

AGL RESOURCES INC  
Form S-4/A  
March 14, 2011  
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As filed with the Securities and Exchange Commission on March 14, 2011

Registration No. 333-172084

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**AMENDMENT**  
**NO. 1 TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**AGL Resources Inc.**

(Exact name of registrant as specified in its charter)

**Georgia**  
(State or other jurisdiction of  
incorporation or organization)

**4924**  
(Primary Standard Industrial  
Classification Code Number)

**58-2210952**  
(I.R.S. Employer  
Identification Number)

**Ten Peachtree Place, NE, Atlanta, Georgia 30309**

**(404) 584-3000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Paul R. Shlanta, Esq.**

**Executive Vice President, General Counsel and Chief Ethics and Compliance Officer**

**Ten Peachtree Place, NE, Atlanta, Georgia 30309**

**(404) 584-3000**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

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**Senior Vice President,**

**General Counsel and Secretary**

**Nicor Inc.**

**1844 Ferry Road**  
**Naperville, Illinois 60563**  
**(630) 305-9500**

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**Richard S. Meller, Esq.**

**Latham & Watkins LLP**

**233 South Wacker Drive, Suite 5800**

**Chicago, Illinois 60606**

**(312) 876-7700**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

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<b>Title of each class of securities to be registered(1)</b>	<b>Amount to be registered(2)</b>	<b>Proposed maximum offering price per unit</b>	<b>Proposed maximum aggregate offering price(3)</b>	<b>Amount of registration fee(4)</b>
Common Stock, par value \$5.00 per share	N/A	N/A	\$1,468,601,878	\$170,505

- (1) This Registration Statement relates to common stock, par value \$5.00 per share, of the registrant issuable to holders of common stock, par value \$2.50 per share ( Nicor common stock ), of Nicor Inc., an Illinois corporation ( Nicor ), pursuant to the Agreement and Plan of Merger, dated as of December 6, 2010, by and among AGL Resources Inc., a Georgia corporation ( AGL Resources ), Apollo Acquisition Corp., an Illinois corporation and a wholly owned subsidiary of AGL Resources, Ottawa Acquisition LLC, an Illinois limited liability company and wholly owned subsidiary of AGL Resources, and Nicor.
- (2) Omitted in reliance on Rule 457(o) of the Securities Act of 1933.
- (3) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 and computed pursuant to Rule 457(c) and 457(f) of the Securities Act of 1933. The proposed maximum aggregate offering price is equal to (i) the product of (a) \$53.00, the average of the high and low prices per share of Nicor common stock as reported on the New York Stock Exchange composite transactions reporting system on March 7, 2011 and (b) the maximum possible number of shares of Nicor common stock to be canceled pursuant to the merger, including all Nicor common stock potentially issuable or expected to be issued in connection with the merger, minus (ii) the cash portion of the consideration to be paid by AGL Resources to holders of Nicor common stock.
- (4) Computed in accordance with Section 6(b) of the Securities Act of 1933 by multiplying 0.0001161 by the proposed maximum aggregate offering price. Of the total registration fee, \$154,604 has been previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. AGL Resources Inc. may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any representation to the contrary is a criminal offense.**

**Subject to completion, dated March 14, 2011**

**Ten Peachtree Place, NE**

**1844 Ferry Road**

**Atlanta, Georgia 30309**

**Naperville, Illinois 60563**

[ ], 2011

Dear AGL Resources Inc. and Nicor Inc. Shareholders:

On behalf of the boards of directors and management teams of AGL Resources and Nicor, we are pleased to enclose the joint proxy statement/prospectus relating to the merger of a wholly owned subsidiary of AGL Resources into Nicor. Upon completion of the merger, Nicor will be a wholly owned subsidiary of AGL Resources. We believe this merger will create a strong combined company that will deliver important benefits to our shareholders, to our customers and to the communities we serve.

**If the merger is completed, Nicor shareholders will receive \$21.20 in cash and 0.8382 of a share of AGL Resources common stock for each share of Nicor common stock held, subject to adjustment in certain circumstances, as described in more detail in the enclosed joint proxy statement/prospectus under the heading **The Merger Agreement Effects of the Merger; Merger Consideration.**** This represents a value of \$53.00 based on the volume-weighted average price for AGL Resources common stock for the 20 trading days ended December 1, 2010. The consideration of \$53.00 per share for Nicor shareholders represents a premium of approximately 22% to the closing stock price of Nicor on December 1, 2010, and an approximately 17% premium to the volume-weighted average stock price of Nicor over the 20 trading days ending December 1, 2010. The value of the consideration to be received by Nicor shareholders will fluctuate with changes in the price of AGL Resources common stock. We urge you to obtain current market quotations for AGL Resources and Nicor common stock.

In connection with the merger, AGL Resources shareholders are cordially invited to attend a special meeting of the shareholders of AGL Resources to be held on June 14, 2011 at 10:00 a.m., local time, at AGL Resources corporate headquarters, Ten Peachtree Place, Atlanta, Georgia 30309, and Nicor shareholders are cordially invited to attend a special meeting of the shareholders of Nicor to be held on [ ], 2011 at [ a.m.], local time, at [ ].

At the special meeting of the shareholders of AGL Resources, AGL Resources shareholders will be asked to vote on a proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement with Nicor, a proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources board of directors from 15 to 16 directors and to vote on a proposal to adjourn AGL Resources special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation. AGL Resources cannot complete the merger unless AGL Resources shareholders approve both the share issuance and the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources board of directors; provided that if AGL Resources shareholders do not approve the amendment, AGL Resources and Nicor may nonetheless agree to proceed with the merger, however there can be no assurance that this would occur.

**AGL Resources board of directors has reviewed and considered the terms of the merger and the merger agreement and has unanimously determined that the merger, including the issuance of shares of AGL Resources common stock and the increase in the number of directors on AGL Resources board of directors, as contemplated by the merger agreement, is fair to and in the best interests of AGL Resources and its shareholders and unanimously recommends that AGL Resources shareholders vote (i) FOR the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, (ii) FOR the proposal to amend AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources board of directors from 15 to 16 directors, and (iii) FOR the proposal to adjourn AGL Resources special meeting if necessary**

**to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation.**

At the special meeting of the shareholders of Nicor, Nicor shareholders will be asked to vote on a proposal to approve the merger agreement and to vote on a proposal to adjourn Nicor's special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.

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Nicor's board of directors has reviewed and considered the terms of the merger and the merger agreement and the directors present unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of Nicor's shareholders and recommend that Nicor shareholders vote (i) FOR the proposal to approve the merger agreement and thereby approve the merger, and (ii) FOR the proposal to adjourn the Nicor special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.

AGL Resources shareholders will continue to own their existing AGL Resources shares. We estimate that AGL Resources may issue up to approximately 38.6 million shares of its common stock to Nicor shareholders as contemplated by the merger agreement. Upon completion of the merger, AGL Resources' shareholders immediately prior to the merger will own approximately 67% of AGL Resources' outstanding common stock and former Nicor shareholders will own approximately 33% of AGL Resources' outstanding common stock. AGL Resources common stock will continue to be listed on the New York Stock Exchange under the symbol AGL.

We urge you to read the enclosed joint proxy statement/prospectus, which includes important information about the merger and our special meetings. **In particular, see Risk Factors on pages 27 through 37 of the joint proxy statement/prospectus which contains a description of the risks that you should consider in evaluating the merger.**

For a discussion of the United States federal income tax consequences of the merger, see The Proposed Merger Material United States Federal Income Tax Consequences of the Transaction beginning on page 93 of the joint proxy statement/prospectus.

**Your vote is very important. We cannot complete the merger unless (i) AGL Resources shareholders approve both the share issuance and the amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources' board of directors (unless AGL Resources and Nicor agree to proceed and complete the merger without the amendment, as described above), and (ii) Nicor shareholders approve the merger agreement.** Whether or not you expect to attend the special meeting of your company, the details of which are described in the enclosed joint proxy statement/prospectus, please vote immediately by submitting your proxy by telephone, by the Internet or by completing, signing, dating and returning your signed proxy card(s) in the enclosed prepaid return envelope.

If AGL Resources shareholders have any questions or require assistance in voting their shares, they should call Alliance Advisors, LLC, AGL Resources' proxy solicitor for the special meeting, toll-free at (877) 777-4999. If Nicor shareholders have any questions or require assistance in voting their shares, they should call Georgeson Inc., Nicor's proxy solicitor for the special meeting, toll-free at (866) 628-6023.

Sincerely,

John W. Somerhalder II

*Chairman, President and*

*Chief Executive Officer*

*AGL Resources Inc.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger described in the joint proxy statement/prospectus or the securities to be issued pursuant to the merger under the joint proxy statement/prospectus or determined if the joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

Sincerely,

Russ M. Strobel

*Chairman, President and*

*Chief Executive Officer*

*Nicor Inc.*

The enclosed joint proxy statement/prospectus is dated [ ], 2011 and is

first being mailed to shareholders on or about [ ], 2011.



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**REFERENCES TO ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about AGL Resources and Nicor from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain copies of the documents incorporated by reference into this joint proxy statement/prospectus through the Securities and Exchange Commission (sometimes referred to as the SEC) website at [www.sec.gov](http://www.sec.gov) or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**AGL Resources Inc.**  
Ten Peachtree Place, NE, Location 1071  
Atlanta, Georgia 30309

**Investor Relations**  
(404) 584-3801

**Nicor Inc.**

**P.O. Box 3014**

**Naperville, Illinois 60566-7014**

**Investor Relations**

**(630) 305-9500**

In addition, you may also obtain additional copies of this joint proxy statement/prospectus or the documents incorporated by reference into this joint proxy statement/prospectus by contacting Alliance Advisors, LLC, AGL Resources proxy solicitor, or Georgeson Inc., Nicor's proxy solicitor, at the addresses and telephone numbers listed below. You will not be charged for any of these documents that you request.

**Alliance Advisors, LLC**

**200 Broadacres Drive, 3<sup>rd</sup> Floor**

**Bloomfield, New Jersey 07003**

**Tel: (877) 777-4999 (toll free) or**

**(973) 873-7700 (call collect)**

**Email: [agl@allianceadvisorsllc.com](mailto:agl@allianceadvisorsllc.com)**

**Georgeson Inc.**

**199 Water Street, 26<sup>th</sup> Floor**

**New York, New York 10038**

**Tel: (866) 628-6023 (toll-free)**

**or (212) 440-9800 (call collect)**

**Email: [nicor@georgeson.com](mailto:nicor@georgeson.com)**

If you would like to request documents from AGL Resources, please do so by June 7, 2011, in order to receive them before the AGL Resources special meeting. If you would like to request documents from Nicor, please do so by [ ], 2011, in order to receive them before the Nicor special meeting.

See **Where You Can Find More Information** beginning on page 168 of this joint proxy statement/prospectus.

**SUBMITTING PROXIES BY MAIL, TELEPHONE OR INTERNET**

AGL Resources shareholders of record may submit their proxies:

by telephone, by calling the toll-free number (800) 690-6903 in the United States or Canada on a touch-tone phone and following the recorded instructions;

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by accessing the Internet website at [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on the website; or

by mail, by indicating their voting preference on the proposals on each proxy card received, signing and dating each proxy card and returning each proxy card in the prepaid envelope that accompanied that proxy card.  
Nicor shareholders of record may submit their proxies:

by telephone, by calling the toll-free number (800) 690-6903 in the United States or Canada on a touch-tone phone and following the recorded instructions;

by accessing the Internet website at [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on the website; or

by mail, by indicating their voting preference on the proposals on each proxy card received, signing and dating each proxy card and returning each proxy card in the prepaid envelope that accompanied that proxy card.  
Shareholders of AGL Resources and/or Nicor whose shares are held in street name, must provide their brokers with instructions on how to vote their shares; otherwise, their brokers will not vote their shares on any of the proposals before the special meeting. Shareholders should check the voting form provided by their brokers for instructions on how to vote their shares.

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**AGL RESOURCES INC. Ten Peachtree Place, NE, Atlanta, Georgia 30309**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 14, 2011**

The AGL Resources special meeting will be held on June 14, 2011 at 10:00 a.m., local time, at AGL Resources corporate headquarters, Ten Peachtree Place, Atlanta, Georgia 30309. Our shareholders are asked to vote to:

1. Approve the issuance of shares of AGL Resources common stock as contemplated by the Agreement and Plan of Merger, dated as of December 6, 2010, among AGL Resources Inc., Apollo Acquisition Corp., Ottawa Acquisition LLC and Nicor Inc. A copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice. In the merger, each share of Nicor common stock outstanding immediately prior to completion of the merger will be converted into the right to receive \$21.20 in cash and 0.8382 of a share of AGL Resources common stock, subject to adjustment in certain circumstances.
2. Approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources board of directors from 15 to 16 directors.
3. Adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation.
4. Transact any other business properly brought before the special meeting and any adjournment or postponement thereof.

If you held shares in AGL Resources at the close of business on April 18, 2011, you are entitled to vote at the special meeting and at any adjournment or postponement thereof.

Your board of directors recommends that you vote **FOR** all of these proposals, which are described in detail in the accompanying joint proxy statement/prospectus. Your attention is directed to the accompanying joint proxy statement/prospectus for a discussion of the merger and the merger agreement, as well as the other matters that will be considered at the meeting.

**Your vote is very important. The conditions to the merger include that AGL Resources shareholders approve both the share issuance and the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on AGL Resources board of directors from 15 to 16 directors.** If the amendment is not approved by AGL Resources shareholders, AGL Resources and Nicor may nonetheless agree to proceed with the merger, however we cannot assure you that this will occur. For the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation, a failure to vote will have the same effect as a vote **AGAINST** such proposal. While a failure to vote for the proposal to approve the issuance of shares of AGL Resources common stock will not affect the outcome of the proposal, it will make it more difficult to meet the New York Stock Exchange requirement that the total votes cast for the proposal must represent a majority of the shares of AGL Resources common stock outstanding and entitled to vote.

**Whether or not you plan to attend the special meeting in person, please complete, sign, date and return the enclosed proxy in the accompanying self-addressed postage pre-paid envelope or complete your proxy by following the instructions supplied on the proxy card for voting by telephone or via the Internet (or, if your shares are held in street name by a broker, nominee, fiduciary or other custodian, follow the directions given by the broker, nominee, fiduciary or other custodian regarding how to instruct it to vote your shares) as soon as possible. If you attend the special meeting, you may withdraw your proxy and vote in person.**

By Order of the Board of Directors

Myra C. Bierria  
*Corporate Secretary*

Atlanta, Georgia  
[ ], 2011

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Nicor Inc.

P.O. Box 3014, Naperville,

Illinois 60566-7014

(630) 305-9500

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD [ ], 2011**

The Nicor special meeting will be held on [ ], 2011, at [ ], local time, at [ ], for the following purposes, all as set forth in the accompanying joint proxy statement/prospectus:

- 1) Approve the Agreement and Plan of Merger (the merger agreement ), dated as of December 6, 2010, by and among AGL Resources Inc., Apollo Acquisition Corp., Ottawa Acquisition LLC and Nicor Inc.;
- 2) Approve the adjournment of the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement; and

3) Transact any other business properly brought before the special meeting and any adjournment or postponement thereof. Only shareholders of record on the books of Nicor at the close of business on [ ], 2011, will be entitled to vote at the meeting. The stock transfer books will not be closed. These items of business, including the merger agreement and the proposed merger are described in detail in the accompanying joint proxy statement/prospectus. **The Nicor board of directors, by unanimous vote of the directors present, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger between Nicor and subsidiaries of AGL Resources, are advisable and in the best interests of Nicor and its shareholders and recommends that Nicor shareholders vote FOR the adoption of the merger agreement and FOR the adjournment of the Nicor special meeting, if necessary to solicit additional proxies in favor of such adoption.**

Adoption of the merger agreement by the Nicor shareholders is a condition to the merger and requires the affirmative vote, in person or by proxy, of holders of a majority of the shares of Nicor common stock outstanding and entitled to vote thereon. Therefore, your vote is very important. Your failure to vote your shares will have the same effect as a vote against the adoption of the merger agreement. **Whether or not you plan to attend the special meeting, please promptly vote your proxy by telephone or by accessing the internet site following the instructions in the accompanying joint proxy statement/prospectus or by marking, dating, signing and returning the accompanying proxy card as promptly as possible.**

Paul C. Gracey, Jr.  
*Senior Vice President, General Counsel and Secretary*  
[ ], 2011

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS**

**Q1: Why am I receiving this document?**

A: This document is being delivered to you because you are either a shareholder of AGL Resources Inc. (sometimes referred to as AGL Resources), a shareholder of Nicor Inc. (sometimes referred to as Nicor), or both, and AGL Resources and Nicor are each holding a special shareholders meeting in connection with the proposed merger of a wholly owned subsidiary of AGL Resources into Nicor, with Nicor as the surviving corporation (sometimes referred to as the merger). Immediately thereafter, the surviving corporation will merge into a wholly owned limited liability company of AGL Resources, with the limited liability company surviving as a wholly owned subsidiary of AGL Resources.

AGL Resources shareholders are being asked to approve at a special shareholders meeting the issuance of shares of AGL Resources common stock as contemplated by the Agreement and Plan of Merger (sometimes referred to as the merger agreement), dated as of December 6, 2010, by and among AGL Resources, Apollo Acquisition Corp., Ottawa Acquisition LLC and Nicor, an amendment to the amended and restated articles of incorporation of AGL Resources, as amended (sometimes referred to as AGL Resources amended and restated articles of incorporation) to increase the number of directors that may serve on the board of directors of AGL Resources (sometimes referred to as the AGL Resources Board) from 15 to 16 directors and a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation. Nicor shareholders are being asked to approve at a special shareholders meeting the merger agreement, and thereby approve the merger, and a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement. The approval of both (i) the issuance of shares of AGL Resources common stock and (ii) the amendment to AGL Resources amended and restated articles of incorporation by AGL Resources shareholders, is sometimes referred to as the AGL Resources shareholder approval, and the approval of the merger agreement by Nicor shareholders, thereby approving the merger, is sometimes referred to as the Nicor shareholder approval.

This document is serving as both a joint proxy statement of AGL Resources and Nicor and a prospectus of AGL Resources. It is a joint proxy statement because it is being used by each of the boards of directors of AGL Resources and Nicor to solicit proxies from their respective shareholders. It is a prospectus because AGL Resources is offering shares of its common stock in exchange for shares of Nicor common stock, as well as cash, if the merger is completed. A copy of the merger agreement is attached as *Annex A* to this joint proxy statement/prospectus.

**Q2: What do I need to do now?**

A: After you carefully read this joint proxy statement/prospectus, please respond by submitting your proxy by telephone, by the Internet or by completing, signing, dating and returning your signed proxy card(s) in the enclosed prepaid return envelope(s), as soon as possible, so that your shares may be represented at your special meeting. In order to assure that your vote is recorded, please vote your proxy as instructed on your proxy card(s) even if you currently plan to attend your special meeting in person.

**Q3: Why is my vote important?**

A: If you do not submit your proxy by telephone, the Internet, or return your signed proxy card(s) by mail or vote in person at your special meeting, it will be more difficult for AGL Resources and Nicor to obtain the necessary quorum to hold their respective special meetings and to obtain the shareholder approvals necessary for the completion of the merger. For the AGL Resources special meeting, the presence, in person or by proxy, of holders of a majority of the votes entitled to be cast constitutes a quorum for the transaction of business. For the Nicor special meeting, the holders of at least a majority of the total number of outstanding shares of Nicor common stock entitled to vote at the Nicor special meeting, excluding such shares as may be owned by Nicor, must be present in person or represented by proxy. If a quorum is not present at the AGL Resources special

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meeting or the Nicor special meeting, the shareholders of that company will not be able to take action on any of the proposals at that meeting.

In addition, for the AGL Resources proposal to approve an amendment to its amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, a majority of the outstanding shares entitled to vote on such matter must approve such proposal, thus a failure to vote will have the same effect as a vote **AGAINST** such proposal. While a failure to vote for the proposal to approve the issuance of shares of AGL Resources common stock will not affect the outcome of the proposal, it will make it more difficult to meet the New York Stock Exchange (sometimes referred to as the NYSE) requirement that the total votes cast on such matter represent a majority of the shares of AGL Resources common stock outstanding and entitled to vote.

For the Nicor proposal to approve the merger agreement, a majority of the outstanding shares entitled to vote on such matter must approve such proposal, thus a failure to vote will have the same effect as a vote **AGAINST** the proposal.

**Your vote is very important. AGL Resources and Nicor cannot complete the merger unless (i) AGL Resources shareholders approve both the share issuance and the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board (unless AGL Resources and Nicor agree to proceed and complete the merger without the amendment, as described below) and (ii) Nicor shareholders approve the merger agreement.**

### **Q4: Why have AGL Resources and Nicor agreed to the merger?**

A: AGL Resources and Nicor believe that the merger will provide substantial strategic and financial benefits to their shareholders, customers and the communities they serve, including, among others:

the combined company will be better positioned to compete in a consolidating industry where size and scale are increasingly important;

the combined company's regulated utility business will have greater market and regulatory diversity;

the combined company will have substantial capital investment opportunities in its regulated operations;

combining the two companies' non-regulated energy marketing businesses will create a stronger, more competitive, and better balanced growth platform with opportunities to capture operational efficiencies;

the merger will combine complementary areas of expertise of each company, allowing the combined company to draw upon the intellectual capital, technical expertise, processes, practices and experience of a deeper, more diverse workforce; and

the combined company will have a larger market capitalization, which is expected to enhance the equity market profile of the combined company.

Additional information on the reasons for the merger can be found below, beginning on page 62 for AGL Resources and on page 75 for Nicor.

### **Q5: When do you expect the merger to be completed?**

A: AGL Resources and Nicor hope to complete the merger as soon as reasonably practicable, subject to receipt of necessary regulatory approvals and the shareholder approvals, which are the subject of the AGL Resources and Nicor special meetings. AGL Resources and Nicor currently expect that the transaction will be completed in the second half of 2011. However, AGL Resources and Nicor cannot predict when regulatory review will be completed, whether regulatory or shareholder approval will be received or the potential terms and conditions of any regulatory approval that is received. In addition, the satisfaction of certain other conditions to the merger, some of which are outside of the control of AGL Resources and Nicor, could require the companies to complete the merger in 2012 or not to complete it at all. For a discussion of

the conditions to the completion of

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the merger and of the risks associated with obtaining regulatory approvals in connection with the merger, see The Merger Agreement Conditions to the Merger beginning on page 126 and The Proposed Merger Regulatory Matters Relating to the Merger beginning on page 96.

### **Q6: How will my proxy be voted?**

A: If you vote by telephone, by the Internet or by completing, signing, dating and returning your signed proxy card(s), your proxy will be voted in accordance with your instructions. If other matters are properly brought before the special meetings, or any adjourned meetings, your proxy includes discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

*AGL Resources.* If you are an AGL Resources shareholder of record and submit your proxy but do not indicate how you want to vote, your shares will be voted **FOR** the proposal to approve the issuance of shares of AGL Resources common stock pursuant to the merger agreement, **FOR** the proposal to amend the amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation.

*Nicor.* If you are a Nicor shareholder of record and submit your proxy but do not indicate how you want to vote, your shares will be voted **FOR** the proposal to approve the merger agreement and **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.

### **Q7: May I vote in person?**

A: Yes. If you are a shareholder of record of AGL Resources common stock as of April 18, 2011, or of Nicor common stock as of [ ], 2011, you may attend your special meeting and vote your shares in person, instead of submitting your proxy by telephone, by the Internet or returning your signed proxy card(s). However, AGL Resources and Nicor highly recommend that you vote in advance by submitting your proxy by telephone, via the Internet or by mail, even if you plan to attend the special meeting of your company.

### **Q8: What are the votes required to approve the proposals?**

A: *AGL Resources.*

Approval of the proposal respecting the issuance of shares of AGL Resources common stock as contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the shares of AGL Resources common stock represented at the AGL Resources special meeting and entitled to vote thereon, provided that a majority of the outstanding shares of AGL Resources common stock is present and votes on the proposal.

Approval of the proposal respecting the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors requires approval by a majority of the votes entitled to be cast on the proposal.

Approval of the proposal respecting the adjournment of the AGL Resources shareholders meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation requires that the number of votes cast in favor of the proposal exceeds the votes cast opposing the proposal.

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*Nicor.*

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock outstanding and entitled to vote on such proposal.

Approval of the proposal respecting the adjournment of the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock represented at the meeting and entitled to vote on such proposal.

**Q9: If I am a record holder of my shares, what happens if I abstain from voting or I don't submit a proxy (whether by returning my proxy card or submitting my proxy by telephone or via the Internet) or attend my special meeting to vote in person?**

*A: AGL Resources.*

For the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, an abstention will be counted as present in person or represented by proxy and entitled to vote at the AGL Resources special meeting, and as a vote cast, and, therefore, will have the same effect as a vote **AGAINST** such proposal. A failure to vote is not counted as a vote cast, and as such, will not otherwise have an effect on the outcome of the vote for the proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast on this proposal represent a majority of the outstanding shares of AGL Resources common stock present and entitled to vote on the proposal.

For the proposal to approve an amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, an abstention or a failure to vote will have the same effect as a vote **AGAINST** such proposal.

For the proposal to adjourn the AGL Resources special meeting, if necessary, an abstention or a failure to vote will not have an effect on the outcome of the vote for the proposal.

*Nicor.*

For the proposal to approve the merger agreement, an abstention or a failure to vote will have the same effect as a vote **AGAINST** the proposal.

For the proposal to adjourn the Nicor special meeting, if necessary, an abstention or a failure to vote will not have an effect on the outcome of the vote for the proposal.

**Q10: What if my shares are held in street name ?**

A: If some or all of your shares of AGL Resources and/or Nicor are held in street name by your broker, you must provide your broker with instructions on how to vote your shares; otherwise, your broker will not be able to vote your shares on any of the proposals before the special meeting.

As a result of the foregoing, please be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

**Q11: What if I fail to instruct my broker?**

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A: Under the listing requirements of the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting

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discretion with respect to the approval of matters that the NYSE determines to be non-routine. Accordingly, a broker non-vote occurs when the broker is not permitted to vote on an item without instruction from the beneficial owner of shares of common stock and the beneficial owner gives no instruction as to voting of the shares.

*AGL Resources.* Under NYSE rules, it is expected that your broker or bank does not have discretionary authority to vote your shares on the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors or the proposal to adjourn the AGL Resources special meeting, if necessary. Therefore, if you are an AGL Resources shareholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, which broker non-votes will have no effect on the vote on this proposal, provided that a majority of the outstanding shares of AGL Resources common stock is present and votes on the proposal (with broker non-votes not counting as votes cast for this purpose);

your broker may not vote your shares on the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker may not vote your shares on the proposal to adjourn AGL Resources special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation, which will have no effect on the outcome of the proposal.

*Nicor.* Under NYSE rules, it is expected that your broker or bank does not have discretionary authority to vote your shares on the proposal to approve the merger agreement or the proposal to adjourn the Nicor special meeting, if necessary. Therefore, if you are a Nicor shareholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the merger agreement, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker may not vote your shares on the proposal to adjourn Nicor's special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement, which will have no effect on the outcome of the proposal.

See Information About the AGL Resources Special Meeting and Vote Broker Non-Votes beginning on page 42, and Information About the Nicor Special Meeting and Vote Broker Non-Votes beginning on page 47, for more detail on the impact of a broker non-vote.

### **Q12: Who will count the votes?**

A: For the AGL Resources proposals, representatives of Broadridge Financial Solutions, Inc. will serve as inspector of elections, count all the proxies or ballots submitted and report the votes at the special meeting. Whether you vote your shares by Internet, telephone or mail, your vote will be received directly by Broadridge Financial Solutions, Inc.

For the Nicor proposals, certain employees of Nicor will serve as inspector of elections, count all the proxies or ballots submitted and report the votes at the special meeting. Whether you vote your shares by Internet, telephone or mail, your vote will be received directly by Broadridge Financial Solutions, Inc.





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### **Q13: What does it mean if I receive more than one set of materials?**

A: This means you own shares of both AGL Resources and Nicor or you own shares of AGL Resources or Nicor that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you may receive multiple sets of proxy materials. It is necessary for you to vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards you receive in order to vote all of the shares you own. Each proxy card you receive will come with its own prepaid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope which accompanied that proxy card.

### **Q14: How do I vote if my shares are held in 401(k) plans?**

A: 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 special meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or written proxy vote. Please follow the instructions on your proxy card.

If your Nicor shares are held in a Nicor 401(k) plan, only the trustee of the plan can vote your plan shares even if you attend the special meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or written proxy vote. Please follow the instructions on your proxy card. With respect to Nicor shares held in a Nicor 401(k) plan for which no voting instructions are received, the plan trustee will vote such shares in the same proportion as it votes plan shares with respect to which it has received voting instructions unless the plan trustee determines that to do so would be inconsistent with Title I of ERISA.

### **Q15: Can I revoke my proxy and change my vote?**

A: Yes. You have the right to revoke your proxy at any time prior to the time your shares are voted at your special meeting. If you are a shareholder of record, your proxy can be revoked in several ways:

by entering a new vote by telephone or the Internet;

by delivering a written revocation to your company's Corporate Secretary prior to the special meeting;

by submitting another valid proxy bearing a later date that is received prior to your special meeting; or

by attending your special meeting and voting your shares in person.

However, if your shares are held in street name through a broker, nominee, fiduciary or other custodian, you must check with your broker, nominee, fiduciary or other custodian to determine how to revoke your proxy.

### **Q16: When and where are the special meetings?**

A: The AGL Resources special meeting will take place on June 14, 2011, at 10:00 a.m., local time, at AGL Resources corporate headquarters, Ten Peachtree Place, Atlanta, Georgia 30309. The Nicor special meeting will take place on [ ], 2011, at [ a.m.], local time, at [ ].

### **Q17: What must I bring to attend the special meetings?**

A: Admittance to the AGL Resources special meeting will require the admission ticket that is attached to your proxy and a valid photo identification. Attendance at the meeting will be limited to shareholders of record as of the record date and one guest per shareholder, and to guests of AGL Resources. Shareholders whose shares are held in street name by a broker, nominee, fiduciary or other custodian should bring with them a legal proxy or a recent brokerage statement or letter from the street name holder confirming their beneficial ownership of shares, together with a valid picture identification. If your shares are registered in your name on the books kept by AGL Resources transfer agent or your shares are held as a 401(k) plan share, your admission ticket is part of your proxy card or may be printed from the Internet when you vote

online.

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Admittance to the Nicor special meeting will require the admission ticket that is attached to your proxy (or other proof of stock ownership) and a valid photo identification. Attendance at the meeting will be limited to shareholders of record as of the record date and one guest per shareholder, and to guests of Nicor. Shareholders whose shares are held in street name by a broker, nominee, fiduciary or other custodian should bring with them a legal proxy or a recent brokerage statement or letter from the street name holder confirming their beneficial ownership of shares, together with a valid picture identification.

**Q18: Should I send in my stock certificates now?**

A: No. After the merger is completed, AGL Resources will send former Nicor shareholders written instructions for exchanging their Nicor stock certificates for stock certificates of AGL Resources. AGL Resources shareholders will keep their existing stock certificates.

**Q19: Are there risks I, as an AGL Resources shareholder, should consider in deciding to vote on the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the amendment to AGL Resources amended and restated articles of incorporation or, as a Nicor shareholder, should consider in deciding to vote on the approval of the merger agreement?**

A: Yes. In evaluating the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, the amendment to AGL Resources amended and restated articles of incorporation or the merger agreement and the merger, you should carefully read this joint proxy statement/prospectus, including the factors discussed in the section entitled Risk Factors beginning on page 27 of this joint proxy statement/prospectus.

**Q20: Who can answer any questions I may have about the special meetings or the merger?**

A: AGL Resources shareholders may call Alliance Advisors, LLC, AGL Resources proxy solicitor for the special meeting, toll-free at (877) 777-4999. Nicor shareholders may call Georgeson Inc., Nicor's proxy solicitor for the special meeting, toll-free at (866) 628-6023.

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**SUMMARY**

*This summary highlights selected information contained in this joint proxy statement/prospectus with respect to the merger and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger agreement, you should carefully read this entire joint proxy statement/prospectus and the documents to which AGL Resources and Nicor refer you. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 168. AGL Resources and Nicor have included in this summary references to other portions of this joint proxy statement/prospectus to direct you to a more complete description of the topics presented, which you should review carefully in their entirety.*

**The Companies Involved in the Merger (see page 39)**

**AGL Resources Inc.**

Ten Peachtree Place, NE

Atlanta, Georgia 30309

(404) 584-3000

AGL Resources is an energy services holding company, headquartered in Atlanta, Georgia, whose principal business is the distribution of natural gas in six states: Florida, Georgia, Maryland, New Jersey, Tennessee and Virginia. AGL Resources operates six utilities which, combined, serve approximately 2.3 million end-use customers, making it the largest distributor of natural gas in the southeastern and mid-Atlantic regions of the United States based on customer count. AGL Resources is also involved in various related businesses, including retail natural gas marketing to end-use customers in Georgia, Ohio and Florida; natural gas asset management and related logistics activities for its own utilities as well as for other nonaffiliated companies; natural gas storage arbitrage and related activities; and the development and operation of high-deliverability underground natural gas storage assets.

Additional information about AGL Resources and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 168.

**Nicor Inc.**

1844 Ferry Road

Naperville, Illinois 60563

(630) 305-9500

Nicor, an Illinois corporation formed in 1976, is a holding company and is a member of the Standard & Poor's 500 Index. Its primary business is Nicor Gas, one of the nation's largest natural gas distribution companies. Nicor also owns Tropical Shipping, a containerized shipping business serving the Caribbean region and the Bahamas. In addition, Nicor owns several energy-related businesses, including Nicor Services, Nicor Solutions and Nicor Advanced Energy, which provide energy-related products and services to retail markets, Nicor Enerchange, a wholesale natural gas marketing company and Central Valley, which is developing a natural gas storage facility. Nicor also has equity interests in a cargo container leasing business, a FERC-regulated natural gas pipeline and certain affordable housing investments. For more information, visit the Nicor website at [www.nicor.com](http://www.nicor.com).

Additional information about Nicor and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 168.

