

AGL RESOURCES INC
Form DEF 14A
March 19, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials.

Soliciting Material Pursuant to Section 240.14a-12

AGL RESOURCES INC.

(Name of Registrant as Specified in Its Charter)

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JOHN W. SOMERHALDER II

Chairman, President and Chief Executive Officer

March 19, 2008

To Our Shareholders:

On behalf of the board of directors, I am pleased to invite you to attend AGL Resources' 2008 annual meeting of shareholders to be held on Wednesday, April 30, 2008, at our corporate headquarters at Ten Peachtree Place, Atlanta, Georgia. The meeting will start at 10:00 a.m., Eastern time. A map with directions is included in the attached proxy statement. **Please note that you will need to present an admission ticket and picture identification in order to attend the meeting in person.** Please see page 4 of the attached proxy statement for more information about attending the meeting in person.

The following items of business will be considered at the annual meeting of shareholders:

the election of five directors;

the ratification of the appointment of our independent registered public accounting firm; and

such other business as may properly come before the meeting.

During the meeting, we will discuss our efforts and achievements in 2007. We will also update shareholders on our business plans for 2008. Our directors, officers and other employees will be available to answer any questions you may have.

Your vote is very important to us. Regardless of the number of shares you own, please vote. You can vote by telephone (using the toll-free number on your proxy or vote instruction card), internet (using the address provided on your proxy or vote instruction card), or paper proxy or vote instruction card. Please see page 1 of the attached proxy statement or your enclosed proxy or vote instruction card for more detailed information about the various options for voting your shares.

Thank you for your ongoing ownership and support. We hope to see you at our annual meeting.

Sincerely,

John W. Somerhalder II

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Ten Peachtree Place

Atlanta, Georgia 30309

NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS

| | |
|--------------------|---|
| Time and Date: | 10:00 a.m., Eastern time, Wednesday, April 30, 2008 |
| Place: | Ten Peachtree Place, Atlanta, Georgia |
| Items of Business: | <p>Elect five directors, one to serve until the 2010 annual meeting and four to serve until the 2011 annual meeting.</p> <p>Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008.</p> <p>Transact such other business as may properly come before the annual meeting or any adjournments.</p> |
| Who May Vote: | You can vote if you owned shares of our common stock at the close of business on February 22, 2008 (the record date). |
| Proxy Voting: | <p>Your vote is important. Please vote in one of these ways:</p> <p>use the toll-free telephone number shown on the enclosed proxy or vote instruction card;</p> <p>visit the web site listed on your proxy or vote instruction card; or</p> <p>mark, sign, date and promptly return the enclosed proxy or vote instruction card in the enclosed postage-paid envelope.</p> |
| Proxy Statement: | A copy of our proxy statement for the annual meeting, which contains information that is relevant to the proposals to be voted on at the annual meeting, is attached. |
| Annual Report: | A copy of our 2007 annual report, which contains financial and other information about our business, is enclosed. |
| Date of Mailing: | This notice and the accompanying proxy statement, together with the 2007 annual report, are first being mailed to shareholders on or about March 19, 2008. |

By Order of the Board of Directors,

Myra C. Bierria

Corporate Secretary

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 30, 2008:

A copy of our combined 2007 annual report and Form 10-K for 2007 is being mailed with this proxy statement. You may receive a stand-alone copy of our 2007 Form 10-K free of charge upon written request directed to:

AGL Resources Inc. Investor Relations

Attention: Stephen Cave

Managing Director, Investor Relations

P.O. Box 4569, Location 1071

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Atlanta, Georgia 30302-4569

Our proxy statement and our 2007 annual report and Form 10-K may be accessed at
<http://ww3.ics.adp.com/streetlink/ATG> and

at our web site at www.aglresources.com.

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PROXY STATEMENT

ABOUT THE ANNUAL MEETING

Who is soliciting my proxy?

The board of directors of AGL Resources is providing you these proxy materials in connection with the solicitation of proxies to be voted at our 2008 annual meeting of shareholders and at any postponement or adjournment of the annual meeting. The proxies will be voted in accordance with your instructions by John W. Somerhalder II, our chairman, president and chief executive officer; Paul R. Shlanta, our executive vice president, general counsel and chief ethics and compliance officer; and Andrew W. Evans, our executive vice president and chief financial officer, or any of them. If your shares are held in our Retirement Savings Plus Plan, our 401(k) plan, your proxy will be voted by Merrill Lynch Bank & Trust Co., FSB, which is the trustee for the Retirement Savings Plus Plan, in accordance with the discretionary instructions of the Administrative Committee of the Retirement Savings Plus Plan.

What will I be voting on?

