

Corporate Political Contributions Guidelines

LE-AC-23

Effective Date: 01-24-11

Corporate Political Contributions of Money, Property and Services

Historically, companies like Exelon Corporation and its subsidiaries have been prohibited from making political contributions to candidates for election to federal, state and local political office except through employee-funded political action committees. Following the repeal of the Public Utility Holding Company Act of 1935 (PUHCA) in 2006, however, Exelon and its subsidiaries are now allowed to make political contributions to candidates for election to state and local municipal political offices when state and local laws permit them to do so. Moreover, the *Citizens United* decision handed down by the United States Supreme Court in January 2010 has eliminated limits on independent expenditures by Exelon and its subsidiaries for advertisements to support or oppose the election of a candidate for public office in federal and state elections.

At present, only an employee-funded political action committee (ExelonPAC; PECOPAC) can participate in federal, New Jersey, Pennsylvania or Texas political campaigns. In contrast, Illinois allows both employee-funded political action committees (ComEdPAC; ExGenPAC) and corporate political contributions for state and local elections, subject to statutory limits.

These guidelines are intended to provide corporate governance, control, oversight and procedural guidance for corporate contributions of money, property or services for political activities on a federal level and in Illinois and other states that allow corporate contributions to the political process. Failure to follow these guidelines may result in disciplinary action for the employees involved.

1.0 SCOPE AND PURPOSE

1.1 These Guidelines address only corporate political contributions in those limited jurisdictions that allow corporations to fund political activities. As of January 2011, federal law bars corporate contributions in federal elections, and the laws of New Jersey, Pennsylvania, Texas and other states prohibit corporate contributions in elections in those states. Nothing in these Guidelines is intended to suggest that company political contributions should occur in those jurisdictions where contributions are prohibited. The State of Illinois is a jurisdiction that allows limited corporate political contributions, and these Guidelines are applicable specifically in Illinois and to corporate contributions to the ComEdPAC and ExGenPAC political action committees that may provide contributions to Illinois state and local candidates.

1.2 These guidelines are not intended to govern individuals' political activities and contributions, or to address contributions by employee-funded political action committees (ExelonPAC or PECOPAC). Nor do these guidelines govern instances where government affairs personnel provide meals or other lawfully permitted gifts to government officials in connection with their lobbying-related activities.

2.0 **TERMS AND DEFINITIONS**

2.1 ComEd – means Commonwealth Edison Company.

2.2 Company – means Exelon Corporation, its subsidiaries and business units, including ComEd, Exelon Generation, PECO Energy Company, Exelon Transmission Company LLC, and Exelon Business Services Company LLC.

2.3 Exelon – means Exelon Corporation, its subsidiaries, and business units, excluding ComEd and Exelon Generation.

2.4 Exelon Generation or ExGen – means Exelon Generation Company LLC

2.5 Governmental Unit – means any federal, state, county, or municipal governmental body and any other unit of state or local government (such as a park district, school district, judicial district or library district) and any department, agency or commission thereof.

2.6 Lead Director – means the independent director elected by the independent directors of the Exelon Board to serve as lead director with the responsibilities specified in Exelon's Corporate Governance Principles.

2.7 PECO – means PECO Energy Company.

2.8 Political Contribution – means any gift or other transfer of money or any gift or other transfer of property (including real estate and equipment) by the Company or any provision of services (including the use of property, facilities or personnel) by the Company to (a) any candidate for election to political office; (b) any entity or association (including a political action committee) organized for the purpose of electing a person to a political office in any Governmental Unit, or obtaining a vote on an issue included in a referendum; (c) any direct advertising campaign that seeks votes for or against a candidate or support of or opposition to a political party; (d) any direct issue advertising that is directly related to Exelon's business or the financial interests of its shareholders that does not directly or overtly support or oppose a particular candidate for election or a political party

(e) any political party; (f) any political committee; (g) any other entity organized and operating under 26 U.S.C. Section 527; or (h) any special contribution to a non-profit organization for the specific purpose of funding political activity incidental to another primary purpose. Political Contributions do not include meals or other lawfully permitted gifts to government officials in connection with lobbying-related activities.

2.9 Value – when used with reference to a Political Contribution, means the amount of money contributed and/or the fair value of the property or service contributed by the Company. As used in these Guidelines, “fair value” should be determined in good faith by any means reasonable under the circumstances at the time the Political Contribution is made or committed.

3.0 **RESPONSIBILITIES AND PROCEDURES**

3.1 Review and Approval of Contributions

3.1.1 The permitted spending categories, required approvals and applicable limits are set forth in the table below. Any required approval must be obtained in advance of the contribution or expenditure.