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### **The Proposed Merger (see page 51)**

Under the terms of the merger agreement, Apollo Acquisition Corp. (sometimes referred to as Merger Sub), a wholly owned subsidiary of AGL Resources formed for the purpose of the merger, will merge with and into Nicor. As a result, Nicor will survive the merger and will become a wholly owned subsidiary of AGL Resources upon completion of the merger. Immediately after the merger, Nicor will merge with and into Ottawa Acquisition LLC (sometimes referred to as Merger LLC or the surviving entity), a wholly owned subsidiary of AGL Resources formed for the purpose of the merger, and Merger LLC will continue to exist as a wholly owned subsidiary of AGL Resources (sometimes referred to as the subsequent merger). Merger Sub and Merger LLC are sometimes referred to as the acquisition subsidiaries and the two mergers are sometimes referred to as the transaction.

The merger will be completed only after the satisfaction or waiver of the conditions to the completion of the merger discussed below.

The merger agreement is attached as *Annex A* to this joint proxy statement/prospectus. AGL Resources and Nicor encourage you to read the merger agreement carefully and fully, as it is the legal document that governs the merger.

### **Effects of the Merger; Merger Consideration (see page 51)**

#### *Common Stock*

Except as described below, subject to the terms and conditions of the merger agreement, at the effective time of the merger, each share of Nicor common stock issued and outstanding immediately prior to the effective time of the merger (other than dissenting shares) will be converted into the right to receive (i) \$21.20 in cash and (ii) 0.8382 of a share of AGL Resources common stock, subject to adjustment for certain changes in AGL Resources common stock or Nicor common stock such as reclassifications or stock splits (sometimes referred to as the exchange ratio).

However, if the aggregate value of all shares of AGL Resources common stock that would be issued pursuant to the merger (sometimes referred to as the total stock consideration), calculated based on the price of AGL Resources common stock on the date the merger agreement was executed (which was \$37.13), is less than 40% of the sum of the total stock consideration plus the total amount of cash paid to Nicor shareholders, including cash paid in lieu of fractional shares and deemed paid in respect of dissenting shares (which sum is sometimes referred to as the total merger consideration), then the exchange ratio will be increased, and the amount of cash paid per share of Nicor common stock will be correspondingly decreased, until the total stock consideration equals 40% of the total merger consideration. The adjustment will be made as follows: for each 0.0001 increase to the exchange ratio that is made, the amount of cash paid per share of Nicor common stock will be reduced by the product of 0.0001 multiplied by \$37.13. For purposes of the adjustment described above, the cash deemed paid in respect of dissenting shares will be \$53.00.

The adjustment mechanism referenced in the preceding paragraph is intended to ensure that the transaction satisfies the continuity of interest requirement for a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This requirement generally should be satisfied if the AGL Resources common stock issued in the transaction to Nicor shareholders represents at least 40% of the value of the total consideration received by Nicor shareholders in the transaction, as determined under applicable United States Treasury regulations. For a discussion of the United States federal income tax consequences of the merger, see *The Proposed Merger Material United States Federal Income Tax Consequences of the Transaction* beginning on page 93 of this joint proxy statement/prospectus.

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Should such adjustment to the exchange ratio be made, AGL Resources and Nicor will each disclose the adjustment on a current report on Form 8-K and in a press release. Additionally, AGL Resources will send a written notification of the change in the exchange ratio to each shareholder of Nicor whose shares are converted into the right to receive the merger consideration with the letter of transmittal that will be mailed to each of those shareholders immediately after the effective time of the merger.

AGL Resources will not issue any fractional shares in connection with the merger. Instead, each holder of Nicor common stock who would otherwise be entitled to receive a fraction of a share of AGL Resources common stock (after taking into account all shares of Nicor common stock owned by a holder at the effective time of the merger) will receive cash, without interest, rounded down to the nearest cent, in an amount equal to the fractional share to which such holder would otherwise be entitled multiplied by the average of the closing sale prices of AGL Resources common stock on the NYSE, as reported in *The Wall Street Journal* for each of the 20 consecutive trading days ending with the fifth complete trading day prior to the closing date.

The merger consideration represented a value of \$53.00 based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010. This represents a premium of approximately 22% to the closing stock price of Nicor on December 1, 2010, and an approximately 17% premium to the volume-weighted average stock price of Nicor over the last 20 trading days ending December 1, 2010. The value of the consideration to be received by Nicor shareholders will fluctuate with changes in the price of AGL Resources common stock. The merger consideration represented a value of \$53.65 based on the closing price of AGL Resources common stock on the NYSE on March 4, 2011. This represents a premium of approximately 23% to the closing stock price of Nicor on December 1, 2010, and an approximately 18% premium to the volume-weighted average stock price of Nicor over the last 20 trading days ending December 1, 2010. AGL Resources and Nicor urge you to obtain current market quotations for AGL Resources and Nicor common stock.

*Treasury Shares; Shares Owned by AGL Resources*

Immediately prior to the effective time of the merger, each share of Nicor common stock (i) held as a treasury share by Nicor, (ii) owned of record by any subsidiary of Nicor, or (iii) owned of record by AGL Resources, Merger Sub or any of their respective wholly owned subsidiaries will, in each case, be canceled and cease to exist, and no consideration will be delivered in exchange for those shares.

**AGL Resources Shareholders Will Not Have Dissenters' Rights in Connection with the Merger**

(see page 43)

Under Georgia law, AGL Resources shareholders are not entitled to dissenters' rights in connection with the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors. It is anticipated that AGL Resources shares will continue to be traded on the NYSE during the pendency of and following the effectiveness of the merger, and AGL Resources is not one of the constituent corporations to the merger.

**Nicor Shareholders Will Have Dissenters' Rights in Connection with the Merger (see page 47)**

Under Illinois law, Nicor shareholders have dissenters' rights in connection with the merger. Therefore, a shareholder of Nicor may elect to be paid for such shareholder's shares in accordance with the procedures set forth in the Illinois Business Corporation Act of 1983, as amended (sometimes referred to as the IBCA). The full text of Article 11 of the IBCA is reprinted in its entirety as *Annex B* to this joint proxy statement/prospectus. See *Information About the Nicor Special Meeting and Vote Dissenters' Rights* beginning on page 47.

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### **Treatment of Nicor Stock Options, Restricted Stock, Restricted Stock Units and Stock Plans (see page 109)**

Immediately prior to the effective time of the merger, each outstanding option to purchase Nicor common stock will be cancelled and in exchange therefor, former holders of Nicor stock options will be entitled to receive a cash payment in an amount equal to (i) the product of (A) the number of shares of Nicor common stock subject to the option and (B) the excess, if any, of (1) the value of the merger consideration, based on the volume-weighted average price of AGL Resources common stock on the business day immediately preceding the closing date of the merger over (2) the exercise price per share subject to the option, less (ii) withholding with respect to any applicable taxes.

Each share of Nicor restricted stock outstanding immediately prior to the merger will vest in full and all restrictions will lapse and, as of the effective time of the merger, will entitle the holder to receive the merger consideration, less withholding with respect to applicable taxes.

Each restricted stock unit of Nicor outstanding immediately prior to the merger will be cancelled and, in exchange therefor, former holders of Nicor restricted stock units will be entitled to receive a cash payment in an amount equal to the value of the merger consideration, based on the volume-weighted average price of AGL Resources common stock on the business day immediately preceding the closing date of the merger multiplied by the number of shares of Nicor common stock subject to such restricted stock unit, less withholding with respect to applicable taxes. Such cash will be payable in accordance with the terms of the restricted stock unit.

After the effective time of the merger, all Nicor equity plans will be terminated and no further options, restricted stock or restricted stock units or other rights with respect to shares of Nicor common stock will be granted pursuant to such equity plans.

### **Dividends (see page 134)**

During 2010, AGL Resources declared quarterly cash dividends of \$0.44 per share of common stock, or \$1.76 annually, and Nicor declared quarterly cash dividends of \$0.465 per share of common stock, or \$1.86 annually. On February 8, 2011, AGL Resources increased its dividend rate to \$0.45 per share of common stock quarterly, or \$1.80 annually, effective for the dividend payable March 1, 2011. Under the terms of the merger agreement, AGL Resources and Nicor have agreed to coordinate the declaration and payment of dividends in respect of each party's common stock including the record dates and payment dates relating thereto. It is the intent of AGL Resources and Nicor that no shareholder of either company will receive two dividends, or fail to receive one dividend, for any single calendar quarter (or portion thereof) with respect to its shares of AGL Resources common stock and/or Nicor common stock. AGL Resources and Nicor intend that the first quarterly dividend paid to the holders of AGL Resources common stock (including former holders of Nicor common stock) following the effective time of the merger will be paid in accordance with AGL Resources' dividend policy, and in no event later than the first record date for the payment of dividends after the closing date of the merger. This would represent an anticipated dividend accretion of approximately 35% for Nicor's shareholders.

### **Material United States Federal Income Tax Consequences of the Transaction (see page 93)**

AGL Resources and Nicor expect that the merger and the subsequent merger, taken together as a single integrated transaction, will qualify as a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code and that each of AGL Resources and Nicor will be a party to the reorganization, and it is a condition to the consummation of the merger that each of AGL Resources and Nicor receive an opinion from legal counsel to that effect. If the transaction qualifies as a reorganization, a Nicor shareholder generally will recognize gain (but not loss), determined separately for each identifiable block of shares of Nicor common stock (generally, Nicor common stock acquired at different prices or at different times) that is exchanged in the transaction, in an amount equal to the lesser of (i) the amount of

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cash received in the transaction with respect to such block, excluding any cash received in lieu of a fractional share of AGL Resources common stock and (ii) the excess, if any, of (a) the sum of the amount of such cash and the fair market value of the AGL Resources common stock received in the transaction with respect to such block over (b) the Nicor shareholder's tax basis in its shares of Nicor common stock in such block.

A Nicor shareholder generally will recognize gain or loss with respect to cash received in lieu of a fractional share of AGL Resources common stock in the transaction measured by the difference, if any, between the amount of cash received and the tax basis in such fractional share.

Nicor shareholders are urged to read the discussion in the section entitled "The Proposed Merger - Material United States Federal Income Tax Consequences of the Transaction" beginning on page 93 of this joint proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the transaction, as well as the effects of state, local and non-United States tax laws.

### **Approvals Required by AGL Resources and Nicor Shareholders to Complete the Merger (see pages 42 and 46)**

A shareholder will be deemed present at the special meeting by proxy if the shareholder has returned a proxy by mail, by telephone, or via the Internet (even if the proxy contains no instructions as to voting, abstains from voting, or constitutes a broker non-vote). If you do not return your proxy card or submit your proxy by telephone, via the Internet or vote in person at the AGL Resources special meeting or Nicor special meeting, your vote will not be counted and it will be less likely that a quorum to conduct business at the AGL Resources special meeting or Nicor special meeting will be obtained and that the vote necessary for approval of the proposals will be obtained.

#### *For AGL Resources Shareholders*

Approval of the proposal respecting the issuance of shares of AGL Resources common stock as contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the shares of AGL Resources common stock represented at the AGL Resources special meeting and entitled to vote thereon, provided that a majority of the outstanding shares of AGL Resources common stock is present and votes on the proposal.

Approval of the proposal respecting the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors requires approval by a majority of the votes entitled to be cast on the proposal.

Approval of the proposal respecting the adjournment of the AGL Resources shareholders meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation requires that the number of votes cast in favor of the proposal exceeds the votes cast opposing the proposal.

AGL Resources directors and officers beneficially owned [ ] shares of AGL Resources common stock on April 18, 2011, the record date for the special meeting. These shares represent in total [ ]% of the total voting power of AGL Resources voting securities outstanding and entitled to vote as of the record date. AGL Resources currently expects that AGL Resources directors and officers will vote their shares in favor of all the proposals to be voted on at the special meeting, although none of them has entered into any agreements obligating them to do so.



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AGL Resources cannot complete the merger unless AGL Resources shareholders approve both the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the proposal to approve the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors. In the event that AGL Resources shareholders do not approve the amendment, AGL Resources and Nicor may agree to waive the requirement that this approval be obtained and nonetheless proceed with the merger, however, there can be no assurance that AGL Resources and Nicor would agree to waive this condition.

### *For Nicor Shareholders*

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock outstanding and entitled to vote on such proposal.

Approval of the proposal respecting the adjournment of the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock represented at the meeting and entitled to vote on such proposal.

Nicor's directors and officers beneficially owned [ ] shares of Nicor common stock on [ ], 2011, the record date for the special meeting. These shares represent in total [ ]% of the total voting power of Nicor's voting securities outstanding and entitled to vote as of the record date. Nicor currently expects that Nicor's directors and officers will vote their shares in favor of all the proposals to be voted on at the special meeting, although none of them has entered into any agreements obligating them to do so.

Nicor cannot complete the merger unless Nicor shareholders approve the proposal to adopt the merger agreement.

### **Recommendations of the AGL Resources Board (see page 62)**

The AGL Resources Board has reviewed and considered the terms of the merger and the merger agreement and has unanimously determined that the merger, including the issuance of shares of AGL Resources common stock and the increase in the number of directors on the AGL Resources Board, as contemplated by the merger agreement, is fair to and in the best interests of AGL Resources and its shareholders and unanimously recommends that AGL Resources shareholders vote **FOR** the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, **FOR** the proposal to amend AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors and **FOR** the proposal to adjourn AGL Resources' special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources' amended and restated articles of incorporation.

### **Recommendations of the Nicor Board (see page 75)**

The board of directors of Nicor (sometimes referred to as the Nicor Board) has reviewed and considered the terms of the merger and the merger agreement and the directors present unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Nicor's shareholders and recommend that Nicor shareholders vote **FOR** the proposal to approve the merger agreement and thereby approve the merger. The Nicor Board also recommends that you vote **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.

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### **Opinion of AGL Resources Financial Advisor (see page 67)**

Goldman, Sachs & Co. (sometimes referred to as Goldman Sachs) delivered its opinion to the AGL Resources Board that, as of December 6, 2010 and based upon and subject to the factors and assumptions set forth therein, the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement was fair from a financial point of view to AGL Resources.

The full text of the written opinion of Goldman Sachs, dated as of December 6, 2010, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex D* to this joint proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of the AGL Resources Board in connection with its consideration of the transaction contemplated by the merger agreement. The Goldman Sachs opinion is not a recommendation as to how any holder of AGL Resources common stock should vote with respect to the transaction contemplated by the merger agreement or any other matter. Pursuant to an engagement letter between AGL Resources and Goldman Sachs, AGL Resources has agreed to pay Goldman Sachs a transaction fee of \$16.0 million, a significant portion of which is contingent upon consummation of the transaction contemplated by the merger agreement.

### **Opinion of Nicor s Financial Advisor (see page 80)**

At the meeting of the Nicor Board on December 6, 2010, J.P. Morgan Securities LLC (sometimes referred to as J.P. Morgan), rendered its oral opinion, subsequently confirmed in writing, to the Nicor Board that, as of such date, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the merger consideration to be paid to the holders of shares of Nicor common stock in the merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan dated as of December 6, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken in connection with its opinion, is included as *Annex E* to this proxy statement/prospectus and is incorporated herein by reference. J.P. Morgan provided its opinion for the information of the Nicor Board in connection with and for the purposes of its evaluation of the transactions contemplated by the merger agreement. J.P. Morgan s written opinion addresses only the consideration to be paid to the holders of shares of Nicor common stock in the merger, and does not address any other matter. J.P. Morgan s opinion does not constitute a recommendation to any shareholder of Nicor as to how such shareholder should vote with respect to the merger or any other matter. J.P. Morgan has acted as financial advisor to Nicor with respect to the proposed merger and will receive a fee of approximately \$13 million for its services, a principal portion of which is contingent upon completion of the merger. For a more complete description of J.P. Morgan s opinion, see The Proposed Merger Opinion of Nicor s Financial Advisor beginning on page 80. See also *Annex E* to this joint proxy statement/prospectus.

### **Debt Financing (see page 160)**

In connection with the transactions contemplated by the merger agreement, AGL Capital Corporation, a Nevada corporation and a wholly owned subsidiary of AGL Resources (sometimes referred to as the borrower), entered into a Bridge Term Loan Credit Agreement (sometimes referred to as the Bridge Facility) on December 21, 2010, among the borrower, AGL Resources, as guarantor, Goldman Sachs Bank USA (sometimes referred to as GS Bank), as agent and the lenders party thereto (sometimes referred to as the lenders), pursuant to which, subject to certain conditions and limitations, the lenders agree to provide loans to the borrower in an aggregate principal amount of \$1.05 billion. If AGL Capital Corporation chooses to borrow under the Bridge Facility, it is expected that the proceeds of the Bridge Facility (or an allowable replacement financing thereof),

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will be used to fund the cash consideration for the transaction and to pay the fees and expenses incurred in connection with the Bridge Facility. AGL Resources and/or AGL Capital Corporation may issue debt securities, preferred stock, common equity, or other securities; bank loans; or other debt financings in lieu of all or a portion of the drawing under the Bridge Facility.

**Completion of the Merger is Subject to Regulatory Clearance (see page 96)**

To complete the merger, AGL Resources and Nicor must receive approval from and/or make filings with various federal and state regulatory authorities. The required statutory approvals include, among others: (i) the filing of notification and report forms with the Department of Justice (sometimes referred to as the DOJ) and the Federal Trade Commission (sometimes referred to as the FTC) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (sometimes referred to as the HSR Act), and expiration or early termination of any applicable waiting periods under the HSR Act; (ii) compliance with any applicable requirements of the Illinois Public Utilities Act, the Illinois Gas Storage Act, the Illinois Gas Pipeline Safety Act and the Illinois Gas Transmission Facilities Act (sometimes collectively referred to as the Illinois Statutes) including notice to and approval of, the Illinois Commerce Commission (sometimes referred to as the ICC); (iii) the approval of the California Public Utilities Commission (sometimes referred to as the CPUC) of a change in control over Central Valley Gas Storage, LLC (sometimes referred to as Central Valley); and (iv) approval of the Federal Communications Commission (sometimes referred to as the FCC) for the transfer of control over the FCC licenses of Northern Illinois Gas Company (sometimes referred to as Nicor Gas). See *The Proposed Merger Regulatory Matters Relating to the Merger* beginning on page 96 of this joint proxy statement/prospectus for a discussion of the status of the regulatory approval process.

**AGL Resources Articles Will Be Amended Following Completion of the Merger (see page 134)**

AGL Resources is proposing to amend its amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, subject to shareholder approval. You should read the complete text of the amendment to AGL Resources amended and restated articles of incorporation substantially in the form to become effective upon completion of the merger, which is attached as *Annex C* to this joint proxy statement/prospectus in conjunction with this summary.

**Interests of AGL Resources Directors (see page 102)**

AGL Resources shareholders should be aware that AGL Resources directors may have interests in the merger that are different from, or in addition to, AGL Resources shareholders' interests when they consider their board of directors' recommendation that they vote (i) to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, (ii) to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors and (iii) to adjourn AGL Resources' special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation. Those interests include, among other things, the continuation of the 12 current AGL Resources directors (or others designated by AGL Resources) on the board of directors of the combined company.

As a result, the directors of AGL Resources may be more likely to recommend the approval of the proposals to be voted upon at the special meeting than if they did not have these interests.

Please see the section entitled *Additional Interests of AGL Resources and Nicor's Directors and Executive Officers in the Merger* beginning on page 102.

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### **Interests of Nicor Directors and Executive Officers (see page 103)**

Nicor shareholders should be aware that Nicor's directors and executive officers have interests in the merger that are in addition to those of Nicor shareholders generally. As a result, the directors and executive officers of Nicor may be more likely to recommend the approval of the proposals to be voted upon at the special meeting than if they did not have these interests. The Nicor Board was aware of and considered these potential interests, among other matters, in evaluating the merger agreement and the merger, and in recommending to you that you approve the merger agreement. Nicor's shareholders should be aware of these interests when they consider the Nicor Board's recommendation that they vote to approve the merger agreement and, thereby, the merger, and should refer to the section entitled "Additional Interests of AGL Resources and Nicor's Directors and Executive Officers in the Merger" beginning on page 102.

### **Completion of the Merger is Subject to the Satisfaction of a Number of Conditions (see page 126)**

Completion of the merger depends upon the satisfaction or waiver of a number of conditions, including, among others, the following:

receipt of the Nicor shareholder approval and the AGL Resources shareholder approval;

approval for listing on the NYSE of the shares of AGL Resources common stock issuable to Nicor shareholders pursuant to the merger agreement;

the absence of any order, decree, judgment, injunction or other ruling which prevents or prohibits the consummation of the merger or the subsequent merger;

expiration or early termination of the waiting period under the HSR Act;

receipt, at or prior to the effective time, of all required governmental approvals (including without limitation, approval from the ICC, the CPUC and the FCC), none of which shall include or impose any material adverse term (which is described in additional detail in the section entitled "The Proposed Merger Regulatory Matters Relating to the Merger" beginning on page 96);

the effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part, and there being no pending or threatened stop order relating thereto; and

the receipt of an opinion from each party's counsel to the effect that, for United States federal income tax purposes, the merger and the subsequent merger, taken together as a single integrated transaction, and along with the other transactions effected pursuant to the merger agreement, will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that each of AGL Resources and Nicor will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code.

### **How the Merger Agreement May Be Terminated by AGL Resources and/or Nicor (see page 129)**

#### *Termination*

The merger agreement may be terminated in accordance with its terms at any time prior to the effective time of the merger, whether before or after the Nicor shareholder approval or the AGL Resources shareholder approval:

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by mutual written consent of AGL Resources and Nicor;

by AGL Resources or Nicor:

if the merger is not completed by December 30, 2011 (sometimes referred to as the initial outside date); provided that (i) if the 20-business day period following the date of the merger agreement in which AGL Resources has obtained certain financial information from Nicor to be used in

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connection with the marketing of AGL Resources debt financing related to the merger, as provided in the merger agreement, and all the conditions to closing of each party set forth in the merger agreement have been satisfied, subject to certain exceptions (sometimes referred to as the marketing period), has not been completed on or before December 17, 2011, the initial outside date will be extended until February 2, 2012; (ii) if on the initial outside date the condition to closing relating to receipt of all required governmental approvals has not been satisfied, but all other closing conditions have been waived or satisfied (or are otherwise capable of being satisfied at closing), then the initial outside date will be extended to July 2, 2012 (sometimes referred to as the extended outside date); and (iii) such right to terminate the merger agreement will not be available to a party whose failure to fulfill its obligations under the merger agreement has proximately contributed to the failure of the merger to be consummated;

if the Nicor shareholder approval is not obtained at the special meeting of Nicor shareholders, or at any adjournment of such meeting; provided that Nicor may not avail itself of such right to terminate the merger agreement if it has breached in any material respect any of its obligations under the merger agreement in any manner that could reasonably have caused the failure to obtain the Nicor shareholder approval;

if the AGL Resources shareholder approval is not obtained at the special meeting of AGL Resources shareholders, or at any adjournment of such meeting; provided that AGL Resources may not avail itself of such right to terminate the merger agreement if it has breached in any material respect any of its obligations under the merger agreement in any manner that could reasonably have caused the failure to obtain the AGL Resources shareholder approval;

if any court with competent jurisdiction or governmental entity has issued an order or taken any other action permanently enjoining, restraining or prohibiting the merger and such order or other action is final and non-appealable; provided that the party seeking to avail itself of such right to terminate will have used its reasonable best efforts to resist, resolve or lift such order or action; or

if the mutual conditions to effect the merger and (i) the conditions to AGL Resources obligation to effect the merger (in the case of a termination by Nicor) or (ii) the conditions to Nicor's obligations to effect the merger (in the case of a termination by AGL Resources) are satisfied (other than those conditions that by their nature are to be satisfied at the closing of the merger, provided that such conditions are reasonably capable of being satisfied) and AGL Resources, Merger Sub or Merger LLC are unable to satisfy their obligation to effect the closing at such time because the financing or any alternative financing is not available, or AGL Resources and/or Merger Sub have not received the proceeds of the financing or any alternative financing and, in each case, AGL Resources and Merger Sub are otherwise in compliance with their obligations under the merger agreement related to obtaining financing or alternative financing; provided, however, that this termination right shall not be available to any party in material breach of its representations, warranties or covenants under the merger agreement, which breach was a proximate cause of the financing failure.

by AGL Resources, (i) at any time prior to the receipt of the Nicor shareholder approval, if (A) the Nicor Board effects a change of the Nicor board recommendation (whether or not in compliance with Nicor's non-solicitation obligations under the merger agreement) or (B) Nicor enters into a merger agreement, letter of intent or other similar agreement relating to an acquisition proposal, or (ii) at any time prior to the receipt of the AGL Resources shareholder approval, if the AGL Resources Board accepts an AGL Resources superior proposal in compliance with AGL Resources obligations under the merger agreement, and AGL Resources pays the AGL Resources termination fee prior to or concurrently with such termination.

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by Nicor, (i) at any time prior to the receipt of the AGL Resources shareholder approval, if (A) the AGL Resources Board effects a change of the AGL Resources board recommendation (in compliance with AGL Resources' non-solicitation obligations under the merger agreement), (B) the AGL Resources Board effects a change of AGL Resources board recommendation in breach of its non-solicitation obligations or obligations to not effect a change of AGL Resources board recommendation under the merger agreement or (C) AGL Resources enters into a merger agreement, letter of intent or other similar agreement relating to an acquisition proposal in compliance with AGL Resources' non-solicitation obligations under the merger agreement, or (ii) at any time prior to the receipt of the Nicor shareholder approval, if the Nicor Board accepts a Nicor superior proposal in compliance with Nicor's obligations under the merger agreement, and Nicor pays the Nicor termination fee prior to or concurrently with such termination.

by AGL Resources (provided neither it nor Merger Sub is then in material breach of any of their material representations, warranties or covenants under the merger agreement), at any time prior to the effective time, if (i) there is a breach by Nicor of its representations, warranties or covenants under the merger agreement such that the conditions relating to the accuracy of Nicor's representations and warranties and Nicor's performance or compliance with its agreements would not reasonably be capable of being satisfied, (ii) AGL Resources has delivered written notice to Nicor of such breach and (iii) such breach is incapable of being cured or such breach is not cured in all material respects 30 days after delivery of AGL Resources' notice to Nicor.

by Nicor (provided it is not then in material breach of any of its material representations, warranties or covenants under the merger agreement, other than a breach due solely to a financing failure), at any time prior to the effective time, if (i) there is a breach by AGL Resources or Merger Sub of its representations, warranties or covenants under the merger agreement such that the conditions relating to the accuracy of AGL Resources' and Merger Sub's representations and warranties and AGL Resources' and Merger Sub's performance or compliance with its agreements would not reasonably be capable of being satisfied, (ii) Nicor has delivered written notice to AGL Resources of such breach and (iii) such breach is incapable of being cured or such breach is not cured in all material respects 30 days after delivery of Nicor's notice to AGL Resources.

**Termination Fees and Expenses May Be Payable Under Some Circumstances (see page 131)**

*Termination Fee*

Under the terms of the merger agreement, Nicor must pay AGL Resources a termination fee equal to \$67 million in the event that:

AGL Resources terminates the merger agreement because Nicor effects a change of board recommendation or enters into an agreement relating to an acquisition proposal; provided that if the merger agreement is terminated prior to the 45<sup>th</sup> day after December 6, 2010 (or, if later, on the 3<sup>rd</sup> business day following the date on which AGL Resources' most recent matching period expires with respect to the party making the acquisition proposal) the termination fee will be \$36 million (such termination event not having occurred, the termination fee of \$36 million was not required to be paid by Nicor);

Nicor terminates the merger agreement because the Nicor Board accepts a superior proposal in compliance with its covenants under the merger agreement; provided that if the merger agreement is terminated prior to the 45<sup>th</sup> day after December 6, 2010 (or, if later, on the 3<sup>rd</sup> business day following the date on which AGL Resources' most recent matching period expires with respect to the party making the acquisition proposal) the termination fee will be \$36 million (such termination event not having occurred, the termination fee of \$36 million was not required to be paid by Nicor);

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AGL Resources terminates the merger agreement because of a material breach of Nicor's non-solicitation covenant in the merger agreement and within six months after termination Nicor enters into a definitive agreement or consummates a transaction with respect to an acquisition proposal; or

the merger agreement is terminated (i) by either party because the Nicor shareholder approval is not obtained, or (ii) by AGL Resources, if Nicor is in breach of its representations, warranties and covenants under the merger agreement (other than Nicor's non-solicitation covenant) such that the closing conditions related thereto cannot be satisfied and such breach is not capable of being cured or is not cured 30 days after receipt of notice of breach from AGL Resources and, (A) prior to Nicor's shareholder meeting or the breach giving rise to AGL Resources' right to terminate, as the case may be, an acquisition proposal is made to Nicor or its board of directors or is publicly disclosed and not withdrawn, and (B) within twelve months after termination, Nicor enters into a definitive agreement or consummates a transaction with respect to such acquisition proposal.

Under the terms of the merger agreement, AGL Resources must pay Nicor a termination fee equal to \$67 million in the event that:

AGL Resources terminates the merger agreement because the AGL Resources Board accepts a superior proposal in compliance with its obligations under the merger agreement;

Nicor terminates the merger agreement because AGL Resources effects a change of board recommendation (in compliance with AGL Resources' covenants concerning non-solicitation and related matters) or enters into an agreement relating to an acquisition proposal (in compliance with its non-solicitation covenants);

Nicor terminates the merger agreement because of a material breach of AGL Resources' covenants concerning non-solicitation or changing its board recommendation in the merger agreement and related matters and within six months after termination AGL Resources enters into a definitive agreement or consummates a transaction with respect to an acquisition proposal; or

the merger agreement is terminated (i) by either party because the AGL Resources shareholder approval is not obtained, or (ii) by Nicor, if AGL Resources is in breach of its representations, warranties and covenants under the merger agreement (other than AGL Resources' non-solicitation covenant and covenant not to change its recommendation) such that the closing conditions related thereto cannot be satisfied and such breach is not capable of being cured or is not cured 30 days after receipt of notice of breach from Nicor and, (A) prior to AGL Resources' shareholder meeting or the breach giving rise to Nicor's right to terminate, as the case may be, an acquisition proposal is made to AGL Resources or its board of directors or is publicly disclosed and not withdrawn, and (B) within twelve months after termination, AGL Resources enters into a definitive agreement or consummates a transaction with respect to such acquisition proposal.

Further, under the terms of the merger agreement, AGL Resources must pay Nicor a financing failure fee equal to \$115 million in the event that the merger agreement is properly terminated by either party because either the financing and any alternative financing are not available, or AGL Resources and/or Merger Sub have not received the proceeds of the financing or any alternative financing.

*Expenses*

Except as described below, each party will bear its own expenses in connection with the merger, except that AGL Resources and Nicor will share all costs and expenses incurred in connection with the printing, filing and mailing of this joint proxy statement/prospectus. AGL Resources will pay all fees and expenses incurred in connection with filings pursuant to the HSR Act.



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In the event that either AGL Resources or Nicor terminates the merger agreement because (i) the Nicor shareholder approval is not obtained at the meeting of Nicor shareholders, then Nicor will reimburse AGL Resources for all documented out-of-pocket fees and expenses incurred by AGL Resources in connection with the merger or the subsequent merger (including all fees and expenses of counsel, financial advisors, accountants, experts and consultants reasonably retained by AGL Resources) or (ii) the AGL Resources shareholder approval is not obtained at the meeting of AGL Resources shareholders, then AGL Resources will reimburse Nicor for all documented out-of-pocket fees and expenses incurred by Nicor in connection with the merger or the subsequent merger (including all fees and expenses of counsel, financial advisors, accountants, experts and consultants reasonably retained by Nicor).

In the event that AGL Resources terminates the merger agreement because of a material breach of Nicor's non-solicitation covenant in the merger agreement, Nicor will reimburse AGL Resources for all documented out-of-pocket fees and expenses incurred by AGL Resources in connection with the merger or the subsequent merger (including all fees and expenses of counsel, financial advisors, accountants, experts and consultants reasonably retained by AGL Resources).

In the event that Nicor terminates the merger agreement because of a material breach of AGL Resources' non-solicitation covenant or covenant that it will not effect a change of board recommendation in the merger agreement, AGL Resources will reimburse Nicor for all documented out-of-pocket fees and expenses incurred by Nicor in connection with the merger or the subsequent merger (including all fees and expenses of counsel, financial advisors, accountants, experts and consultants reasonably retained by Nicor).

In the event that either party is required to reimburse expenses and also pay a termination fee, the amount of the termination fee will be reduced by the amount of the expenses so reimbursed.

### **AGL Resources Common Stock Will Continue to be Listed on the New York Stock Exchange (see page 100)**

Shares of AGL Resources common stock will continue to be traded on the NYSE under the symbol `AGL`.

### **Nicor Shareholders Will Hold Approximately 33% of the Outstanding Shares of AGL Resources Common Stock Following Completion of the Merger (see pages 32 and 100)**

Upon completion of the merger, AGL Resources will issue up to approximately 38.6 million shares of AGL Resources common stock to Nicor shareholders as contemplated by the merger agreement. Immediately following completion of the merger, it is expected that there will be approximately 116.0 million shares of AGL Resources common stock issued and outstanding on a fully diluted basis. The shares of AGL Resources common stock to be issued to Nicor shareholders will represent approximately 33% of the outstanding AGL Resources common stock after the merger on a fully diluted basis. This information is based on the number of AGL Resources and Nicor shares and Nicor equity-based awards and securities convertible into shares of Nicor common stock outstanding on February 16, 2011.

### **Differences Exist Between the Rights of AGL Resources Shareholders and Nicor Shareholders (see page 142)**

The rights of AGL Resources' and Nicor's shareholders under their respective business corporation laws are different. There are additional differences in the rights of AGL Resources shareholders and Nicor shareholders as a result of the provisions of the articles of incorporation, bylaws and other corporate documents of each company. See `Comparison of Shareholders' Rights` beginning on page 142 of this joint proxy statement/prospectus.

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### **The Merger and the Performance of the Combined Company are Subject to a Number of Risks (see page 27)**

There are a number of risks relating to the merger and to the businesses of AGL Resources, Nicor and the combined company following the merger. See **Risk Factors** beginning on page 27 of this joint proxy statement/prospectus for a discussion of these and other risks and see also the documents that AGL Resources and Nicor have filed with the SEC and which the companies have incorporated by reference into this joint proxy statement/prospectus.