You will be voting on:

Proposal 1 the election of five directors, one to serve until the 2010 annual meeting and four to serve until the 2011 annual meeting;

Proposal 2 the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2008; and

such other business as may properly come before the annual meeting or any adjournments.

How does the board recommend I vote on the proposals?

The board of directors recommends you vote **FOR** each of the two proposals listed above.

How do I vote?

Most of our shareholders have three options for submitting their votes:

By telephone,

Via the internet, or

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By mail.

If your AGL Resources shares are held in your name on the records maintained by Wells Fargo Bank, N.A., our transfer agent (meaning you are a shareholder of record), please follow the instructions on your proxy card.

If your AGL Resources shares are held through a brokerage firm or bank (that is, in street name), your ability to vote by telephone or over the internet depends on the voting process of your brokerage firm or bank. Please follow the directions on your vote instruction card.

Regardless of whether your AGL Resources shares are held by you as a record shareholder or in street name, you can attend the meeting and vote your shares in person. Please note that if your shares are held in street name and you want to vote in person, you must obtain a vote instruction card from your street name nominee and bring it to the meeting.

Even if you plan to attend the meeting, we encourage you to vote your shares by telephone, internet or mail to simplify the voting process at the meeting.

How do I vote if my shares are held in the AGL Resources 401(k) plan?

If your AGL Resources shares are held in the Retirement Savings Plus Plan, only the trustee of the plan can vote your plan shares even if you attend the annual meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or

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written proxy vote. Please follow the instructions on your proxy card.

Can I revoke my proxy?

Yes. You may revoke your proxy or vote instructions at any time before the annual meeting by voting again by telephone or via the internet or by timely signing and returning another proxy or vote instruction card with a later date. Additionally, if you are a shareholder of record or if you are a street name holder who has obtained a vote instruction card from your street name nominee, and you decide to attend the meeting and vote in person, you can request that any proxy or vote instruction card that you previously submitted not be used.

What if I don't specify my choices when returning my proxy or vote instruction card?

If you return a signed and dated proxy or vote instruction card without indicating your vote, your shares will be voted FOR each of the two proposals specified in the notice of the meeting and in the discretion of the proxies on any other matter that may properly come before the meeting.

If you hold AGL Resources shares through the Retirement Savings Plus Plan and you return the proxy card but do not properly sign or date it or specify how you want your plan shares voted, the plan trustee, upon instruction from the Administrative Committee of the Retirement Savings Plus Plan, will vote your plan shares FOR each of the two proposals specified in the notice of the meeting and as instructed by the Administrative Committee on any other proposals that may properly come before the meeting.

Can my shares be voted if I don't submit a proxy or voting instructions?

If your AGL Resources shares are registered in your name on the books kept by our

transfer agent and you do not return a signed proxy and do not vote by telephone or via the internet, your shares will not be voted.

If your AGL Resources shares are held in street name and you do not submit any voting instructions, your brokerage firm or bank may vote your shares with regard to each of the two proposals, as specified by stock exchange rules. If your AGL Resources shares are held through the Retirement Savings Plus Plan and you do not return the proxy card for those plan shares and do not vote by telephone or the internet, the plan trustee, upon instruction from the Administrative Committee of the Retirement Savings Plus Plan, will vote your shares FOR each of the two proposals specified in the notice of the meeting and as instructed by the Administrative Committee on any other proposals that may properly come before the meeting.

How many shares can vote?

As of the February 22, 2008, record date for voting at the annual meeting, 76,456,124 shares of common stock of AGL Resources were outstanding and entitled to be voted at the annual meeting. You are entitled to one vote for each share of AGL Resources common stock you owned on the record date. Shares held by a trust which holds assets for our Nonqualified Savings Plan are included in the number of shares outstanding but are not eligible to be voted.

Is there a list of shareholders entitled to notice of the annual meeting?

A list of shareholders entitled to notice of the annual meeting is available for inspection by any shareholder between the hours of 9:00 a.m. and 5:00 p.m., Eastern time, at our headquarters at Ten Peachtree Place, Atlanta, Georgia. Please contact our Corporate Secretary at AGL Resources Inc., P.O. Box 4569, Location 1466, Atlanta, Georgia 30302-4569, if you would like to review the

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shareholder list. The shareholder list will also be available at the annual meeting for inspection by any shareholder.

How many votes must be present to hold the annual meeting?

A majority of the 76,456,124 shares of AGL Resources common stock outstanding on the record date, including the shares held by the Nonqualified Savings Plan trust, must be present, either in person or represented by proxy, to conduct the annual meeting.

How many votes are needed to elect directors?

Directors are elected by a plurality of the total number of votes cast, which means the five nominees who receive the largest number of properly cast votes will be elected as directors.

What happens if a director nominee fails to receive a majority of the votes cast in his or her election?

