Disclosure of the Week: Exelon (EXC), Link to Filing

Exelon changed the structure of their performance share unit program. In doing so, they granted a one-time transition award to help switch from having a one-year performance period to a three-year performance period. They provided shareholders with a chart to help explain when awards will pay out under all three program types: the "Prior Program", the "Transition Award", and the "New Program".

One-time Performance-based Transition Award

"Commencing in 2013, the committee approved the transition award as a result of lengthening the performance period from one year to three years for the 2013-2015 LTPSA (as shown in the chart below), which significantly decreases the targeted equity payments that executives can expect to vest in 2014 and 2015. The committee believes this refinement ensures fair treatment of participants during the transition. The committee determined that it was appropriate to address these transition issues by making a performance-based transition award grant in 2013 to executives impacted by this change. One-third of these transition awards vested in January 2014, with the remaining balance vesting in January 2015, based on the same goals as the performance shares, but excluding the relative total shareholder return modifier and the individual performance multiplier."

Percentage of Award Vested			Year Paid			
			2014	2015	2016	2017
Performance Cycle	Prior Program	2011	33%			
		2012	34%	33%		
	Transition Award	2013 - 2013	33%			
		2013 - 2014		67%		
	New Program	2013 - 2015			100%	
		2014 - 2016				100%
Grand Total Percentage of Award Vested			100%	100%	100%	100%

In addition, there was an interesting proposal made by one of Exelon's shareholders. Quebe Investment Management made a proposal to limit NEO's compensation to no more than one hundred times the median total compensation paid to all employees.

Proposal 5: A Shareholder Proposal to Limit the Individual Total Compensation for each Named Executive Officer to One Hundred Times the Annual Total Compensation Paid to All Employees of the Company

Qube Investment Management Inc. ("Qube"), 200 Kendall Building, 9414-91 Street NW, Edmonton, AB T6C 3P4, Canada, beneficial owner of 14,319 shares of stock, 7,593 of which have been held continuously for more than one year, submitted the following proposal and supporting statement:

"PROPOSAL — Total Executive Compensation Limit at 100 Times Average Wages

RESOLVED: That the Board of Directors and/or the Compensation Committee are requested to limit the individual total compensation for each Named Executive Officer (NEO) to ONE HUNDRED TIMES the median annual total compensation paid to all employees of the company. This pay ratio cap will be the same as as requried [SIC] by the SEC when reporting under Item 402 of Regulation S-K using U.S. Generally Accepted Accounting Principles (GAAP).

SUPPORTING STATEMENT

As a global player in the utilities sector, Exelon should take the lead in addressing continued public criticism that executive employees have been offered excessive compensation in recent years.

The 2012 US Census Bureau American Community Survey (www.census.gov) states that the median household income in the US was $51,371, placing pay for Named Executive Positions (NEO) at Exelon over 200 times the average American worker in at least one case.

It is reasonable to expect a rational link between the compensation programs of all employees at Exelon worldwide and a *fantastic* concept that any one employee's contribution could be considered greater than one hundred times the contribution of the other team members.

A basic premise in the design of executive compensation is peer benchmarking. Research, including from the Conference Board, illustrates the flaw in this benchmarking logic. Three quarters of vacant CEO positions are filled from internal promotions and, when outside candidates are chosen, most are junior ranking executives brought in from elsewhere, not CEOs jumping ship. Focusing CEO compensation against peer positions ratchets gross pay while demoralizing employees with an inconsistent pay gap. As the CEO is an employee of the corporation, pay should be conducted within the context of compensation for the organization as a whole and an extension of the infrastructure that governs the rest of the company's wage program(s). This pay disconnect could demotivate employees and compromise the confidence of shareholders, both leading to lower share values.

Some believe capping executive compensation will create a competitive disadvantage for the firm. We believe this perspective is ripe for a challenge. Certainly any lost competitiveness will be offset by great improvements to the corporate reputation and increased demand for the shares."

Disclosure of the Week: Intel (INTC), [Link to Filing]

After receiving only a 68% approval rating on their Say on Pay vote in 2013, Intel began a substantial shareholder outreach program. They provide clear disclosure stating what they were aiming to address and how they went about fixing shareholder concerns.