### **Post-Merger Governance and Management (see page 134)**

Upon completion of the merger, AGL Resources will maintain its corporate headquarters in Atlanta, Georgia and locate the headquarters of its newly expanded gas distribution operations in Naperville, Illinois.

As provided in the merger agreement, upon completion of the merger, the board of directors of the combined company will be composed of the four directors designated by Nicor (sometimes referred to as the Nicor designees), subject to the approval of AGL Resources, not to be unreasonably withheld or delayed, and the 12 current AGL Resources directors (or others designated by AGL Resources). John W. Somerhalder II will serve as Chairman, President and Chief Executive Officer of the combined company. See **Post-Merger Governance and Management** beginning on page 134 and **Additional Interests of AGL Resources** and **Nicor's Directors and Executive Officers in the Merger** beginning on page 102 for further information.

### **Litigation Relating to the Merger (see page 100)**

Nicor, the Nicor Board, AGL Resources, one or both of AGL Resources' acquisition subsidiaries and, in one instance, Nicor's Executive Vice President and Chief Financial Officer, have been named as defendants in six putative class action lawsuits (sometimes referred to as the shareholder actions) brought by purported Nicor shareholders challenging Nicor's proposed merger with AGL Resources. The shareholder actions variously allege, among other things, that (a) the Nicor Board breached its fiduciary duties to Nicor and its shareholders by (i) approving the sale of Nicor to AGL Resources at an inadequate purchase price (and thus failing to maximize value to Nicor shareholders); (ii) conducting an inadequate sale process by agreeing to preclusive deal protection provisions in the merger agreement; and (iii) failing to disclose material information regarding the proposed merger to Nicor shareholders; and (b) AGL Resources and Nicor aided and abetted these alleged breaches of fiduciary duty. One of the shareholder actions, filed in federal court, also asserts claims under the federal securities laws, alleging, among other things, that (i) Nicor and the Nicor Board violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder by issuing a materially incomplete Registration Statement in connection with the proposed merger and (ii) the Nicor Board violated Section 20(a) of the Exchange Act by virtue of its control over the content and dissemination of the Registration Statement. The shareholder actions variously seek, among other things, damages and declaratory and injunctive relief, including orders enjoining the defendants from consummating the proposed merger. Nicor and AGL Resources believe the claims asserted in each lawsuit to be without merit and intend to vigorously defend against them.

**Table of Contents****Selected Historical Consolidated Financial Data of AGL Resources**

The selected historical consolidated financial data of AGL Resources for each of the years ended December 31, 2010, 2009 and 2008, and as of December 31, 2010 and 2009 have been derived from AGL Resources' audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2007 and 2006 and as of December 31, 2008, 2007, and 2006 have been derived from AGL Resources' audited consolidated financial statements, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of AGL Resources or the combined company, and you should read the following information together with AGL Resources' audited consolidated financial statements, the related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in AGL Resources' Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled "Where You Can Find More Information" beginning on page 168.

	As of or For the Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In millions, except per share amounts)				
<b>Income Statement Data:</b>					
Revenues	\$ 2,373	\$ 2,317	\$ 2,800	\$ 2,494	\$ 2,621
Income From Continuing Operations	\$ 250	\$ 249	\$ 237	\$ 241	\$ 235
Earnings Available to AGL Resources	\$ 234	\$ 222	\$ 217	\$ 211	\$ 212
<b>Common Share Data:</b>					
Basic Earnings per Share of Common Stock:					
Income From Continuing Operations	\$ 3.23	\$ 3.24	\$ 3.11	\$ 3.13	\$ 3.03
Earnings per Basic Share	\$ 3.02	\$ 2.89	\$ 2.85	\$ 2.74	\$ 2.73
Diluted Earnings per Share of Common Stock:					
Income From Continuing Operations	\$ 3.21	\$ 3.23	\$ 3.09	\$ 3.11	\$ 3.01
Earnings per Diluted Share	\$ 3.00	\$ 2.88	\$ 2.84	\$ 2.72	\$ 2.72
Dividends Declared per Share of Common Stock	\$ 1.76	\$ 1.72	\$ 1.68	\$ 1.64	\$ 1.48
Weighted Average Number of Basic					
Shares Outstanding	77.4	76.8	76.3	77.1	77.6
Weighted Average Number of Diluted					
Shares Outstanding	77.8	77.1	76.6	77.4	78.0
<b>Balance Sheet Data:</b>					
Total Assets	\$ 7,518	\$ 7,074	\$ 6,710	\$ 6,258	\$ 6,123
Capitalization:					
Total Equity	\$ 1,836	\$ 1,819	\$ 1,684	\$ 1,708	\$ 1,651
Long-Term Debt <sup>(1)</sup>	\$ 1,973	\$ 1,974	\$ 1,675	\$ 1,674	\$ 1,622
Total Capitalization	\$ 3,809	\$ 3,793	\$ 3,359	\$ 3,382	\$ 3,273

(1) Includes current portion of long-term debt

**Table of Contents****Selected Historical Consolidated Financial Data of Nicor**

The selected historical consolidated financial data of Nicor for each of the years ended December 31, 2010, 2009 and 2008, and as of December 31, 2010 and 2009 have been derived from Nicor's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference in this joint proxy statement/prospectus. The selected historical consolidated financial data for the years ended December 31, 2007 and 2006 and as of December 31, 2008, 2007 and 2006 have been derived from Nicor's audited consolidated financial statements, which have not been incorporated by reference in this joint proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Nicor or the combined company, and you should read the following information together with Nicor's audited consolidated financial statements, the related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Nicor's Annual Report on Form 10-K for the year ended December 31, 2010, which is incorporated by reference in this joint proxy statement/prospectus. For more information, see the section entitled "Where You Can Find More Information" beginning on page 168.

	As of or For the Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In millions, except per share amounts)				
<b>Income Statement Data:</b>					
Revenues	\$ 2,710	\$ 2,652	\$ 3,777	\$ 3,176	\$ 2,960
Net Income From Continuing Operations	\$ 138	\$ 136	\$ 120	\$ 135	\$ 128
Earnings Available to Nicor	\$ 138	\$ 136	\$ 120	\$ 135	\$ 128
<b>Common Share Data:</b>					
Basic Earnings per Share of Common Stock:					
Income From Continuing Operations	\$ 3.02	\$ 2.99	\$ 2.64	\$ 2.99	\$ 2.88
Earnings per Basic Share	\$ 3.02	\$ 2.99	\$ 2.64	\$ 2.99	\$ 2.88
Diluted Earnings per Share of Common Stock:					
Income From Continuing Operations	\$ 3.02	\$ 2.98	\$ 2.63	\$ 2.99	\$ 2.87
Earnings per Diluted Share	\$ 3.02	\$ 2.98	\$ 2.63	\$ 2.99	\$ 2.87
Dividends Declared per Share of Common Stock	\$ 1.86	\$ 1.86	\$ 1.86	\$ 1.86	\$ 1.86
Weighted Average Number of Basic					
Shares Outstanding	45.7	45.4	45.3	45.2	44.6
Weighted Average Number of Diluted					
Shares Outstanding	45.7	45.5	45.4	45.3	44.7
<b>Balance Sheet Data:</b>					
Total Assets	\$ 4,497	\$ 4,436	\$ 4,784	\$ 4,271	\$ 4,090
Capitalization:					
Total Equity	\$ 1,104	\$ 1,038	\$ 973	\$ 945	\$ 876
Preferred Stock			\$ 1	\$ 1	\$ 1
Long-Term Debt <sup>(1)</sup>	\$ 498	\$ 498	\$ 498	\$ 498	\$ 498
Total Capitalization	\$ 1,602	\$ 1,536	\$ 1,472	\$ 1,444	\$ 1,375

(1) Includes current portion of long-term debt

**Table of Contents****Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Information**

The following selected Unaudited Pro Forma Condensed Combined Consolidated Statement of Income data of AGL Resources for the year ended December 31, 2010, has been prepared to give effect to the merger as if the merger was completed on January 1, 2010. The Unaudited Pro Forma Condensed Combined Consolidated Statement of Financial Position of AGL Resources as of December 31, 2010, has been prepared to give effect to the merger as if the merger was completed on December 31, 2010.

The following selected Unaudited Pro Forma Condensed Combined Consolidated Financial Information is for illustrative and informational purposes only and is not necessarily indicative of the results that might have occurred had the merger taken place on January 1, 2010 for statement of income purposes, and on December 31, 2010 for statement of financial position purposes, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled **Risk Factors** beginning on page 27. The following selected Unaudited Pro Forma Condensed Combined Consolidated Financial Information should be read in conjunction with the section entitled **Unaudited Pro Forma Condensed Combined Consolidated Financial Information** and related notes included in this joint proxy statement/prospectus beginning on page 135.

	<b>Year Ended December 31, 2010</b>
	<b>(In millions, except per share data)</b>
<b>Pro Forma Condensed Combined Consolidated Statements of Income Data:</b>	
Operating Revenues	\$ 5,083
Income From Continuing Operations	362
Net Income	362
Earnings Available to AGL Resources	346
Basic Earnings Per Share of Common Stock	\$ 2.98
Diluted Earnings Per Share of Common Stock	\$ 2.97

	<b>As of December 31, 2010</b>
	<b>(In millions)</b>
<b>Pro Forma Condensed Combined Consolidated Statement of Financial Position:</b>	
Cash and Cash Equivalents	\$ 56
Total Assets	13,476
Long-Term Debt <sup>(1)</sup>	3,502
Total Liabilities	10,196
Total Equity	3,280

(1) Includes current portions of long-term debt.

**Table of Contents****Comparative Historical and Unaudited Pro Forma Combined Per Share Information**

The following table summarizes unaudited per share data for (i) AGL Resources and Nicor on a historical basis, (ii) AGL Resources on a pro forma combined basis giving effect to the merger and (iii) Nicor on a pro forma equivalent basis based on the exchange ratio of 0.8382 of a share of AGL Resources common stock per share of Nicor common stock. It has been assumed for purposes of the pro forma combined financial information provided below that the merger was completed on January 1, 2010 for earnings per share purposes, and on December 31, 2010 for book value per share purposes. The following information should be read in conjunction with the section entitled Unaudited Pro Forma Condensed Combined Consolidated Financial Information and related notes included in this joint proxy statement/prospectus beginning on page 135.

	AGL Resources		Nicor	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent <sup>(1)</sup>
<b>Year Ended December 31, 2010</b>				
Basic Earnings per Share of Common Stock <sup>(2)</sup>	\$ 3.02	\$ 2.98	\$ 3.02	\$ 2.50
Diluted Earnings per Share of Common Stock <sup>(2)</sup>	3.00	2.97	3.02	2.49
Cash Dividends Declared per Share	1.76	1.76	1.86	1.48
Book Value per Share of Common Stock <sup>(3)</sup>	23.72	28.28	24.16	23.70

- (1) The pro forma equivalent per share amounts were calculated by multiplying the pro forma combined per share amounts by the exchange ratio of 0.8382 of a share of AGL Resources common stock per share of Nicor common stock.
- (2) The Pro Forma Combined Consolidated Statement of Income for the year ended December 31, 2010, was prepared by combining AGL Resources historical Consolidated Statement of Income and Nicor's Historical Consolidated Statement of Income adjusted to give effect to pro forma events that are (a) directly attributable to the merger, (b) factually supportable and (c) expected to have a continuing impact on combined results.
- (3) Historical book value per share is computed by dividing common shareholders' equity by the number of shares of AGL Resources or Nicor common stock outstanding, as applicable. Pro forma combined book value per share is computed by dividing pro forma common shareholders' equity by the pro forma number of shares of AGL Resources common stock that would have been outstanding as of December 31, 2010.

**Comparative Per Share Market Price and Dividend Information**

AGL Resources common stock and Nicor common stock are each listed on the NYSE. AGL Resources' trading symbol is AGL and Nicor's trading symbol is GAS.

The following table sets forth the high, low and closing prices for AGL Resources common stock and Nicor common stock as reported on the NYSE on December 6, 2010, the last trading day before AGL Resources and Nicor announced the merger, and March 4, 2011. The table also includes the value of Nicor common stock on an equivalent price per share basis, as determined by reference to the value of merger consideration to be received in respect of each share of Nicor common stock in the merger (including the cash consideration of \$21.20 per share). These equivalent prices per share reflect the fluctuating value of AGL Resources common stock that Nicor shareholders would receive in exchange for each share of Nicor common stock (together with the amount of cash to be paid per share of Nicor common stock) if the merger was completed on either of these dates, applying the exchange ratio of 0.8382 of a share of AGL Resources common stock for each share of Nicor common stock.

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	AGL Resources Common Stock			Nicor Common Stock			Equivalent Value of Nicor Common Stock		
	High	Low	Close	High	Low	Close	High	Low	Close
December 6, 2010	\$ 37.59	\$ 37.04	\$ 37.13	\$ 47.06	\$ 44.83	\$ 46.76	\$ 52.71	\$ 52.25	\$ 52.32
March 4, 2011	\$ 39.23	\$ 38.41	\$ 38.71	\$ 53.58	\$ 52.60	\$ 52.82	\$ 54.08	\$ 53.40	\$ 53.65

The following table shows, for the calendar quarters indicated, based on published financial sources: (i) the high and low sale prices of shares of AGL Resources and Nicor common stock as reported on the NYSE and (ii) the cash dividends paid per share of AGL Resources and Nicor common stock.

(Based on Calendar Years)	Nicor Common Stock			AGL Resources Common Stock		
	High	Low	Dividends	High	Low	Dividends
<b>2008</b>						
1st Quarter	\$ 42.70	\$ 32.35	\$ 0.465	\$ 39.13	\$ 33.45	\$ 0.42
2nd Quarter	\$ 44.55	\$ 33.33	\$ 0.465	\$ 36.50	\$ 33.46	\$ 0.42
3rd Quarter	\$ 51.99	\$ 38.01	\$ 0.465	\$ 35.44	\$ 30.60	\$ 0.42
4th Quarter	\$ 48.42	\$ 32.53	\$ 0.465	\$ 32.07	\$ 24.02	\$ 0.42
<b>2009</b>						
1st Quarter	\$ 36.34	\$ 27.50	\$ 0.465	\$ 34.93	\$ 24.02	\$ 0.43
2nd Quarter	\$ 35.37	\$ 30.28	\$ 0.465	\$ 32.38	\$ 26.00	\$ 0.43
3rd Quarter	\$ 38.08	\$ 32.83	\$ 0.465	\$ 35.79	\$ 30.05	\$ 0.43
4th Quarter	\$ 43.39	\$ 34.96	\$ 0.465	\$ 37.52	\$ 33.50	\$ 0.43
<b>2010</b>						
1st Quarter	\$ 43.75	\$ 37.99	\$ 0.465	\$ 38.83	\$ 34.26	\$ 0.44
2nd Quarter	\$ 44.70	\$ 38.63	\$ 0.465	\$ 40.08	\$ 34.72	\$ 0.44
3rd Quarter	\$ 46.27	\$ 39.54	\$ 0.465	\$ 40.00	\$ 35.29	\$ 0.44
4th Quarter	\$ 50.81	\$ 42.98	\$ 0.465	\$ 39.66	\$ 34.21	\$ 0.44
<b>2011</b>						
1st Quarter (through March 4, 2011)	\$ 53.64	\$ 49.55	\$ 0.465	\$ 39.23	\$ 35.65	\$ 0.45

Nicor shareholders are encouraged to obtain current market quotations for AGL Resources common stock prior to making any decision with respect to the merger. No assurance can be given concerning the market price for AGL Resources common stock before or after the date on which the merger is consummated. The market price for AGL Resources common stock will fluctuate between the date of this joint proxy statement/prospectus and the date on which the merger is consummated and thereafter.

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**RISK FACTORS**

*In addition to the other information included or incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 38, you should carefully consider the following risks before deciding how to vote. In addition, you should read and consider the risks associated with each of the businesses of Nicor and AGL Resources because those risks will also affect the combined company. These risks can be found under the caption, **Risk Factors** in Part I, Item 1A of the Annual Reports on Form 10-K for the fiscal year ended December 31, 2010 and any amendments thereto, for each of Nicor and AGL Resources, filed with the SEC on February 24 and February 9, 2011, respectively, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 168.*

***The merger may not be completed, which could adversely affect AGL Resources' and/or Nicor's business operations and stock prices.***

To complete the merger, AGL Resources shareholders must approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board, and Nicor shareholders must approve the merger agreement. In addition, each of AGL Resources and Nicor must also make certain filings with and obtain certain other approvals and consents from various federal and state governmental and regulatory authorities.

AGL Resources and Nicor have not yet obtained all regulatory clearances, consents and approvals required to complete the merger. Governmental or regulatory agencies could still seek to block or challenge the merger or could impose restrictions they deem necessary or desirable in the public interest as a condition to approving the merger. If these approvals are not received, or they are not received on terms that satisfy the conditions set forth in the merger agreement, then neither AGL Resources nor Nicor will be obligated to complete the merger.

In addition, the merger agreement contains other customary closing conditions, which are described in **The Merger Agreement - Conditions to the Merger** beginning on page 126, which may not be satisfied or waived. If AGL Resources and Nicor are unable to complete the merger, AGL Resources and Nicor would be subject to a number of risks, including the following:

AGL Resources and Nicor would not realize the anticipated benefits of the merger, including, among other things, increased operating efficiencies;

the attention of management of AGL Resources and Nicor may have been diverted to the merger rather than to each company's own operations and the pursuit of other opportunities that could have been beneficial to that company;

the potential loss of key personnel during the pendency of the merger as employees may experience uncertainty about their future roles with the combined company;

AGL Resources and Nicor will have been subject to certain restrictions on the conduct of their respective businesses, which may prevent them from making certain acquisitions or dispositions or pursuing certain business opportunities while the merger is pending; and

the trading price of AGL Resources common stock and/or Nicor common stock may decline to the extent that the current market prices reflect a market assumption that the merger will be completed.



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AGL Resources and Nicor are each required to pay the other a termination fee and the reimbursement of merger-related out-of-pocket expenses if it terminates the merger under certain circumstances specified in the merger agreement, which are described in The Merger Agreement Termination; Termination Fees; Expenses beginning on page 129.

The occurrence of any of these events individually or in combination could have a material adverse effect on the companies' results of operations or the trading price of AGL Resources common stock or Nicor common stock.

***AGL Resources and Nicor are subject to contractual restrictions in the merger agreement that may hinder their operations pending the merger.***

The merger agreement restricts each company, without the other's consent, from making certain acquisitions and taking other specified actions until the merger occurs or the merger agreement terminates. These restrictions may prevent AGL Resources or Nicor from pursuing otherwise attractive business opportunities and making other changes to their respective businesses prior to completion of the merger or termination of the merger agreement. See the section entitled The Merger Agreement Nicor's Conduct of Business Before Completion of the Merger beginning on page 114 and The Merger Agreement AGL Resources' Conduct of Business Before Completion of the Merger beginning on page 116.

***The value of shares of AGL Resources common stock to be received by Nicor shareholders in the merger will fluctuate.***

In the merger, each share of Nicor common stock outstanding immediately prior to completion of the merger (other than shares of Nicor common stock owned by AGL Resources, Nicor or any of their respective subsidiaries and shares of Nicor common stock held by Nicor shareholders who have perfected their dissenters' rights) will be converted into the right to receive \$21.20 in cash and 0.8382 of a share of AGL Resources common stock, subject to adjustment in certain circumstances. The exchange ratio will not be adjusted to reflect stock price changes prior to the completion of the merger.

The market prices of AGL Resources common stock and Nicor common stock immediately prior to the effective time of the completion of the merger may vary significantly from their market prices on the date of the merger agreement, at the date of this joint proxy statement/prospectus and at the date of the special meetings of the shareholders of AGL Resources and Nicor. See Summary Comparative Per Share Market Price and Dividend Information beginning on page 25 for more detailed share price information. These variations may be the result of various factors, including, without limitation:

changes in the business, operations or prospects of AGL Resources and/or Nicor;

speculation regarding the likelihood that the merger will be completed and the timing of the completion;

general market and economic conditions; and

regulatory developments and/or litigation.

The merger may not be completed until a significant period of time has passed after the AGL Resources and Nicor shareholder approvals are received. At the time of their respective special meetings, AGL Resources shareholders and Nicor shareholders will not know the exact market value of the AGL Resources common stock that will be received as a result of the merger.

The actual market value of shares of AGL Resources common stock, when received by Nicor shareholders, will depend on the market value of those shares on that date. This market value may be significantly less or significantly more than the value used to determine the number of shares to be issued pursuant to the merger, as

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that determination was made at the time the merger agreement was entered into by the parties. Neither AGL Resources nor Nicor is permitted to terminate the merger agreement solely because of a change in the market price for AGL Resources common stock or Nicor common stock.

Shareholders of AGL Resources and shareholders of Nicor are urged to obtain current market quotations for AGL Resources common stock and Nicor common stock.

***The market price of AGL Resources common stock after the merger may be affected by factors different from those affecting the shares of AGL Resources or Nicor currently.***

Upon completion of the merger, holders of Nicor common stock will become holders of AGL Resources common stock. The businesses of AGL Resources differ from those of Nicor in important respects and, accordingly, the results of operations of the combined company and the market price of AGL Resources shares of common stock following the merger may be affected by factors different from those currently affecting the independent results of operations of AGL Resources and Nicor. For a discussion of the businesses of AGL Resources and Nicor and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this joint proxy statement/prospectus in the section entitled "Where You Can Find More Information" beginning on page 168.

***The merger is subject to receipt of consent or approval from governmental entities that could delay or prevent the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.***

To complete the merger, AGL Resources and Nicor need to obtain approvals or consents from, or make filings with, a number of United States federal and state public utility, antitrust and other regulatory authorities, including, among others, the FTC, the DOJ, the ICC and the CPUC.

While AGL Resources and Nicor each believe that they will receive the required statutory approvals and other clearances for the merger, there can be no assurance as to the receipt or timing of receipt of these approvals and clearances. If such approvals and clearances are received, they may impose terms (i) that do not satisfy the conditions set forth in the merger agreement, which could permit AGL Resources or Nicor to terminate the merger agreement or (ii) that could reasonably be expected to have a detrimental impact on the combined company following completion of the merger. A substantial delay in obtaining the required authorizations, approvals or consents or the imposition of unfavorable terms, conditions or restrictions contained in such authorizations, approvals or consents could prevent the consummation of the merger or have an adverse effect on the anticipated benefits of the merger, thereby impacting the business, financial condition or results of operations of the combined company. See "The Proposed Merger - Regulatory Matters Relating to the Merger" beginning on page 96 for more detail.

Even after the statutory waiting period under the HSR Act has expired, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest.

The special meetings at which the AGL Resources shareholders and the Nicor shareholders will vote on the transactions contemplated by the merger agreement may take place before all such approvals have been obtained and, in certain cases where they have not been obtained, before the terms of any conditions to obtain such approvals that may be imposed are known. As a result, if shareholder approval of the transactions contemplated by the merger agreement is obtained at such meetings, AGL Resources and Nicor may make decisions after the special meetings to waive a condition or approve certain actions required to obtain necessary approvals without seeking further shareholder approval. Such actions could have an adverse effect on the combined company.

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***AGL Resources and Nicor will be subject to various uncertainties while the merger is pending that may cause disruption and may make it more difficult to maintain relationships with employees, suppliers, or customers.***

Uncertainty about the effect of the merger on employees, suppliers and customers may have an adverse effect on AGL Resources and Nicor. Although AGL Resources and Nicor intend to take steps designed to reduce any adverse effects, these uncertainties may impair AGL Resources or Nicor's abilities to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause customers, suppliers and others that deal with AGL Resources or Nicor to seek to change or terminate existing business relationships with AGL Resources or Nicor or not enter into new relationships or transactions.

Employee retention and recruitment may be particularly challenging prior to the completion of the merger, as employees and prospective employees may experience uncertainty about their future roles with the combined company. If, despite AGL Resources' and Nicor's retention and recruiting efforts, key employees depart or fail to continue employment with either company because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, AGL Resources' and/or Nicor's financial results could be adversely affected. Furthermore, the combined company's operational and financial performance following the merger could be adversely affected if it is unable to retain key employees and skilled workers of AGL Resources and Nicor. The loss of the services of key employees and skilled workers and their experience and knowledge regarding AGL Resources' and Nicor's businesses could adversely affect the combined company's future operating results and the successful ongoing operation of its businesses.

***Pending shareholder suits could delay or prevent the closing of the merger or otherwise adversely impact the business and operations of AGL Resources and Nicor.***

Nicor, the Nicor Board, AGL Resources, one or both of AGL Resources' acquisition subsidiaries and, in one instance, Nicor's Executive Vice President and Chief Financial Officer, have been named as defendants in six putative class action lawsuits brought by purported Nicor shareholders challenging Nicor's proposed merger with AGL Resources. The shareholder actions variously allege, among other things, that (a) the Nicor Board breached its fiduciary duties to Nicor and its shareholders by (i) approving the sale of Nicor to AGL Resources at an inadequate purchase price (and thus failing to maximize value to Nicor shareholders), (ii) conducting an inadequate sale process by agreeing to preclusive deal protection provisions in the merger agreement and (iii) failing to disclose material information regarding the proposed merger to Nicor shareholders; and (b) AGL Resources and Nicor aided and abetted these alleged breaches of fiduciary duty. One of the shareholder actions, filed in federal court, also asserts claims under the federal securities laws, alleging, among other things, that (i) Nicor and the Nicor Board violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder by issuing a materially incomplete Registration Statement and (ii) the Nicor Board violated Section 20(a) of the Exchange Act by virtue of its control over the content and dissemination of the Registration Statement. The shareholder actions variously seek, among other things, damages and declaratory and injunctive relief, including orders enjoining the defendants from consummating the proposed merger. No assurances can be given as to the outcome of these lawsuits, including the costs associated with defending these lawsuits or any other liabilities or costs the parties may incur in connection with the litigation or settlement of these lawsuits. Furthermore, one of the conditions to closing the merger is that there are no injunctions issued by any court preventing the completion of the transactions. While Nicor and AGL Resources believe the claims asserted in each lawsuit to be without merit, no assurance can be given that these lawsuits will not result in such an injunction being issued, which could, among other things, prevent or delay the closing of the transactions contemplated by the merger agreement. See "The Proposed Merger Litigation Relating to the Merger" beginning on page 100 for more detail.

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***The merger will combine two companies that are currently affected by developments in the natural gas utility industry, including changes in regulation. A failure to adapt to the changing regulatory environment after the merger could adversely affect the stability of earnings and could result in erosion of the combined company's revenues and profits.***

AGL Resources, Nicor and their respective subsidiaries are regulated in the United States at the federal and state levels. In addition, Nicor and certain of its utility subsidiaries are regulated in Illinois and California while AGL Resources and certain of its operating subsidiaries are regulated in Florida, Georgia, Louisiana, Maryland, New Jersey, Tennessee, Texas and Virginia. As a result, the two companies have been and will continue to be impacted by legislative and regulatory developments in those jurisdictions, as will the combined company following the merger. After the merger, the combined company will be subject to extensive federal regulation, including environmental regulation, as well as subject to state and local regulation in all of the jurisdictions noted above.

***The merger may not be accretive to earnings and may cause dilution to AGL Resources' earnings per share, which may negatively affect the market price of AGL Resources common shares.***

AGL Resources currently anticipates that the merger will be neutral to AGL Resources' earnings per share in the first full year following the completion of the merger and accretive thereafter. This expectation is based on preliminary estimates, which may materially change. AGL Resources may encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in AGL Resources' earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of AGL Resources' common shares.

***The anticipated benefits of combining AGL Resources and Nicor may not be realized.***

AGL Resources and Nicor entered into the merger agreement with the expectation that the merger would result in various benefits, including, among other things, increased operating efficiencies.

Although AGL Resources and Nicor expect to achieve the anticipated benefits of the merger, achieving them is subject to a number of uncertainties, including:

whether United States federal and state public utility, antitrust and other regulatory authorities whose approval is required to complete the merger impose conditions on the merger, which may have an adverse effect on the combined company, including its ability to achieve the anticipated benefits of the merger;

the ability of the two companies to combine certain of their operations or take advantage of expected growth opportunities;

general market and economic conditions;

general competitive factors in the marketplace; and

higher than expected costs required to achieve the anticipated benefits of the merger.

No assurance can be given that these benefits will be achieved or, if achieved, the timing of their achievement. Failure to achieve these anticipated benefits could result in increased costs and decreases in the amount of expected revenues or net income of the combined company.

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*The integration of AGL Resources and Nicor following the merger will present significant challenges that may result in a decline in the anticipated potential benefits of the merger.*

The merger involves the combination of two companies that previously operated independently. The difficulties of combining the companies operations include:

combining the best practices of two companies, including utility operations, non-regulated energy marketing operations and staff functions;

coordinating geographically separated organizations, systems and facilities;

integrating personnel with diverse business backgrounds and organizational cultures;

moving AGL Resources' operating headquarters for its gas distribution business to Naperville, Illinois;

reducing the costs associated with each company's operations; and

preserving important relationships of both AGL Resources and Nicor and resolving potential conflicts that may arise.

The process of combining operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company's businesses and the possible loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business, results of operations, financial condition or prospects of the combined company after the merger.

*Each of AGL Resources and Nicor will incur significant transaction, merger-related and restructuring costs in connection with the merger.*

AGL Resources and Nicor expect to incur costs associated with combining the operations of the two companies, as well as transaction fees and other costs related to the merger. The combined company also will incur restructuring and integration costs in connection with the merger. AGL Resources is in the early stages of assessing the magnitude of these costs and additional unanticipated costs may be incurred in the integration of the businesses of AGL Resources and Nicor. The costs related to restructuring will be expensed as a cost of the ongoing results of operations of either AGL Resources or Nicor or the combined company. Although AGL Resources and Nicor expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction, merger-related and restructuring costs over time, any net benefit may not be achieved in the near term, or at all.

*Current AGL Resources and Nicor shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management of the combined company.*

Upon completion of the merger, AGL Resources will issue up to approximately 38.6 million shares of AGL Resources common stock to Nicor shareholders in connection with the transactions contemplated by the merger agreement. As a result, current AGL Resources shareholders and current Nicor shareholders are expected to hold approximately 67% and 33%, respectively, of shares of AGL Resources' common stock outstanding immediately following the completion of the merger.

AGL Resources shareholders and Nicor shareholders currently have the right to vote for their respective board of directors and on other matters affecting the applicable company. When the merger occurs, each Nicor shareholder that receives shares of AGL Resources common stock will become a shareholder of AGL Resources with a percentage ownership of the combined company that is significantly smaller than the shareholder's percentage ownership in Nicor. Correspondingly, each AGL Resources shareholder will remain a shareholder of AGL Resources with a percentage ownership of the combined company that is significantly smaller than the shareholder's percentage ownership of AGL Resources prior to the merger. As a result of these reduced



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ownership percentages, AGL Resources shareholders will have less influence on the management and policies of the combined company than they now have with respect to AGL Resources, and former Nicor shareholders will have less influence on the management and policies of the combined company than they now have with respect to Nicor.

***The merger agreement contains provisions that limit Nicor's and AGL Resources' ability to pursue alternatives to the merger, which could discourage a potential acquirer of either company from making an alternative transaction proposal and, in certain circumstances, could require Nicor or AGL Resources to pay the other a termination fee of up to \$67 million.***

Under the merger agreement, Nicor and AGL Resources are restricted, subject to limited exceptions, from entering into alternative transactions. Unless and until the merger agreement is terminated, subject to specified exceptions (which are discussed in more detail in the section entitled *The Merger Agreement Termination; Termination Fee; Expenses* beginning on page 129), AGL Resources and Nicor and their subsidiaries are restricted from initiating, soliciting, seeking, inducing or intentionally encouraging or facilitating any inquiries or the making of any proposal or offer for a competing acquisition proposal with any person. Furthermore, AGL Resources and Nicor and their subsidiaries are subject to limitations on their ability to participate in any discussions or negotiations, or to furnish any information to any person that has made an acquisition proposal with respect to either company or to approve, endorse or recommend any such acquisition proposal for either company. Additionally, under the merger agreement, in the event of a potential change of recommendation by the board of directors of either AGL Resources or Nicor with respect to the merger-related proposals, the company changing its recommendation must provide the other with five business days prior notice and, if requested, negotiate in good faith an adjustment to the terms and conditions of the merger agreement prior to changing its recommendation.

AGL Resources and Nicor may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. In addition, under the merger agreement, Nicor or AGL Resources may be required to pay to the other a termination fee of up to \$67 million if the merger agreement is terminated under certain circumstances related to an alternative acquisition proposal. For additional detail on the potential payment of a termination fee, see the section entitled *The Merger Agreement Termination; Termination Fee; Expenses* beginning on page 129. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of AGL Resources or Nicor from considering or proposing that acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the value of the merger consideration proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

As a result of these restrictions, neither AGL Resources nor Nicor may be able to enter into an agreement with respect to a more favorable alternative transaction without incurring potentially significant liability to the other.

***The shares of AGL Resources common stock to be received by Nicor shareholders as a result of the merger transaction will have different rights from shares of Nicor common stock.***

Following completion of the merger transaction, Nicor shareholders will no longer be shareholders of Nicor but will instead be shareholders of AGL Resources. There are important differences between the rights of Nicor shareholders and the rights of AGL Resources shareholders. AGL Resources is incorporated in Georgia, and is consequently subject to Georgia corporate law, while Nicor is incorporated in Illinois and is thus subject to Illinois corporate law. See *Comparison of Shareholders' Rights* beginning on page 142 for a discussion of the different rights associated with AGL Resources common stock and Nicor common stock.

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***The combined company will record goodwill that could become impaired and adversely affect the combined company's operating results.***

The merger will be accounted for as a purchase by AGL Resources in accordance with accounting principles generally accepted in the United States. Under the purchase method of accounting, the assets and liabilities of Nicor will be recorded, as of completion, at their respective fair values and added to those of AGL Resources. The reported financial condition and results of operations of AGL Resources issued after completion of the merger will reflect Nicor balances and results after completion of the merger, but will not be restated retroactively to reflect the historical financial position or results of operations of Nicor for periods prior to the merger. Following completion of the merger, the earnings of the combined company will reflect purchase accounting adjustments. See Unaudited Pro Forma Condensed Combined Financial Information beginning on page 135.

