

# The Miami Herald

August 14, 2004

## Execs agree to pay FPL Group

FPL Group shareholders, who challenged \$62 million in payments to company officers for a merger that was later called off, have recouped a settlement for the company

BY PATRICK DANNER

FPL Group, which four years ago paid eight top execs \$62 million for a merger that never happened, stands to recoup some of the money as settlement of a shareholder suit challenging the payments.

The eight current and former senior executives and an insurance carrier agreed Friday to pay \$22.25 million, before shareholders' attorneys' fees, to the Juno Beach company.

The agreement announced Friday ends a contentious two-and-a-half year legal battle over the huge bonuses given out by FPL after shareholders approved a \$9 billion merger with New Orleans' Entergy Corp. in 2000. Even though the deal later fell apart, FPL executives kept the money.

FPL maintained shareholder approval of the merger constituted a "change-in-control" event, thus triggering the payments under its long-term incentive plan. But some shareholders sued, claiming the bonuses were conditioned on consummation of the merger.

"We think this sends a strong message to public companies that they need to be protecting the interests of shareholders," said Harvey W. Gurland



Harvey W. Gurland Jr.

Jr., a Miami lawyer representing four shareholders. "It's a great victory for the company."

FPL doled out a total of \$92 million to executives and employees after the merger was approved in December 2000.

Just how much each of the eight executives will pay out of their own pockets as part of the settlement wasn't disclosed, said FPL spokesman Kirk Petersen.

Some of the settlement, which still requires approval of a federal judge, will be covered by an insurance carrier

that provided coverage to FPL board members, Gurland said. The directors failed to demand the return of the money, which constituted corporate waste, the lawsuit alleged.

The settlement amount includes fees and costs of the plaintiffs' lawyers. FPL will record a gain on the amount it receives, which hasn't been determined yet.

"From FPL's perspective, we're pleased to have reached a settlement," FPL spokesman Michael Gross said. Chairman and Chief Executive Lewis Hay III had no comment on the settlement, Petersen said. Bruce Angiolillo, ex-CEO James L. Broadhead's New York lawyer, couldn't be reached for comment.

The settlement followed two months of mediation overseen by retired Judge Nicholas H. Politan. The settlement does not contain any admission of wrongdoing by the officers, directors or the company.

"A growing priority of investors these days is recovering money from executives and directors when they have failed to earn it," said Patrick McGurn of Institutional Shareholder Services, a Rockville, Md., firm that sells corporate governance advice.