

EDF set to launch bid for US group

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EDF of France is planning to go on the offensive to protect its foothold in the US with an offer for **Constellation Energy**, the electricity utility that agreed on Thursday to a \$4.7bn (€3.2bn) takeover by billionaire investor Warren Buffett.

The board of the French utility agreed in an emergency meeting on Friday to back a joint bid with a US partner, as required under US regulations.

The bid comes as it puts the final touches to its €15bn offer for **British Energy**, the UK's nuclear operator, which owns 50 per cent of AmerGen Energy in the US. British Energy's US partner is Peco, part of **Exelon Generation Company**.

People close to Constellation said on Friday night that they had not yet received an offer from EDF, but others familiar with the French group's situation said one was to be made on Friday night. It was possible EDF had found a US partner interested in Constellation's exploration assets, one person suggested.

EDF last year set up a joint venture with Constellation that was to have been its launchpad into the potentially lucrative US nuclear market.

The French group's board met on Thursday to consider a \$500m capital injection into the US utility, which has been struggling to stem a crisis of confidence over its cash resources. But it said the conditions had not yet been met for an offer and EDF's plans were pipped by the bid from Mr Buffett's MidAmerican Energy group.

The French company is determined to secure its position in Constellation, where it has a 9.5 per cent stake. Constellation claims to be one of the biggest suppliers of electricity in the US and has a portfolio of power plants across the country, with a particular focus on nuclear energy.

On Tuesday, Constellation scrambled to find a buyer or secure an emergency capital infusion, when it became apparent that its investors were losing confidence in the stability of its commodities trading operations and credit ratings.

Mr Buffett, whose investments are seen as high-quality seals of approval, has espoused being "greedy when others are fearful". He has a history of investing in the US power sector, after buying shares of **NRG Energy** and lending to **Williams**, **Reliant** and **TXU** at hefty interest rates.

Constellation will issue \$1bn of preferred equity to MidAmerican at an 8 per cent yield as part of the deal, which was expected to close within nine months.

Both companies' boards of directors have approved the transaction, but it is subject to further financial review and a definitive agreement has not yet been signed.

The deal was announced as early as possible in order to calm Constellation's investors, who had driven its share price down nearly 60 per cent this week.

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