Under the purchase method of accounting, the total purchase price will be allocated to Nicor's tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the merger. The fair value of Nicor's tangible and intangible assets and liabilities subject to the rate setting practices of their regulators approximate their carrying values. The excess of the purchase price over those fair values will be recorded as goodwill. AGL Resources and Nicor expect that the merger will result in the creation of goodwill based upon the application of purchase accounting. To the extent the value of goodwill or intangibles becomes impaired, the combined company may be required to incur material charges relating to such impairment. Such a potential impairment charge could have a material impact on the combined company's operating results.

***AGL Resources' inability to obtain the financing necessary to complete the transaction could delay or prevent the completion of the merger.***

AGL Resources intends to finance the cash portion of the merger consideration with debt financing. To this end, AGL Capital Corporation (as borrower), entered into the Bridge Facility on December 21, 2010, among the borrower, AGL Resources, as guarantor, GS Bank, as agent and the lenders, pursuant to which, subject to certain conditions and limitations, the lenders agree to provide loans to the borrower in an aggregate principal amount of \$1.05 billion. See Description of AGL Resources' Debt Financing beginning on page 160 for a discussion of AGL Resources' merger-related financing. AGL Resources and/or AGL Capital Corporation may issue debt securities, preferred stock, common equity, or other securities, bank loans, or other debt financings in lieu of all or a portion of the drawing under the Bridge Facility.

Under the terms of the merger agreement, if all of the conditions to closing are satisfied and the proceeds of the financing or alternative financing necessary to complete the transaction are not available, the merger agreement may be terminated by either party, so long as such party is not in material breach of its representations, warranties, or covenants in the merger agreement that was a proximate cause of the financing failure. In such event, AGL Resources is required to pay Nicor a financing failure fee of \$115 million.

Although AGL Resources entered into the Bridge Facility, the availability of funds under the Bridge Facility is subject to certain conditions including, among others, the absence of a material adverse effect on AGL Resources or Nicor, pro forma compliance with a consolidated total debt to total capitalization ratio of 0.70:1.00, the ability of the borrower to achieve certain minimum credit ratings and the ability of the borrower to achieve a certain liquidity level at closing. Although AGL Resources expects to obtain in a timely manner the financing necessary to complete the pending merger, if AGL Resources is unable to timely obtain the financing because one of the conditions to the financing fails to be satisfied, the closing of the merger could be significantly delayed or may not occur at all.



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*AGL Resources indebtedness following the merger will be higher than AGL Resources existing indebtedness, which could limit its operations and opportunities, make it more difficult for AGL Resources to pay or refinance its debts, and may cause AGL Resources to issue additional equity in the future, which would increase the dilution of its shareholders and former Nicor shareholders or reduce earnings.*

In connection with the merger, AGL Resources will assume Nicor's outstanding debt and incur additional debt to pay the merger consideration and transaction expenses. See Description of AGL Resources Debt Financing beginning on page 160 for a discussion of AGL Resources merger-related financing. AGL Resources total indebtedness as of December 31, 2010 was approximately \$2.7 billion. AGL Resources pro forma total indebtedness as of December 31, 2010, after giving effect to the merger, would have been approximately \$4.7 billion (including approximately \$300 million of currently payable long-term debt, approximately \$1.2 billion of short-term borrowings and approximately \$3.2 billion of long-term debt and other long-term obligations). AGL Resources debt service obligations with respect to this increased indebtedness could have an adverse impact on its earnings and cash flows (which after the merger would include the earnings and cash flows of Nicor) for as long as the indebtedness is outstanding.

AGL Resources increased indebtedness could also have important consequences to holders of AGL Resources common stock. For example, it could:

make it more difficult for AGL Resources to pay or refinance its debts as they become due during adverse economic and industry conditions because any decrease in revenues could cause AGL Resources to not have sufficient cash flows from operations to make its scheduled debt payments;

limit AGL Resources flexibility to pursue other strategic opportunities or react to changes in its business and the industry in which it operates and, consequently, place AGL Resources at a competitive disadvantage to its competitors with less debt;

require a substantial portion of AGL Resources cash flows from operations to be used for debt service payments, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions, dividend payments and other general corporate purposes;

result in a downgrade in the rating of AGL Resources indebtedness, which could limit AGL Resources ability to borrow additional funds or increase the interest rates applicable to AGL Resources indebtedness (after the announcement of the merger, Standard & Poor's Ratings Services placed its long-term ratings on AGL Resources on negative watch, and all of Nicor's ratings on negative watch);

reduce the amount of credit available to AGL Resources and its subsidiaries to support its hedging activities; or

result in higher interest expense in the event of increases in interest rates since some of AGL Resources borrowings are, and will continue to be, at variable rates of interest.

Based upon current levels of operations, AGL Resources expects to be able to generate sufficient cash on a consolidated basis to make all of the principal and interest payments when such payments are due under AGL Resources and its current subsidiaries existing credit facilities, indentures and other instruments governing their outstanding indebtedness, and under the indebtedness of Nicor and its subsidiaries that may remain outstanding after the merger; but there can be no assurance that AGL Resources will be able to repay or refinance such borrowings and obligations.

AGL Resources is committed to maintaining and improving its credit ratings and reducing indebtedness. In order to maintain and improve these credit ratings, AGL Resources may consider it appropriate to reduce the amount of indebtedness outstanding following the merger. This may be accomplished in several ways, including issuing additional shares of common stock or securities convertible into shares of common stock, reducing discretionary uses of cash or a combination of these and other measures. Issuances of additional shares of



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common stock or securities convertible into shares of common stock would have the effect of diluting the ownership percentage that current AGL Resources shareholders and former Nicor shareholders hold in the combined company and might reduce the reported earnings per share. The specific measures that AGL Resources may ultimately decide to use to maintain or improve its credit ratings and their timing will depend upon a number of factors, including market conditions and forecasts at the time those decisions are made.

***Debt covenant obligations, if triggered because of the merger, may affect the combined company's financial condition.***

AGL Resources and Nicor's long-term debt obligations and committed short-term lines of credit contain financial covenants related to debt-to-capital ratios. Failure to comply with any of these covenants as a result of the merger or otherwise could result in an event of default which, if not cured or waived, could result in the acceleration of outstanding debt obligations or the inability to borrow under certain credit agreements. Any such acceleration would be likely to cause a material adverse change in the combined company's financial condition.

***Members of the management and boards of directors of AGL Resources and Nicor have interests in the merger that are different from, or in addition to, those of other shareholders and that could have influenced their decision to support or approve the merger.***

In considering whether to approve the transactions contemplated by the merger agreement, AGL Resources shareholders and Nicor shareholders should recognize that some of the members of management and the boards of directors of AGL Resources and Nicor have interests in the merger that differ from, or are in addition to, their interests as shareholders of AGL Resources and shareholders of Nicor. These interests are described in Additional Interests of AGL Resources and Nicor's Directors and Executive Officers in the Merger beginning on page 102.

***Following the merger, AGL Resources shareholders will own equity interests in a company that owns and operates a carrier shipping business, which can present unique risks.***

Nicor's ownership interest in and operation of Tropical Shipping, a carrier of containerized freight in the Bahamas and the Caribbean region, which AGL Resources and Nicor anticipate will make up approximately 4% of the combined company's earnings before interest and taxes, or EBIT, will subject the combined company to various risks to which AGL Resources is not currently subject, including the costs associated with compliance with the International Ship and Port-facility Security Code and the United States Maritime Transportation Security Act, both of which require extensive security assessments, plans and procedures, regulatory oversight by the Federal Maritime Commission and the Surface Transportation Board, the effect of general economic conditions in the United States, the Bahamas, the Caribbean region and Canada on the results of operations, cash flows and financial conditions of Tropical Shipping, and the effect of weather conditions in Florida, Canada, the Bahamas and the Caribbean region on the results of operations, cash flows and financial conditions of Tropical Shipping. As shareholders of the combined company following the merger, AGL Resources shareholders may be adversely affected by these risks.

***The unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus are presented for illustrative purposes only and do not represent the actual financial positions or results of operations of the combined company following the merger.***

The unaudited pro forma combined financial information and prospective financial information contained in this joint proxy statement/prospectus are presented for illustrative purposes only, contain a variety of adjustments, assumptions and preliminary estimates and do not represent the actual financial position or results of operations of AGL Resources and Nicor prior to the merger or that of the combined company following the merger for several reasons. See the sections entitled Summary Selected Unaudited Pro Forma Condensed Combined Consolidated Financial Information beginning on page 24, Summary Comparative Historical and

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Unaudited Pro Forma Combined Per Share Information beginning on page 25 and The Proposed Merger Forward-Looking Financial Information beginning on page 90. The actual financial positions and results of operations of AGL Resources and Nicor prior to the merger and that of the combined company following the merger may not be consistent with, or evident from, the unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus. In addition, the assumptions used in preparing the unaudited pro forma combined financial information and prospective financial information included in this joint proxy statement/prospectus may not prove to be accurate and may be affected by other factors. Any significant changes in the share price of AGL Resources may cause a significant change in the purchase price and the pro forma financial information.

*The opinions rendered to the boards of directors of AGL Resources and Nicor by the parties' respective financial advisor were based on the respective financial analyses they performed, which considered factors such as market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions. As a result, these opinions do not reflect changes in events or circumstances after the date of these opinions.*

The opinions rendered to the boards of directors of AGL Resources and Nicor by the parties' respective financial advisors were provided in connection with, and at the time of, the boards of directors' respective evaluations of the merger. The opinions were necessarily based on the respective financial analyses performed, which considered market and other conditions then in effect, and financial forecasts and other information made available to them, as of the date of their respective opinions, which may have changed after the date of the opinions. The opinions did not speak as of the time that the merger would be completed or as of any date other than the date of such opinions. For more information, see the section entitled The Proposed Merger Opinion of AGL Resources' Financial Advisor beginning on page 67 and the section entitled The Proposed Merger Opinion of Nicor's Financial Advisor beginning on page 80.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (sometimes referred to as the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (sometimes referred to as the Exchange Act) that involve risks and uncertainties. These statements, which may relate to such matters as future earnings, growth, supply and demand, costs, subsidiary performance, new technologies and strategic initiatives, are forward-looking statements within the meaning of the federal securities laws. Forward-looking statements involve matters that are not historical facts, and because these statements involve anticipated events or conditions, forward-looking statements often include words such as anticipate, assume, believe, can, could, estimate, expect, forecast, future, goal, indicate, intend, potential, predict, project, seek, should, target, would or similar expressions. AGL Resources and Nicor's expectations are not guaranteed based on currently available competitive, financial and economic data along with AGL Resources and Nicor's operating plans. While AGL Resources and Nicor believe that their expectations are reasonable in view of currently available information, their expectations are subject to future events, risks (including those disclosed in the section entitled Risk Factors beginning on page 27) and uncertainties, and there are several factors many beyond AGL Resources and Nicor's control that could cause results to differ significantly from their expectations. Such events, risks and uncertainties include, but are not limited to:

the possibility that the businesses of AGL Resources and Nicor may suffer as a result of the uncertainty surrounding the merger;

the possibility that AGL Resources and Nicor will not receive the regulatory approvals required to complete the merger;

pending and potential state and federal class action lawsuits, including five shareholder suits pending against Nicor, its board of directors, AGL Resources, one or both of AGL Resources' acquisition subsidiaries and, in one instance, Nicor's Executive Vice President and Chief Financial Officer;

the possibility that AGL Resources and Nicor may not be able to maintain relationships with their employees, suppliers, or customers as a result of the uncertainty surrounding the merger;

the impact of changes in state and federal legislation and regulation, including recent changes to corporate tax rates in Illinois;

the possibility that the anticipated benefits expected from the merger cannot be fully realized;

the possibility that integration of the two companies may present significant challenges that may adversely impact the anticipated benefits of the merger;

the possibility that the merger or the integration of the two companies may involve unexpected costs;

the effect of accounting pronouncements issued periodically by accounting standard-setting bodies;

changes in interest rates or price, supply and demand for natural gas and related products and the timing of such changes; and

direct or indirect effects on the combined company's business, financial condition or liquidity resulting from a change in its credit rating or the credit ratings of its counterparties or competitors.

**Any forward-looking statements should be considered in light of such important factors. You should not place undue reliance on any forward-looking statement, which speaks only as of the date on which such statement is made or in the case of the statements incorporated by reference, as of the date of the document incorporated by reference. Neither AGL Resources nor Nicor undertake any obligation to update any such statement to reflect subsequent circumstances or events except as required by law.**

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**THE COMPANIES**

**AGL Resources Inc.**

AGL Resources is an energy services holding company, incorporated under the laws of the State of Georgia in 1995 and headquartered in Atlanta, Georgia, whose principal business is the distribution of natural gas in six states: Florida, Georgia, Maryland, New Jersey, Tennessee and Virginia. AGL Resources operates six utilities which, combined, serve approximately 2.3 million end-use customers, making it the largest distributor of natural gas in the southeastern and mid-Atlantic regions of the United States based on customer count. AGL Resources is also involved in various related businesses, including retail natural gas marketing to end-use customers in Georgia, Ohio and Florida; natural gas asset management and related logistics activities for its own utilities as well as for other nonaffiliated companies; natural gas storage arbitrage and related activities; and the development and operation of high-deliverability underground natural gas storage assets. AGL Resources manages these businesses through four operating segments and a non-operating corporate segment.

The distribution operations segment is the largest component of AGL Resources' business and includes six natural gas local distribution utilities. These utilities construct, manage and maintain intrastate natural gas pipelines and distribution facilities and include: Atlanta Gas Light in Georgia, Chattanooga Gas in Tennessee, Elizabethtown Gas in New Jersey, Elkton Gas in Maryland, Florida City Gas in Florida and Virginia Natural Gas in Virginia.

The retail energy operations segment consists of SouthStar Energy Services LLC, a joint venture currently owned 85% by AGL Resources' subsidiary, Georgia Natural Gas Company, and 15% by Piedmont Natural Gas. SouthStar markets natural gas and related services under the trade name Georgia Natural Gas to retail customers on an unregulated basis, primarily in Georgia. Southstar also services retail customers in Ohio and Florida and markets natural gas to larger commercial and industrial customers in Alabama, Tennessee, North Carolina, South Carolina, Florida and Georgia. Based on its market share, SouthStar is the largest marketer of natural gas in Georgia, with an average number of customers in excess of 500,000 over the last three years.

The wholesale services segment consists primarily of Sequent Energy Management, L.P. (sometimes referred to as Sequent Energy), AGL Resources' subsidiary involved in asset management and optimization, storage, transportation, producer and peaking services and wholesale marketing.

The energy investments segment includes a number of businesses that are related and complementary to AGL Resources' primary business. The most significant of these businesses is a natural gas storage business, which develops, acquires and operates high-deliverability salt-dome and other storage assets in the Gulf Coast region of the United States.

The corporate segment includes AGL Resources' nonoperating business units.

**Nicor Inc.**

Nicor, an Illinois corporation formed in 1976, is a holding company. Gas distribution is Nicor's primary business. Nicor's major subsidiaries include Nicor Gas, one of the nation's largest distributors of natural gas, and Tropical Shipping, a transporter of containerized freight in the Bahamas and the Caribbean region. Nicor also owns several energy-related ventures, is developing natural gas storage facilities and owns an interest in an interstate natural gas pipeline.

Nicor Gas, a natural gas distribution utility regulated by the ICC, serves 2.2 million customers in a service territory that encompasses most of the northern third of Illinois, excluding the city of Chicago. The company's service territory is diverse, providing the company with a well-balanced mix of residential, commercial and industrial customers. Residential customers typically account for approximately 50% of natural gas deliveries, while commercial and industrial customers each typically account for approximately 25%. The company is the sole distributor of natural gas in essentially all of its service territory.





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Tropical Shipping is a transporter of containerized freight in the Bahamas and the Caribbean region. The company is a major carrier of exports from the east coast of the United States and Canada to these regions. The company's shipments consist primarily of southbound cargo such as building materials, food and other necessities for developers, manufacturers and residents in the Caribbean region and the Bahamas, as well as tourist-related shipments intended for use in hotels and resorts, and on cruise ships. The balance of Tropical Shipping's cargo consists primarily of interisland shipments and northbound shipments of apparel and agricultural products. Other related services such as inland transportation and cargo insurance are also provided by Tropical Shipping or other Nicor subsidiaries.

Nicor owns several energy-related ventures, including three companies marketing energy-related products and services and a wholesale natural gas marketing company. Nicor Services operates primarily in northern Illinois and provides warranty and maintenance contracts, as well as repair and installation services of heating, air conditioning and indoor air-quality equipment, and customer move connection services for utilities. Nicor Solutions offers energy-related products that provide for natural gas price stability and management of utility bills to residential and small commercial customers primarily in the Nicor Gas service territory. Nicor Advanced Energy is a non-utility marketer of natural gas for residential and small commercial customers in northern Illinois. Nicor Enerchange engages in wholesale marketing of natural gas services primarily in the Midwest and also serves commercial and industrial customers in the Chicago market area.

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**INFORMATION ABOUT THE AGL RESOURCES SPECIAL MEETING AND VOTE**

The AGL Resources Board is using this joint proxy statement/prospectus to solicit proxies from the holders of AGL Resources common stock for use at the special meeting of AGL Resources shareholders. AGL Resources is first mailing this joint proxy statement/prospectus and accompanying proxy card to AGL Resources shareholders on or about [ ], 2011.

**Date, Time and Place of AGL Resources Special Meeting**

The AGL Resources special meeting will take place on June 14, 2011, at 10:00 a.m., local time, at AGL Resources corporate headquarters, Ten Peachtree Place, Atlanta, Georgia 30309.

**Matters to be Considered**

The following matters will be considered at the meeting:

1. A proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement.
2. A proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors.
3. A proposal to adjourn AGL Resources special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation.
4. Any other business properly brought before the special meeting and any adjournment or postponement thereof.

**AGL Resources Record Date; Quorum; and Voting Rights**

The AGL Resources Board has fixed the close of business on April 18, 2011 as the record date for determination of shareholders entitled to notice of and to vote at the AGL Resources special meeting or at any adjournment or postponement of the meeting. Only holders of record at the close of business on the record date are entitled to vote at the AGL Resources special meeting.

A quorum is the number of shares that must be represented at a meeting to lawfully conduct business. The presence, in person or by proxy, of holders of a majority of the votes entitled to be cast constitutes a quorum for the transaction of business. As of the record date, a total of [ ] shares were outstanding and eligible to vote at the AGL Resources special meeting. The presence of [ ] shares will constitute a quorum. Abstentions and broker non-votes are included in the calculation of the number of shares considered to be present at the AGL Resources special meeting for purposes of determining a quorum.

Each shareholder is entitled to one vote at the AGL Resources special meeting for each share of AGL Resources common stock held by that shareholder at the close of business on the record date.

A complete list of shareholders entitled to vote at the AGL Resources special meeting will be available for examination by any AGL Resources shareholder between the hours of 9:00 a.m. and 5:00 p.m., local time, at AGL Resources headquarters, Ten Peachtree Place, Atlanta, Georgia, and at the time and place of the AGL Resources special meeting.

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### Required Vote

Approval of the proposal respecting the issuance of shares of AGL Resources common stock as contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the shares of AGL Resources common stock represented at the AGL Resources special meeting and entitled to vote thereon, provided that a majority of the outstanding shares of AGL Resources common stock is present and votes on the proposal.

Approval of the proposal respecting the amendment to the AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors requires the approval by a majority of the votes entitled to be cast on the proposal.

Approval of the proposal respecting the adjournment of the AGL Resources shareholders meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation requires that the number of votes cast in favor of the proposal exceeds the votes cast opposing the proposal.

In the event that AGL Resources shareholders do not approve the amendment, AGL Resources and Nicor may agree to waive the condition that this approval be obtained and nonetheless proceed with the merger, however, there can be no assurance that AGL Resources and Nicor would agree to waive this condition.

### Broker Non-Votes

Under the listing requirements of the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine. Accordingly, a broker non-vote occurs when the broker is not permitted to vote on an item without instruction from the beneficial owner of shares of common stock and the beneficial owner gives no instruction as to voting of the shares.

Under NYSE rules, it is expected that your broker or bank does not have discretionary authority to vote your shares on the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors and the proposal to adjourn the AGL Resources special meeting, if necessary. Therefore, if you are an AGL Resources shareholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, which broker non-votes will have no effect on the vote on this proposal, provided that a majority of the outstanding shares of AGL Resources common stock is present and votes on the proposal (with broker non-votes not counting as votes cast for this purpose);

your broker may not vote your shares on the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker may not vote your shares on the proposal to adjourn AGL Resources special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources amended and restated articles of incorporation, which will have no effect on the outcome of the proposal.



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### **Abstentions, Not Voting**

For the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, an abstention will be counted as present in person or represented by proxy and entitled to vote at the AGL Resources special meeting, and as a vote cast, and, therefore, will have the same effect as a vote **AGAINST** such proposal. A failure to vote is not counted as a vote cast, and as such, will not otherwise have an effect on the outcome of the vote for the proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast on this proposal represent a majority of the outstanding shares of AGL Resources common stock present and entitled to vote on the proposal.

For the proposal to approve an amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, an abstention or a failure to vote will have the same effect as a vote **AGAINST** such proposal.

For the proposal to adjourn the AGL Resources special meeting, if necessary, an abstention or a failure to vote will not have an effect on the outcome of the vote for the proposal.

### **Dissenters Rights**

Under Georgia law, AGL Resources shareholders are not entitled to dissenters rights in connection with the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors. It is anticipated that AGL Resources shares will continue to be traded on the NYSE during the pendency of and following the effectiveness of the merger, and AGL Resources is not one of the constituent corporations to the merger.

### **Shares Beneficially Owned by AGL Resources Directors and Officers**

AGL Resources directors and officers beneficially owned [ ] shares of AGL Resources common stock on April 18, 2011, the record date for the special meeting. These shares represent in total [ ]% of the total voting power of AGL Resources voting securities outstanding and entitled to vote as of the record date. AGL Resources currently expects that AGL Resources directors and officers will vote their shares in favor of all the proposals to be voted on at the special meeting, although none of them has entered into any agreements obligating them to do so.

### **How Shares are Voted; Proxies**

Shareholders of record may vote in person by ballot at the special meeting or by submitting their proxies:

by telephone, by calling the toll-free number (800) 690-6903 in the United States or Canada on a touch-tone phone and following the recorded instructions;

by accessing the Internet website at [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on the website; or

by mail, by indicating your vote on each proxy card you receive, signing and dating each proxy card and returning each proxy card in the prepaid envelope that accompanied that proxy card.

Telephone and Internet voting are available 24 hours a day. If your AGL Resources shares are held in the Retirement Savings Plus Plan, then telephone and Internet voting will be accessible until 11:59 p.m. Eastern time on June 9, 2011. If you are the record holder of your AGL Resources shares or your AGL Resources shares are held in street name, then telephone and Internet voting will be accessible until 11:59 p.m. Eastern time on June 13, 2011.

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Shareholders of AGL Resources who hold their shares in street name by a broker, nominee, fiduciary or other custodian should refer to the proxy card or other information forwarded by their broker, nominee, fiduciary or other custodian for instructions on how to vote their shares.

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AGL Resources recommends you submit your proxy even if you plan to attend the special meeting. If you attend the special meeting, you may vote by ballot, thereby canceling any proxy previously submitted. If you properly give your proxy and submit it to AGL Resources in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against the proposals or abstain from voting.

If you are a shareholder of record and submit your proxy but do not make specific choices, your proxy will follow the AGL Resources Board's recommendations and your shares will be voted:

1. **FOR** the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement.
2. **FOR** the proposal to approve an amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors.
3. **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources' amended and restated articles of incorporation.

## **Revocation of Proxies**

You have the right to revoke your proxy at any time prior to the time your shares are voted at the special meeting. If you are a shareholder of record, your proxy can be revoked in several ways:

by entering a new vote by telephone or the Internet;

by delivering a written revocation to AGL Resources' Corporate Secretary at AGL Resources Inc., P.O. Box 4569, Location 1466, Atlanta, Georgia 30302-4569 prior to the AGL Resources special meeting;

by submitting another valid proxy bearing a later date that is received prior to the AGL Resources special meeting; or

by attending the AGL Resources special meeting and voting your shares in person.

However, if your shares are held in street name through a broker, nominee, fiduciary or other custodian, you must check with your broker, nominee, fiduciary or other custodian to determine how to revoke your proxy.

## **Shares Held in 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 special meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or written proxy vote. Please follow the instructions on your proxy card.

## **Solicitation of Proxies**

AGL Resources will pay the costs of soliciting proxies from AGL Resources shareholders. In addition to this mailing, proxies may be solicited by directors, officers or employees of AGL Resources in person, by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services. AGL Resources has retained Alliance Advisors, LLC to assist in the distribution and solicitation of proxies. AGL Resources will pay Alliance Advisors, LLC a fee of approximately \$15,000, plus reasonable expenses, for these services.

The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are submitted. You should submit your proxy without delay by mail, by telephone or via the Internet. AGL Resources also reimburses brokers, nominees, fiduciaries or

other custodians for their expenses in sending these materials to you and getting your voting instructions.



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**Other Business; Adjournments**

AGL Resources is not currently aware of any other business to be acted upon at the AGL Resources special meeting. If, however, other matters are properly brought before the special meeting, or any adjourned meeting, your proxies include discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

Any adjournment (other than an adjournment to solicit additional votes) may be made from time to time by the affirmative vote of the holders of a majority of the voting shares represented at the AGL Resources special meeting, or the Chairman of the AGL Resources Board of Directors or the President of AGL Resources whether or not a quorum is present, without further notice other than by announcement at the meeting.

If the special meeting is adjourned to a different place, date or time, AGL Resources need not give notice of the new place, date or time if the new place, date or time is announced at the meeting before adjournment, unless a new record date is set for the adjourned meeting. The AGL Resources Board must fix a new record date if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

**AGL Resources Shareholder Account Maintenance**

AGL Resources' transfer agent is Wells Fargo Bank, N.A. All communications concerning accounts of AGL Resources shareholders of record, including address changes, name changes, inquiries as to requirements to transfer shares of common stock and similar issues can be handled by calling Wells Fargo Shareowner Services, toll-free at (800) 468-9716. For other information about AGL Resources, AGL Resources shareholders can visit AGL Resources' web site at [www.aglresources.com](http://www.aglresources.com). Information on AGL Resources' website does not constitute part of this joint proxy statement/prospectus.

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### **INFORMATION ABOUT THE NICOR SPECIAL MEETING AND VOTE**

The Nicor Board is using this joint proxy statement/prospectus to solicit proxies from the holders of Nicor common stock for use at the special meeting of Nicor's shareholders. Nicor is first mailing this joint proxy statement/prospectus and accompanying proxy card to Nicor shareholders on or about [ ], 2011.

#### **Date, Time and Place of Nicor Special Meeting**

The Nicor special meeting will take place on [ ], 2011, at [ ], local time, at [ ].

#### **Matters to be Considered**

The following matters will be considered at the special meeting:

1. A proposal to approve the merger agreement.
2. A proposal to adjourn Nicor's special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.
3. Any other business properly brought before the special meeting and any adjournment or postponement thereof.

#### **Nicor Record Date; Quorum; and Voting Rights**

The Nicor Board has chosen the close of business on [ ] as the record date for determination of shareholders who are entitled to receive notice of and to vote at the Nicor special meeting or at any adjournment or postponement of the meeting. Only holders of record at the close of business on the record date are entitled to vote at the Nicor special meeting. At the close of business on the record date, there were [ ] shares of Nicor common stock issued and outstanding.

In order for Nicor to satisfy its quorum requirements, the holders of at least a majority of the total number of outstanding shares of Nicor common stock entitled to vote at the Nicor special meeting, excluding such shares as may be owned by Nicor, must be present in person or represented by proxy. Shares of Nicor common stock represented at the meeting but not voted, including shares for which proxies have been received but for which shareholders have abstained on either or both of the matters, will be treated as present at the meeting for purposes of determining the presence or absence of a quorum. Broker non-votes will also be counted for the purpose of determining a quorum at the meeting. In the event that a quorum is not present at the meeting, it is expected that the meeting will be adjourned or postponed to solicit additional proxies.

Each shareholder is entitled to one vote at the Nicor special meeting for each share of Nicor common stock held by that shareholder at the close of business on the record date.

A complete list of shareholders entitled to vote at the Nicor special meeting will be available for examination by any Nicor shareholders between the hours of 9:00 a.m. and 5:00 p.m., local time, at Nicor's headquarters, 1844 Ferry Road, Naperville, Illinois, for purposes pertaining to the Nicor special meeting, for a period of 10 days before the Nicor special meeting and at the time and place of the Nicor special meeting.

#### **Required Vote**

Approval of the proposal to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock outstanding and entitled to vote on such proposal.

Approval of the proposal respecting the adjournment of the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement requires the affirmative vote of the holders of a majority of the shares of Nicor common stock represented at the meeting and entitled to vote on such

proposal.

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### **Broker Non-Votes**

Under the listing requirements of the NYSE, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be non-routine. Accordingly, a broker non-vote occurs when the broker is not permitted to vote on an item without instruction from the beneficial owner of shares of common stock and the beneficial owner gives no instruction as to voting of the shares.

Under NYSE rules, it is expected that your broker or bank does not have discretionary authority to vote your shares on the proposal to approve the merger agreement or the proposal to adjourn the Nicor special meeting, if necessary. Therefore, if you are a Nicor shareholder and you do not instruct your broker on how to vote your shares:

your broker may not vote your shares on the proposal to approve the merger agreement, which broker non-votes will have the same effect as a vote **AGAINST** such proposal; and

your broker may not vote your shares on the proposal to adjourn Nicor's special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement, which will have no effect on the outcome of the proposal.

### **Abstentions; Not Voting**

For the proposal to adopt the merger agreement, an abstention or a failure to vote will have the same effect as a vote **AGAINST** such proposal.

For the proposal to adjourn the Nicor special meeting, if necessary, an abstention or a failure to vote will not have an effect on the outcome of the vote for the proposal.

### **Dissenters' Rights**

Illinois law requires that Nicor shareholders have dissenters' rights in connection with the merger. Therefore, a shareholder of Nicor may elect to be paid cash for such shareholder's shares in accordance with the procedures set forth in the IBCA.

The following is a summary of the material terms of the statutory procedures to be followed by holders of Nicor common stock in order to dissent from the merger under the IBCA. The following discussion is not a complete description of the law relating to dissenters' rights available under Illinois law and is qualified in its entirety by the full text of Article 11 of the IBCA, which is reprinted in its entirety as *Annex B* to this joint proxy statement/prospectus. If you wish to exercise dissenters' rights, you should review carefully the following discussion and *Annex B*. Nicor urges you to consult a lawyer before electing or attempting to exercise these rights.

Under Article 11, all shareholders entitled to dissenters' rights in the merger must be notified in the meeting notice relating to the merger that shareholders are entitled to assert dissenters' rights. This joint proxy statement/prospectus constitutes that notice.

If you are a Nicor shareholder and desire to dissent and receive cash payment of the fair value of your Nicor common stock, you must:

deliver to Nicor before the vote is taken at the special meeting of shareholders a written demand for payment for your shares if the proposed action is consummated; and

not vote in favor of the merger agreement and merger.



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Within 10 days after the date on which the merger is consummated or 30 days after the shareholder delivers to Nicor the written demand for payment, whichever is later, Nicor will send each shareholder who has delivered a written demand for payment:

a statement setting forth the opinion of Nicor as to the estimated fair value of the shares;

Nicor's latest balance sheet as of the end of a fiscal year ending not earlier than 16 months before the delivery of the statement;

the statement of income for that year and the latest available interim financial statements; and either:

a commitment to pay for the shares of the dissenting shareholder at the estimated fair value thereof upon transmittal to Nicor of the certificate or certificates, or other evidence of ownership, with respect to the shares, or

instructions to the dissenting shareholder to sell his or her shares on the public market within 10 days after delivery of Nicor's statement to the shareholder. If the shareholder does not sell on the public market within that 10 day period after being so instructed by Nicor, the shareholder will be deemed to have sold his or her shares at the average closing price of the shares during that 10 day period.

If the shareholder does not agree with the opinion of Nicor as to the estimated fair value of the shares or the amount of interest due, the shareholder, within 30 days from the delivery of Nicor's statement of value, must notify Nicor in writing of the shareholder's estimated fair value and amount of interest due and demand payment for the difference between the shareholder's estimate of fair value and interest due and the amount of the payment by Nicor or the proceeds of sale by the shareholder, as applicable.

If, within 60 days from delivery to Nicor of the shareholder notification of estimate of fair value of the shares and interest due, Nicor and the dissenting shareholder have not agreed in writing upon the fair value of the shares and interest due, Nicor will either pay the difference in value demanded by the shareholder, with interest, or file a petition in the circuit court of the county in which either the registered office or the principal office of Nicor is located, requesting the court to determine the fair value of the shares and interest due. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. Each dissenter made a party to the proceeding is entitled to judgment for the amount, if any, by which the court finds that the fair value of his or her shares, plus interest, exceeds the amount paid by Nicor or the proceeds of sale by the shareholder, whichever amount is applicable.

In view of the complexity of these provisions and the requirement that they be strictly complied with, if you hold Nicor common stock and are considering dissenting from the approval of the merger agreement and the merger and exercising your dissenters' rights under the IBCA, you should consult a lawyer promptly.

All written communications from shareholders with respect to the exercise of dissenters' rights should be mailed to:

Nicor Inc.

1844 Ferry Road

Naperville, Illinois 60563

Attention: Paul C. Gracey, Jr., Senior Vice President, General Counsel and Secretary

Nicor recommends that such communications be sent by registered or certified mail, return receipt requested.

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### **Shares Beneficially Owned by Nicor Directors and Officers**

Nicor's directors and officers beneficially owned [ ] shares of Nicor common stock on [ ], 2011, the record date for the special meeting. These shares represent in total [ ]% of the total voting power of Nicor's voting securities outstanding and entitled to vote as of the record date. Nicor currently expects that Nicor's directors and officers will vote their shares in favor of all the proposals to be voted on at the special meeting, although none of them has entered into any agreements obligating them to do so.