As described in Proposal 1 Election of Directors General, our bylaws provide that if a director nominee in an uncontested election is elected by the required plurality vote of the shareholders but does not receive the affirmative vote of the holders of a majority of the shares voted, the director must promptly tender his or her resignation to the board of directors following certification of the shareholder vote. The Nominating, Governance and Corporate Responsibility Committee must then recommend to the board of directors whether to accept or reject the tendered resignation or whether to take other action. The board must then act on the tendered resignation and publicly disclose its decision and the rationale behind the decision within 90 days after the certification of the election results.

What if I vote withhold authority to elect directors?

In voting for the election of directors, a vote to withhold authority for the election of one or more director nominees will be counted for quorum purposes, but because the vote required to elect directors is a plurality vote, a vote to withhold authority will not affect the outcome of the election. However, a vote to withhold authority will be counted for purposes of determining whether a director nominee received the affirmative vote of holders of a majority of the shares voted. Please see *What happens if a director nominee fails to receive a majority of the votes cast in his or her election?* above.

How many votes are required to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm?

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the votes cast FOR to exceed the votes cast AGAINST the proposal.

How will abstentions be treated?

Abstentions will be treated as shares present and entitled to vote for quorum purposes. Abstentions will not be treated as votes cast, and consequently they will not affect the outcome of the vote on the election of directors or the determination of whether a director nominee has received the affirmative vote of the holders of a majority of the shares voted or the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Could other matters be decided at the annual meeting?

We do not know of any other matters that will be considered at the annual meeting. If a matter that is not listed on the proxy or vote

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instruction card is properly brought before the annual meeting in accordance with Section 1.2 of our bylaws, the persons named as proxies will vote in accordance with their judgment of what is in the best interest of the Company, based on the discretionary voting authority conferred on them by the proxy and vote instruction cards.

Who will count the votes?

Representatives of Wells Fargo Bank, N.A., our transfer and shareholder services agent, will count the votes and act as inspector of elections.

Where and when will I be able to find the voting results?

We will post the voting results on our web site at www.aglresources.com approximately two weeks after the annual meeting. You also can find the results in our Form 10-Q for the second quarter of 2008, which we will file with the Securities and Exchange Commission, or SEC, no later than August 11, 2008.

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts with brokerage firms, banks and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker, bank and/or our transfer agent to consolidate as many accounts as possible under the same name and address. All communications concerning accounts for shares registered in your name on the books kept by our transfer agent, including address changes, name changes, inquiries to transfer shares and similar issues, can be handled by making a toll-free call to Wells Fargo Shareowner Services at (800) 468-9716.

What do I need to bring with me if I want to attend the annual meeting?

The annual meeting is open to all holders of our common stock. To attend the annual

meeting, you will need to bring an admission ticket and valid picture identification. If your shares are registered in your name on the books kept by our transfer agent or your shares are held as 401(k) plan shares, your admission ticket is part of your proxy card or may be printed from the internet when you vote online. If your shares are held in street name by your brokerage firm or bank, you will need to bring evidence of your stock ownership, such as a proxy obtained from your street name nominee (particularly if you want to vote your shares at the annual meeting) or your most recent brokerage account statement (in which case you will not be able to vote your shares at the meeting), together with valid picture identification. You may also request us to send you an admission ticket. If you do not have either an admission ticket or proof that you own our common stock, together with valid picture identification, you may not be admitted to the meeting.

What happens if the annual meeting is postponed or adjourned?

Your proxy will still be valid and may be voted at a postponed or adjourned meeting, unless the board of directors fixes a new record date for the postponed or adjourned meeting, which the board is required to do if the postponement or adjournment is for more than 120 days. If the meeting is postponed or adjourned, you will still be able to change or revoke your proxy until it is voted.

When are shareholder proposals for the 2009 annual meeting due?

Our bylaws require shareholders to give us advance notice of any shareholder nominations of directors and of any other matters shareholders wish to present for action at an annual meeting of shareholders. The required notice must be given within a prescribed time frame, which is calculated by reference to the date of the proxy statement relating to our most recent annual meeting.

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Accordingly, with respect to our 2009 annual meeting of shareholders, our bylaws require notice to be provided to our Corporate Secretary at AGL Resources Inc., P.O. Box 4569, Location 1466, Atlanta, Georgia 30302-4569 no later than November 20, 2008. If a shareholder fails to provide timely notice of a proposal to be presented at the 2009 annual meeting, the persons designated as proxies by the board of directors will have discretionary authority to vote, and the trustee of the Retirement Savings Plus Plan will vote in accordance with the instructions of the Administrative Committee of the Retirement Savings Plus Plan based on its discretionary authority, on any such proposal that may come before the meeting.