INTEL'S GOAL	INTEL'S APPROACH
Address concerns regarding the effectiveness of special retention awards granted to certain officers in 2012.	**The special retention awards were a non-standard compensation element, have worked as intended, and were not used again in 2013.** The 2012 special retention awards that were granted to certain executives were non-standard arrangements made in conjunction with our roughly once-in-a-decade CEO transition. The committee believes that these special retention awards served their objective, as each of the listed officer recipients remained with Intel through the CEO selection and transition process. Subsequently, only one of our listed officers, Mr. Perlmutter, left the company, thereby forfeiting most of the grant by not meeting the continued service requirements. The committee determined at the time of the grants that a time-based instrument was the proper tool to use, since the goal was time-based retention of employees during the initial phase of a new CEO transitioning into office. We do not anticipate the need to use this compensation tool in the foreseeable future.
Address concerns regarding Mr. Otellini's 2012 equity compensation arrangements.	**Mr. Otellini's 2013 performance-based compensation was tied to his performance through our leadership transition process.** Mr. Otellini participated in our 2013 annual incentive cash plan only through the time that he served as our CEO. In light of Mr. Otellini's announcement of his decision to step down as CEO, the committee did not grant him annual equity awards in 2013, and instead approved a transition services bonus award that was a specially designed instrument for which the committee established a number of performance goals relating to key aspects of our leadership transition process. This transition services bonus award paid out at $2 million (50% of the maximum award opportunity), well below the $12 million approved value of Mr. Otellini's 2012 equity awards.

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INTEL'S GOAL	INTEL'S APPROACH
Enhance the alignment of our OSUs with stockholders' interests.	**We have revised our OSU program beginning with awards granted in 2014.** To further enhance the alignment between our listed officers' realized pay and our performance, the committee approved the following changes to our OSUs, commencing with grants made in 2014: ▪ ***Removal of OSU payout floor:*** Beginning with OSUs granted in 2014, a threshold performance standard must be satisfied before any shares will be issued. If the median TSR for the peer group exceeds Intel's TSR by more than 25 percentage points the payout will be 0% of target. This requirement replaces our prior practice of granting OSUs that were subject to a minimum payout of 50% regardless of performance. ▪ ***Revisions to payout leverage curve:*** For every percentage point that Intel's TSR exceeds the median of the peer group, OSU payout will increase by 4% of target. For every percentage point that Intel underperforms the peer group median, OSU payout will decrease by 2% of target. For OSUs granted in 2012 and 2013, payout increased 5% for each percentage point of outperformance and decreased by 2.5% of target for every percentage point of underperformance.

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INTEL'S GOAL	INTEL'S APPROACH
Focus our annual cash compensation programs to enhance accountability and the link between pay and performance.	**We have revised our annual incentive cash plan to utilize fewer, but more meaningful, measurable operational goals.** Payouts under our annual incentive cash plan had been based upon three performance criteria, each of which was weighted equally: (1) an "absolute financial component"; (2) a "relative financial component"; and (3) an operational component. Effective for 2014, the principal changes to this program are as follows: ▪ ***New focus on year-over-year growth for the absolute financial component:*** The absolute financial component will be based on current-year net income growth over the prior year. Previously, current-year net income growth was compared with the average net income of the prior three years. This change is intended to increase focus on year-over-year earnings growth, and to increase variability of bonus payouts. ▪ ***Industry focus on relative financial component:*** The relative financial component will be based on our annual net income growth relative to the average of the annual net income growth for a group of 15 technology peer companies, whereas in the past relative performance was measured against average net income growth of the S&P 100 and a group of 13 technology peer companies. ▪ ***More targeted operational components:*** Weighting of the operational component of the annual incentive cash plan was increased to 50% of target from 33.33% of target previously. The number of operational goals has been reduced from 62 in 2013 to 32 in 2014. For participants in a business unit and the larger support organizations, operational payouts will differ, depending on performance against the group's goals. These performance goals are intended to be more closely aligned with individual groups, and these changes are intended to drive a sharper focus on key strategic initiatives, increase visibility into those initiatives, and enhance accountability. We have also revised our company-wide semiannual incentive cash plan, which delivers cash compensation to employees based on Intel's profitability. This program represents a relatively minor component of our executives' total compensation, typically equaling about 6% of listed officers' total performance-based cash compensation. However, the program is important for driving financial performance throughout the company. Beginning in 2014, the program will pay out quarterly (instead of semiannually) based on net income.