### **How Shares are Voted; Proxies**

Shareholders of record may vote in person by ballot at the special meeting or by submitting their proxies:

by telephone, by calling the toll-free number (800) 690-6903 in the United States or Canada on a touch-tone phone and following the recorded instructions;

by accessing the Internet website at [www.proxyvote.com](http://www.proxyvote.com) and following the instructions on the website; or

by mail, by indicating your vote on each proxy card you receive, signing and dating each proxy card and returning each proxy card in the prepaid envelope that accompanied that proxy card.

Telephone and Internet voting are available 24 hours a day and will be accessible until [ ] Eastern time on [ ], 2011. Nicor's telephone and Internet voting procedures are designed to identify existing shareholders by using individual control numbers.

Shareholders of Nicor who hold their shares in street name by a broker, nominee, fiduciary or other custodian should refer to the proxy card or other information forwarded by their broker, nominee, fiduciary or other custodian for instructions on how to vote their shares.

Nicor recommends you submit your proxy even if you plan to attend the special meeting. If you attend the special meeting, you may vote by ballot, thereby canceling any proxy previously submitted. If you properly give your proxy and submit it to Nicor in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against the proposals or abstain from voting.

If you are a shareholder of record and submit your proxy but do not make specific choices, your proxy will follow the Nicor Board's recommendations and your shares will be voted:

1. **FOR** the proposal to approve the merger agreement.
2. **FOR** the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the merger agreement.

### **Revocation of Proxies**

You have the right to revoke your proxy at any time prior to the time your shares are voted at the special meeting. If you are a shareholder of record, your proxy can be revoked in several ways:

by entering a new vote by telephone or the Internet;

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by delivering a written revocation to Nicor's Secretary at Nicor, P.O. Box 3014, Naperville, Illinois 60566-7014 prior to the Nicor special meeting;

by submitting another valid proxy bearing a later date that is received prior to the Nicor special meeting; or

by attending the Nicor special meeting and voting your shares in person.

However, if your shares are held in street name through a broker, nominee, fiduciary or other custodian, you must check with your broker, nominee, fiduciary or other custodian to determine how to revoke your proxy.



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### **Shares Held in Nicor 401(k) Plan**

If your Nicor shares are held in a Nicor 401(k) plan, only the trustee of the plan can vote your plan shares even if you attend the special meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or written proxy vote. Please follow the instructions on your proxy card.

With respect to Nicor shares held in a Nicor 401(k) plan for which no voting instructions are received, the plan trustee will vote such shares in the same proportion as it votes plan shares with respect to which it has received voting instructions unless the plan trustee determines that to do so would be inconsistent with Title I of ERISA.

### **Solicitation of Proxies**

Nicor will pay the costs of soliciting proxies from Nicor shareholders. In addition to this mailing, proxies may be solicited by directors, officers or employees of Nicor in person or by telephone or electronic transmission. None of the directors, officers or employees will be directly compensated for such services. Nicor has retained Georgeson Inc. to assist in the distribution and solicitation of proxies. Nicor will pay Georgeson Inc. a fee of \$25,000, plus reasonable expenses, for these services.

The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are submitted. You should submit your proxy without delay by mail, by telephone or via the Internet. Nicor also reimburses brokers, nominees, fiduciaries or other custodians for their expenses in sending these materials to you and getting your voting instructions.

### **Other Business; Adjournments**

Nicor is not currently aware of any other business to be acted upon at the Nicor special meeting. If, however, other matters are properly brought before the special meeting, your proxies include discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

Any adjournment (other than an adjournment to solicit additional votes) may be made from time to time by the affirmative vote of the holders of a majority of the voting shares represented at the Nicor special meeting or the Chairman of the Nicor Board of Directors whether or not a quorum is present, without further notice other than by announcement at the meeting.

If the special meeting is adjourned to a different place, date or time, Nicor need not give notice of the new place, date or time if the new place, date or time is announced at the meeting before adjournment unless a new record date is set for the adjourned meeting.

### **Nicor Shareholder Account Maintenance**

Nicor's transfer agent is Wells Fargo Bank, N.A. All communications concerning accounts of Nicor shareholders of record, including address changes, name changes, inquiries as to requirements to transfer shares of common stock and similar issues can be handled by calling Wells Fargo Shareowner Services, toll-free at (866) 614-9640. For other information about Nicor, Nicor shareholders can visit Nicor's web site at [www.nicor.com](http://www.nicor.com). Information on Nicor's website does not constitute part of this joint proxy statement/prospectus.

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### **THE PROPOSED MERGER**

#### **General**

AGL Resources and Nicor agreed to the acquisition of Nicor by AGL Resources under the terms of the merger agreement that is described in this joint proxy statement/prospectus. Under the terms of the merger agreement, Merger Sub will merge with and into Nicor. As a result, Nicor will survive the merger and will become a wholly owned subsidiary of AGL Resources upon completion of the merger. Immediately after the merger, Nicor, will merge with and into Merger LLC and Merger LLC will continue to exist as a wholly owned subsidiary of AGL Resources (sometimes referred to as the subsequent merger).

The AGL Resources Board is using this joint proxy statement/prospectus to solicit proxies from the holders of AGL Resources common stock for use at the AGL Resources special meeting. The Nicor Board is using this joint proxy statement/prospectus to solicit proxies from the holders of Nicor common stock for use at the Nicor special meeting.

#### **AGL Resources Merger Proposals**

At the AGL Resources special meeting, holders of shares of AGL Resources common stock will be asked to vote on the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and on amending AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors.

**The merger will not be completed unless AGL Resources shareholders approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and the amendment to AGL Resources amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors.**

The parties may agree to waive the condition to the merger that the AGL Resources shareholders approve the amendment to AGL Resources amended and restated articles of incorporation, but they are not required to do so. A separate vote by the holders of AGL Resources common stock on the merger agreement or the merger itself is not required under Georgia law.

#### **Nicor Merger Proposal**

At the Nicor special meeting, holders of shares of Nicor common stock will be asked to vote on the approval of the merger agreement and thereby approve the merger.

**The merger will not be completed unless Nicor's shareholders approve the merger agreement and thereby approve the merger.**

#### **Effects of the Merger; Merger Consideration**

##### *Common Stock*

Except as described below, subject to the terms and conditions of the merger agreement, at the effective time of the merger, each share of Nicor common stock issued and outstanding immediately prior to the effective time of the merger (other than dissenting shares) will be converted into the right to receive (i) \$21.20 in cash and (ii) 0.8382 of a share of AGL Resources common stock, subject to adjustment for certain changes in AGL Resources common stock or Nicor common stock such as reclassifications or stock splits.

However, if the total stock consideration, calculated based on the price of AGL Resources common stock on the date the merger agreement was executed (which was \$37.13), is less than 40% of the total merger consideration, then the exchange ratio will be increased, and the amount of cash paid per share of Nicor common

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stock will be correspondingly decreased, until the total stock consideration equals 40% of the total merger consideration. The adjustment will be made as follows: for each 0.0001 increase to the exchange ratio that is made, the amount of cash paid per share of Nicor common stock will be reduced by the product of 0.0001 multiplied by \$37.13. For purposes of the adjustment described above, the cash deemed paid in respect of dissenting shares will be \$53.00.

The adjustment mechanism referenced in the preceding paragraph is intended to ensure that the transaction satisfies the continuity of interest requirement for a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This requirement generally should be satisfied if the AGL Resources common stock issued in the transaction to Nicor shareholders represents at least 40% of the value of the total consideration received by Nicor shareholders in the transaction, as determined under applicable United States Treasury regulations. For a discussion of the United States federal income tax consequences of the merger, see *The Proposed Merger Material United States Federal Income Tax Consequences of the Transaction* beginning on page 93 of this joint proxy statement/prospectus.

Should such adjustment to the exchange ratio be made, AGL Resources and Nicor will each disclose the adjustment on a current report on Form 8-K and in a press release. Additionally, AGL Resources will send a written notification of the change in the exchange ratio to each shareholder of Nicor whose shares are converted into the right to receive the merger consideration with the letter of transmittal that will be mailed to each of those shareholders immediately after the effective time of the merger.

AGL Resources will not issue any fractional shares in connection with the merger. Instead, each holder of Nicor common stock who would otherwise be entitled to receive a fraction of a share of AGL Resources common stock (after taking into account all shares of Nicor common stock owned by a holder at the effective time of the merger) will receive cash, without interest, rounded down to the nearest cent, in an amount equal to the fractional share to which such holder would otherwise be entitled multiplied by the average of the closing sale prices of AGL Resources common stock on the NYSE, as reported in *The Wall Street Journal* for each of the 20 consecutive trading days ending with the fifth complete trading day prior to the closing date.

The merger consideration represented a value of \$53.00 based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010. This represents a premium of approximately 22% to the closing stock price of Nicor on December 1, 2010, and an approximately 17% premium to the volume-weighted average stock price of Nicor over the last 20 trading days ending December 1, 2010. The value of the consideration to be received by Nicor shareholders will fluctuate with changes in the price of AGL Resources common stock. The merger consideration represented a value of \$53.65 based on the closing price of AGL Resources common stock on the NYSE on March 4, 2011. This represents a premium of approximately 23% to the closing stock price of Nicor on December 1, 2010, and an approximately 18% premium to the volume-weighted average stock price of Nicor over the last 20 trading days ending December 1, 2010. AGL Resources and Nicor urge you to obtain current market quotations for AGL Resources and Nicor common stock.

*Treasury Shares; Shares Owned by AGL Resources*

Immediately prior to the effective time of the merger, each share of Nicor common stock (i) held as a treasury share by Nicor, (ii) owned of record by any subsidiary of Nicor, or (iii) owned of record by AGL Resources, Merger Sub or any of their respective wholly owned subsidiaries will, in each case, be canceled and cease to exist, and no consideration will be delivered in exchange for those shares.

**Background of the Merger**

Nicor and its board of directors regularly consider the availability and impact of strategic alternatives that could enhance shareholder value, including, from time to time, a possible sale of Nicor. Similarly, AGL Resources and its board of directors regularly consider potential strategic transactions, including the potential acquisition of natural gas distribution companies.

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On April 28, 2010, Norman Bobins, a member of the Nicor Board, introduced Russ Strobel, the Chairman, President and Chief Executive Officer of Nicor, to a representative of, a private investment company (that is referred to herein as Fund A) for which Mr. Bobins served as a consultant. At this meeting, from which Mr. Bobins excused himself after making an introduction, the representative of Fund A conveyed Fund A's interest in a possible acquisition of Nicor. Mr. Strobel informed John Rau, the Nicor Board's lead independent director, of Fund A's interest in a possible acquisition of Nicor and Mr. Bobins' relationship with Fund A.

On May 27, 2010, a private investment company (that is referred to herein as Fund B) met with Mr. Strobel and Richard Hawley, Nicor's Chief Financial Officer, and inquired about the possibility of a potential transaction with Nicor. Mr. Strobel informed Mr. Rau of such contact.

The Nicor Board met at its next regularly scheduled meeting on July 22, 2010. Because of the potential conflict of interest resulting from Mr. Bobins' relationship with Fund A, he did not participate in any portion of this meeting or any later meeting at which the Nicor Board considered the inquiries from Fund A and Fund B, possible responses thereto or possible transactions with other parties. Mr. Bobins informed Nicor that pursuant to his consulting agreement with Fund A, he might be entitled to a finder's fee if a transaction with Fund A was consummated. Mr. Bobins subsequently agreed to forgo any fee to which he might become entitled.

At the July 22, 2010 meeting, the Nicor Board was informed of the inquiries received from Fund A and Fund B and of Mr. Bobins' relationship with Fund A. In executive session at this meeting, the independent directors of the Nicor Board discussed the potential process for considering Nicor's strategic alternatives, including the interest of Fund A and Fund B, but agreed to defer a final decision regarding whether to pursue any strategic alternatives until a later meeting. The Nicor Board directed management to obtain additional detail regarding Fund A's and Fund B's interest in a transaction with Nicor. Additionally, the Nicor Board discussed the retention of legal and financial advisors. In connection with such discussion, the Nicor Board authorized Mr. Rau, Georgia Nelson and Armando Olivera, on behalf of the independent directors, to consider the retention of separate legal and financial advisors for the independent directors.

In August 2010, Nicor retained Latham & Watkins LLP (sometimes referred to as Latham) to act as its legal counsel regarding a potential transaction and Nicor's exploration of its strategic alternatives. Nicor also engaged J.P. Morgan to serve as Nicor's financial advisor in connection with the consideration of strategic alternatives. Nicor retained J.P. Morgan pursuant to an engagement letter dated as of October 1, 2010 and effective as of June 22, 2010. Mr. Rau, Ms. Nelson and Mr. Olivera concluded that the independent directors could rely on Nicor's financial advisor, but that separate counsel should be retained. Accordingly, Nicor's independent directors, other than Mr. Bobins, retained Sidley Austin LLP (sometimes referred to as Sidley) to act as legal counsel to the independent directors.

During August 2010, members of Nicor management, as directed by the Nicor Board and with the assistance of J.P. Morgan, solicited information from Fund A and Fund B regarding the terms of a potential transaction with Nicor.

On August 24, 2010, the Nicor Board met to consider Nicor's potential value under a stand-alone scenario, the interest of each of Fund A and Fund B in pursuing a possible acquisition of Nicor and the process for evaluating their respective levels of interest. The Nicor Board directed Mr. Strobel, together with J.P. Morgan, to contact Fund A and Fund B and indicate that (i) following the provision of certain high-level prospective financial information by Nicor pursuant to a confidentiality agreement, Fund A and Fund B should provide an indicative level of value they would be prepared to pay for Nicor and (ii) after receiving such indicative level of value, the Nicor Board would determine whether to engage in discussions regarding a possible acquisition of Nicor. The Nicor Board also agreed that Mr. Rau should work closely with Mr. Strobel and Latham, Sidley and J.P. Morgan in connection with Nicor's activities relating thereto. Finally, the Nicor Board instructed Nicor's management not to discuss the possible terms of any arrangements for management with either Fund A or Fund B.

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On September 1, 2010, Mr. Strobel and J.P. Morgan contacted Fund A and Fund B to relay the foregoing process. Subsequent to such conversations, Nicor entered into confidentiality agreements with Fund A (on September 2, 2010) and Fund B (on September 4, 2010). Following entry into such confidentiality agreements, Nicor began to provide confidential preliminary due diligence information to each of Fund A and Fund B.

On September 7, 2010, J.P. Morgan met with Fund B regarding its interest in a possible acquisition of Nicor, its due diligence efforts and the proposed timing and process of Nicor's consideration of Fund B's proposal. During such meeting, Fund B indicated that it anticipated needing until September 24th or September 27th to complete its due diligence review and requested exclusivity in connection with submitting an indication of interest. After consultation with Latham, Sidley, Nicor management and Mr. Rau, J.P. Morgan advised Fund B that Nicor would not grant exclusivity to Fund B.

On September 9, 2010, members of Nicor's management and J.P. Morgan spoke telephonically with Fund A to discuss Fund A's due diligence review and address specific due diligence requests submitted by Fund A.

On September 13 and 14, 2010, J.P. Morgan and members of Nicor management met with Fund A and Fund B, respectively, in connection with their respective preliminary due diligence reviews.

On September 21, 2010, Fund B contacted J.P. Morgan to discuss the terms of a potential investment grade debt offering by Fund B in connection with the proposed acquisition of Nicor. J.P. Morgan subsequently advised Nicor of Fund B's proposed financing structure.

On September 22, 2010, Nicor received non-binding indications of interest from Fund A and Fund B, each in connection with a proposed acquisition of all of Nicor's outstanding common stock. Fund B proposed to acquire all of Nicor's outstanding common stock for \$50.00 in cash per share, subject to the completion of confirmatory due diligence, the receipt of regulatory approvals and internal approvals and the negotiation of definitive agreements. Fund B also requested a 90-day exclusivity period to negotiate definitive documentation and complete its confirmatory due diligence. Fund A proposed to acquire all of Nicor's outstanding common stock for \$51.50 in cash per share, subject to the completion of confirmatory due diligence, the receipt of regulatory approvals and the negotiation of definitive agreements. Fund A did not request exclusivity in connection with this indication of interest.

On September 23, 2010, the Nicor Board met to receive an overview of the indications of interest received from Fund A and Fund B from J.P. Morgan. On September 28, 2010, the Nicor Board met to discuss and consider Nicor's potential value under a stand-alone scenario and the indications of interest from Fund A and Fund B in detail with its financial and legal advisors, as well as other strategic alternatives that might be available to Nicor. Though no decision to sell Nicor had been made by the Nicor Board, the Nicor Board concluded that in light of the terms set forth in the indications of interests received, Nicor should consider a potential sale, but should also inform itself of other potentially interested third parties. Accordingly, the Nicor Board directed J.P. Morgan to contact third parties (both financial and strategic) selected by the Nicor Board in consultation with J.P. Morgan and management (based upon likelihood of interest in a transaction with Nicor) to gauge their interest in a potential acquisition of Nicor. The Nicor Board considered whether to conduct an open auction of Nicor, but concluded that (i) because no determination to sell Nicor had been made, (ii) to minimize disruption to Nicor's business and its employees, and (iii) to minimize the risk that either Fund B or Fund A would withdraw its indication of interest, a targeted outreach, limited to AGL Resources, and parties we refer to as Fund C, Company D, Company E and Company F was likely the best path to maximizing value for Nicor.

Following the meeting, J.P. Morgan contacted the one additional prospective financial buyer (Fund C) and the four prospective strategic buyers (AGL Resources, Company D, Company E and Company F) to inquire about their interest in a transaction with Nicor. On September 29, 2010, AGL Resources, Fund C, Company D, Company E and Company F were first contacted.

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On September 30, 2010, Company F informed J.P. Morgan that it did not have an interest in a transaction with Nicor.

On October 1, 2010, AGL Resources indicated to J.P. Morgan that it would be willing to enter into a confidentiality agreement in order to obtain additional information for purposes of evaluating a potential transaction with Nicor.

On October 4, 2010, J.P. Morgan informed Fund A and Fund B that an electronic data room would be populated with additional confidential information. J.P. Morgan also requested that Fund A and Fund B provide an updated proposal based on their review of the additional information made available through the electronic data room.

On October 5, 2010, Nicor entered into a confidentiality agreement with AGL Resources and began to provide AGL Resources with confidential information.

On October 6, 2010, Nicor entered into a confidentiality agreement with Fund C and began to provide Fund C with confidential information.

Also on October 6, 2010, Fund B contacted J.P. Morgan to discuss its indication of interest and its due diligence review of Nicor, requesting an additional two weeks of due diligence prior to its submission of a revised proposal.

On October 8, 2010, Nicor entered into a confidentiality agreement with Company D and began to provide Company D with confidential information. Commencing on October 8, 2010, an electronic data room, populated with preliminary due diligence materials, was opened to those parties that executed a confidentiality agreement.

Also on October 8, 2010, Fund A contacted J.P. Morgan to reiterate its interest in a transaction with Nicor and, its ability to complete its due diligence and negotiate definitive transaction documents within 30 days.

On October 10, 2010, Mr. Strobel and J.P. Morgan met with AGL Resources in connection with its due diligence review and to discuss issues related to a potential acquisition of Nicor.

On October 11, 2010, Nicor received a letter from Fund A stating its willingness to increase its proposed offer to purchase all of Nicor's outstanding common stock to \$52.50 in cash per share and requesting a 30-day exclusivity period in order to proceed with a transaction at such purchase price.

On October 12, 2010, Nicor entered into a confidentiality agreement with Company E and granted Company E access to the online data room.

On October 13, 2010, the Nicor Board met telephonically to discuss Fund A's increased proposal and its request for exclusivity. As a number of the parties contacted by J.P. Morgan had indicated a potential interest in a transaction with Nicor and many were just beginning their due diligence process, the Nicor Board determined not to engage in exclusive negotiations with Fund A at that time. Following the Nicor Board meeting, Mr. Strobel and J.P. Morgan spoke telephonically with Fund A to explain that Nicor was not prepared to engage in exclusive negotiations with Fund A, but also to encourage Fund A to continue its due diligence review in an effort to provide a revised proposal by October 20th.

On October 14, 2010, J.P. Morgan requested that each of AGL Resources, Fund C, Company D and Company E inform J.P. Morgan as to whether it was interested in pursuing an acquisition of Nicor and, if so, to provide a non-binding written proposal relating thereto.

Also on October 14, 2010, Fund A contacted J.P. Morgan to explain that it had determined to suspend its due diligence and would only proceed if Nicor granted Fund A exclusivity.

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On October 15, 2010, Fund B met with members of Nicor management and J.P. Morgan in connection with its due diligence review and to discuss issues related to a potential acquisition of Nicor.

On October 18, 2010, Mr. Strobel and J.P. Morgan met with Company E in connection with its due diligence review and to discuss issues related to a potential acquisition of Nicor.

On October 20, 2010, Nicor received a non-binding indication of interest from AGL Resources pursuant to which AGL Resources proposed to purchase all of Nicor's outstanding common stock for \$54.00 per share, with 40% to 50% of the aggregate purchase price to be paid in cash and the remainder to be paid in shares of AGL Resources common stock. AGL Resources' proposal was subject to the completion of confirmatory due diligence, the receipt of regulatory approvals, the negotiation of definitive agreements and the approval of the AGL Resources Board. Also, on October 20, 2010, Fund C notified J.P. Morgan that it would not submit a proposal, citing its inability to offer a value it believed the Nicor Board would find compelling.

On October 21, 2010, Nicor received a revised non-binding indication of interest from Fund B in which Fund B increased its proposed cash purchase price to \$52.00 per share. Fund B requested a 60-day exclusivity period in order to conduct confirmatory due diligence, arrange necessary equity and debt financing sources and negotiate definitive transaction documents. Nicor also received a non-binding indication of interest from Company E pursuant to which Company E proposed an at the market merger in which Nicor's shareholders would exchange their shares for shares of Company E at no premium to Nicor's trading price. Company D also contacted J.P. Morgan to indicate that it was not prepared to submit a proposal, but requested an opportunity to submit a proposal on October 26th. After consultation with Sidley, Latham, J.P. Morgan and Mr. Rau, Nicor concluded that it would permit Company D additional time to formulate its proposal, but would not delay its consideration of the proposals received or Nicor's strategic process.

On October 22, 2010, the Nicor Board held a special telephonic meeting to discuss the indications of interest received and the strategic process generally; also present were representatives of J.P. Morgan, Latham and Sidley. The Nicor Board was informed that, in order to ensure that Nicor had a more complete understanding of available potential transactions and proposed value, Nicor had agreed to allow Company D to submit a proposal no later than October 26, 2010. In light of the potential for a transaction with Company D to provide value to Nicor's shareholders, the Nicor Board concurred with such determination.

On October 26, 2010, Company D notified J.P. Morgan that it would not submit a proposal to acquire Nicor.

Also, on October 26, 2010, the AGL Resources Board held a regularly scheduled board meeting during which members of AGL Resources management made a presentation regarding potential natural gas distribution company acquisition targets being considered by management, including Nicor. After reviewing the pros and cons of potential acquisition targets with management, the AGL Resources Board determined that AGL Resources should move forward with discussions regarding a possible strategic transaction with Nicor.

On October 27, 2010, Mr. Strobel received a telephone call from John Somerhalder, the Chairman, President and Chief Executive Officer of AGL Resources, informing Mr. Strobel that he had met with the AGL Resources Board and that the AGL Resources Board was extremely supportive of moving forward on an expedited basis regarding a possible strategic transaction with Nicor.

On the morning of October 29, 2010, J.P. Morgan contacted the Chief Executive Officer of Company E to discuss the ability and willingness of Company E to increase its proposal so that Nicor's shareholders might realize a premium to the market in connection with the proposed merger. J.P. Morgan was informed that Company E was not willing to provide for a transaction at a premium to Nicor's share price.

Later on October 29, 2010, the Nicor Board held a special meeting at which J.P. Morgan presented to the Nicor Board a comparative summary of the indications of interest received from Fund B, Fund A (based on its October 11th letter), Company E and AGL Resources. After considering the relative value of a cash transaction

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as compared to a stock transaction, the regulatory risks and financing risks presented by a transaction with the various prospective purchasers and the likelihood of reaching agreement on the terms of a transaction, the Nicor Board determined to proceed with discussions (and in the case of Fund A to seek to reengage in discussion) with the prospective buyers who indicated a willingness to pay a premium to Nicor's market price: Fund A, Fund B and AGL Resources. However, as the Nicor Board had not determined to sell Nicor, in order to minimize the disruption to Nicor and to maximize the opportunity for Nicor to receive each potential buyer's best proposal, it determined to tell each party to submit, no later than mid-November, a revised proposal that clarified the terms of such proposal and that was not subject to additional due diligence.

Also on October 29, 2010, J.P. Morgan contacted Fund A, Fund B and AGL Resources to advise each that Nicor remained interested in exploring a potential transaction and requesting that each submit its last and best proposal. The parties were also informed that the data room would be updated to reflect additional financial, operational and legal due diligence information, including a new three-year forecast, as set forth in the section titled "The Proposed Merger - Forward-Looking Financial Information". Each party was instructed that their due diligence should be substantially completed and that they should submit a marked-up draft of a merger agreement (a form of which was subsequently provided to AGL Resources on November 2) in connection with their last and best proposal on November 15, 2010. Fund B informed J.P. Morgan that if Nicor would not exclusively negotiate with Fund B, then it would not be willing to continue its due diligence unless (i) Nicor agreed to reimburse Fund B for its transaction expenses and (ii) Nicor permitted Fund B to contact approximately twelve funding sources to better determine the availability of equity and debt financing on favorable terms.

On October 31, 2010, Mr. Strobel and J.P. Morgan spoke telephonically with Fund A during which discussion Fund A indicated its continuing interest in a transaction with Nicor and that it understood the proposed timing of the process, and agreed to move forward with the process and due diligence.

On November 1, 2010, the electronic data room was updated to include additional financial, operational and legal information to allow any proposals submitted on November 15th to reflect the additional information.

Also on November 1, 2010, Fund B communicated to J.P. Morgan and Nicor that it was prepared, without the receipt of exclusivity or the reimbursement of expenses, to conduct further due diligence and submit a formal proposal including a revised draft of the proposed merger agreement by November 15th, but if Fund B was selected to negotiate a transaction with Nicor, it would still require an additional 30-day exclusive due diligence period to complete its due diligence review. Mr. Rau was informed of Fund B's communication.

On November 2, 2010, the Nicor Board held a telephonic meeting at which the Nicor Board was informed of Fund B's interest in reengaging with Nicor. After discussion with its legal and financial advisors, the Nicor Board determined not to formally reengage with Fund B. In making such determination, the Nicor Board noted that Fund B's earlier indication of interest remained subject to extensive due diligence, including an additional 30 days of due diligence if Fund B was selected by the Nicor Board to negotiate a transaction with Nicor, and that, because of Fund B's prior unwillingness to move forward absent exclusivity and expense reimbursement, it was now trailing Fund A and AGL Resources from a timing perspective. Additionally, the Nicor Board considered the possibility that Fund B would reduce its indication of value following a review of updated due diligence information. The Nicor Board also believed that in light of Fund A's prior reluctance to participate in the process without exclusivity, if Fund A became aware of Fund B's participation in the process, Fund A might cease to participate. Moreover, the Nicor Board recognized that if Fund B chose to make a superior proposal after the announcement of a merger agreement with AGL Resources or Fund A, the Nicor Board would have the ability to consider it.

On November 3, 2010, Nicor entered into a confidentiality agreement with AGL Resources to permit Nicor to undertake a due diligence review of AGL Resources in connection with evaluating the stock consideration reflected in AGL Resources' proposal. Members of Nicor management, together with Latham, J.P. Morgan and Nicor's regulatory counsel undertook such due diligence review, including discussions with AGL Resources and its advisors, through December 3, 2010. Additionally, in light of Fund B's conditions on its continued participation in Nicor's strategic process, Nicor terminated Fund B's access to the data room on November 3, 2010.



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On November 5, 2010, Nicor received a letter from Fund B in which Fund B increased the indicative price at which it would purchase all of Nicor's outstanding common stock to \$55.00 in cash per share and limited the number of financing sources that it would contact. Mr. Rau was informed of this correspondence from Fund B and the revised indication of interest.

From November 6, 2010 through November 9, 2010, while AGL Resources and Fund A undertook due diligence, Nicor and J.P. Morgan were in contact with Fund B during which Fund B reaffirmed its revised indicative price of \$55.00 in cash per share. During such period, Nicor granted Fund B permission to contact the debt and equity financing sources identified by Fund B and to discuss the potential acquisition of Nicor with such parties. Fund B also noted that it would require a 30-day confirmatory due diligence period, and therefore, would not be in a position to enter into a merger agreement until the middle of December or later. After consultation with Mr. Rau, Nicor management, Sidley and Latham, J.P. Morgan reiterated Nicor's strong preference to execute a definitive agreement by late November/early December. On November 9, 2010, Fund B indicated in an electronic correspondence to J.P. Morgan that it would provide a revised indication of interest by November 15, 2010, but required until December 15, 2010 to complete its due diligence review and until December 17, 2010 to secure debt financing commitments; equity financing commitments (from sources beyond Fund B) would take until December 19, 2010. It also stated Fund B would be in a position to sign and announce a transaction by December 20, 2010.

On November 10, 2010, J.P. Morgan provided Fund B with the new three-year financial forecast and requested that Fund B confirm its \$55 in cash per share proposal. J.P. Morgan also invited Fund B to submit a revised proposal on November 15th, with all due diligence completed as previously requested, setting forth in detail its proposed equity and debt arrangements and proposed timeline for entering an agreement.

On November 11, 2010, the Nicor Board held a telephonic meeting to discuss the status of Fund A's and AGL Resources' review and Fund B's correspondence. The Nicor Board was informed that Fund B was unwilling to agree to Nicor's proposed timetable.

On November 12, 2010, Nicor received a letter from Fund B in which Fund B expressed confidence in its ability to secure the necessary debt and equity financing to complete a transaction, but stated that Fund B continued to require a 30-day due diligence period. Fund B also indicated that in light of Nicor's unwillingness to grant Fund B a 30-day period in which to complete its review, Fund B intended to terminate its discussions with potential debt and equity financing sources and Fund B's due diligence efforts. In a subsequent discussion regarding this letter, Fund B informed J.P. Morgan that Fund B was prepared to offer between \$54 and \$55 in cash per share in an acquisition of all of Nicor's outstanding common stock, but continued to have concerns regarding the performance of Nicor's Tropical Shipping division. Additionally, on November 12, 2010, Mr. Strobel received a telephonic inquiry from a company referred to herein as Company G, regarding a potential transaction with Nicor. Mr. Rau was informed of the correspondence from Fund B and the inquiry from Company G.

On November 15, 2010, the AGL Resources Board held a special telephonic meeting to permit AGL Resources management to provide an update on the potential transaction with Nicor and to request authorization to submit a proposal to acquire Nicor. Members of AGL Resources management provided an overview of the transaction, including the recommended price and form of consideration, and discussed with the AGL Resources Board the proposed bridge financing for the transaction. In addition, members of AGL Resources management reviewed with the AGL Resources Board the status of the continuing due diligence investigation of Nicor. The review included, among other things, a discussion of AGL Resources' investigation with respect to regulatory matters, including the ongoing ICC review of Nicor's performance based rate plan that was in effect from 2000-2002 (sometimes referred to as PBR), environmental matters and other financial and legal matters. The meeting was attended by a representative of Goldman Sachs, AGL Resources' financial advisor in connection with the merger, who made a presentation to the AGL Resources Board reviewing the financial aspects of the potential transaction with Nicor. Following discussion of the potential transaction, including the terms and financial

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aspects of the potential transaction and other considerations, the AGL Resources Board authorized Mr. Somerhalder and other members of AGL Resources management to submit a proposal to acquire Nicor.

On November 15, 2010, Nicor received an updated non-binding proposal from AGL Resources pursuant to which AGL Resources proposed to acquire all of Nicor's outstanding common stock for a notional price of \$51.00 per share, comprised of a mixture of cash and shares of AGL Resources common stock. The proposal from AGL Resources was accompanied by a revised draft of the merger agreement, reflecting AGL Resources' comments thereon.

On November 16, 2010, Nicor received an updated non-binding proposal from Fund A. Fund A's proposal deviated significantly from its prior indications of interest. Rather than a proposal to acquire all of Nicor's outstanding common stock, Fund A proposed to contribute its portfolio company to Nicor in exchange for Nicor common stock. In connection with the transaction, Nicor's shareholders would receive \$34.25 in cash. Together with their continued ownership of approximately 32% of the combined company, Fund A indicated that its proposal would provide Nicor's shareholders with a total notional value of \$47.60 - \$50.25 per share of Nicor common stock. Fund A did not submit a revised draft of the merger agreement.

After consultation with Latham, Sidley, J.P. Morgan and Mr. Rau on November 16th, Mr. Strobel contacted Mr. Somerhalder to review AGL Resources' proposal. During this call, Mr. Somerhalder stated his intention to recommend to the AGL Resources Board that it increase its indicative value to \$52 per share.

On November 18, 2010, Nicor received a letter from Fund B. The letter did not include an updated proposal from Fund B, but expressed Fund B's continued interest in a potential transaction with Nicor.

On November 18 and November 19, 2010, the Nicor Board met with its legal and financial advisors to discuss and consider the proposals received from AGL Resources and Fund A, the range of the indication of interest from Fund B, the inquiry from Company G and Nicor's alternatives. The Nicor Board considered the relative value of a cash transaction as compared to a mixed cash/stock transaction (including the value creation reflected in J.P. Morgan's preliminary financial analysis of the proposal from AGL Resources, which reflected a higher value than indicated in the range of the indication of interest from Fund B), the regulatory risks and financing risks presented by a transaction with AGL Resources, Fund B or Fund A and the likelihood of reaching agreement on the definitive terms of a transaction. In considering the range of the indication of interest from Fund B, the Nicor Board also noted that (i) the range of Fund B's indication was subject to due diligence and, based on information provided by Nicor's advisors, that Fund B had in other transactions made offers following due diligence at levels below original indications, (ii) the range implied an internal rate of return for Fund B below a customary range of returns for transactions of this type, and (iii) the transaction proposed by Fund B would not offer Nicor's shareholders the opportunity to participate in the future growth of the business. The Board also considered the potential to enter into an agreement with an initially reduced termination fee so as to provide any potential alternative buyers with the opportunity to present a superior proposal and the likelihood of consummating a transaction according to the terms set forth in the indications of interest. After significant discussion in executive session, the Nicor Board directed Mr. Strobel and J.P. Morgan to request that AGL Resources further increase its offer to at least the originally indicated \$54 per share, but that if AGL Resources refused to do so, then Nicor would require a two-tier termination fee that would permit any other interested party an opportunity to propose a transaction within 45 days after the announcement of a transaction with AGL Resources that, if consummated, would result in the payment to AGL Resources of a significantly reduced termination fee.

