performance shares will be paid entirely in cash. Stock awards may also include restricted stock or stock unit awards. When awarded, restricted stock or stock units are earned by continuing employment for a pre-determined period of time or, in some instances, after certain performance requirements are met. In some cases, the award may vest ratably over a period; in other cases, it vests in full at one or more pre-determined dates. Amounts of restricted shares held by each NEO, if any, are shown in the footnotes to the Outstanding Equity Table.

All option awards are made pursuant to the terms of the 2006 Long-Term Incentive Plan and are for the purchase of Exelon common stock. All options are granted at a strike price that is not less than the fair market value of a share of stock on the date of grant. Fair market value is defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange. Options vest in equal annual installments over a four-year period and have a term of ten years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause.

Non-equity incentive plan compensation includes the amounts earned under the annual incentive plan by the extent to which the applicable financial and operational goals were achieved. The annual incentive plan for 2008 is described in Compensation Discussion and Analysis above.

Exelon, Generation and PECO

Summary Compensation Table

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) See Note 19 (D)	Stock Awards ($) See Note 20 (E)	Option Awards ($) See Note 21 (F)	Non-Equity Incentive Plan Compensation ($) See Note 22 (G)	Pension Value and Nonqualified Deferred Compen-sation Earnings ($) See Note 23 (H)	All Other Compen-sation ($) See Note 24 (I)	Total ($) (J)
Rowe (1)	2008	$ 1,474,423		$ 2,068,010	$ 2,455,433	$ 1,835,166	$ 830,272	$ 400,192	$ 9,063,496
	2007	1,361,154		12,728,849	2,798,893	1,680,249	504,385	418,026	19,491,556
	2006	1,291,918	168,345	10,527,089	1,324,393	1,683,455	856,413	575,455	16,427,068
O Brien (2)	2008	495,538		1,049,732	367,184	428,934	105,978	175,687	2,623,053
	2007	450,154		1,283,926	236,185	468,642	99,320	96,339	2,634,566
	2006	395,959	20,786	1,063,147	201,293	207,868	118,966	91,324	2,099,343
Hilzinger (3)	2008	408,627		556,237	141,429	318,750	57,492	143,916	1,626,451
Barnett (4)	2008	297,308	(16,498)	353,882	106,884	148,477	35,808	561,590	1,487,451
	2007	283,969	50,000	552,877	99,003	221,075	33,065	80,037	1,320,026
Young (5)	2008	60,750		(1,282,781)			9,819	18,089	(1,194,123)
	2007	578,538		2,787,570	383,148	562,960	74,623	125,378	4,512,217
	2006	546,767		2,174,945	310,360	498,575	77,622	158,808	3,767,077
Crane (6)	2008	694,230		2,519,603	931,625	750,000	642,938	272,727	5,811,123
	2007	558,000		2,161,974	482,210	577,536	442,503	158,029	4,380,252
	2006	505,959	43,911	1,545,742	309,035	439,110	352,298	131,404	3,327,459
McLean (7)	2008	561,538		1,125,928	670,842	510,416	95,727	216,544	3,180,995
	2007	482,500		2,593,306	473,898	403,276	53,160	96,874	4,103,014
	2006	442,575		1,811,526	407,167	383,145	62,625	102,602	3,209,640
Moler (8)	2008	484,615		500,384	460,890	329,000	333,981	195,611	2,304,481
Pardee (9)	2008	525,289	44,000	928,039	332,874	484,000	213,293	164,619	2,692,114
	2007	426,308		1,216,555	226,270	350,277	110,591	69,591	2,399,592
Adams (10)	2008	320,000		382,105	174,543	175,973	72,722	86,772	1,212,115
	2007	305,008		608,872	154,635	222,621	74,219	10,602	1,375,957
Bonney (11)	2008	273,020	25,000	436,656	216,614	120,951	130,060	74,953	1,277,254
Galvanoni (12)	2008	214,462	(4,854)	194,616	63,722	92,213	23,908	66,284	650,351
	2007	199,603		174,288	60,145	119,096	20,969	12,707	586,808

ComEd

Summary Compensation Table

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) See Note 19 (D)	Stock Awards ($) See Note 20 (E)	Option Awards ($) See Note 21 (F)	Non-Equity Incentive Plan Compensation ($) See Note 22 (G)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) See Note 23 (H)	All Other Compen-sation ($) See Note 24 (I)	Total ($) (J)
Clark [13]	2008	$ 546,692		$ (198,434)	56,970	$ 2,049,371	$ 548,986	$ 193,738	$ 3,197,323
	2007	474,231		566,726	121,635	2,288,853	391,782	146,412	3,989,639
	2006	440,000		2,239,794	592,755	326,584	158,233	162,925	3,920,291
McDonald [14]	2008	336,038		(51,745)	22,155	789,747	304,534	144,201	1,544,930
	2007	310,600	100,000	322,790	43,710	887,688	225,879	74,566	1,965,233
	2006	300,000	83,565	846,087	205,980	171,285	231,287	90,596	1,928,800
Mitchell [15]	2008	477,692		(13,373)	33,233	1,402,448	571,280	197,955	2,669,235
	2007	437,477		573,100	69,158	1,592,848	736,464	138,596	3,547,643
	2006	415,000	14,217	1,457,599	374,958	284,334	719,747	167,546	3,433,401
Hooker [16]	2008	307,692	9,007	58,129	20,573	666,142	474,488	128,861	1,664,892
	2007	277,231	150,000	293,558	40,930	695,830	283,124	65,433	1,806,106
Pramaggiore [17]	2008	348,500	20,295	94,568	35,175	817,247	49,083	127,421	1,492,289
	2007	290,154	150,000	276,416	55,192	347,222	36,593	43,225	1,198,802

