

Maryland Tax Education Foundation
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MEDIA RELEASE

**Legal Research Concludes That Constellation Merger
Termination Fees Likely are Illegal**

**Thousands of Marylanders Owning Constellation Stock
(formerly Baltimore Gas & Electric) Will Pay a Penalty of \$6
for Each Share They Own, an Unfair Situation.**

- MTEF has funded research by a noted M&A and corporate securities lawyer. The acquisition termination fees being demanded are inconsistent with prior practice in Maryland and in other states. The fees approximate \$1.1 billion, or \$6 per Constellation share.
- Due to Constellation being the successor to BG&E, thousands of Marylanders own the stock. Moderate-income Maryland residents indirectly must pay money to billionaire Warren Buffet's company. For each Constellation share they own, the indirect payment is \$6 per share. Thus, a widow or orphan owning 200 shares is essentially paying \$1,200 to a billionaire.
- The natural opponents to this injustice should be the large institutional funds that own millions of Constellation shares on behalf of their clients; however, such funds are sometimes reluctant to challenge such fees, since the funds lack experience in M&A fees or are reluctant to be perceived as "anti-management" in the marketplace.
- The State legislature, the State Attorney General, consumer groups and many other affected parties have yet to recognize this unfair situation, and MTEF intends to increase its educational efforts.
- MTEF took the lead in highlighting the proposed \$1.1 billion legal fee to be paid by the State of MD to noted attorney Peter Angelos (later reduced to \$150 million) and the proposed \$1.5 billion giveaway of slot licenses for free to wealthy MD racetrack owners (later changed to competitive auctions of such licenses with higher gaming taxes to maximize state revenues).

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