If you are interested in submitting a proposal for inclusion in our proxy statement for the annual meeting in 2009, you need to follow the procedures outlined in the SEC's Rule 14a-8. To be eligible for inclusion, your

shareholder proposal intended for inclusion in the proxy statement for the 2009 annual meeting of shareholders must be received no later than November 20, 2008, by our Corporate Secretary at the address above.

This deadline does not apply to questions a shareholder may wish to ask at the annual meeting.

Who pays the costs associated with this proxy solicitation?

AGL Resources pays the expenses of soliciting proxies. We may consider the engagement of a proxy solicitation firm to assist in the solicitation of proxies. Additionally, proxies may be solicited on our behalf by directors, officers and employees, in person or by telephone, facsimile or electronic transmission. Directors, officers and employees will not be paid additional fees for those services.

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The following table presents information as of December 31, 2007*, concerning the beneficial ownership of AGL Resources common stock by each director and director nominee, by each executive officer named in the Summary Compensation Table under the caption Executive Compensation Compensation Paid to Executive Officers, whom we refer to collectively as the named executive officers, and by all executive officers and directors as a group, based on information furnished by them to us.

Beneficial ownership as reported in the table below has been determined in accordance with SEC regulations and includes shares of common stock which may be acquired within 60 days after December 31, 2007, upon the exercise of outstanding stock options but excludes shares and share equivalents held under deferral plans which are disclosed in a separate column. See note (3) below. Unless otherwise indicated, all directors, director nominees and executive officers have sole voting and investment power with respect to the shares shown. As of December 31, 2007, no individual director, director nominee, named executive officer, or executive officers and directors as a group owned beneficially 1% or more of our common stock.

| Name | Shares of Common Stock Beneficially Owned | | Shares and Share Equivalents Held Under Deferral Plans(3) | Total |
|---|--|-----------------------|---|---------|
| | Owned Shares(1) | Optioned Shares(2) | | |
| Sandra N. Bane | 1,000 | | | 1,000 |
| Thomas D. Bell, Jr. | 11,858 | | | 11,858 |
| Charles R. Crisp | 7,087 | | 2,352 | 9,439 |
| Michael J. Durham | 13,966 | | | 13,966 |
| Arthur E. Johnson | 1,061 | 7,173 | 20,357 | 28,591 |
| Wyck A. Knox, Jr. | 12,122 | | 21,288 | 33,410 |
| Dennis M. Love | 474 | 9,874 | 25,988 | 36,336 |
| Charles H. McTier | 2,042 | | 2,313 | 4,355 |
| Dean R. O Hare | 6,283 | | 647 | 6,930 |
| D. Raymond Riddle(4) | 6,113 | 11,169 | 30,283 | 47,565 |
| James A. Rubright | 3,447 | 7,173 | 18,223 | 28,843 |
| John W. Somerhalder II | 45,518 | 21,900 | 422 | 67,840 |
| Felker W. Ward, Jr. | 19,742 | 9,672 | 18,385 | 47,799 |
| Bettina M. Whyte | 5,350 | | 3,277 | 8,627 |
| Henry C. Wolf | 9,583 | | 4,368 | 13,951 |
| Andrew W. Evans | 18,505 | 40,266 | | 58,771 |
| Kevin P. Madden | 65,570 | 73,365 | | 138,935 |
| Douglas N. Schantz | 46,208 | 30,300 | 6,142 | 82,650 |
| Paul R. Shlanta | 28,962 | 37,032 | | 65,994 |
| All executive officers and directors as a group (22 persons)(5) | 344,739 | 322,196 | 154,076 | 821,011 |

* All beneficial stock ownership information for Ms. Bane presented in this proxy statement is as of February 29, 2008, the date on which she first was granted shares of our common stock following her election to our board of directors.

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- (1) Includes 100 shares held by each of our directors as required under our bylaws.

- (2) For the non-employee directors, reflects the shares that may be acquired upon exercise of stock options granted under the 1996 Non-Employee Directors Equity Compensation Plan (which we refer to as the 1996 Directors Plan) and for the executive officers, reflects the shares that may be acquired upon exercise of stock options granted under the 2007 Omnibus Performance Incentive Plan (which we refer to as the Omnibus Performance Incentive Plan), the Long-Term Incentive Plan (1999) (which we refer to as the Long-Term Incentive Plan) or the Long-Term Stock Incentive Plan of 1990, both of which are predecessor plans, or under the Officer Incentive Plan.

- (3) Represents shares of common stock, common stock equivalents and accrued dividend credits held for non-employee directors under the 1998 Common Stock Equivalent Plan for Non-Employee Directors, which we refer to as the Common Stock Equivalent Plan, and, for the named executive officers, under the Nonqualified Savings Plan. The common stock equivalents track the performance of AGL Resources common stock and are payable in cash. The shares and share equivalents may not be voted or transferred by the participants.