Spending Category	Approval Required
Contributions to candidates and candidate political committees (permitted only in Illinois)	The Exelon CEO, ExGen CEO and ComEd CEO are authorized in each election cycle to contribute up to \$10,000 per candidate. The Exelon CEO and Lead Director must approve any such contribution after the aggregate of all contributions to candidates and candidate political committees exceeds \$100,000 in any calendar year, determined on a consolidated basis for Exelon and its subsidiaries.
Contribution to company-sponsored PAC	The Exelon CEO, ExGen CEO, ComEd CEO or PECO CEO are authorized to contribute up to \$200,000 per calendar year for any single PAC that is authorized to accept corporate contributions, subject to legal limits.
Contribution to political committee or political party	The Exelon CEO, ExGen CEO, ComEd CEO or PECO CEO are each authorized to contribute up to \$50,000 in the aggregate per calendar year. The Exelon CEO and Lead Director must approve any contribution exceeding such limit of authority.

Spending Category	Approval Required
Direct issue advertising directly related to Exelon’s business and the financial interests of its shareholders that does not directly or overtly support or oppose a particular candidate for election or a political party	The Exelon CEO is authorized to spend up to \$500,000 per issue per calendar year and \$1,000,000 in the aggregate per calendar year for Exelon on a consolidated basis. The Exelon CEO and Lead Director must approve any such expenditure over \$500,000 per issue or over \$1,000,000 per calendar year.
Ordinary contributions (such as dues) to non-profit organizations (<u>e.g.</u> , trade associations) that may engage in political activity incidental to another primary purpose	The Exelon CEO, ExGen CEO, ComEd CEO or PECO CEO or other authorized officers.
Special contribution to non-profit organization to fund political activity incidental to another primary purpose	Same approval that would be required for the expenditure if made directly and not through the non-profit organization

3.1.2 The Exelon Corporation, Exelon Generation, ComEd and PECO CEOs may establish a policy, or delegate authority, to allow any designated officer or officers of Exelon Corporation, Exelon Generation, ComEd or PECO, respectively, to make Political Contributions having an aggregate annual Value within the limits of authority specified in Section 3.1.1.

3.1.3 The following types of Political Contributions are prohibited unless approved in advance by both the Exelon CEO and the Lead Director of the Exelon Board of Directors: (a) direct advertising in support or opposition to a candidate; (b) direct issue advertising directly or overtly supporting or opposing a particular candidate for election or a political party; and (c) contributions to political organizations not otherwise identified in these Guidelines, including, but not limited to, 527 organizations which support or oppose candidates for office but do not coordinate with candidates or political parties.

3.2 Interpretations

Questions of interpretation under these guidelines may be resolved by the Exelon General Counsel, or by the General Counsel’s designee(s).

4.0 **REPORTING AND DISCLOSURE**

4.1 All corporate Political Contributions should be promptly reported to the Office of Corporate Governance and should include the amount of the contribution and to whom the contribution was made.

- 4.2 The Exelon Corporation, Exelon Generation, ComEd and PECO CEOs or their respective designee(s) should report to the Corporate Governance Committee as often as the Corporate Governance Committee may request, but in no event less than annually, all Political Contributions made or committed since the last such report.
- 4.3 All Political Contributions shall be disclosed as required by law.
- 4.4 No Political Contribution should be made or committed under any condition requiring confidentiality or otherwise limiting public disclosure.
- 4.5 All Political Contributions shall be disclosed semi-annually on the Exelon Corporation website at www.exeloncorp.com. Exelon will request trade associations that receive total payments of \$50,000 or more from Exelon in any calendar year report to Exelon the portion of dues or payments received from Exelon that are used for expenditures or contributions that, if made directly by Exelon, would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code. Exelon will disclose such information received from such trade associations annually on the Exelon Corporation website at www.exeloncorp.com.

5.0 **LIMITATIONS**

- 5.1 Authorization or other approval of a Political Contribution is limited to the proposed Political Contribution that was disclosed and described when approval was obtained. No authorization or approval or accounting accrual or reserve established for a given Political Contribution should be diverted toward a different purpose or entity or a Political Contribution of larger scope or cost without further approval as provided in Section 3.1.1.
- 5.2 Political Contributions shall comply with all applicable laws and regulations related to ethics in government, lobbying, and political contributions.
- 5.3 Political spending will reflect the Company's interests and not those of its individual officers or directors.
- 5.4 No Political Contribution will be given in anticipation of, in recognition of, or in return for any official act.
- 5.5 Employees will not be reimbursed for personal political contributions or expenses, either directly or through compensation increases.

5.6 The Corporate Governance Committee will monitor the Company's compliance with policies and procedures related to corporate political spending.

6.0 **REFERENCES**

None

APPROVED: /s/ Bruce G. Wilson
Bruce G. Wilson
SVP, Deputy General Counsel &
Corporate Secretary

January 24, 2011
Date