

PEPCO HOLDINGS INC
Form DEFA14A
May 15, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

PEPCO HOLDINGS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Filed by Pepco Holdings, Inc.

Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Pepco Holdings, Inc.

Commission File No.: 001-31403

On May 15, 2014, Pepco Holdings, Inc. (Pepco Holdings) President, CEO and Chairman, Joseph M. Rigby, and Exelon Corporation (Exelon) President and CEO, Christopher M. Crane, sent the following joint email to all employees of Pepco Holdings and Exelon.

May 15, 2014

This message is being sent to all Exelon and Pepco Holdings (PHI) employees on behalf of Chris Crane, president and CEO, Exelon, and Joe Rigby, chairman, president and CEO, Pepco Holdings Inc. Supervisors and managers, please be sure to print out and distribute this message to field employees without electronic communications access.

Exelon and Pepco Holdings: An Update from Chris Crane and Joe Rigby

Dear Colleagues:

With the announcement of PHI joining the Exelon family of companies behind us, our work to combine our two companies has begun in earnest. We want to underscore that our objective is to keep both of our teams up to date on the transaction in a straightforward and transparent way.

Many of the updates you will see will be focused on the regulatory process, as we embark on the complex undertaking of securing the multiple approvals required, including in Delaware, Maryland, New Jersey and the District of Columbia, as well as the Federal Energy Regulatory Commission and the Department of Justice.

In addition to securing the needed regulatory approvals, the successful combination of our companies will depend on a smooth and thoughtful integration process. These activities will be planned and implemented by representatives from both Exelon and PHI, and we will communicate frequently as integration gets underway.

Integration Leadership and Phases

We re pleased to announce the chief integration officers representing both sides of the transaction:

Carim Khouzami, senior vice president and chief financial officer, BGE
Donna Kinzel, vice president and treasurer, Pepco Holdings Inc.

Carim and Donna will be working full-time on the integration effort from now until the closing of the transaction. Their work which will be aided by participation from business area teams representing both companies will include an **Analysis Phase** (ensuring we have a clear picture of the PHI structure and how it functions to serve customers) and a **Design Phase** (resulting in a roadmap to bridge any gaps between the two organizations). Actual implementation would take place after closing.

As you know, one of the main wins for customers in this transaction is the ability to achieve even greater levels of customer service and reliability through the sharing of best practices. Exelon has found in its recent experience combining with BGE that having aligned structures a key outcome of the Design Phase will facilitate and accelerate this critical achievement.

For the vast majority of employees, it will be business as usual. Even after the completion of the combination, there will be very little if any change in your day-to-day job. Our operating companies will continue to be locally managed, which is consistent with the approach Exelon has taken with its other utility holdings. Exelon has committed to no involuntary merger-related job losses of PHI utility employees for two years following closing. However, as we acknowledged in the announcement, there will be overlapping or redundant positions and therefore some staffing reductions in corporate or support functions after the transaction closes. It is too early to provide any specifics, but we will be as clear with you as possible throughout the implementation of any organizational changes.

Participating in the Integration and Learning More

Some of you may be asked to participate in the integration process. Whether what you are asked is large or small, please give it your full attention and best effort while keeping in mind that your chief responsibility is staying focused on doing your work safely, efficiently and effectively, and consistent with the values of your company.

We encourage you to send questions you may have about the Exelon-PHI transaction to your respective Communications department ([Exelon employees click here](#); [PHI employees click here](#)) The Communications teams will make every effort to get questions answered, and to provide the answers on our company intranets so your colleagues across your company can also view this information.

You can also expect regular updates from the Integration Office and others on our progress toward bringing Exelon and PHI together.

Thank you for all you do to ensure your company's success, and please continue your focus on safety as we navigate the change ahead.

Sincerely,

Chris Crane

Joe Rigby

Cautionary Statements Regarding Forward-Looking Information

Except for the historical information contained herein, certain of the matters discussed in this communication constitute forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended by the Private Securities Litigation Reform Act of 1995. Words such as may, might, will, should, could, anticipate, estimate, expect, predict, project, future, potential, intend, see, believe, target, forecast, goal, objective, continue or the negative of such terms or other variations thereof and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding benefits of the proposed merger, integration plans and expected synergies, the expected timing of completion of the transaction, anticipated future financial and operating performance and results, including estimates for growth. These statements are based on the current expectations of management of PHI and its utility subsidiaries. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication. For example, (1) PHI may be unable to obtain shareholder approval required for the merger; (2) PHI or Exelon may be unable to obtain regulatory approvals required for the merger, or required regulatory approvals may delay the merger or cause the companies to abandon the merger; (3) conditions to the closing of the merger may not be satisfied; (4) an unsolicited offer of another company to acquire assets or capital stock of PHI could interfere with the merger; (5) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (6) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (7) the merger may involve unexpected costs, unexpected liabilities or unexpected delays, or the effects of purchase accounting may be different from the companies' expectations; (8) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (9) the businesses of PHI and its utility subsidiaries may suffer as a result of uncertainty surrounding the merger; (10) PHI and its utility subsidiaries may not realize the values expected to be obtained for properties expected or required to be sold; (11) the industry may be subject to future regulatory or legislative actions that could adversely affect PHI and its utility subsidiaries; and (12) PHI and its utility subsidiaries may be adversely affected by other economic, business, and/or competitive factors. Other unknown or unpredictable factors could also have material adverse effects on future results, performance or achievements of the combined company. Therefore, forward-looking statements are not guarantees or assurances of future performance, and actual results could differ materially from those indicated by the forward-looking statements. Discussions of some of these other important factors and assumptions are contained in PHI's filings with the Securities and Exchange Commission (SEC), and available at the SEC's website at www.sec.gov, including PHI's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data, and PHI's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 in (x) PART I, ITEM 1. Financial Statements, (y) PART I, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (z) PART II, ITEM 1A. Risk Factors. These risks as well as other risks associated with the proposed merger will be more fully discussed in the proxy statement that PHI intends to file with the SEC and mail to its stockholders in connection with the proposed merger. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this communication may not occur. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. PHI does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this communication. New factors emerge from time to time, and it is not possible for PHI to predict all such factors. Furthermore, it may not be possible to assess the impact of any such factor on PHI or its utility subsidiaries' businesses (either individually or collectively) or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Any specific factors that may be provided should not be construed as exhaustive.

Additional Information and Where to Find It

This communication does not constitute a solicitation of any vote or approval. PHI intends to file with the SEC and mail to its stockholders a proxy statement in connection with the proposed merger transaction. PHI URGES INVESTORS AND SECURITY HOLDERS TO READ THE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN

IMPORTANT INFORMATION about Exelon, PHI and the proposed merger. Investors and security holders will be able to obtain these materials (when they are available) and other documents filed with the SEC free of charge at the SEC's website, www.sec.gov. In addition, a copy of PHI's proxy statement (when it becomes available) may be obtained free of charge from Pepco Holdings, Inc., Corporate Secretary, 701 Ninth Street, N.W., Room 1300, Washington, D.C. 20068. Investors and security holders may also read and copy any reports, statements and other information filed by PHI with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

Participants in the Merger Solicitation

Exelon, PHI, and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding Exelon's directors and executive officers is available in its proxy statement filed with the SEC on April 2, 2014 in connection with its 2014 annual meeting of stockholders, and information regarding PHI's directors and executive officers is available in its proxy statement filed with the SEC on March 25, 2014 in connection with its 2014 annual meeting of stockholders. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.