- (4) Includes 1,600 shares held by Mr. Riddle in trust via a Keogh account. Mr. Riddle has sole voting and investment power with respect to these shares.

- (5) Includes 1,149 shares for which a member of the group who is not a named executive officer has shared voting and investment power. Also includes 737 shares in a trust held by a member of the group who is not a named executive officer. Such member has sole voting and investment power with respect to these shares.

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PROPOSAL 1 ELECTION OF DIRECTORS

GENERAL

The board of directors presently consists of fifteen members, fourteen of whom are non-employee directors. The board is divided into three classes of approximately equal size, with the directors in each class serving a three-year term. The terms are staggered so that the term of one class expires at each annual meeting.

Our bylaws provide that directors are elected by a plurality of the votes cast by shareholders at a meeting at which a quorum is present. Our bylaws, while not changing the requirement for a plurality vote in the election of directors, requires additionally that any director nominee in an uncontested election who does not receive the affirmative vote of a majority of the votes cast (including votes to withhold authority) with respect to that director's election must promptly tender his or her resignation to the board following certification of the shareholder vote. The requirement that a director tender his or her resignation if he or she does not receive a majority of the votes cast does not apply in the case of a contested election where the number of nominees exceeds the number of directors to be elected.

Following such a tender of resignation, the Nominating, Governance and Corporate Responsibility Committee, excluding any director tendering his or her resignation if he or she is a member of the Nominating, Governance and Corporate Responsibility Committee, will make a recommendation to the board as to whether to accept or reject the resignation or whether other action should be taken. The board will then act on the Nominating, Governance and Corporate Responsibility Committee's recommendation and publicly disclose its decision and rationale within 90 days after the date of the certification of the election results. The

director who tenders his or her resignation will not participate in the board's decision. If the director's resignation is not accepted by the board, the director shall continue to serve until his or her successor is duly elected or until his or her earlier death, resignation or removal. If the director's resignation is accepted by the board of directors, any resulting vacancy may be filled as provided in the bylaws or the board of directors may decrease the size of the board.

If a majority of the Nominating, Governance and Corporate Responsibility Committee does not receive a majority of the votes cast in their respective elections, then the independent members of the board who did not fail to receive a majority of the votes cast will appoint a committee from among themselves to consider the resignation offers and recommend to the board whether to accept them. If the only directors who did not fail to receive a majority of the votes cast constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

The board of directors, based on the recommendation of its Nominating, Governance and Corporate Responsibility Committee, has nominated Sandra N. Bane, Arthur E. Johnson, James A. Rubright, John W. Somerhalder II and Bettina M. Whyte for election as directors at the annual meeting. All of the nominees are current directors of the Company. If elected, Ms. Bane will hold office for a two-year term expiring at the annual meeting of shareholders in 2010 and each of the remaining nominees will hold office for a three-year term expiring at the annual meeting of shareholders in 2011. Each of the nominees has agreed to serve as a director if elected by the shareholders.

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If any nominee becomes unable to stand for election, the board may:

designate a substitute nominee, in which case the proxies or Retirement Savings Plus Plan trustee, as applicable, will vote all valid proxies for the election of the substitute nominee named by the board;

allow the vacancy to remain open until a suitable candidate is located; or

reduce the authorized number of directors accordingly.

Michael J. Durham will resign from the board of directors effective April 30, 2008,

immediately following the annual meeting of shareholders. We sincerely thank Mr. Durham for his invaluable contributions and his dedicated service.

Set forth below is information as of December 31, 2007, about the five director nominees, followed by information as of December 31, 2007, about all other current directors whose terms of office will continue after the annual meeting. Unless otherwise stated, all directors have been engaged in their principal occupations for more than the past five years.

Nominees For Election

[Sandra N. Bane](#), audit partner with KPMG LLP from 1985 until her retirement in 1998; head of the Western Region's Merchandising practice at KPMG LLP and partner in charge of the region's Human Resources department for two years; accountant with increasing responsibilities at KPMG LLP from 1975 until 1996; and currently a director of Big 5 Sporting Goods Corporation and Transamerica Premier Investment Funds, a mutual fund company for which she serves a total of eleven funds. Ms. Bane, 55, has been a director of AGL Resources since February 2008.

[Arthur E. Johnson](#), Senior Vice President, Corporate Strategic Development, of Lockheed Martin Corporation, an advanced technology company engaged in research, design development, manufacture and integration of advanced technology systems, since 2001; Vice President, Corporate Strategic Development, of Lockheed Martin Corporation from 1999 until 2001; President and Chief Operating Officer of Lockheed Martin Corporation Information and Services Sector from 1997 until 1999; President of Lockheed Martin Corporation Systems Integration Group from January 1997 until August 1997; President of Loral Corporation Federal Systems Group from 1994 until 1996; and currently a director of IKON Office Solutions Corporation. Mr. Johnson, 61, has been a director of AGL Resources since February 2002.