Later in the day on November 19, 2010, Mr. Strobel contacted Mr. Somerhalder to request that AGL Resources increase its proposal to at least \$54 per share. Mr. Somerhalder informed Mr. Strobel that he believed the AGL Resources Board would agree to increase its proposal to a notional value of \$53 per share, comprised of 55% AGL Resources common stock and 45% cash, but he did not believe the AGL Resources Board would support a transaction at a notional value of \$54 per share. Mr. Strobel and Mr. Somerhalder also discussed the possibility of a two-tier termination fee, and Mr. Somerhalder stated that he would discuss this subject with the AGL Resources Board and its advisors and get back to Mr. Strobel. Also on November 19, 2010, representatives

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of J.P. Morgan communicated to representatives of Goldman Sachs that Nicor requested that AGL Resources increase its proposal to at least \$54 per share.

On November 22, 2010, representatives of Goldman Sachs communicated AGL Resources' revised proposal to representatives of J.P. Morgan, which increased AGL Resources' indicative value to \$53 per share, with a consideration mix of 55% AGL Resources common stock at a fixed exchange ratio and 45% cash. Representatives of Goldman Sachs also indicated that in the event AGL Resources' committed financing was unavailable to consummate the transaction, AGL Resources was prepared to pay Nicor a termination fee. Later on November 22, 2010, Mr. Somerhalder communicated AGL Resources' revised proposal to Mr. Strobel during a telephone call.

On November 23, 2010, after discussion among Mr. Strobel, representatives of J.P. Morgan, Latham and Sidley and Mr. Rau, representatives of J.P. Morgan communicated to representatives of Goldman Sachs that Nicor continued to request that AGL Resources increase its proposal to at least \$54 per share.

On the morning of November 25, 2010, Mr. Strobel, Mr. Rau, and representatives of Latham, Sidley and J.P. Morgan discussed the recent communications with AGL Resources, AGL Resources' willingness to increase the indicative value of its proposal and the value of a two-tier termination fee in the event AGL Resources was not willing to increase its proposal to at least \$54 per share.

On November 26, 2010, Mr. Strobel and Mr. Somerhalder spoke telephonically, during which Mr. Somerhalder indicated that AGL Resources was, subject to final approval from the AGL Resources Board and the negotiation of a definitive agreement, prepared to purchase all of the outstanding Nicor common stock at a notional purchase price of \$53 per share comprised of a mix of 55% AGL Resources common stock and 45% cash. Mr. Somerhalder indicated that the stock component of such aggregate purchase price was valued based on an exchange ratio calculated from the 20-day volume-weighted average prices of AGL Resources and Nicor common stock. Mr. Somerhalder stated that AGL Resources was not prepared to exceed an implied exchange ratio of 1.39 shares of AGL Resources stock for each share of Nicor stock. Mr. Somerhalder also agreed that a definitive merger agreement would include a two-tier termination fee pursuant to which if Nicor received a proposal prior to the 45th day after the announcement of a transaction, entry into a merger agreement with such party would require payment of a substantially reduced termination fee. Finally, Mr. Somerhalder sought Nicor's permission to begin discussions with certain credit rating agencies regarding the financing necessary to pay the cash consideration. Later that day, representatives of Goldman Sachs informed representatives of J.P. Morgan of AGL Resources' updated proposal. Additionally, representatives of Goldman Sachs confirmed that AGL Resources was prepared to work expeditiously to negotiate and execute a merger agreement.

Later on November 26, 2010, the Nicor Board met telephonically and was advised of AGL Resources' updated proposal. The Nicor Board agreed to permit AGL Resources to begin discussions with certain credit rating agencies regarding the potential transaction. In addition, Latham communicated to Dewey & LeBoeuf LLP (sometimes referred to as Dewey & LeBoeuf), outside counsel to AGL Resources in connection with the merger, Nicor's position with respect to certain terms included in AGL Resources' proposed revisions to the merger agreement, including Nicor's proposal that after the merger, the AGL Resources Board include four Nicor designees.

On November 30, 2010, Latham spoke with Dewey & LeBoeuf regarding AGL Resources' proposed revisions to the merger agreement, as well as Mr. Strobel's and Mr. Somerhalder's tentative agreement to include a two-tier termination fee.

On December 1 and December 2, 2010, representatives from Nicor, AGL Resources, J.P. Morgan, Goldman Sachs, Dewey & LeBoeuf and Latham convened in New York City to negotiate the terms of the merger agreement. Among other matters, the key transaction terms discussed included the remedies available to Nicor in the event AGL Resources did not consummate the transaction and the efforts AGL Resources would commit to undertake in connection with its obligation to obtain certain regulatory approvals.

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In the afternoon of December 1, 2010, Nicor was informed that an electronic story would be published in an online M&A trade publication on December 2nd that indicated Nicor was exploring its strategic alternatives. AGL Resources was not identified in the proposed story.

Early in the morning of December 2, 2010, an electronic story was published in such publication indicating that Nicor was considering its strategic alternatives and had hired J.P. Morgan to assist in such process. AGL Resources was not identified in the article. Later that day, Nicor was informed by the NYSE that it had suspended trading in Nicor's stock for approximately five minutes.

Later on the morning of December 2, 2010, Mr. Strobel and Mr. Somerhalder discussed the impact of the article and any future articles on each company's trading price and whether such articles might cause the implied exchange ratio (at the \$53 per share notional value reflected in AGL Resources' proposal) to exceed 1.39 AGL Resources shares for each Nicor share. Mr. Strobel indicated that the Nicor Board may not approve a transaction at a notional price per share less than \$53, while Mr. Somerhalder expressed AGL Resources' concern regarding an implied exchange ratio impacted by trading in the companies' common stock based on market rumors. Based on the foregoing, Mr. Strobel and Mr. Somerhalder agreed to propose to their respective boards of directors an exchange ratio based on the 20-day volume-weighted average price of AGL Resources as of the market closing on December 1, 2010, the last trading day before the release of the article. Based on the 20-day volume-weighted average price as of December 1, 2010, the implied exchange ratio constituted 1.397 shares of AGL Resources common stock for each share of Nicor common stock. Mr. Rau was informed of this discussion and the agreement between Messrs. Strobel and Somerhalder.

On December 4, 2010, prior to a meeting of the Nicor Board, representatives of Goldman Sachs indicated to representatives of J.P. Morgan, that based on discussions with certain credit rating agencies, AGL Resources might propose to set the cash component of the aggregate purchase price at 40% in order to mitigate the impact of the transaction on its credit ratings. Subsequent to such discussion, the Nicor Board held a special meeting in Chicago, Illinois to consider the terms of a proposed merger between AGL Resources and Nicor. Mr. Strobel explained to the Nicor Board that, subject to AGL Resources and Nicor Board approvals, AGL Resources was proposing a cash and stock transaction reflecting a notional value of \$53 per share based upon the above-described 20-day average. Representatives of Latham and Sidley discussed the fiduciary duties of Nicor directors and reviewed with the directors the terms of the draft merger agreement. Also at this meeting, J.P. Morgan discussed with the Nicor Board its preliminary financial analysis. J.P. Morgan also informed the Nicor Board of the earlier conversation concerning the potential for AGL Resources to reduce the cash component of the offer in light of preliminary feedback from certain credit rating agencies.

On December 5 and December 6, 2010, Latham, Dewey & LeBoeuf and representatives of Nicor and AGL Resources continued negotiation of the final terms of the merger agreement.

On the evening of December 6, 2010, the AGL Resources Board held a meeting to consider the proposed merger between AGL Resources and Nicor, which was also attended by members of AGL Resources management, representatives of Goldman Sachs and a representative of Dewey & LeBoeuf. In the course of the meeting, Mr. Somerhalder and other members of AGL Resources management reviewed key terms of the proposed merger agreement, including management's recommendation that the AGL Resources Board approve the proposed merger with a price of \$21.20 in cash and 0.8382 shares of AGL Resources common stock and the proposed increase to the size of the AGL Resources Board to accommodate four Nicor designees, and responded to questions from the AGL Resources Board. Members of AGL Resources management also provided a final report to the AGL Resources Board on the due diligence investigation of Nicor, which included a discussion of regulatory matters, including the contingent liabilities associated with the ICC review of the PBR plan, environmental matters, and other financial and legal matters. A representative of Dewey & LeBoeuf also provided an overview of the key terms of the proposed merger agreement and related legal matters. In addition, representatives of Goldman Sachs reviewed with the AGL Resources Board the financial analyses prepared by Goldman Sachs and delivered an oral opinion to the AGL Resources Board (later confirmed in a written opinion as of December 6, 2010) that, as of the date of the opinion and based upon and subject to the factors and

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assumptions set forth in such opinion, the merger consideration was fair, from a financial point of view, to AGL Resources. See The Proposed Merger Opinion of AGL Resources Financial Advisor beginning on page 67. After considering the foregoing, and taking into consideration the factors described under The Proposed Merger Recommendation of the AGL Resources Board and its Reasons for the Merger, the AGL Resources Board determined that the merger, including the issuance of shares of AGL Resources common stock and the increase in the number of directors on the AGL Resources Board, as contemplated by the merger agreement, is fair to and in the best interests of AGL Resources and its shareholders and approved and declared advisable the merger agreement and recommended that the shareholders of AGL Resources approve and adopt the transactions contemplated by the merger agreement.

On the evening of December 6, 2010, shortly after the meeting of the AGL Resources Board at which it approved the merger, the Nicor Board held a telephonic special meeting to consider the proposed merger between AGL Resources and Nicor. Latham updated the Nicor Board on the remaining changes to the proposed merger agreement, including, as indicated earlier to the Nicor Board, a reduction in the maximum cash component to 40% of the aggregate merger consideration and the fixing of the relative cash and stock components of the merger consideration based upon the 1.397 exchange ratio. J.P. Morgan reviewed with the Nicor Board its financial analysis of the merger consideration (which among other things included the value creation analysis described in the section titled The Proposed Merger Opinion of Nicor's Financial Advisor ) provided for in the proposed merger agreement and rendered to the Nicor Board an oral opinion (confirmed by delivery of a written opinion dated as of December 6, 2010) to the effect that, as of that date and based upon and subject to the factors, assumptions, qualifications and limitations set forth therein, the merger consideration was fair, from a financial point of view, to holders of Nicor's common stock. A description of J.P. Morgan's financial analysis is set forth in the section titled The Proposed Merger Opinion of Nicor's Financial Advisor . After considering the foregoing and the proposed merger agreement, and taking into consideration the factors described under The Proposed Merger Recommendation of the Nicor Board of Directors and its Reasons for the Merger, the Nicor Board determined that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of Nicor, and adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and recommended that Nicor's shareholders adopt the merger agreement and approve the merger.

Later that evening, Nicor and AGL Resources executed the merger agreement.

On December 7, 2010, prior to the opening of trading on the NYSE, AGL Resources and Nicor issued a joint press release announcing the execution of the merger agreement.

**Recommendation of the AGL Resources Board and its Reasons for the Merger**

**The AGL Resources Board has reviewed and considered the terms of the merger and the merger agreement and has unanimously determined that the merger, including the issuance of shares of AGL Resources common stock and the increase in the number of directors on the AGL Resources Board, as contemplated by the merger agreement, is fair to and in the best interests of AGL Resources and its shareholders and unanimously recommends that AGL Resources shareholders vote (i) FOR the proposal to approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement, (ii) FOR the proposal to amend the amended and restated articles of incorporation of AGL Resources to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors and (iii) FOR the proposal to adjourn AGL Resources' special meeting if necessary to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve the issuance of shares and/or the amendment to AGL Resources' amended and restated articles of incorporation.**

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In reaching its decision to recommend that the AGL Resources shareholders approve the issuance of shares of AGL Resources common stock as contemplated by the merger agreement and approve the amendment to AGL Resources' amended and restated articles of incorporation to increase the number of directors that may serve on the AGL Resources Board from 15 to 16 directors, the AGL Resources Board consulted with AGL Resources management, as well as Goldman Sachs, AGL Resources' financial advisor in connection with the merger, and Dewey & LeBoeuf, outside counsel to AGL Resources in connection with the merger, and considered various other factors, both positive and negative. The following discussion of the information and factors considered by the AGL Resources Board is not intended to be exhaustive and may not include all of the factors considered by the AGL Resources Board. In view of the wide variety of factors considered by the AGL Resources Board in connection with its evaluation of the merger, the AGL Resources Board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described below, individual members of the AGL Resources Board may have given different weight to different factors. The AGL Resources Board considered this information as a whole and considered overall the information and factors to be favorable to, and in support of, its determinations and recommendations. The material information and factors considered by the AGL Resources Board were the following:

*Strategic Considerations.* The AGL Resources Board considered a number of factors pertaining to the strategic rationale for the merger, including the following:

*Increased Scale, Scope and Regulatory Diversification.* The AGL Resources Board considered that the merger will create a combined company with increased scale and scope in both regulated utility and non-regulated businesses. The merger will create a larger company, which is expected to become a Fortune 500 company with total assets of approximately \$12.6 billion calculated on a pro forma historical combined basis. The combined company will have a physical wholesale gas business delivering approximately 4.7 billion cubic feet (Bcf) per day to gas customers and facilities across the natural gas storage value chain that will provide 31 Bcf of storage in 2012 with expansion potential up to 90 Bcf. The AGL Resources Board considered that the combined company will provide greater diversification of regulatory risk by expanding utility operations to more jurisdictions, with combined company regulated utility businesses in Illinois, Georgia, New Jersey, Virginia, Florida, Tennessee and Maryland. Additionally, the AGL Resources Board considered that the increased scale and diversification of the combined company's operations are expected to support the combined company's strategic initiatives and provide additional financial flexibility.

*Stronger Regulated Utility Platform.* The AGL Resources Board considered that the merger should result in a large percentage of the combined company's earnings being derived from regulated businesses, which tend to have more stable earnings. The combined company will own a stronger portfolio of regulated utility businesses with approximately 4.5 million customers in seven states, with a rate base of \$3.8 billion. The combined company will also have significant capital investment opportunities in its regulatory operations.

*Complementary Non-regulated Retail, Wholesale and Storage Businesses.* The AGL Resources Board considered that AGL Resources and Nicor have complementary non-regulated retail, wholesale and storage businesses, which will provide the combined company with a strong growth platform and more diversified presence in attractive markets. The combined company will have strategic opportunities to grow its current non-regulated services by focusing on AGL Resources' and Nicor's combined non-regulated retail, wholesale and storage operations and expanding into new territories.

*Shared Vision.* The AGL Resources Board considered that AGL Resources and Nicor share a common vision of the future of consolidation in the utility sector and the present and future effect of deregulation on energy companies. AGL Resources believes this shared vision will ease the integration of AGL Resources and Nicor and better enable the combined company to effectively implement its business plan following consummation of the merger.

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*Combined Expertise.* The AGL Resources Board considered that the merger will combine complementary areas of expertise of each company. The combined company is expected to be able to draw upon the intellectual capital, technical expertise, processes, practices and experience of a deeper, more diverse workforce and to leverage the best practices of AGL Resources and Nicor.

*Enhancement of Equity Market Profile.* The AGL Resources Board considered that the combined company should have a larger market capitalization, which is expected to enhance the equity market profile of the combined company. The AGL Resources Board considered that a larger market capitalization will make the combined company a more attractive investment to institutional investors, increase analyst coverage and increase the liquidity of its publicly traded common stock.

*Impact of the Merger on Customers, Employees and Suppliers.* The AGL Resources Board evaluated the expected impact of the merger on AGL Resources' customers, employees and suppliers and the benefits that are expected to be derived from the merger, including increased operating efficiencies, reduced costs and better system reliability. The AGL Resources Board considered that there should be more opportunities for employees in a larger, more competitive company.

*Impact of the Merger on Communities.* The AGL Resources Board evaluated the expected impact of the merger on the communities served by AGL Resources and Nicor and the benefits that the merger will likely generate for these communities from the greater strength of the combined company as compared to AGL Resources or Nicor on a stand-alone basis and the likely improvements in the overall reliability and quality of service. The AGL Resources Board also determined that it will locate the headquarters of its newly expanded gas distribution operations in Naperville, Illinois, and that the combined company will maintain philanthropic contributions and community support in the State of Illinois at levels consistent with those provided by Nicor and its subsidiaries within their service areas.

*Financial Considerations.* The AGL Resources Board considered the expected financial impact of the merger on AGL Resources, including that the transaction is expected to be neutral to AGL Resources' earnings per share in the first full year following the consummation of the merger and accrete thereafter and that the transaction is anticipated to enhance EPS growth and maintain credit quality. The AGL Resources Board also considered the historical financial condition, operating results and businesses of AGL Resources and Nicor, including information with respect to their respective earnings histories.

*Share Prices.* The AGL Resources Board considered the historical stock prices of AGL Resources and Nicor, including that based on the volume-weighted average price for AGL Resources common stock for the 20 trading days ended December 1, 2010, the merger consideration represented a premium of approximately 22% to the closing stock price of Nicor on December 1, 2010, and an approximately 17% premium to the volume-weighted average stock price of Nicor over the last 20 trading days ending December 1, 2010.

*Recommendation of Management.* The AGL Resources Board took into account AGL Resources' management's recommendation in favor of the merger.

*Opinion of Financial Advisor.* The AGL Resources Board considered the financial analyses and presentations of Goldman Sachs, as presented to the AGL Resources Board on December 6, 2010, as well as Goldman Sachs' oral opinion delivered to the AGL Resources Board on December 6, 2010, and later confirmed in a written opinion as of the same date, that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in such opinion, the merger consideration was fair, from a financial point of view, to AGL Resources. See "The Proposed Merger" Opinion of AGL Resources' Financial Advisor beginning on page 67.

*Strategic Alternatives.* The AGL Resources Board considered the trends and competitive developments in the industry and the range of strategic alternatives available to AGL Resources, including the possibility and feasibility of business combinations with other industry participants or continuing to operate as a stand-alone entity.

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*Due Diligence.* The AGL Resources Board considered and evaluated the results of the due diligence investigation undertaken by AGL Resources management and advisors, including the information included in the disclosure letter delivered by Nicor to AGL Resources in connection with the merger agreement. The AGL Resources Board also considered the scope of the representations and warranties in the merger agreement in light of the matters raised in the course of the due diligence.

*Terms of the Merger Agreement.* The AGL Resources Board reviewed and considered the terms of the merger agreement, including that the exchange ratio will not be adjusted, the restrictions on each party's operations between the signing of the merger agreement and the closing of the transaction, the representations and warranties of each party, the conditions to each party's obligation to complete the merger, the rights of each party to consider and engage in negotiations regarding potentially superior proposals, the rights of each party to withdraw or otherwise change its recommendation to its shareholders in favor of the proposals related to the merger agreement, the rights of each party to terminate the merger agreement and the obligations of each party to pay a termination fee or reimburse the other party for expenses. See *The Merger Agreement* beginning on page 108 for a detailed discussion of the terms and conditions of the merger agreement.

*Likelihood of Completion of the Merger.* The AGL Resources Board considered the likelihood that the merger will be completed on a timely basis, including the likelihood that the merger will receive all necessary regulatory approvals without unacceptable conditions and that all conditions to consummation of the merger would be satisfied, including, among other conditions, that neither party is required to complete the merger if (i) any final orders in connection with required governmental approvals would include or impose any term or condition that would individually or in the aggregate, reasonably be expected to have a material adverse effect on either Nicor and its subsidiaries taken as a whole, AGL Resources and its subsidiaries taken as a whole or Nicor Gas or (ii) the merger has not been approved by the ICC, the CPUC or the FCC, as applicable. To that end, the AGL Resources Board further considered the potential length of the regulatory approval process and that the merger agreement provides that, subject to certain exceptions, it may not be terminated until December 30, 2011, which may be extended to July 2, 2012 under specified circumstances.

*Post-Merger Corporate Governance.* The AGL Resources Board considered the corporate governance provisions of the merger agreement and the proposed amendment to AGL Resources' amended and restated articles of incorporation, including that, upon completion of the merger, the board of directors of the combined company will be composed of four Nicor designees, subject to approval of AGL Resources, not to be unreasonably withheld or delayed, and the 12 current AGL Resources directors (or others designated by AGL Resources) and that John W. Somerhalder II will serve as Chairman, President and Chief Executive Officer of the combined company. See *Post-Merger Governance and Management* beginning on page 134 for further information.

The AGL Resources Board also considered potential risks associated with the merger, including the following:

*Business Risks.* The AGL Resources Board considered certain risks associated with Nicor's business and operations, including the fact that the combined company would be subject to the regulation of the ICC and AGL Resources' lack of experience with the ICC, the regulatory and legislative environment in Illinois and various contingent liabilities, including with respect to the PBR plan, as well as other risks of the type and nature described under *Risk Factors*.

*Merger Consideration.* The AGL Resources Board considered that the exchange ratio that determines a portion of the merger consideration is fixed, and the merger consideration will not adjust downwards to compensate for declines in the price of Nicor common stock prior to the closing of the merger, and that the terms of the merger agreement do not include termination rights triggered expressly by a decrease in the market price of Nicor's common stock. The AGL Resources Board determined that this structure was appropriate and the risk acceptable in view of the relative intrinsic values and financial performance of Nicor and AGL Resources, the



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percentage of the combined company to be owned by AGL Resources shareholders and the inclusion of other structural protections in the merger agreement, such as AGL Resources' ability to terminate the merger agreement if Nicor experiences a material adverse effect on its business.

*Regulatory Approvals.* The AGL Resources Board considered the regulatory approvals that are required in connection with the merger and the risk that governmental authorities and third parties may seek to impose unfavorable terms or conditions on the required approvals or that those approvals may not be obtained at all. The AGL Resources Board also considered the potential length of the regulatory approval process, the expectation of AGL Resources' management that the transaction will not be completed until the second half of 2011 and that if regulatory approvals have not been obtained, under certain circumstances the merger agreement provides that it may not be terminated until July 2, 2012.

*Termination Fee; Alternative Proposals.* The AGL Resources Board considered the risk that, although AGL Resources has the right under certain limited circumstances to consider and participate in negotiations with respect to proposals for alternative transactions, the merger agreement contains provisions relating to the potential payment of a termination fee of \$67 million in connection with an alternative transaction, which may have the effect of discouraging such proposals. In addition, the AGL Resources Board considered that the merger agreement includes other customary restrictions on the ability of AGL Resources to solicit offers for alternative proposals or engage in discussions regarding such proposals, subject to exceptions, which could have the effect of discouraging such proposals from being made or pursued, even if potentially more favorable to the shareholders of AGL Resources than the merger. Furthermore, the AGL Resources Board considered that, pursuant to the terms of the merger agreement, AGL Resources is obligated to pay to Nicor a financing failure fee of \$115 million in the event that the merger agreement is terminated by either party because either the financing and any alternative financing are not available, or AGL Resources and/or Merger Sub have not received the proceeds of the financing or any alternative financing. See *The Merger Agreement Termination; Termination Fee; Expenses* beginning on page 129 for further information regarding such fees and expenses.

*Impact on Credit Rating and Ability to Service Debt.* The AGL Resources Board considered that the indebtedness of the combined company following the merger will be higher than AGL Resources existing indebtedness, the possibility that the merger could result in a lower credit rating for the combined company from that of AGL Resources prior to announcing the merger, and the impacts that the higher indebtedness and a lower credit rating could have on the combined company, including the possibility that it may be more difficult for the combined company to pay or refinance its debts and that the combined company may need to borrow or divert its cash flows from operations to service debt payments.

*Employee Matters.* The AGL Resources Board considered the impact that business uncertainty pending completion of the merger could have on the ability to attract, retain and motivate key personnel until the merger is completed. The AGL Resources Board noted that the consummation of the merger will not trigger payments or other benefits under the terms of AGL Resources' various employee benefit plans and agreements.

*Additional Interests of Executive Officers and Directors.* The AGL Resources Board considered that certain executive officers and directors of AGL Resources may have interests with respect to the merger in addition to their interests as shareholders of AGL Resources. See *Additional Interests of AGL Resources' and Nicor's Directors and Executive Officers in the Merger* beginning on page 102 for further information.

*Diversion of Management.* The AGL Resources Board considered the possible diversion of management's time and attention from AGL Resources' ongoing business due to the substantial time and effort necessary to complete the merger and plan for and implement the integration of the operations of AGL Resources and Nicor. See *Risk Factors* beginning on page 27 for further information.

*Transaction Costs and Integration.* The AGL Resources Board took into account the substantial transaction and integration costs to be incurred in connection with the merger and the possibility that the potential benefits of

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the merger will not be realized or will not be realized within the expected time period, and the risks and challenges associated with the integration of AGL Resources and Nicor's businesses, operations and workforces.

After consideration of these material factors, the AGL Resources Board concluded that the risks associated with the transaction could be (i) mitigated or managed by AGL Resources or, following the merger, by the combined company, (ii) were reasonably acceptable under the circumstances, and (iii) in light of the anticipated benefits overall, were significantly outweighed by the potential benefits of the merger.

The AGL Resources Board realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above, such as assumptions regarding the potential benefits of the merger. It should be noted that this explanation of the AGL Resources Board's reasoning and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 38.

### **Opinion of AGL Resources' Financial Advisor**

Goldman Sachs rendered its opinion to the AGL Resources Board that, as of December 6, 2010 and based upon and subject to the factors and assumptions set forth therein, the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement was fair from a financial point of view to AGL Resources.

**The full text of the written opinion of Goldman Sachs, dated as of December 6, 2010, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex D* to this joint proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of the AGL Resources Board in connection with its consideration of the transaction contemplated by the merger agreement. The Goldman Sachs opinion is not a recommendation as to how any holder of AGL Resources common stock should vote with respect to the transaction contemplated by the merger agreement, or any other matter.**

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

the merger agreement;

annual reports to shareholders and Annual Reports on Form 10-K of AGL Resources and Nicor for the five fiscal years ended December 31, 2009;

certain interim reports to shareholders and Quarterly Reports on Form 10-Q of AGL Resources and Nicor;

certain other communications from AGL Resources and Nicor to their respective shareholders;

certain publicly available research analyst reports for Nicor and AGL Resources;

certain internal financial analyses and forecasts for Nicor prepared by its management; and

certain internal financial analyses and forecasts for AGL Resources and certain financial analyses and forecasts for Nicor, in each case, as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources, including certain financial benefits projected by the management of AGL Resources to result from the transaction contemplated by the merger agreement, as approved for the use of Goldman Sachs by AGL Resources.

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Goldman Sachs also held discussions with members of the senior managements of AGL Resources and Nicor regarding their assessment of the past and current business operations, financial condition and future

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prospects of Nicor and with the members of senior management of AGL Resources regarding their assessment of the past and current business operations, financial condition and future prospects of AGL Resources and the strategic rationale for, and the potential benefits of, the transaction contemplated by the merger agreement; reviewed the reported price and trading activity for the shares of AGL Resources common stock and the shares of Nicor common stock; compared certain financial and stock market information for AGL Resources and Nicor with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent business combinations in the utility industry and in other industries; and performed such other studies and analyses, and considered such other factors, as it deemed appropriate.

For purposes of rendering the opinion described above, Goldman Sachs relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by it, and Goldman Sachs did not assume any responsibility for any such information. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of AGL Resources or Nicor or any of their respective subsidiaries nor was any such evaluation or appraisal of the assets and liabilities (including any contingent, derivative or other off-balance-sheet assets and liabilities) of AGL Resources or Nicor or any of their respective subsidiaries furnished to Goldman Sachs. Goldman Sachs assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transaction contemplated by the merger agreement will be obtained without any adverse effect on AGL Resources or Nicor or on the expected benefits of the transaction contemplated by the merger agreement in any way meaningful to its analysis. Goldman Sachs also assumed that the transaction contemplated by the merger agreement will be consummated on the terms set forth in the merger agreement, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to its analysis.

Goldman Sachs' opinion does not address the underlying business decision of AGL Resources to engage in the transaction contemplated by the merger agreement, or the relative merits of the transaction contemplated by the merger agreement as compared to any strategic alternatives that may be available to AGL Resources; nor does it address any legal, regulatory, tax or accounting matters. Goldman Sachs' opinion addresses only the fairness from a financial point of view to AGL Resources, as of the date of the opinion, of the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement. Goldman Sachs does not express any view on, and its opinion does not address, any other term or aspect of the merger agreement or the transaction contemplated by the merger agreement or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into or amended in connection with the transaction contemplated by the merger agreement, including, without limitation, the fairness of the transaction contemplated by the merger agreement to, or any consideration received in connection therewith by, the holders of any class of securities, creditors, or other constituencies of AGL Resources; nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of AGL Resources or Nicor, or any class of such persons in connection with the transaction contemplated by the merger agreement, whether relative to the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement or otherwise. Goldman Sachs does not express any opinion as to the prices at which shares of AGL Resources common stock will trade at any time or as to the impact of the transaction contemplated by the merger agreement on the solvency or viability of AGL Resources or Nicor or the ability of AGL Resources or Nicor to pay their respective obligations when they come due. Goldman Sachs' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of the date of its opinion and Goldman Sachs assumed no responsibility for updating, revising or reaffirming its opinion based on circumstances, developments or events occurring after the date of its opinion. Goldman Sachs' opinion was approved by a fairness committee of Goldman Sachs.

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The following is a summary of the material financial analyses delivered by Goldman Sachs to the AGL Resources Board in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 6, 2010 and is not necessarily indicative of current market conditions.

*Premium Paid Analysis.* Goldman Sachs reviewed the historical trading prices for AGL Resources common stock and Nicor common stock for the 5-year period ended December 1, 2010 (the last trading day unaffected by reports concerning the merger). In addition, Goldman Sachs analyzed the consideration to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement in relation to the closing prices for Nicor common stock as of December 1, 2010 and December 3, 2010, respectively, and in relation to the volume-weighted average price for Nicor common stock for the 20 trading days ended December 1, 2010.

This analysis indicated that the \$52.59 per share of Nicor common stock implied by the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock pursuant to the merger agreement represented:

a premium of 21.8% to the closing price of \$43.52 per share for Nicor common stock as of December 1, 2010, based on the volume-weighted average price of \$37.95 per share for AGL Resources common stock for the 20 trading days ended December 1, 2010;

a premium of 20.8% to the closing price of \$43.52 per share for Nicor common stock as of December 1, 2010, based on the closing price of \$37.45 per share for AGL Resources common stock as of December 3, 2010;

a premium of 17.2% to the closing price of \$44.86 per share for Nicor common stock as of December 3, 2010, based on the closing price of \$37.45 per share for AGL Resources common stock as of December 3, 2010; and

a premium of 16.1% to the volume-weighted average price of \$45.29 per share for Nicor common stock for the 20 trading days ended December 1, 2010, based on the closing price of \$37.45 per share for AGL Resources common stock as of December 3, 2010.

*Historical Exchange Ratio Analysis.* Goldman Sachs reviewed the daily closing prices for the shares of AGL Resources common stock and Nicor common stock over the period from December 1, 2005 to December 1, 2010. By dividing the closing price of the shares of Nicor common stock for each day during this period by the closing price of the shares of AGL Resources common stock for the same day, Goldman Sachs calculated the average of the implied exchange ratios over the entire period from December 1, 2005 to December 1, 2010 as well as over the 3-year, 2-year, 1-year, 6-month and 3-month periods ending December 1, 2010. In addition, Goldman Sachs calculated an implied exchange ratio of 1.170x by dividing the closing price of the shares of Nicor common stock as of December 1, 2010 by the closing price of the shares of AGL Resources common stock for the same day. Assuming an all-stock exchange ratio of 1.397 shares of AGL Resources common stock to be paid by AGL Resources in respect of each share of Nicor common stock (based on the 60% stock portion of the consideration to be paid by AGL Resources pursuant to the merger agreement), Goldman Sachs calculated the

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corresponding premium to be paid by AGL Resources in relation to each implied exchange ratio. The results of this analysis are presented as follows:

	<b>Implied Exchange Ratio</b>	<b>Consideration Premium</b>
December 1, 2010	1.170x	19.4%
3-Month Average	1.197x	16.7%
6-Month Average	1.165x	19.9%
1-Year Average	1.148x	21.7%
2-Year Average	1.128x	23.9%
3-Year Average	1.154x	21.1%
5-Year Average	1.150x	21.4%

*Selected Companies Analysis.* Goldman Sachs reviewed and compared certain financial information for AGL Resources and Nicor to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the utilities industry:

Piedmont Natural Gas Company, Inc.

Northwest Natural Gas

South Jersey Industries

WGL Holdings, Inc.

New Jersey Resources Corporation

Southwest Gas Corporation

Integrus Energy Group, Inc.

Atmos Energy Corporation

Although none of the selected companies is directly comparable to AGL Resources and Nicor, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of AGL Resources and Nicor.

Goldman Sachs also calculated and compared various financial multiples and ratios based on information it obtained from SEC filings, the Bloomberg database (sometimes referred to as Bloomberg), Capital IQ and estimates from the Institutional Brokers Estimate System (sometimes referred to as IBES). The respective multiples and ratios of AGL Resources and Nicor were calculated based on information provided by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources and IBES estimates and by using their respective closing prices on December 1, 2010. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. With respect to the selected companies, Goldman Sachs calculated the enterprise value, which is the market value of common equity plus the book value of preferred stock and the book value of debt less cash and cash equivalents, as a multiple of estimated earnings before interest, taxes and depreciation and amortization, or EBITDA, during the calendar year 2011 (other than the EV/EBITDA multiple with respect to Piedmont Natural Gas Company, Inc., which is based on an estimated EBITDA for the fiscal year ended October 31, 2011). The results of these analyses are summarized as follows:

Enterprise Value	Selected Companies			
as a multiple of:	Range	Median	AGL Resources	Nicor
2011 EBITDA	6.3x-11.4x	8.5x	8.0x* / 7.8x**	6.5x* / 6.6x**

\* Based on IBES estimates.

