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**For more information contact:**  
Sean Dobson, Progressive Md. Educ. Fund

## **News Release**

### **Surprise Birthday Party for Constellation/BGE's CEO Mayo Shattuck III Turns Sour for Monopolist**

#### **Instead of a Retirement Bonus Worth \$33 Million as a Birthday Present, Shattuck Gets a Fake-Golden Watch and a Twinkie from Progressive Md. Educ. Fund (PMEF)**

***Monopolist Shattuck bilks BGE ratepayers to finance his \$33 million pension birthday present. But PMEF cites evidence that the bonus – which goes into effect today on his 55<sup>th</sup> birthday – could be illegal***

**Baltimore.** The Progressive Maryland Education Fund (PMEF) today gave Mayo Shattuck III, the much criticized CEO of Constellation/BGE, a surprise birthday party he won't soon forget as representatives of the public-interest group tried to gain entry to Constellation's headquarters in downtown Baltimore to present Shattuck with a twinkie "birthday cake" -- and a fake-golden watch valued at \$14.95.

"Everybody deserves some sort of cake on his birthday," said Matthew Weinstein of PMEF as he lit a single candle on a twinkie. "Even a CEO whom *Forbes* magazine ranks as one of the most over-paid and under-performing in the country."  
([http://www.forbes.com/lists/2009/12/best-boss-09\\_Mayo-A-Shattuck-III\\_QHRA.html](http://www.forbes.com/lists/2009/12/best-boss-09_Mayo-A-Shattuck-III_QHRA.html)).

"We'll even give him a birthday present as well," said Sean Dobson, Director of PMEF, as he opened a small, gift-wrapped box in front of reporters. "Monopolist Shattuck is bilking BGE ratepayers again in order to give himself a \$33 million golden parachute that activates today on his birthday and that remains strapped to his back no matter who eventually owns the company he has driven to near bankruptcy," Dobson continued. "But we believe Maryland Attorney General Doug Gansler will nullify Shattuck's bonus

when he examines its legality. So instead of a \$33 million *golden* parachute, we hereby present Shattuck with a *fake-golden* watch worth \$14.95.”

The reps of PMEF, standing in the shadow of Constellation HQ, then turned their faces upward toward the executive suites on the top story of the building and serenaded Shattuck with “Happy Birthday to You” and “For He’s A Jolly Good Fellow”.

The watchdog group claims that Shattuck’s bonus could very well be illegal and are joining state Senators Jamie Raskin (D – Montgomery) and Jim Brochin (D – Balt. Co.) in asking the Maryland AG to investigate. They point out that the Board of Directors of Constellation Energy quietly added 2-1/2 years of phantom employment service to Shattuck’s pension plan last year -- in essence handing him an extraordinarily expensive rate-payer subsidized birthday present when he turns 55 today.

Because of this unusual bonus credit added to a "supplemental executive retirement plan" (SERP) that was designed solely for a handful of executives at Constellation, the company projects Shattuck would receive at least \$33 million in a lump sum or an annuity if he were to retire today, according to the company’s April proxy filing with the SEC. (<http://www.constellation.com/vcmfiles/Constellation/Files/Proxy-statement.pdf>, pgs 44-46)

The Constellation Board of Directors voted to allow the years when Shattuck served on the Board of Directors to qualify as fulltime employment with the company, even though Shattuck was in fact at that time employed as Co-Chief Executive Officer at DB Alex. Brown and Deutsche Bank Securities, where he drew millions in salary (and also received \$35 million after engineering the sale of Alex. Brown in 1997.) The Board’s decision was disclosed in a 2008 filing with the SEC that received almost no public notice. ([www.sec.gov/Archives/edgar/data/1004440/000110465908012696/a08-6502\\_18k.htm](http://www.sec.gov/Archives/edgar/data/1004440/000110465908012696/a08-6502_18k.htm))

These bonuses and enhancements are more remarkable when one considers Shattuck’s dismal ranking by *Forbes* magazine and the extraordinary difficulties Constellation/BGE has faced during Shattuck’s tenure: two failed mergers, a 72-percent BGE rate hike, a massive \$1.8 billion accounting error, a \$2 billion settlement with the State, a cataclysmic stock drop and a near bankruptcy a year ago.

"It's Mr. Shattuck's birthday but the ratepayers of Maryland are not celebrating. It's time to end outrageous corporate compensation practices that make the rest of us pay for private parties that we're not invited to," said State Senator Jamie Raskin (D-20), who along with state Sen. Jim Brochin (D – 42) has asked the AG to investigate the legality of Shattuck’s retirement bonus.

Former CareFirst COO Leon Kaplan had his SERP denied recently by the Maryland Insurance Administration when it was determined that his eligibility formula was flawed because he too had received years of "phantom employment credit" and but for that

credit he would not have been eligible.

<http://www.mdinsurance.state.md.us/sa/documents/MIA-2009-02-002-CareFirst.pdf>

AG Gansler has agreed to investigate Shattuck's golden parachute. Observers believe he will issue his opinion soon.

Shattuck's lucrative vested pension benefit comes on the heels of Constellation's disclosure late last week, after the Maryland Public Service Commission had closed its public review of the transaction, that its deal to sell \$4.5 billion in nuclear assets to EDF would now result in a previously undisclosed \$1.3 billion tax savings for the companies.

The Attorney General's office has also questioned whether the new tax deal will reduce or eliminate the tax revenue the companies claimed the state would receive if the transaction were approved.

Constellation/BGE was berated by members of the PSC for this late disclosure and a new round of hearings has been called for testimony on changes to the deal not disclosed while the public hearings were underway.

"The outrage that BGE ratepayers rightly feel about unearned bonuses should not obscure the issue Governor O'Malley has raised at the PSC: should the Constellation bailout be approved without cleaning up the bonus culture which created the need for the bailout?" said Senator Jim. Rosapepe (D, 21), a supporter of conditioning approval of the bailout on the Governor's reform proposals and reregulation of BGE consumer rates.

"Maryland would not be in this mess of a monopolist bilking ratepayers for his \$33 million golden parachute if it were not for lawmakers' disastrous decision in 1999 to deregulate our state's electricity system," said Weinstein of PMEF. "Lawmakers need to re-regulate Maryland's electricity system right away."

"And lawmakers in 1999 would never have voted to deregulate if it were not for the undue influence of all those campaign contributions from utility companies like BGE and other special-interests," said Dobson of PMEF. "Lawmakers need to enact voluntary, public funding of campaigns, which will prevent a give-away like electricity deregulation from ever happening again in our state. This proven reform makes it possible to pass laws that focus on the needs of all the voters, not just the utility monopolies, banks and insurance companies that write big campaign checks to politicians."

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