[James A. Rubright](#), Chairman and Chief Executive Officer of Rock-Tenn Company, an integrated paperboard and packaging company, since 1999; and currently a director of Rock-Tenn Company and Forestar Real Estate Group, Inc. Mr. Rubright, 61, has been a director of AGL Resources since August 2001.

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[John W. Somerhalder II](#), our Chairman since October 2007 and our President and Chief Executive Officer since March 2006; Executive Vice President of El Paso Corporation, a natural gas and related energy products provider and owner of North America's largest natural gas pipeline system and one of North America's largest independent natural gas producers, from 2000 until May 2005, where he continued service under a professional services agreement from May 2005 until March 2006; President, El Paso Pipeline Group from 2001 until 2005; President of Tennessee Gas Pipeline Company, an El Paso company from 1996 until 1999; President of El Paso Energy Resources Company from April 1996 until December 1996; Senior Vice President, Operations and Engineering, El Paso Natural Gas Company from 1992 until 1996; Vice President, Engineering, El Paso Natural Gas Company from 1986 until 1990; from 1977 until 1990, various other positions with increasing responsibility at El Paso Corporation and its subsidiaries until being named an officer in 1990; and currently a director of AGL Resources Inc. and Quicksilver Gas Services GP LLC. Mr. Somerhalder, 52, has been a director of AGL Resources since March 2006.

[Bettina M. Whyte](#), Chairman of the Advisory Board of Bridge Associates, LLC, a leading turnaround, crisis and interim management firm, since October 2007; Managing Director and Head of the Special Situations Group of MBIA Insurance Corporation, a world leader in credit enhancement services and a global provider of fixed-income asset management services, from March 2006 until October 2007; Managing Director of AlixPartners, LLC, a business turnaround management and financial advisory firm, from April 1997 until March 2006; Partner and National Director of Business Turnaround Services, Pricewaterhouse LLP from 1990 until 1997; Partner, Peterson & Co. Consulting, from 1988 until 1990; President, KRW Associates from 1982 until 1988; Vice President and Manager of Houston Regional Office, Continental Bank of Chicago from 1975 until 1982; Loan Officer, Harris Trust from 1971 until 1975; and currently a director of Amerisure Companies and Rock-Tenn Company. Ms. Whyte, 58, has been a director of AGL Resources since October 2004.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR EACH OF THE ABOVE NOMINEES.

Directors Whose Terms Continue Until the Annual Meeting in 2009

[Charles R. Crisp](#), former President and Chief Executive Officer of Coral Energy, LLC, a subsidiary of Shell Oil Company, which provided energy-related products and services associated with wholesale natural gas and power marketing and trading, from 1999 until his retirement in October 2000; President and Chief Operating Officer of Coral Energy, LLC from 1998 until 1999; joined Houston Industries in 1996 and served as President of its domestic power generation group until 1998; and currently a director of EOG Resources Inc., IntercontinentalExchange, Inc. and Targa Resources, Inc. Mr. Crisp, 60, has been a director of AGL Resources since April 2003.

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[Wyck A. Knox, Jr.](#), former partner in, and Chairman of the Executive Committee (for four years) of the law firm of Kilpatrick Stockton, LLP or a predecessor firm, from 1976 until his retirement in 2007; and Chairman and Chief Executive Officer of Knox Rivers Construction Company from 1976 until 1995. Mr. Knox, 67, has been a director of AGL Resources since November 1998.

[Dennis M. Love](#), President and Chief Executive Officer of Printpack Inc., which manufactures flexible and rigid packaging materials used primarily for consumer products, since 1987; and currently a director of Carastar Industries, Inc. Mr. Love, 52, has been a director of AGL Resources since October 1999.

[Charles H. Pete](#) [McTier](#), former President of the Robert W. Woodruff Foundation, the Joseph B. Whitehead Foundation, the Lettie Pate Evans Foundation and the Lettie Pate Whitehead Foundation, which are all based in Atlanta and make up one of the largest foundation groups in the Southeast, from 1988 until his retirement in 2006; Vice President, Secretary and Treasurer of the foundations from 1987 until 1988; Secretary and Treasurer of the foundations from 1977 until 1987; Secretary of the foundations from 1971 until 1977; prior to that, several administrative positions at Emory University; and currently a director of Coca-Cola FEMSA, S.A. de C.V. Mr. McTier, 69, has been a director of AGL Resources since December 2006.