\*\* Based on analyses and forecasts for AGL Resources and Nicor, in each case, as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources.

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Goldman Sachs also compared the selected companies' estimated years 2011 and 2012 price to earnings ratios to the results for AGL Resources and Nicor. The following table presents the results of this analysis:

Price/Earnings Ratio:	Selected Companies		AGL Resources	Nicor
	Range	Peer Median		
2011	13.3x-18.7x	16.3x	11.8x* / 12.1x**	14.9x* / 18.0x**
2012	12.7x-17.9x	15.4x	11.1x* / 11.7x**	14.8x* / 17.2x**

\* Based on IBES estimates.

\*\* Based on analyses and forecasts for AGL Resources and Nicor, in each case, as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources.

In addition, Goldman Sachs considered the estimated dividend payout ratios and the dividend yields for the year 2011 based on information it obtained from SEC filings, Bloomberg, Capital IQ and IBES estimates. The following table presents the results of this analysis:

	Selected Companies		AGL Resources	Nicor
	Range	Median*		
2010 Estimated Dividend Payout Ratio	46.1%-88.0%	61.8%	58.7%	70.9%**
Dividend Yield	2.5%-5.5%	4.0%	4.7%	4.3%**

\* Including AGL Resources and Nicor.

\*\* Excluding one-time recovery of bad debt expense via bad debt expense tracker, approved by the Illinois Commerce Commission on February 2, 2010, which provides for retroactive 2008/2009 after-tax recovery of \$19.3 million.

*Analysis at Various Prices.* Goldman Sachs performed certain analyses, based on historical information and projections for Nicor as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources, at purchase prices for shares of Nicor common stock ranging from \$43.52 per share to \$56.00 per share and calculated (i) the implied premium to the closing price of \$43.52 per share for Nicor common stock as of December 1, 2010, (ii) the implied premium to the volume-weighted average price of \$45.29 per share for Nicor common stock for the 20 trading days ended December 1, 2010, (iii) the implied total equity consideration (based on a fully diluted share count as of September 30, 2010) for Nicor, (iv) the implied enterprise value of Nicor, (v) the implied enterprise value as a multiple of EBITDA for Nicor for the fiscal years 2010 and 2011 and (vi) the ratio of price to earnings for Nicor for the fiscal years 2010 and 2011. The following table presents the results of Goldman Sachs' analyses based on the purchase prices of \$43.52, \$52.59 and \$56.00 per share (dollar amounts in millions, except for purchase prices per share):

Nicor common stock	\$43.52 per share	\$52.59 per share*	\$56.00 per share
Implied premium to undisturbed price as of December 1, 2010	0.0%	20.8%	28.7%
Implied premium to the volume-weighted average price for the 20 trading days ended December 1, 2010	(3.9)%	16.1%	23.7%
Equity consideration - diluted	\$ 1,991	\$ 2,405	\$ 2,561
Implied enterprise value	\$ 2,612	\$ 3,027	\$ 3,183
Implied Enterprise value / EBITDA			
FY2010**	6.3x	7.3x	7.7x
FY2011	6.3x	7.3x	7.7x
Implied price to earnings ratio			
FY2010**	16.6x	20.1x	21.4x
FY2011	18.0x	21.7x	23.1x

\*



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*Based on a 40% cash/60% stock combined consideration with assumed cash purchase price of \$53.00 per share and assumed exchange ratio of 1.397x for stock portion (the stock consideration is valued at the closing price of \$37.45 per share for AGL Resources common stock as of December 3, 2010).*

*\*\* Excluding one-time recovery of bad debt expense via bad debt expense tracker, approved by the Illinois Commerce Commission on February 2, 2010, which provides for retroactive 2008/2009 after-tax recovery of \$19.3 million.*

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*Illustrative Discounted Cash Flow Analysis.* Goldman Sachs performed an illustrative discounted cash flow analysis on Nicor using Nicor's cash flows forecasts as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources and information obtained from Bloomberg to determine a range of Nicor's implied present value per share. Based on the forecasts for Nicor and information obtained from Bloomberg as of December 1, 2010, Goldman Sachs calculated the estimated unlevered, after-tax free cash flows that Nicor could generate during the fiscal years 2011 through 2014. Goldman Sachs calculated illustrative terminal values for Nicor by applying terminal forward EV/EBITDA multiples ranging from 5.5x to 7.5x to Nicor's fiscal year 2015 estimated EBITDA. The cash flows and illustrative terminal values were then discounted to illustrative present values as of January 1, 2011 by using discount rates ranging from 6.75% to 7.75% representing estimates of Nicor's weighted average cost of capital, and net debt was subtracted. The following table presents the results of this analysis:

	<b>Illustrative Per Share Value Indications*</b>	
Nicor common stock	\$	36.15-\$54.53

\* Assuming no exposure to Performance-Based Rate litigation other than the \$26.6 million currently reserved on-balance sheet by Nicor as of September 30, 2010.

*Selected Transactions Analysis.* Goldman Sachs analyzed certain information relating to the following selected transactions in the utilities industry since 2005:

<b>Announcement Date</b>	<b>Acquirer(s)</b>	<b>Target</b>
May 9, 2005	Duke Energy Corporation	Cinergy Corporation
July 6, 2006	WPS Resources Corp.	Peoples Energy Corp.
April 25, 2006	Babcock & Brown Infrastructure	NorthWestern Corporation*
February 27, 2006	National Grid plc	KeySpan Corporation**
July 5, 2006	Macquarie Infrastructure Partners, Diversified Utility and Energy Trusts	Duquesne Light Holdings Inc.
July 8, 2006	MDU Resources Group Inc.	Cascade Natural Gas Corp.
October 26, 2007	Macquarie Infrastructure Partners	Puget Energy Inc.
June 25, 2007	Iberdrola, S.A.	Energy East Corporation

\* Transaction ultimately did not receive regulatory approval.

\*\* Premium based on closing price as of February 16, 2006, the day prior to Keyspan's announcement that it was in discussion with several parties regarding strategic combinations.

For each of the selected transactions, Goldman Sachs calculated and compared (i) the implied premium to the acquired company's closing share price one trading day prior to announcement, (ii) the price to earnings ratio for the applicable fiscal year during which such selected transaction took place and (iii) the implied enterprise value as a multiple of the EBITDA for the applicable fiscal year during which such selected transaction took place. While none of the companies that participated in the selected transactions are directly comparable to Nicor, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of Nicor's results, market size and product profile. The following table presents the results of this analysis:

	<b>Selected Transactions</b>		<b>Proposed Transaction</b>		
	<b>Range</b>	<b>Median</b>			
Premium paid to target	13.4%-26.4%	18.9%	16.1%-21.8%		
P/E ratio	16.2x-26.7x	19.0x	20.0x*	*** /	20.1x** ***
EV / EBITDA	8.4x-11.6x	9.0x	7.7x*	*** /	7.3x** ***

\* Based on IBES estimates.

\*\*

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*Based on analyses and forecasts for Nicor, as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources.*

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\*\*\* Excluding one-time recovery of bad debt expense via bad debt expense tracker, approved by the Illinois Commerce Commission on February 2, 2010, which provides for retroactive 2008/2009 after-tax recovery of \$19.3 million.

*Pro Forma Merger Analysis.* Goldman Sachs prepared illustrative pro forma analyses of the potential financial impact of the merger using financial estimates for AGL Resources and Nicor as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources, assuming the transaction contemplated by the merger agreement is consummated as of January 1, 2012.

For each of the fiscal years 2012 through 2015, Goldman Sachs compared the projected earnings per share of AGL Resources common stock, on a standalone basis, to the projected earnings per share of AGL Resources common stock, on a pro forma combined companies basis, using blended cost of debt ranging from 4.40% to 5.20% and percentages of cash portion in the merger consideration ranging from 35.0% to 45.0%. The following table presents the results of this analysis:

	<b>Accretion/(Dilution) to AGL Resources Earnings per Share</b>
FY 2012	(3.1%)-1.7%
FY 2013	(2.1%)-2.8%
FY 2014	1.0%-6.2%
FY 2015	0.7%-5.8%

In addition, Goldman Sachs prepared an illustrative pro forma discounted cash flow analysis on AGL Resources using the estimates for AGL Resources and Nicor as prepared by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources to determine a range of AGL Resources implied present value per share, on a pro forma basis as opposed to on a stand-alone basis.

Based on the forecasts of the management of AGL Resources and information obtained from Bloomberg as of December 1, 2010, Goldman Sachs calculated the estimated unlevered, after-tax free cash flows that AGL Resources could generate during the fiscal years 2011 through 2014. Goldman Sachs then calculated a range of terminal forward EV/EBITDA multiples for AGL Resources, on a pro forma combined companies basis, by adjusting the assumed terminal forward EV/EBITDA multiple of 7.5x for AGL Resources, on a stand-alone basis, with changes ranging from (0.50)x to 0.50x. Goldman Sachs then calculated illustrative terminal values for AGL Resources, on a pro forma combined companies basis, by applying the range of terminal forward EV/EBITDA multiples to its fiscal year 2015 estimated EBITDA.

Goldman Sachs then discounted the estimated cash flows and illustrative terminal values to illustrative present values by using discount rates ranging from 5.50% to 6.50% representing estimates of the weighted average cost of capital for AGL Resources, on a pro forma combined companies basis. Goldman Sachs compared these AGL Resources illustrative present per share values (which are on a pro forma combined companies basis) against the respective AGL Resources present per share values on a stand-alone basis for the same range of discount rates at a 7.5x assumed terminal forward EV/EBITDA multiple. The following table presents the results of this analysis:

	<b>Illustrative Per Share Value Uplift /(Negative Impact)</b>
AGL Resources common stock	(2.1%)-20.1%

*Present Value of Future Share Price Analysis.* Goldman Sachs performed an illustrative analysis of the implied present value of the future price per share of AGL Resources common stock, both on a stand-alone basis and on a pro forma basis, which is designed to provide an indication of the present value of a theoretical future value of AGL Resources equity as a function of such company's estimated future earnings and its assumed price to future earnings per share multiple. For this analysis, Goldman Sachs used financial information for AGL Resources and Nicor as prepared by the management of AGL Resources and approved for the use of Goldman

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Sachs by AGL Resources for each of the fiscal years 2012 through 2015 and the information obtained from Bloomberg as of December 1, 2010 and assumed (i) the consideration of \$53.00 per share for the cash portion and an exchange ratio of 1.397x for the stock portion paid by AGL Resources with respect to shares of Nicor common stock, (ii) the transaction debt at an assumed blended cost of 4.80%, which includes estimated costs incurred for execution of risk management activities, (iii) the consummation of the transaction contemplated by the merger agreement on January 1, 2012, (iv) existing AGL Resources and Nicor revolving credit facilities to be replaced with a new AGL Resources revolving credit facility, (v) incremental depreciation and amortization expense of \$8 million per annum due to purchase accounting adjustments, (vi) remaining excess purchase price over tangible book value to be allocated to goodwill, (vii) transaction fees and expenses and change-of-control payments equal to approximately 1.5% of Nicor's enterprise value, which are paid at the closing and financed with additional debt, and (viii) integration costs of \$15 million incurred in 2012 which are classified as one-time transaction costs.

Based on the assumed current price to next-twelve-month earnings ratio of 12.2x and the estimated earnings per share forecasted by AGL Resources management, Goldman Sachs calculated the implied future values per share (including re-invested dividends) of AGL Resources common stock as of January 1 for each of the fiscal years 2012 through 2015 to be a range of \$40.50 to \$49.61 per share, on an AGL Resources stand-alone basis and a range of \$40.16 to \$51.07 per share, on a pro forma combined companies basis. Based on the assumed blended price to next-twelve-month earnings ratio of 13.8x (using estimated EBIT contributions by AGL Resources and Nicor) and the estimated earnings per share forecasted by the management of AGL Resources and approved for the use of Goldman Sachs by AGL Resources, Goldman Sachs calculated the implied future values per share (including re-invested dividends) of AGL Resources common stock as of January 1 for each of the fiscal years 2012 through 2015 to be a range of \$45.24 to \$56.79 per share, on a pro forma combined companies basis.

Goldman Sachs then discounted those values using discount rates of 8.19% (with respect to the AGL Resources stand-alone case) and 9.11% (with respect to the pro forma combined companies case), representing estimates of the cost of equity of AGL Resources on a stand-alone basis or on a pro forma combined companies basis, as the case may be. This analysis resulted in a range of implied present values of (i) \$36.21 to \$37.43 per share, on an AGL Resources stand-alone basis, (ii) \$36.03 to \$37.33 per share (if using the current price to next-twelve-month earnings ratio of 12.2x), on a pro forma combined companies basis or (iii) \$40.06 to \$41.67 per share (if using the blended price to next-twelve-month earnings ratio of 13.8x), on a pro forma combined companies basis, for the fiscal years 2012 through 2015.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to AGL Resources or Nicor or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs' providing its opinion to the AGL Resources Board as to the fairness from a financial point of view of the \$21.20 in cash and 0.8382 of a share of AGL Resources common stock to be paid by AGL Resources. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of AGL Resources, Nicor, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

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The merger consideration was determined through arms -length negotiations between AGL Resources and Nicor and was approved by both companies' respective board of directors. Goldman Sachs provided advice to AGL Resources during these negotiations. Goldman Sachs did not, however, recommend any specific exchange ratio or amount of consideration to AGL Resources or its board of directors or that any specific exchange ratio or amount of consideration constituted the only appropriate exchange ratio or consideration for the transaction contemplated by the merger agreement.

As described above, Goldman Sachs' opinion to the AGL Resources Board was one of many factors taken into consideration by the AGL Resources Board in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as *Annex D* to this joint proxy statement/prospectus.

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of AGL Resources, Nicor, any of their respective affiliates and third parties or any currency or commodity that may be involved in the transaction contemplated by the merger agreement for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to AGL Resources in connection with, and have participated in certain of the negotiations leading to, the transaction contemplated by the merger agreement. At the request of AGL Resources, at the time of the execution of the merger agreement, an affiliate of Goldman Sachs entered into financing commitments to provide AGL Resources with a bridge credit facility in connection with the consummation of the transaction contemplated by the merger agreement, subject to the terms of such commitments, and pursuant to which one or more affiliates of Goldman Sachs will receive customary fees. In addition, Goldman Sachs provided certain investment banking services to AGL Resources and its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including having acted as a bookrunner on the issuance of AGL Resources' 5.250% Debentures due 2019 (\$300 million aggregate principal amount) in August 2009; and as a lender in AGL Resources' revolving credit facility since August 2006. Goldman Sachs may also in the future provide investment banking services to AGL Resources, Nicor and their respective affiliates for which its Investment Banking Division may receive compensation.

The AGL Resources Board selected Goldman Sachs as its financial advisor because Goldman Sachs is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transaction contemplated by the merger agreement. Pursuant to a letter agreement dated as of November 10, 2010, AGL Resources engaged Goldman Sachs to act as its financial advisor in connection with the contemplated transaction. Pursuant to the terms of this engagement letter, AGL Resources has agreed to pay Goldman Sachs a transaction fee of \$16.0 million, a significant portion of which is contingent upon consummation of the transaction contemplated by the merger agreement. In addition, AGL Resources has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

**Recommendation of the Nicor Board and its Reasons for the Merger**

At a meeting of the Nicor Board held on December 6, 2010, the Nicor Board determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Nicor's shareholders and approved and adopted the merger agreement and the transactions contemplated thereby, including the merger. **The Nicor Board recommends that the Nicor shareholders vote FOR the adoption of the merger agreement.**

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In reaching the decisions to approve the merger agreement and the transactions contemplated thereby and to recommend that the Nicor shareholders vote to adopt the merger agreement and approve the merger, the Nicor Board consulted extensively with its financial and legal advisors and Nicor's management and considered a number of alternatives to the proposed merger. Of such alternatives, the Nicor Board determined the proposed merger to be in the best interest of Nicor and its shareholders. The Nicor Board's decision to approve the merger and the merger agreement and to recommend to Nicor's shareholders that they vote for the adoption of the merger agreement was based on a number of factors. These factors included, without limitation, the following considerations:

### *Strategic Rationale; Shareholder Value*

The Nicor Board considered a number of factors pertaining to the strategic rationale for the merger and the value to be received by Nicor's shareholders pursuant to the merger, including but not limited to the following:

The current, historical and projected financial condition and results of operations of Nicor on a stand-alone basis.

The risk-adjusted probabilities associated with achieving Nicor's long-term strategic plan as a stand-alone company as compared to the opportunity afforded to Nicor shareholders via the merger consideration.

The value to be received by holders of Nicor common stock in the merger, including the fact that, based on the volume-weighted average price of AGL Resources common stock for the 20 trading days ended December 1, 2010 (the last trading day before Bloomberg and other media sources reported on a possible Nicor transaction), the merger consideration to be received by Nicor shareholders represented a premium of approximately 22% over the closing price of Nicor common stock on December 1, 2010, and a premium of approximately 17% over the volume-weighted average price of Nicor common stock for the 20 trading days ended December 1, 2010.

The Nicor Board's belief that the merger is strategically powerful combining complementary utility, storage, retail and wholesale businesses of AGL Resources and Nicor, with approximately 4.5 million natural gas utility customers in the aggregate, and generating pro forma combined total revenues of more than \$5 billion across multiple businesses.

The greater diversity, both geographically and from the perspective of regulatory jurisdictions, of the combined company.

The fact that approximately 60% of the consideration is payable in stock of AGL Resources, which affords Nicor shareholders the opportunity to participate in the combined company's future growth, while the balance is payable in cash and thus provides immediate liquidity.

The fact that the stock portion of the merger consideration is a fixed number of shares of AGL Resources common stock, which affords the Nicor shareholders the opportunity to benefit from any increase in the trading price of AGL Resources common stock between the announcement and completion of the merger.

The historical and current market prices of Nicor common stock and AGL Resources common stock.

The anticipated dividend accretion of approximately 32% for Nicor's shareholders.

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The potential that the combined company, like Nicor, would be included in the S&P 500.

The Nicor Board's belief that the merger should over time generate cost savings and operating efficiencies through consolidation and integration of certain functions.

The Nicor Board's evaluation of the expected impact of the merger on the communities in which Nicor is located and which it serves. The Nicor Board believes that the merger will benefit the municipalities currently served by Nicor by creating a strong combined company that will have the headquarters of its gas distribution operations in Illinois immediately following the merger.



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The Nicor Board's analysis of other strategic alternatives for Nicor, including continued growth as an independent company and the potential to acquire, be acquired or combine with other third parties.

The actions taken by the Nicor Board following initial contacts by two financial parties, which included contacting five additional parties (four strategic parties and one financial party) to determine their interest in a strategic transaction after being afforded the opportunity to conduct due diligence.

The comparison of the offer from AGL Resources with the range of the indication of interest from Fund B. In making that comparison, the Nicor Board noted that, while nominally higher, (i) the range of the Fund B indication was subject to due diligence and, based on information provided by Nicor's advisors, that Fund B had in other transactions made offers following due diligence at levels below original indications, (ii) the range implied an internal rate of return for Fund B below a customary range of returns for transactions of this type, and (iii) the transaction proposed by Fund B would not offer Nicor's shareholders the opportunity to participate in the future growth of the business.

Concern about the potential for losing the AGL Resources offer if the process were to be extended for the 30 days (or possibly longer) that Fund B stated would be required for due diligence.

The fact that, prior to the 45th day after the date of the merger agreement (and, in certain circumstances, later based on the expiration of an applicable matching period), any interested party would, if it chose to do so, be able to pursue its interest and submit an offer, subject to a reduced termination fee of \$36 million (approximately 1.50% of transaction equity value) and AGL Resources' right to match.

The Nicor Board's belief that entering into the merger agreement, which the Nicor Board believed would not impede an alternative transaction proposal, afforded the opportunity to maximize value for Nicor shareholders.

The recommendation of Nicor's senior management team in favor of the transaction.

*Terms of the Merger Agreement*

The Nicor Board considered the terms and conditions of the merger agreement, including but not limited to the following:

The Nicor Board's belief that the terms of the merger agreement, including the parties' representations, warranties and covenants and the conditions to their respective obligations, are fair and reasonable.

The Nicor Board's belief that the terms of the merger agreement, taken as a whole, provide a significant degree of certainty that the merger will be completed, including the fact that (i) the conditions required to be satisfied prior to completion of the merger, such as the receipt of both Nicor's and AGL Resources' shareholder approvals and regulatory clearance, are expected to be fulfilled, (ii) the merger agreement contains no financing condition, there are limited conditions to be satisfied for AGL Resources to obtain financing to fund the cash portion of the merger consideration pursuant to the debt commitment letter entered into by AGL Resources with certain lenders, and AGL Resources is obligated to use reasonable best efforts to obtain the proceeds of the financing on the terms and conditions described in the debt commitment letter, and (iii) there are limited circumstances in which the AGL Resources Board may terminate the merger agreement or change or modify its recommendation that its shareholders approve the issuance of AGL Resources common stock in connection with the merger and the amendment to AGL Resources' amended and restated articles of incorporation.

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The fact that AGL Resources received, prior to the signing of the merger agreement, confirmation from the rating agencies that it would not lose its investment grade rating as a result of the merger and related financing.

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The fact that the merger agreement provides that, under certain circumstances, and subject to certain conditions, Nicor is permitted to furnish information to and conduct negotiations with a third party in connection with an unsolicited proposal for a business combination or acquisition of Nicor that constitutes or is reasonably likely to result in a superior proposal (as defined in the merger agreement).

The fact that Nicor has the right to terminate the merger agreement in certain specified circumstances and, if the merger agreement is terminated in connection with a superior proposal that was determined to constitute such prior to the 45th day after the date of the merger agreement (or, if later, the third business day after the expiration of the last matching period with respect to the party that made such proposal), Nicor is required to pay AGL Resources a termination fee of \$36 million (approximately 1.50% of transaction equity value), rather than a termination fee of \$67 million (approximately 2.75% of transaction equity value) that may be payable if the merger agreement is terminated in certain other circumstances.

The fact that if the merger agreement is terminated under certain specified circumstances relating to lack of financing, AGL Resources is required to pay Nicor a financing failure fee of \$115 million (approximately 4.75% of transaction equity value).

The fact that a vote of Nicor's shareholders on the merger is required under Illinois law, and that if the merger is approved by Nicor's shareholders and consummated, those Nicor shareholders who do not vote in favor of the adoption of the merger agreement will have the right to demand appraisal of the fair value of their shares under Illinois law.

The commitments by AGL Resources to (i) maintain, for a period of at least five years, the operating headquarters for Nicor's and AGL Resources' gas distribution businesses in the Chicago, Illinois metropolitan area, (ii) maintain, for a period of at least five years, philanthropic contributions and community support in Illinois at levels consistent with those provided by Nicor and its subsidiaries within their respective service areas and (iii) maintain, for a period of at least three years, a headcount of full-time equivalent employees involved in the operation of Nicor's gas distribution business in Illinois at a level comparable to its current level. In addition to recognizing that the foregoing commitments benefit various constituencies of Nicor, the Nicor Board noted that the commitments would aid in obtaining expeditious regulatory approval of the merger.

The fact that, immediately following the merger, the AGL Resources Board would include four new directors designated by Nicor, subject to approval by AGL Resources.

The expected qualification of the transaction as a reorganization within the meaning of Section 368(a) of the Code.

*Opinion of Nicor's Financial Advisor*

The Nicor Board considered the financial analysis by J.P. Morgan Securities, Nicor's financial advisor, of the proposed consideration and the opinion of J.P. Morgan, dated as of December 6, 2010, to the effect that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the consideration to be received by holders of Nicor common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of the written opinion of J.P. Morgan is attached to this joint proxy statement/prospectus as *Annex E*.

*Risks and Potentially Negative Factors*

In addition to the above factors, the Nicor Board also identified and considered a number of uncertainties, risks and other potentially negative factors in its consideration of the merger and the merger agreement, including without limitation:

The fact that the stock portion of the merger consideration is a fixed number of shares of AGL Resources common stock, which could result in the Nicor shareholders being adversely affected by a



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decrease in the trading price of AGL Resources common stock after the date of execution of the merger agreement.

The fact that the merger might not be completed in a timely manner or at all in the event of a failure of certain closing conditions, including in particular (i) the approval by AGL Resources' shareholders of the issuance of AGL Resources common stock in connection with the merger and the amendment to AGL Resources' amended and restated articles of incorporation, (ii) regulatory clearance and (iii) that regulatory approvals might impose conditions which could adversely affect the operations and value of the combined company.

The difficulty AGL Resources would have completing the merger if the financing described in the commitment letter entered into by AGL Resources with certain lenders, or an alternative financing, were unavailable.

The risks and costs to Nicor if the merger is not completed, including the diversion of management and employee attention, and potential employee attrition and the potential effect on Nicor's business and relations with customers and suppliers.

The restrictions on the conduct of Nicor's business prior to completion of the merger, which could delay or prevent Nicor from undertaking business opportunities that might arise pending completion of the merger.

The fact that AGL Resources has a lower credit rating than Nicor and that the combined company would also likely have a lower credit rating than Nicor, but still investment grade.

The fact that Nicor's directors and executive officers may have interests in the merger that are different from, or in addition to, those of Nicor's shareholders generally, including certain interests arising from the employment and compensation arrangements of Nicor's executive officers, and the manner in which they would be affected by the merger.

The restrictions on Nicor's ability to solicit or participate in discussions or negotiations regarding alternative business combination transactions, subject to specified exceptions, and the requirement that Nicor pay to AGL Resources a termination fee in the amount of \$36 million or \$67 million, as applicable, in certain circumstances specified in the merger agreement, which the Nicor Board understood, while potentially having the effect of discouraging third parties from proposing a competing business combination transaction, were conditions to AGL Resources' willingness to enter into the merger agreement and were reasonable in light of, among other things, the anticipated benefits of the merger to Nicor's shareholders.

The fact that the receipt of the cash portion of the merger consideration may be taxable to Nicor's shareholders for U.S. federal income tax purposes.

The risk of not realizing all of the anticipated strategic and other benefits between AGL Resources and Nicor, including, without limitation, the challenges of combining the businesses, operations and workforces of AGL Resources and Nicor, and the risk that expected operating efficiencies and cost savings may not be realized or will cost more to achieve than anticipated.

The fact that AGL Resources will incur additional indebtedness of approximately \$1.0 billion in connection with the merger, which indebtedness may adversely impact the operations of the combined company following the merger.

The substantial transaction costs to be incurred in connection with the merger.

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The Nicor Board weighed these positive and negative factors, realizing that future results are uncertain, including any future results considered or expected in the factors noted above. In addition, many of the non-financial factors considered were highly subjective. As a result, in view of the number and variety of factors they considered, the Nicor Board did not consider it practicable and did not attempt to quantify or otherwise

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assign relative weights to the specific factors it considered. Rather, the Nicor Board made its determination based on the totality of the information it considered. Individually, each director may have given greater or lesser weight to a particular factor or consideration.

The Nicor Board believed that, overall, the potential benefits of the merger to Nicor and its shareholders outweighed the risks which are mentioned above.

### **Opinion of Nicor's Financial Advisor**

Pursuant to an engagement letter dated as of October 1, 2010 and effective as of June 22, 2010, Nicor retained J.P. Morgan to act as its financial advisor in connection with the transactions contemplated by the merger agreement.

At the meeting of the Nicor Board on December 6, 2010, J.P. Morgan rendered its oral opinion, subsequently confirmed in writing, to the Nicor Board that, as of such date and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in its opinion, the merger consideration to be paid to the holders of shares of Nicor common stock in the merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of J.P. Morgan dated as of December 6, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken in connection with its opinion, is included as *Annex E* to this joint proxy statement/prospectus and is incorporated herein by reference. The summary of J.P. Morgan's opinion below is qualified in its entirety by reference to the full text of the opinion, and Nicor shareholders are urged to read the opinion carefully and in its entirety. J.P. Morgan provided its opinion for the information of the Nicor Board in connection with and for the purposes of its evaluation of the transactions contemplated by the merger agreement. J.P. Morgan's written opinion addresses only the consideration to be paid to the holders of shares of Nicor common stock in the merger, and does not address any other matter. J.P. Morgan's opinion does not constitute a recommendation to any shareholder of Nicor as to how such shareholder should vote with respect to the merger or any other matter. The consideration to be paid to the holders of shares of Nicor common stock in the merger was determined in negotiations between Nicor and AGL Resources, and the decision to approve and recommend the merger was made independently by the Nicor Board.

In arriving at its opinion, J.P. Morgan, among other things:

reviewed the merger agreement;

reviewed certain publicly available business and financial information concerning Nicor and AGL Resources and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies J.P. Morgan deemed relevant and the consideration paid for such companies;

compared the financial and operating performance of Nicor and AGL Resources with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of the shares of Nicor common stock and AGL Resources common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by the managements of Nicor and AGL Resources relating to their respective businesses, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger; and

performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.





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In addition, J.P. Morgan held discussions with certain members of the management of Nicor and AGL Resources with respect to certain aspects of the merger and the past and current business operations of Nicor and AGL Resources, the financial condition and future prospects and operations of Nicor and AGL Resources, the effects of the merger on the financial condition and future prospects of Nicor and AGL Resources and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

In giving its opinion, J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by Nicor or AGL Resources or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan has not independently verified (nor has J.P. Morgan assumed responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan has not conducted or been provided with any valuation or appraisal of any assets or liabilities, nor has J.P. Morgan evaluated the solvency of Nicor or AGL Resources under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom, including the synergies referred to above, J.P. Morgan has assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Nicor and AGL Resources to which such analyses or forecasts relate. J.P. Morgan expresses no view as to such analyses or forecasts (including the synergies referred to above) or the assumptions on which they were based. J.P. Morgan has also assumed that the merger and the other transactions contemplated by the merger agreement will have the tax consequences described in discussions with, and materials furnished to J.P. Morgan by, representatives of Nicor, and will be consummated as described in the merger agreement. J.P. Morgan has also assumed that the representations and warranties made by Nicor and AGL Resources in the merger agreement and the related agreements are and will be true and correct in all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and has relied on the assessments made by advisors to Nicor with respect to such issues. J.P. Morgan has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Nicor or AGL Resources or on the contemplated benefits of the merger.

The forecasts furnished to J.P. Morgan by Nicor and AGL Resources were prepared by the managements of Nicor and AGL Resources. Neither Nicor nor AGL Resources publicly discloses internal management forecasts of the type provided to J.P. Morgan in connection with J.P. Morgan's analysis of the merger, and such forecasts were not prepared with a view toward public disclosure. These forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly from those set forth in such forecasts.

J.P. Morgan's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of its opinion. It should be understood that subsequent developments may affect J.P. Morgan's opinion and that J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. J.P. Morgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be paid to the holders of the shares of Nicor common stock in the merger and J.P. Morgan expresses no opinion as to the fairness of the merger to, or any consideration paid in connection therewith to, the holders of any other class of securities, creditors or other constituencies of Nicor or as to the underlying decision by Nicor to engage in the merger. Furthermore, J.P. Morgan expresses no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to the consideration to be paid to the holders of the shares of Nicor common stock in the merger or the fairness of any such compensation. J.P. Morgan expresses no opinion as to the price at which Nicor common stock or AGL Resources common stock will trade at any future time.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by J.P. Morgan in connection with providing its opinion. The financial analyses summarized below include

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information presented in tabular format. In order to fully understand J.P. Morgan's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's financial analyses.

For reference purposes, J.P. Morgan calculated that the per share value implied by AGL Resources' proposed merger consideration was \$53.00 per share of Nicor common stock (obtained by multiplying the volume-weighted average price for AGL Resources common stock of \$37.95 on the NYSE for the 20 trading days ended December 1, 2010 by the 0.8382 exchange ratio, and adding to such product the per share cash consideration of \$21.20), and the exchange ratio implied by the per share value of \$53.00, assuming 100% AGL Resources common stock consideration and no cash consideration, was 1.397 shares of AGL Resources common stock per share of Nicor common stock based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010. J.P. Morgan also noted that Nicor and AGL Resources agreed to an exchange ratio of 0.8382 of a share of AGL Resources common stock per share of Nicor common stock (representing 60% of the implied exchange ratio of 1.397 calculated above) and \$21.20 in cash per share of Nicor common stock (representing 40% of the implied exchange ratio of 1.397 calculated above). J.P. Morgan also calculated the per share value implied by AGL Resources' proposed merger consideration was \$52.38 per share of Nicor common stock (based on the closing share price of AGL Resources common stock of \$37.20 on December 1, 2010). J.P. Morgan noted that the foregoing analyses are not valuation methodologies and that such analyses were presented merely for reference purposes.

### *Financial Analyses - Nicor*

*Selected Companies Analysis.* Using publicly available information, J.P. Morgan compared selected financial data of Nicor with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be similar to those of Nicor. The companies selected by J.P. Morgan and viewed as relevant to Nicor's business were:

AGL Resources

Atmos Energy Corporation

Piedmont Natural Gas

Southwest Gas Corporation

WGL Holdings, Inc.

New Jersey Resources

South Jersey Industries, Inc.

Northwest Natural Gas Company

The Laclede Group

These companies were selected based on J.P. Morgan's professional judgment because, among other reasons, they share similar business characteristics to Nicor based on operational characteristics and financial metrics, as well as their significant exposure to the natural gas utility industry in the United States. However, none of the companies selected is identical or directly comparable to Nicor. Accordingly, J.P. Morgan

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made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

For each of the selected companies, J.P. Morgan calculated Firm Value divided by the estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, for the calendar year ending December 31, 2011, which is referred to as a Firm Value/EBITDA Multiple, as well as the stock price of common equity divided by the earnings per share, or EPS, for the same period, which is referred to as a Price/Earnings Multiple.

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For this analysis, Firm Value of a particular company was calculated as market value of that company's common stock based on fully diluted shares using the treasury method (as of December 1, 2010) plus the value of that company's indebtedness, minority interest and preferred stock, minus that company's cash and cash equivalents.