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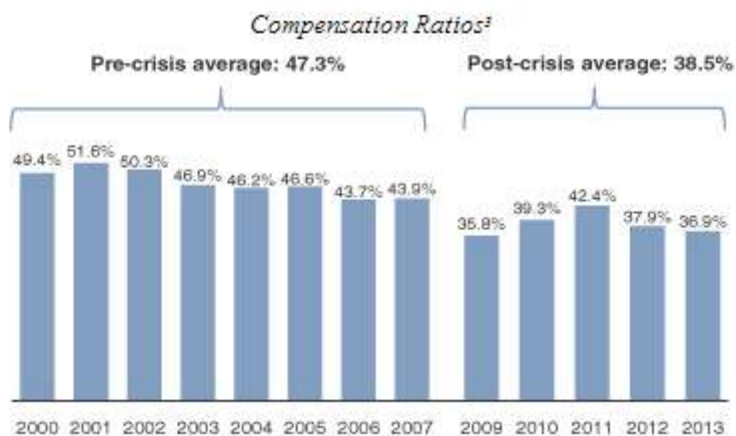
INTEL'S GOAL	INTEL'S APPROACH
Enhance and broaden the alignment between executives' and stockholders' interests.	**We have eliminated stock options:** Beginning in 2014, we discontinued grants of stock options to our senior executives. In 2014, the committee granted senior executives approximately 60% of the value of their annual equity awards in the form of OSUs, and approximately 40% of the value in the form of RSUs. In the coming years, we will grant only OSUs and RSUs to our over 350 senior employees, including all vice presidents and Intel fellows (our senior technical employees).
Enhance and broaden the alignment between executives' and stockholders' interests.	**We have introduced minimum stock ownership guidelines at all executive levels.** Similarly, to further reinforce our goal of linking the interests of management and stockholders, the same group of more than 350 senior employees mentioned above must meet minimum stock ownership guidelines within five years. These guidelines are discussed more fully under "Other Aspects of Our Executive Compensation Programs," below.

Disclosure of the Week: Goldman Sachs (GS), Link to Filing

Goldman Sachs provides a chart showing compensation and benefits as a percentage of net revenue. They divide it into two sections, showing the average of ratios before the financial crisis and after and highlights that the average has decreased since the financial crisis.

"In 2013, we had the second-lowest ratio of compensation and benefits expense to net revenues since we became a public company in 1999, reflecting the significant shift in our cost structure following the financial crisis. Our average compensation and benefits expense to net revenues ratio from 2009-2013 (post-global financial crisis) has decreased 880 basis points from fiscal 2000-2007 (pre-global financial crisis).



3 Compensation ratio is defined as compensation and benefits expense as a percentage of net revenues. Represents our fiscal 2000-2007 average compensation ratio versus our 2009-2013 average compensation ratio. Compensation and benefits expense includes amortization of employee initial public offering and acquisition award expenses, if any, except for nonrecurring acquisition awards expense in 2000 of $290 million.

Disclosure of the Week: Boston Properties (BXP), [Link to Filing]

Boston Properties received a failing Say on Pay vote in 2013. Following this vote, they engaged in discussions with shareholders and ISS to implement changes to their compensation designs. They provide a very clear chart with a column titled "What we Heard" and a second titled "How We Responded". Afterwards, they gave a timeline of the company's Say on Pay and shareholder outreach history.

"Stockholder feedback gave the Compensation Committee a better understanding of the reasons for the negative 2013 Say-on-Pay vote. The following timeline of key events reflects the Compensation Committee's strong engagement in the past year with stockholders in their response to their concerns:"