[Henry C. Wolf](#), former Vice Chairman and Chief Financial Officer of Norfolk Southern Corporation, a holding company that controls a major freight railroad and owns a natural resources company and telecommunications company, from 1998 until his retirement in 2007; Executive Vice President Finance of Norfolk Southern Corporation from 1993 until 1998; Vice President Taxation of Norfolk Southern Corporation from 1991 until 1993; various other positions with increasing responsibility at Norfolk Southern Corporation in the finance division from 1973 until 1991; and currently a director of Hertz Global Holdings, Inc. Mr. Wolf, 65, has been a director of AGL Resources since April 2004.

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Directors Whose Terms Continue Until the Annual Meeting in 2010

Thomas D. Bell, Jr., Chairman and Chief Executive Officer of Cousins Properties Incorporated, a fully integrated real estate investment trust, since December 2006; President and Chief Executive Officer of Cousins Properties Incorporated from January 2002 until December 2006; and currently a director of Cousins Properties Incorporated, Regal Entertainment Group and the US Chamber of Commerce. Mr. Bell, 58, has been a director of AGL Resources since July 2004. Mr. Bell previously served as a director of AGL Resources from July 2003 until April 2004.

Dean R. O Hare, former Chairman and Chief Executive Officer of The Chubb Corporation, a multi-billion dollar organization providing property and casualty insurance for personal and commercial customers worldwide, from 1988 until his retirement in November 2002; and currently a director of Fluor Corporation and HJ Heinz Company. Mr. O Hare, 65, has been a director of AGL Resources since August 2005.

D. Raymond Riddle, our Lead Director since October 2007; Chairman of the Board of Directors from March 2006 until October 2007; our Interim Chairman and Chief Executive Officer from January 2006 until March 2006; our Chairman of the Board of Directors from 2000 until 2002; Chairman of the Board and Chief Executive Officer of National Service Industries, Inc., a diversified manufacturing and services company, from 1994 until 1996; and currently a director of Atlantic American Corporation and AMC, Inc. Mr. Riddle, 74, has been a director of AGL Resources since May 1978.

Felker W. Ward, Jr., Managing Member of Pinnacle Investment Advisors, LLC, an investment advisory services firm, since 1994; and currently a director of Atlanta Life Financial Group. Mr. Ward, 74, has been a director of AGL Resources since August 1988.

Under our Guidelines on Significant Corporate Governance Issues, each member of the board of directors is required to attend the annual meeting of shareholders unless unavoidable circumstances preclude attendance. All of our then current directors attended our 2007 annual meeting of shareholders.

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CORPORATE GOVERNANCE

Board of Directors

Our business affairs are managed under the direction of the board of directors in accordance with the Georgia Business Corporation Code, our articles of incorporation and our bylaws. The role of the board of directors is to govern our affairs for the benefit of our shareholders and other constituencies, which include our employees, customers, suppliers, creditors and the communities in which we do business. The board strives to ensure the success and continuity of our business through the appointment of qualified executive management, overseen by the board.

Ethics and Compliance Program

The board of directors is responsible for overseeing management's implementation of the Company's ethics and compliance program to ensure that our business is conducted in a consistently legal and ethical manner. As part of the ethics and compliance program, our Company has established, and the board of directors has approved, a code of conduct entitled "Commitment to Integrity and Ethics - AGL Resources Code of Business Conduct." Our Code of Business Conduct governs the way we treat our customers and co-workers, guides our community interactions, and strengthens our commitment to excellence and integrity. The Code of Business Conduct covers a wide range of professional conduct, including environmental, health and safety standards, employment policies, conflicts of interest, accuracy of records, fair dealing, insider trading and strict adherence to all laws and regulations applicable to the conduct of our business. Under the Code of Business Conduct, employees are required to conduct the Company's activities in an ethical and lawful manner and all employees are expected to report any situation where they believe our

internal policies or external laws are being violated. Our Code of Business Conduct applies to our directors, officers and all of our employees.

In addition, the board of directors has adopted a Code of Ethics for the Chief Executive Officer and the Senior Financial Officers designed to deter wrongdoing and promote the following: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure in documents filed with or submitted to the SEC; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of violations of the Code of Ethics; and accountability for adherence to the Code of Ethics.

Any waiver of the Code of Business Conduct or Code of Ethics for an executive officer and, where applicable, for a member of the board of directors requires the approval of the board of directors or a duly authorized committee of the board and will be promptly disclosed on our website at www.aglresources.com. No waivers have been granted under the codes.

The board of directors also has adopted Guidelines on Significant Corporate Governance Issues, or our Corporate Governance Guidelines, that set forth guidelines for the operation of the board of directors and its committees. The board periodically reviews our governance practices and procedures, evaluating them against corporate governance best practices.