Notes to the Summary Compensation Tables

(1) John W. Rowe, Chairman and CEO, Exelon; Chairman, Generation.
(2) Denis P. O Brien, Executive Vice President, Exelon; President and CEO, PECO.
(3) Matthew F. Hilzinger, Senior Vice President and CFO, Exelon. Mr. Hilzinger is an executive officer of Exelon and Generation.
(4) Phillip S. Barnett, Senior Vice President and CFO, PECO.
(5) John F. Young, Executive Vice President, Finance & Markets and CFO, Exelon and Generation through January 5, 2008. Mr. Young remained an employee through January 29, 2008.
(6) Christopher M. Crane, President and Chief Operating Officer (COO), Exelon and Generation.
(7) Ian P. McLean, Executive Vice President, Finance & Markets, Exelon.
(8) Elizabeth A. Moler, Executive Vice President, Government and Environmental Affairs and Public Policy, Exelon
(9) Charles G. Pardee, Senior Vice President, Exelon; President and Chief Nuclear Officer, Exelon Nuclear.
(10) Craig L. Adams, Senior Vice President & COO, PECO.
(11) Paul R. Bonney, Vice President, PECO.
(12) Matthew R. Galvanoni, Vice President and Controller, ComEd and PECO (Principal Accounting Officer).
(13) Frank M. Clark, Chairman and CEO, ComEd.
(14) Robert K. McDonald, Senior Vice President and CFO, ComEd.
(15) J. Barry Mitchell, President & COO, ComEd.
(16) John T. Hooker, Senior Vice President, State Legislative and Governmental Affairs, ComEd.
(17) Anne R. Pramaggiore, Executive Vice President, Customer Operations, Regulatory & External Affairs, ComEd.
(18) Not used
(19) In current or previous years in recognition of their overall performance, certain NEOs received an individual performance multiplier to their annual incentive payments or other special recognition awards.
(20) The amounts shown in this column include the compensation expense recognized in the 2008 financial statements for the performance share unit awards granted on January 28, 2008 and paid out in January 2009 with respect to the three-year performance period ending December 31, 2008, and the expense recognized during 2008 for performance share unit awards granted in previous years, as well as the

expense recognized during 2008 for restricted stock or stock unit awards made to many of these officers in 2008 or previous years. For a discussion of the assumptions made in the valuation of these awards under SFAS No. 123-R, see note 16 of the Combined Notes to the Consolidated Financial Statements. For purposes of this table, estimates of forfeitures related to service-based vesting conditions have been disregarded.

With respect to the performance share awards granted on January 23, 2006 and January 22, 2007 that are eligible for cash distribution in January 2009 and 2010, including the outstanding awards to NEOs of ComEd who no longer receive performance share awards, in 2008 Exelon recorded an adjustment to amounts recorded as of December 31, 2007. This resulted in negative expense being recorded in 2008 due to the decrease in stock price from $81.64 at December 31, 2007 to $55.61 at December 31, 2008.

(21) The amounts shown in this column include the compensation expense recognized in the 2008 financial statements for the award of non-qualified options to purchase Exelon common stock granted on January 29, 2008, as well as the expense recognized during 2008 for stock option grants awarded in previous years. For a discussion of the assumptions made in the valuation of these awards under SFAS No. 123-R, see note 16 of the Combined Notes to the Consolidated Financial Statements. For purposes of this table, estimates of forfeitures related to service-based vesting conditions have been disregarded.

(22) The amounts shown in this column represent payments made pursuant to the Annual Incentive Plan and the ComEd Long-Term Incentive Plan. Both programs are paid with respect to 2008 performance and were awarded on January 26, 2009. The table below details ComEd Employee s payments applicable to the Annual Incentive Plan and the ComEd Long-Term Incentive Plan.

Name	Year	Annual Incentive Plan	ComEd Long-Term Incentive Plan	Total
Clark	2008	$ 495,371	$ 1,554,000	$ 2,049,371
	2007	475,853	1,813,000	2,288,853
McDonald	2008	195,747	594,000	789,747
	2007	194,688	693,000	887,688
Mitchell	2008	331,448	1,071,000	1,402,448
	2007	343,348	1,249,500	1,592,848
Hooker	2008	189,142	477,000	666,142
	2007	139,330	556,500	695,830
Pramaggiore	2008	223,247	594,000	817,247
	2007	161,722	185,500	347,222

(23) The amounts shown in the column represent the change in the accumulated pension benefit from December 31, 2007 to December 31, 2008. For Mr. Crane, Mr. McLean Mr. Pardee and Mr. McDonald, this amount includes $48, $160, $30 and $3, respectively, of above market earnings in their non-qualified deferred compensation accounts.

(24) The amounts shown in this column include the items summarized in the following tables:

Exelon, Generation and PECO

All Other Compensation

Name (a)	Perquisites $ See Note 1 (b)	Reimburse-ment for Income Taxes $ See Note 2 (c)	Payments or Accruals for Termination or Change in Control (CIC) $ See Note 3 (d)	Company Contributions to Savings Plans $ See Note 4 (e)	Company Paid Term Life Insurance Premiums $ See Note 5 (f)	Dividends or Earnings not included in Grants $ See Note 6 (g)	Total $ (h)
Rowe	$ 179,269	$ 6,865		$ 73,721	$ 140,337		$ 400,192
O Brien	67,800	43,312		24,777	29,673	10,125	175,687
Hilzinger	59,083	31,849		20,431	3,109	29,444	143,916
Barnett	309,860	219,855		14,865	2,415	14,595	561,590
Young	15,051			3,038			18,089
Crane	69,809	39,910		34,712	42,046	86,250	272,727
McLean	63,419	42,224		28,077	72,574		