Based on the results of this analysis and on J.P. Morgan's judgment and experience, J.P. Morgan applied a Price/Earnings Multiple ranging from 14.5x to 16.5x for calendar year 2011 EPS, which, using Nicor's estimate of EPS for such period, as well as publicly available Wall Street research analysts' estimates with respect to Nicor (which are referred to as Nicor street estimates), implied the following approximate per share equity value reference ranges for Nicor, as compared to Nicor's closing stock price of \$43.52 per share on December 1, 2010 and AGL Resources proposed per share merger consideration:

	Implied Per Share Equity Value Reference Ranges for Nicor Based on:		Nicor Closing Stock Price on December 1, 2010	Proposed Per Share Merger Consideration <sup>(1)</sup>
	Nicor Management Estimates	Nicor Street Estimates		
Calendar Year 2011 EPS	\$ 35.37 - \$40.24	\$ 42.22 - \$48.04	\$ 43.52	\$ 53.00

(1) Value implied by AGL Resources' proposed merger consideration, based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010.

J.P. Morgan then calculated the exchange ratio implied by dividing the low end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor's estimate of calendar year 2011 EPS (\$35.37) by the low end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' estimate of calendar year 2011 EPS (\$44.45). J.P. Morgan also calculated the exchange ratio implied by dividing the high end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor's estimate of calendar year 2011 EPS (\$40.24) by the high end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' estimate of calendar year 2011 EPS (\$50.58). This analysis indicated an implied exchange ratio of 0.796 of a share of AGL Resources common stock per share of Nicor common stock.

In addition, J.P. Morgan calculated the exchange ratio implied by dividing the low end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor street estimates of calendar year 2011 EPS (\$42.22) by the low end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources street estimates of calendar year 2011 EPS (\$45.68). J.P. Morgan also calculated the exchange ratio implied by dividing the high end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor street estimates of calendar year 2011 EPS (\$48.04) by the high end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources street estimates of calendar year 2011 EPS (\$51.98). This analysis indicated an implied exchange ratio of 0.924 of a share of AGL Resources common stock per share of Nicor common stock.

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The following table summarizes the implied exchange ratios obtained from the analyses above and the exchange ratio implied by AGL Resources' proposed merger consideration:

	Implied Exchange Ratio Based on:		Implied Exchange Ratio Based on AGL Resources Proposed Merger Consideration
	Nicor / AGL Resources Management Estimates	Nicor / AGL Resources Street Estimates	
Calendar Year 2011 EPS	0.796	0.924	1.397

Further, J.P. Morgan applied a Firm Value/EBITDA Multiple ranging from 6.0x to 7.0x for calendar year 2011, which was selected based on those peer companies with the most comparability to Nicor, particularly in regard to Nicor's depreciation rate, in J.P. Morgan's experience. That range of multiples, using Nicor's estimate of EBITDA for such periods, as well as Nicor street estimates, implied the following approximate per share equity value reference ranges for Nicor, as compared to Nicor's closing stock price of \$43.52 per share on December 1, 2010 and AGL Resources' proposed per share merger consideration:

	Implied Per Share Equity Value Reference Ranges for Nicor Based on:		Nicor Closing Stock Price on December 1, 2010	Proposed Merger Consideration <sup>(1)</sup>
	Nicor Management Estimates	Nicor Street Estimates		
Calendar Year 2011 EBITDA	\$ 37.77 - \$46.86	\$ 37.93 - \$47.04	\$ 43.52	\$53.00

(1) Value implied by AGL Resources' proposed merger consideration, based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010.

J.P. Morgan then calculated the exchange ratio implied by dividing the high end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor's estimate of calendar year 2011 EBITDA (\$46.86) by the high end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' estimate of calendar year 2011 EBITDA (\$42.97). J.P. Morgan also calculated the exchange ratio implied by dividing the low end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor's estimate of calendar year 2011 EBITDA (\$37.77) by the low end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' estimate of calendar year 2011 EBITDA (\$34.10). This analysis indicated a range of implied exchange ratios of 1.091 to 1.108 shares of AGL Resources common stock per share of Nicor common stock.

In addition, J.P. Morgan calculated the exchange ratio implied by dividing the high end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor street estimates of calendar year 2011 EBITDA (\$47.04) by the high end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' street estimates of calendar year 2011 EBITDA (\$41.60). J.P. Morgan also calculated the exchange ratio implied by dividing the low end of the implied per share equity value of Nicor common stock specified in the table above based on Nicor street estimates of calendar year 2011 EBITDA (\$37.93) by the low end of the implied per share equity value of AGL Resources common stock specified in the table in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Selected Companies Analysis" based on AGL Resources' street estimates of calendar year 2011 EBITDA (\$32.90). This analysis indicated a range of implied exchange ratios of 1.131 to 1.153 shares of AGL Resources common stock per share of Nicor common stock.

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The following table summarizes the implied exchange ratios obtained from the analyses above and the exchange ratio implied by AGL Resources' proposed merger consideration:

	Implied Exchange Ratio Based on:		Implied Exchange Ratio Based on AGL Resources Proposed Merger Consideration
	Nicor /AGL Resources Management Estimates	Nicor / AGL Resources Street Estimates	
Calendar Year 2011 EBITDA	1.091 - 1.108	1.131 - 1.153	1.397

*Selected Precedent Transactions Analysis.* Using publicly available information, J.P. Morgan examined the following selected transactions involving businesses which J.P. Morgan judged to be analogous to Nicor's business. These transactions were selected, among other reasons, because the businesses involved in these transactions share similar business characteristics to Nicor based on operational characteristics and financial metrics:

Date Announced	Acquiror	Target
October 2010	Northeast Utilities	NSTAR
May 2010	UIL Corp.	Connecticut Energy Corporation, CTG Resources, Inc. and Berkshire Energy Resources
April 2010	PPL Corp.	E.ON U.S.
April 2009	Chesapeake Utilities Corporation	Florida Public Utilities Company
July 2008	Sempra Energy	EnergySouth, Inc.
July 2008	Babcock & Brown Infrastructure Fund North America	The Peoples Natural Gas Company and Hope Gas, Inc.
July 2008	MDU Resources Group, Inc.	Intermountain Gas Company
January 2008	Continental Energy Services, LLC	New Mexico Natural Gas Company
October 2007	Macquarie Infrastructure Partners	Puget Energy Inc.
June 2007	Iberdrola S.A.	Energy East Corp.
February 2007	Cap Rock Holding Corporation	Semco Energy, Inc.
August 2006	GE Energy Financial Services	Kinder Morgan, Inc.'s Retail Natural Gas Distribution
July 2006	Integrus Energy Group Inc.	Peoples Energy Corporation
July 2006	MDU Resources Group, Inc.	Cascade Natural Gas Corporation
July 2006	Macquarie Infrastructure Partners and The DUET Group	Duquesne Light Company
February 2006	National Grid PLC	Keyspan Corporation
January 2006	UGI Corporation	PG Energy Inc.

For each of the selected transactions, J.P. Morgan calculated the Firm Value divided by the latest 12 months EBITDA, or LTM EBITDA, which are referred to as Firm Value/LTM EBITDA Multiples, and calculated the Price/Earnings Multiples for the latest 12 months, which are referred to as Price/LTM Earnings Multiples.

Based on the results of this analysis, J.P. Morgan applied ranges of 7.5x to 9.0x Firm Value/LTM EBITDA Multiples to Nicor's fiscal year 2010 projected EBITDA and ranges of 17.0x to 20.0x Price/LTM Earnings Multiples to Nicor's fiscal year 2010 projected net income, both of which ranges were selected based on those transactions with the most comparability to Nicor, particularly in regard to Nicor's depreciation rate, in J.P. Morgan's experience. Nicor's fiscal year 2010 projected EBITDA and net income were adjusted to exclude a one-time benefit from bad debt recovery, which resulted in a reduction in 2010 projected EBITDA by approximately \$32 million and a reduction in 2010 projected net income by approximately \$19 million. The

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resulting values implied the following range of per share equity values for Nicor's common stock, based on fully diluted shares using the treasury method:

	Implied Per Share Equity Value Reference Ranges:	Nicor Closing Stock Price on December 1, 2010	Proposed Merger Consideration <sup>(1)</sup>
Firm Value/LTM EBITDA	\$ 51.52 - \$65.19		
Price/LTM Earnings	\$ 44.69 - \$52.57	\$ 43.52	\$ 53.00

(1) Value implied by AGL Resources' proposed merger consideration, based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010.

*Discounted Cash Flow Analysis.* J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the fully diluted equity value per share of Nicor common stock. J.P. Morgan calculated the unlevered free cash flows that Nicor is expected to generate during fiscal years 2011 through 2015 based upon the financial forecasts prepared by Nicor's management. J.P. Morgan also calculated a range of terminal firm values for Nicor by applying, based upon J.P. Morgan's judgment and experience, a perpetual growth rate ranging from 0.75% to 1.25% to Nicor's unlevered free cash flow during the final year of the five (5)-year period ending 2015 and using a range of discount rates from 6.0% to 6.5%. This discount rate range was based upon an analysis of the weighted average cost of capital of Nicor conducted by J.P. Morgan. The unlevered free cash flows and the range of terminal firm values were then discounted to present values using the same range of discount rates from 6.0% to 6.5%. The present value of the unlevered free cash flows and the range of terminal firm values were then adjusted for Nicor's estimates of excess cash and total debt as of December 31, 2010. Based on the foregoing, this analysis indicated the following range of implied fully diluted equity value per share of Nicor common stock:

	Implied Per Share Equity Value Reference Ranges:	Nicor Closing Stock Price on December 1, 2010	Proposed Merger Consideration <sup>(1)</sup>
Discounted Cash Flow Analysis	\$ 38.17 - \$49.81	\$ 43.52	\$ 53.00

(1) Value implied by AGL Resources' proposed merger consideration, based on the volume-weighted average price for AGL Resources common stock on the NYSE for the 20 trading days ended December 1, 2010.

In addition, J.P. Morgan calculated the exchange ratio implied by dividing the high end of the implied value of Nicor common stock indicated by the discounted cash flow analysis for Nicor (\$49.81) by the high end the implied value of AGL Resources common stock indicated by the discounted cash flow analysis for AGL Resources (\$51.60) summarized in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Discounted Cash Flow Analysis." J.P. Morgan also calculated the exchange ratio implied by dividing the low end of the implied value of Nicor common stock indicated by the discounted cash flow analysis for Nicor (\$38.17) by the low end of the implied value of AGL Resources common stock indicated by the discounted cash flow analysis for AGL Resources (\$35.87) summarized in the section entitled "The Proposed Merger Opinion of Nicor's Financial Advisor Financial Analyses AGL Resources Discounted Cash Flow Analysis." This analysis indicated a range of implied exchange ratios of 0.965 of a share to 1.064 shares of AGL Resources common stock per share of Nicor common stock.

The following table summarizes the implied exchange ratios obtained from the analyses above and the exchange ratio implied by AGL Resources' proposed merger consideration:

Implied Exchange Ratio Based on:

Nicor /  
AGL Resources  
Estimates

Implied Exchange Ratio Based on  
AGL Resources  
Proposed Merger Consideration

Discounted Cash Flow (2011 - 2015)	0.965	1.064	1.397
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J.P. Morgan also conducted a value creation analysis that compared the implied fully diluted equity value of Nicor's common stock using the closing share price of Nicor's common stock on December 1, 2010 with Nicor's estimate of the implied fully diluted equity value of Nicor's common stock pro forma for the merger together with the cash portion of the transaction consideration pursuant to the merger agreement. The pro forma implied fully diluted equity value was based on Nicor's pro forma ownership (based on a 33%/67% Nicor/AGL Resources ownership split, calculated assuming AGL Resources' fully diluted shares and net debt (based on AGL Resources' share price of \$37.20 as of December 1, 2010) and including the shares to be issued to Nicor pursuant to the merger agreement) of: (1) (a) the midpoint of AGL Resources' stand-alone discounted cash flow implied equity value based on the forecast provided by AGL Resources, which was reviewed and approved by the management of Nicor, and a midpoint discount rate of 5.6%, plus (b) the midpoint of Nicor's stand-alone discounted cash flow implied equity value based on Nicor's estimates and a midpoint discount rate of 6.25%, plus (c) the present value of synergies expected to result from the merger (calculated assuming \$23 million of annual synergies with a 38% tax rate discounted at 6%), less (d) cash consideration received by Nicor shareholders pursuant to the merger agreement, divided by (2) AGL Resources' fully diluted shares outstanding (based on AGL Resources' share price of \$37.20 as of December 1, 2010) pro forma to include the additional shares to be issued as consideration pursuant to the merger agreement. The value creation analysis yielded a pro forma implied accretion to Nicor's fully diluted equity value of 35.4%, which implied a value per share of \$58.91.

*Historical Trading Ranges; Street Estimate Ranges.* For reference purposes, J.P. Morgan calculated the three-month and 12-month trading range of Nicor's stock price. Specifically, the reference ranges were \$42.29 to \$48.20 for the three-month trading range ending December 1, 2010 and \$38.45 to \$48.20 for the 12-month trading range ending December 1, 2010, as compared to the per share proposed merger consideration of \$53.00 (based on the volume-weighted average price for AGL Resources common stock discussed above). Finally, J.P. Morgan reviewed Wall Street equity research analyst price targets for Nicor's stock price, which resulted in a reference range of \$38.00 to \$46.00.

J.P. Morgan noted that the foregoing analyses are not valuation methodologies and that such analyses were presented merely for reference purposes.

*Financial Analyses AGL Resources*

*Selected Companies Analysis.* Using publicly available information, J.P. Morgan compared selected financial data of AGL Resources with similar data for selected publicly traded companies engaged in businesses which J.P. Morgan judged to be similar to those of AGL Resources. The companies selected by J.P. Morgan and viewed as relevant to Nicor's business were:

Nicor

Atmos Energy Corporation

Piedmont Natural Gas

Southwest Gas Corporation

WGL Holdings, Inc.

New Jersey Resources

South Jersey Industries, Inc.

Northwest Natural Gas Company

The Laclede Group

These companies were selected, among other reasons, because they share similar business characteristics to AGL Resources based on operational characteristics and financial metrics, as well as their significant exposure to the natural gas utility industry in the United States. However, none of the companies selected is identical or

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directly comparable to AGL Resources. Accordingly, J.P. Morgan made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies.

For each of the selected companies, J.P. Morgan calculated Firm Value divided by the estimated earnings before interest, taxes, depreciation and amortization, or EBITDA, for the calendar year ending December 31, 2011, which is referred to as a Firm Value/EBITDA Multiple, as well as the stock price of common equity divided by the earnings per share, or EPS, for the same period, which is referred to as a Price/Earnings Multiple.

For this analysis, Firm Value of a particular company was calculated as market value of that company's common stock based on fully diluted shares using the treasury method (as of December 1, 2010) plus the value of that company's indebtedness, minority interest and preferred stock, minus that company's cash and cash equivalents.

Based on the results of this analysis and on J.P. Morgan's judgment and experience, J.P. Morgan applied Price/Earnings Multiples ranging from 14.5x to 16.5x for calendar year 2011 EPS, which, using AGL Resources' estimate of EPS for such periods, as well as publicly available Wall Street research analysts' estimates with respect to AGL Resources (which are referred to as AGL Resources street estimates), implied the following approximate per share equity value reference ranges for AGL Resources, as compared to AGL Resources' closing stock price of \$37.20 per share on December 1, 2010:

Implied Per Share Equity Value  
Reference Ranges for  
AGL Resources Based on:

	AGL Resources Management Estimates	AGL Resources Street Estimates	AGL Resources Closing Stock Price on December 1, 2010
Calendar Year 2011 EPS	\$ 44.45 - \$50.58	\$ 45.68 - \$51.98	\$ 37.20

Further, J.P. Morgan applied Firm Value/EBITDA Multiples ranging from 7.0x to 8.0x for calendar year 2011 to AGL Resources' business, which, using AGL Resources' estimate of EBITDA for such periods, as well as AGL Resources street estimates, implied the following approximate per share equity value reference ranges for AGL Resources, as compared to AGL Resources' closing stock price of \$37.20 per share on December 1, 2010:

Implied Per Share Equity Value  
Reference Ranges for  
AGL Resources Based on:

	AGL Resources Management Estimates	AGL Resources Street Estimates	AGL Resources Closing Stock Price on December 1, 2010
Calendar Year 2011 EBITDA	\$ 34.10 - \$42.97	\$ 32.90 - \$41.60	\$ 37.20

*Discounted Cash Flow Analysis.* J.P. Morgan conducted a discounted cash flow analysis for the purpose of determining the fully diluted equity value per share of AGL Resources common stock. J.P. Morgan calculated the unlevered free cash flows that AGL Resources is expected to generate during fiscal years 2011 through 2015 based upon the financial forecasts prepared by AGL Resources' management and with respect to the year 2015, with the concurrence of Nicor management, J.P. Morgan, after consultation and discussion with the management of AGL Resources and with Goldman Sachs, extrapolated from the projected financial information of AGL Resources for the years 2011-2014 provided by AGL Resources. J.P. Morgan also calculated a range of terminal firm values for AGL Resources by applying, based upon J.P. Morgan's judgment and experience, a perpetual growth rate ranging from 1.25% to 1.75% to AGL Resources' unlevered free cash flow during the final year of the five (5)-year period ending 2015 and using a range of discount rates from 5.75% to 6.25%. This discount rate range was based upon an analysis of the weighted average cost of capital of AGL Resources conducted by J.P. Morgan. The unlevered free cash flows and the range of terminal firm values were then discounted to present.

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values using the same range of discount rates from 5.75% to 6.25%. The present value of the unlevered free cash flows and the range of terminal firm values were then adjusted for AGL Resources' estimate of excess cash and total debt as of December 31, 2010. Based on the foregoing, this analysis indicated an implied fully diluted equity value per share of AGL Resources common stock of between \$35.87 to \$51.60, as compared to the closing price of AGL Resources common stock on December 1, 2010 of \$37.20.

*Miscellaneous*

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to Nicor or AGL Resources, and none of the selected transactions reviewed was identical to the merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of Nicor and AGL Resources. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of J.P. Morgan's analysis, may be considered similar to the merger. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Nicor and AGL Resources and the transactions compared to the merger.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise Nicor with respect to the merger on the basis of such experience and its familiarity with Nicor.

For services rendered in connection with the merger, Nicor has paid J.P. Morgan a fee of \$2 million upon delivery of its written fairness opinion and will pay J.P. Morgan a fee of approximately \$11 million upon consummation of the merger. In addition, Nicor has agreed to reimburse J.P. Morgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan against certain liabilities, including liabilities arising under the federal securities laws. If Nicor receives a termination fee from AGL Resources or from any other source as a result of the merger or any other transaction not being consummated, Nicor must pay J.P. Morgan 5% of such fee, which fee will not exceed the transaction fee that would have been payable to J.P. Morgan had the merger closed, and which fee will be reduced by the \$2 million fee paid upon delivery of J.P. Morgan's opinion. In addition, J.P. Morgan will be entitled to fees for any transaction involving the acquisition of Nicor consummated during the term of its engagement or 12 months after its expiration or termination. The engagement runs for 18 months from the effective date of the engagement letter, which is June 22, 2010.

The opinion of J.P. Morgan was one of the many factors taken into consideration by the Nicor Board in making its determination to approve the merger. The analyses of J.P. Morgan as summarized above should not be

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viewed as determinative of the opinion of the Nicor Board with respect to the value of Nicor or AGL Resources, or of whether the Nicor Board would have been willing to agree to different or other forms of consideration.

J.P. Morgan and its affiliates have performed in the past, and may continue to perform, certain financial advisory, financing and other investment banking and commercial banking services for Nicor, AGL Resources and one or more of their affiliates. During the two years preceding the date of its opinion, J.P. Morgan and its affiliates had commercial or investment banking relationships with Nicor and AGL Resources, for which it and such affiliates received customary compensation. Such services during such period included acting as lead arranger for a revolving credit facility of a subsidiary of Nicor in November 2009, as a placement agent for Nicor's private placement of certain of its debt securities in August 2009 and as lead arranger for a revolving credit facility of Nicor in April 2010. In addition, a commercial banking affiliate of J.P. Morgan is an agent bank and a lender under outstanding credit facilities of Nicor, and is a lender under outstanding credit facilities of AGL Resources, for which such affiliate receives customary compensation or other financial benefits. In the ordinary course of J.P. Morgan's businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of Nicor or AGL Resources for J.P. Morgan's own account or for the accounts of customers and, accordingly, J.P. Morgan may at any time hold long or short positions in such securities.

**Forward-Looking Financial Information**

The AGL Resources forward-looking financial information for years 2010 through 2015 was prepared by AGL Resources and its subsidiaries and the Nicor forward-looking financial information for years 2010 through 2015 was prepared by Nicor and its subsidiaries. The forward-looking financial information prepared by each of the companies is not intended to be added together, and adding the forward-looking financial information for the two companies would not represent the results the combined company will achieve if the merger is completed and does not represent forward-looking financial information for the combined company.

*AGL Resources Forward-Looking Financial Information*

AGL Resources does not as a matter of course make public projections as to future earnings or other results other than for providing estimated ranges of expected earnings for as much as one year in advance in its regular earnings press releases and other investor materials. However, in the course of its discussions with Nicor leading up to the execution of the merger agreement, AGL Resources provided Nicor with certain business and financial information which AGL Resources believes was not publicly available. The information provided to Nicor included forward-looking financial information for years 2010 through 2014 based upon projections developed by AGL Resources through a regular internal planning and forecasting process that included input from AGL Resources' business units and a corporate level review. Subsequently, AGL Resources management extended their projections to include the year 2015 and provided these projections to Goldman Sachs, AGL Resources' financial advisor in connection with the merger. In the view of AGL Resources' management, the information was prepared on a reasonable basis and reflected the best available estimates and judgments at the time of its preparation, and presented at the time of its preparation, to the best of AGL Resources management's knowledge and belief a reasonable projection of future financial performance of AGL Resources. However, the information provided to Nicor has not been updated, is not fact and should not be relied upon as being indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to rely on this forward-looking financial information.

Neither AGL Resources' independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking financial information.

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The following table is a portion of the forward-looking financial information AGL Resources provided to Nicor for years 2010 through 2014 and to AGL Resources' financial advisor in connection with the merger for the years 2010 through 2015.

	Year Ended December 31					
	2010E	2011E	2012E	2013E	2014E	2015E
	(in millions except per share amounts)					
Earnings before Interest and Taxes	\$ 498	\$ 519	\$ 548	\$ 573	\$ 588	\$ 597
Net Income (before minority interest)	\$ 246	\$ 256	\$ 267	\$ 277	\$ 289	\$ 298
Basic EPS excluding Non-Recurring Items	\$ 2.99	\$ 3.07	\$ 3.18	\$ 3.26	\$ 3.38	\$ 3.44

The AGL Resources forward-looking financial information was based upon various assumptions, including, but not limited to, the following principal assumptions:

normal weather in the forward-looking periods;

no material increase in utility customer growth until 2013;

no changes in rates resulting from the outcome of any potential rate case activity beyond 2012;

no capital requirements for the expansion or building of potential or planned storage projects other than the build-out of the second cavern of the Golden Triangle Storage natural gas storage project (expected to be completed in 2012); and

capital expenditures for certain utility infrastructure enhancement programs in various jurisdictions through their approved regulatory cycle consistent with budgeted and approved levels.

The estimates and assumptions underlying the forward-looking financial information are inherently uncertain and, though considered reasonable by the management of AGL Resources as of the date of its preparation, are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking financial information, including, among other things, economic conditions in the Bahamas and the Caribbean region, fluctuations in rate recovery, weather and gas commodity prices. See "Risk Factors" beginning on page 27. Accordingly, there can be no assurance that the forward-looking results are indicative of the future performance of AGL Resources or that actual results will not differ materially from those presented in the forward-looking financial information. Inclusion of the forward-looking financial information in this joint proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the forward-looking financial information will be achieved.

See "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 38.

AGL Resources does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations other than for providing estimated ranges of expected earnings for as much as one year in advance in its regular earnings press releases and other investor materials. Accordingly, AGL Resources does not intend to update or otherwise revise the forward-looking financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, AGL Resources does not intend to update or revise the forward-looking financial information to reflect changes in general economic or industry conditions.

The information concerning forward-looking financial information provided by AGL Resources is not included in this joint proxy statement/prospectus in order to induce any shareholder to vote in favor of the merger agreement or to acquire securities of AGL Resources.



**Table of Contents***Nicor Forward-Looking Financial Information*

Nicor does not as a matter of course make public projections as to future revenues, earnings or other results other than for providing estimated ranges of expected earnings for as much as one year in advance in its regular earnings press releases and other investor materials. However, in the course of its discussions with AGL Resources leading up to the execution of the merger agreement, Nicor provided AGL Resources with certain business and financial information which Nicor believes was not publicly available. The information provided to AGL Resources included forward-looking financial information for years 2010 through 2013 based upon projections developed by Nicor through a regular internal planning and forecasting process as well as an extension case that included forward-looking financial information for years 2014 and 2015 based on an assumed general rate increase effective January 1, 2014 at Nicor Gas and an extrapolation of these projections for the remainder of the company. The information provided to AGL Resources and summarized below was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. In the view of Nicor's management, the information was prepared on a reasonable basis and reflected the best available estimates and judgments at the time of its preparation, and presented at the time of its preparation, to the best of Nicor management's knowledge and belief, a reasonable projection of future financial performance of Nicor. However, the information provided to AGL Resources has not been updated, is not fact and should not be relied upon as being indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to rely on this forward-looking financial information.

Neither Nicor's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking financial information.

The following table is a portion of the forward-looking financial information Nicor provided to AGL Resources for years 2010 through 2015.

	Year Ended December 31					
	2010E	2011E	2012E	2013E	2014E	2015E
	(in millions except per share amounts)					
Earnings before Interest and Taxes	\$ 246	\$ 205	\$ 218	\$ 228	\$ 253	\$ 253
Net Income	\$ 139	\$ 111	\$ 116	\$ 122	\$ 141	\$ 142
Earnings per Share	\$ 3.04	\$ 2.42	\$ 2.52	\$ 2.65	\$ 3.06	\$ 3.08

The Nicor forward-looking financial information was based upon various assumptions, including, but not limited to, the following principal assumptions:

Nicor Gas assumes a rate case with operating margin increases effective in fiscal year 2014;

continued organic growth in new markets and products for the energy-related subsidiaries;

completion of the Central Valley storage project with operations beginning in 2012; and

increasing operating income in the Tropical Shipping business over the plan periods.

The estimates and assumptions underlying the forward-looking financial information are inherently uncertain and, though considered reasonable by the management of Nicor as of the date of its preparation, are subject to a wide variety of significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking financial information, including, among other things, fluctuations in rate recovery, weather and gas commodity prices. See **Risk Factors** beginning on page 27. Accordingly, there can be no assurance that the forward-looking results are indicative of the future performance of Nicor or that actual results will not differ materially from those presented in the forward-looking financial information. Inclusion of the forward-looking financial information in this joint proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the forward-looking financial information will be achieved.





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See Cautionary Statement Regarding Forward-Looking Statements beginning on page 38.

Nicor does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations other than for providing estimated ranges of expected earnings for as much as one year in advance in its regular earnings press releases and other investor materials. Accordingly, Nicor does not intend to update or otherwise revise the forward-looking financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, Nicor does not intend to update or revise the forward-looking financial information to reflect changes in general economic or industry conditions.

The information concerning forward-looking financial information provided by Nicor is not included in this joint proxy statement/prospectus in order to induce any shareholder to vote in favor of the merger agreement or to acquire securities of Nicor.

## **Accounting Treatment**

The acquisition of Nicor common stock by AGL Resources in the merger will be accounted for in accordance with the acquisition method of accounting and the regulations of the SEC. This means that the assets and liabilities of Nicor will be recorded, as of the completion of the merger, at their fair values and consolidated with those of AGL Resources. This will result in recording an amount for goodwill, which represents the excess of the purchase price over the fair value of the identifiable net assets of Nicor. Financial statements of AGL Resources issued after the merger will reflect only the operations of Nicor's business after the merger and will not be restated retroactively to reflect the historical financial position or results of operations of Nicor.

All unaudited pro forma combined financial information contained in this joint proxy statement/prospectus was prepared using the acquisition method of accounting for business combinations. The final allocation of the purchase price will be determined after the merger is completed and after completion of an analysis to determine the fair value of the assets and liabilities of Nicor's business. Accordingly, the final purchase accounting adjustments may be materially different from the unaudited pro forma adjustments. Any decrease in the fair value of the assets or increase in the fair value of the liabilities of Nicor's business as compared to the unaudited pro forma combined financial information included in this joint proxy statement/prospectus will have the effect of increasing the amount of recorded goodwill. An increase or decrease in the share price of AGL Resources would have the effect of increasing or decreasing goodwill, as the case may be. The goodwill amount will not be affected by a change in the Nicor share price.

## **Material United States Federal Income Tax Consequences of the Transaction**

The following discusses certain material United States federal income tax consequences of the merger and subsequent merger, taken together as a single integrated transaction, applicable to United States holders (as defined below) of Nicor common stock that receive AGL Resources common stock and cash in the transaction. Dewey & LeBoeuf LLP and Latham & Watkins LLP have advised AGL Resources and Nicor, respectively, that the transaction will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that each of AGL Resources and Nicor will be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. The tax opinions of Dewey & LeBoeuf LLP and Latham & Watkins LLP are based, in part, on factual representations, in form and substance reasonably acceptable to Dewey & LeBoeuf LLP and Latham & Watkins LLP, made by AGL Resources, Merger Sub, Merger LLC and Nicor, and on customary factual assumptions, all of which must be consistent with the state of facts existing as of the effective time of the merger and the subsequent merger. It is a condition to the obligations of AGL Resources and Nicor to complete the merger that each shall have received confirmation, dated as of the closing date of the merger, of the opinion of its respective tax counsel contained in this paragraph, which opinion similarly will be based on certain factual representations and assumptions. If any of the factual representations or assumptions on

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which the opinions described above are based are inaccurate as of the effective time of the merger and the subsequent merger, the tax consequences to United States holders could differ materially from those described below. Although the merger agreement allows AGL Resources and Nicor to waive the opinion requirements as a condition to closing, neither AGL Resources nor Nicor currently anticipates doing so. If either AGL Resources or Nicor does waive these conditions, you will be informed of this decision prior to being asked to vote on the transaction.

The above-described opinions of counsel represent the best legal judgment of counsel to AGL Resources and counsel to Nicor. These opinions and the discussion set forth herein are not binding on the Internal Revenue Service or any court. No ruling will be sought from the Internal Revenue Service with respect to the tax consequences of the transaction and no assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

The following discussion is based upon the Internal Revenue Code, United States Treasury regulations, judicial authorities, published positions of the Internal Revenue Service, and other applicable authorities, all as currently in effect on the date of this joint proxy statement/prospectus and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to United States holders that hold their shares of Nicor common stock as capital assets for United States federal income tax purposes (generally, assets held for investment). This discussion does not address all of the tax consequences that may be relevant to a particular Nicor shareholder or to Nicor shareholders that are subject to special treatment under United States federal income tax laws including, but not limited to, financial institutions, tax-exempt organizations, insurance companies, regulated investment companies, partnerships or other pass-through entities, broker-dealers, traders in securities who elect the mark to market method of accounting for their securities, Nicor shareholders that hold their shares of Nicor common stock as part of a straddle, hedge, conversion transaction or other integrated transaction, Nicor shareholders who acquired their shares of Nicor common stock pursuant to the exercise of employee stock options or otherwise in connection with the performance of services, United States expatriates, Nicor shareholders who have a functional currency other than the United States dollar, Nicor shareholders liable for the alternative minimum tax and Nicor shareholders who exercise dissenters' rights. This discussion also does not address the tax consequences to Nicor, or to Nicor shareholders that own 5% or more of Nicor common stock or that are affiliates of Nicor. In addition, this discussion does not address other United States federal taxes (such as gift or estate taxes or alternative minimum taxes), the tax consequences of the transaction under state, local or foreign tax laws or certain tax reporting requirements that may be applicable with respect to the transaction.

For purposes of this discussion, the term "United States holder" means a beneficial owner of Nicor common stock that is (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to United States federal income tax regardless of its source and (iv) a trust that (x) is subject to the supervision of a court within the United States and the control of one or more United States persons or (y) has validly elected under applicable United States Treasury regulations to be treated as a United States person.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a Nicor shareholder, the United States federal income tax treatment of a partner in the partnership will generally depend upon the status of the person and the activities of the partnership. A partner in a partnership holding Nicor common stock should consult its own tax advisors with respect to the tax consequences of the transaction.

**Nicor shareholders are urged to consult their tax advisors as to the particular United States federal income tax consequences of the transaction to them, as well as any tax consequences arising under any state, local and non-United States tax laws or any other United States federal tax laws.**

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Based on and subject to the foregoing, the following material United States federal income tax consequences will result from qualification of the transaction as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code:

a United States holder generally will recognize gain (but not loss), determined separately for each identifiable block of shares of Nicor common stock (generally, Nicor common stock acquired at different prices or at different times) that is exchanged in the transaction, in an amount equal to the lesser of (i) the amount of cash received in the transaction with respect to such block, excluding any cash received in lieu of a fractional share of AGL Resources common stock (which is discussed below), and (ii) the excess, if any, of (a) the sum of the amount of such cash and the fair market value of the AGL Resources common stock received in the transaction with respect to such block over (b) the United States holder's tax basis in its shares of Nicor common stock in such block. A United States holder may not offset a loss recognized on one block of shares against the gain recognized on another block of shares. Any gain recognized generally will be long-term capital gain if, as of the date of the merger, the shares of Nicor common stock exchanged in the transaction were held for more than one year, unless the receipt of cash has the effect of a distribution of a dividend under the provisions of the Internal Revenue Code, in which case such gain will be treated as a dividend to the extent of such United States holder's ratable share of the undistributed earnings and profits of Nicor. United States holders should consult their tax advisors as to the possibility that all or a portion of any cash received in exchange for their shares of Nicor common stock will be treated as a dividend;

a United States holder generally will have an aggregate tax basis in the shares of AGL Resources common stock received in the transaction (including any fractional share of AGL Resources common stock deemed received and redeemed for cash, as discussed below) equal to the United States holder's aggregate tax basis in its shares of Nicor common stock exchanged in the transaction, reduced by the amount of cash received in the transaction (other than cash received in lieu of a fr