Our Code of Business Conduct, our Code of Ethics and our Corporate Governance Guidelines are available on our website at www.aglresources.com. They also are available to any shareholder upon request to Investor Relations, AGL Resources Inc. at P.O. Box 4569, Location 1071, Atlanta, Georgia 30302-4569.

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Director Independence

Pursuant to New York Stock Exchange listing standards, our board of directors has adopted a formal set of categorical Standards for Determining Director Independence. In accordance with these Standards, a director must be determined to have no material relationship with the Company other than as a director in order to be considered an independent director. The Standards specify the criteria by which the independence of our directors will be determined, including strict guidelines for directors and their immediate family members with respect to past employment or affiliation with the Company or its independent registered public accounting firm. The Standards also set forth independence criteria applicable to members of the Audit Committee, the Compensation and Management Development Committee and the Nominating, Governance and Corporate Responsibility Committee of the board of directors. The Standards meet and in some areas exceed the independence standards of the New York Stock Exchange. These Standards are available on our website at www.aglresources.com.

In accordance with these Standards, the board undertook in February 2008 an annual review of director independence and, in connection with Ms. Bane's election, a concurrent review of her independence. Based on this review, the board has affirmatively determined that, as to each current non-employee director (Messrs. Bell, Crisp, Durham, Johnson, Knox, Love, McTier, O Hare, Riddle, Rubright, Ward and Wolf and Mmes. Bane and Whyte), no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each current non-employee director qualifies as independent in accordance with the Standards and the independence standards of the New York Stock Exchange. John W. Somerhalder II, our chairman, president and chief executive officer, is not independent because of his employment by the Company.

Mr. Somerhalder will not participate in any action of the board related to his compensation or any other matters requiring action by only non-employee directors.

In making these independence determinations, the board considered that in the ordinary course of business, transactions may occur between the Company and its subsidiaries and companies at which some of our directors are or have been directors, officers or employees. The board also considered that the Company and its subsidiaries may make charitable contributions to not-for-profit organizations where our directors or their immediate family members serve or are executive officers.

For information about certain transactions between us and business entities with which each of Messrs. Bell, Knox and Wolf are or were associated and the board's determinations that these directors are independent notwithstanding these transactions, see Certain Relationships and Related Transactions. Additionally, in making its independence determinations, the board considered the fact that Messrs. Crisp and Durham are each non-employee directors of public corporations with which we or our subsidiaries conduct business in the ordinary course and that Ms. Whyte was an employee, but not an executive officer, of a public company that in the ordinary course of its business guaranteed payment of certain debt obligations of one of our subsidiaries but to which we have made no premium or other payments in the past four years. The board of directors concluded that these relationships are not material and have no effect on the independence of those directors.

Policy on Related Person Transactions

The board of directors recognizes that related person transactions present a heightened risk of conflicts of interest and therefore, in December 2007, adopted a written policy with respect to related person transactions. For

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the purpose of the policy, a related person transaction is a transaction between us and any related person, other than (1) transactions available to all employees or customers generally, or (2) transactions involving less than \$120,000 when aggregated with all similar transactions. Related persons are (a) executive officers as defined under Section 16 of the Securities Exchange Act of 1934, as amended, (b) executive and senior vice presidents of AGL Resources, (c) each member of the board of directors, (d) holders of more than 5% of our common stock and (e) any immediate family member, as defined under the Exchange Act, of the persons listed in (a) through (d) above.

Under the policy, when management becomes aware of a related person transaction involving a dollar amount that is less than one percent of either the Company's consolidated gross revenues or the consolidated gross revenues of the related person, or any affiliate of such related person, for the prior fiscal year, management reports the transaction to the Chairman of the Nominating, Governance and Corporate Responsibility Committee. When management becomes aware of a related person transaction involving a dollar amount that is equal to or exceeds one percent of either the Company's consolidated gross revenues or the consolidated gross revenues of the related person, or any affiliate of such related person, for the prior fiscal year, management reports the transaction to the Nominating, Governance and Corporate Responsibility Committee and requests approval or ratification of the transaction.

Transactions requiring approval or ratification must be (1) on terms comparable to those that could be obtained in arm's length dealings with an unrelated third person; and (2) approved by a majority of the disinterested members of the Nominating, Governance and Corporate Responsibility Committee. The Nominating, Governance and Corporate Responsibility Committee will report to the full

board all related person transactions presented to it.

With the exception of the transaction with Mr. Wolf's former company, the related party transactions concerning certain members of the board of directors referred to in this proxy statement did not require review by the Nominating, Governance and Corporate Responsibility Committee because each pre-existed the board of directors' adoption of the policy.

Board and Committee Meetings