

## [Nicor sold to Atlanta firm in \\$2.38B deal](#)

By Josh Larsen

[jlarsen@stmedianetwork.com](mailto:jlarsen@stmedianetwork.com)

Dec 8, 2010 12:56PM

Naperville-based Nicor Inc. and AGL Resources of Atlanta announced Tuesday that the boards of both companies have approved a definitive merger agreement to create a leading U.S. natural gas distribution company.

"This transaction provides our shareholders with a significant premium for their shares, the opportunity for ownership in a combined company with upside potential for growth and a substantial dividend uplift immediately following closing," said Russ M. Strobel, Nicor's chairman, president and chief executive officer.

"Equally as important, I'm delighted to be able to assure Nicor's 2.2 million natural gas utility customers that they can continue to rely on the same local gas company with a well-deserved reputation for providing safe, reliable, cost-effective service, and the same people whom they've come to know and trust."

Together "we're going to have a bigger, better, stronger platform to continue to grow both companies," Strobel said.

According to a statement released by both firms, AGL Resources will maintain its corporate headquarters in Atlanta and locate its newly expanded gas distribution headquarters in Naperville.

John Schmitt, president and CEO of the Naperville Area Chamber of Commerce, told The Sun Monday that Nicor employs 2,300 people in Naperville.

AGL Resources spokesperson Tami Gerke said Tuesday morning that this figure likely would remain about the same.

"We have committed to keeping job levels stable for at least three years," Gerke said. "This transaction is not primarily about cost-savings."

Schmitt said Tuesday he hopes that to be the case.

"Obviously there's a lot of unknowns but from what I've seen they're going to keep part of the company in Naperville, maybe even bring some of their divisions to Naperville, which would be positive," Schmitt said. "From what I've read it's going to be a bigger company overall. Hopefully they will be able to maintain the quality of service in this area and maybe even improve on this service."

According to the joint statement, Nicor will merge with a subsidiary of AGL Resources in a transaction with an enterprise value of \$3.1 billion, including a total equity value of \$2.4 billion. The combined entity will have an enterprise value of \$8.6 billion.

Under the terms of the agreement, Nicor shareholders will be entitled to receive for each share of Nicor common stock, \$21.20 in cash and 0.8382 shares of AGL Resources common stock, which together represent a value of \$53 based on the volume-weighted average price for AGL Resources common stock for the 20 trading days ended Dec. 1 (the last unaffected Nicor trading day). Following the completion of the merger, it is anticipated that AGL Resources shareholders will own approximately 67 percent and Nicor shareholders will own approximately 33 percent of the combined company.

The transaction is anticipated to be neutral to AGL Resources' earnings per share in the first full year following the close and accretive thereafter. The transaction is anticipated to enhance EPS growth and maintain credit quality. The companies expect to complete the transaction in the second half of 2011.

The combination creates a leading U.S. natural gas distribution company with approximately \$5.1 billion in annual revenues; seven regulated natural gas distribution companies providing natural gas service to approximately 4.5 million customers in Illinois, Georgia, New Jersey, Virginia, Florida, Tennessee and Maryland; and more than 1 million retail customers in the unregulated businesses.

Customers will continue to be served by their current gas utility companies, and they shouldn't see any change in services or prices because of the combination, Strobel said.

"Together we will establish a platform for growth that is superior to what either company could achieve on its own," said John W. Somerhalder II, AGL Resources' chairman, president and chief executive officer. "We will effectively double the number of utility customers we serve, and by sharing best practices, and through the benefits of greater scale, we will be able to serve those customers better and more efficiently."

The Chicago-based watchdog group Citizens Utility Board said it will monitor the deal for its implications for rates and customer service. The Illinois Commerce Commission, which regulates Nicor rates, could kill the sale by withholding approval.

"The key question is how a company like AGL will manage a utility of Nicor's size," said Jim Chilsen, CUB's communications director. "This is a company that's about to double its gas company base."

Robert W. Baird analyst David Parker said Nicor is an attractive acquisition target, given its strategic location in the Midwest with access to eight interstate pipelines. AGL also gains Nicor's storage facilities and access to shale gas fields that will help it expand faster and serve more power plants as utilities shift away from coal, he said.

Staff writer David Roeder contributed to this report