American Gas Association 2011 Financial Forum

May 16, 2011

AGL Resources™

Cautionary Statements and Supplemental Information

Forward-Looking Statements

Certain expectations and projections regarding our future performance referenced in this presentation, in other reports or statements we file with the SEC or otherwise release to the public, and on our website, are forward-looking statements. Senior officers and other employees may also make verbal statements to analysts, investors, regulators, the media and others that are forward-looking. Forward-looking statements involve matters that are not historical facts, such as statements regarding our future operations, prospects, strategies, financial condition, economic performance (including growth and earnings), industry conditions and demand for our products and services. 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," "may," "outlook," "plan," "potential," "predict," "project," "seek," "should," "target," "would," or similar expressions. Forward-looking statements contained in this presentation include, without limitation, statements regarding future earnings per share, dividend growth and EBIT contribution, our priorities for 2011 and the proposed merger with Nicor Inc. Our expectations are not guarantees and are based on currently available competitive, financial and economic data along with our operating plans. While we believe our expectations are reasonable in view of the currently available information, our expectations are subject to future events, risks and uncertainties, and there are several factors - many beyond our control - that could cause results to differ significantly from our expectations.

Such events, risks and uncertainties include, but are not limited to, changes in price, supply and demand for natural gas and related products; the impact of changes in state and federal legislation and regulation including changes related to climate change; actions taken by government agencies on rates and other matters; concentration of credit risk; utility and energy industry consolidation; the impact on cost and timeliness of construction projects by government and other approvals, development project delays, adequacy of supply of diversified vendors, unexpected change in project costs, including the cost of funds to finance these projects; the impact of acquisitions and divestitures; direct or indirect effects on our business, financial condition or liquidity resulting from a change in our credit ratings or the credit ratings of our counterparties or competitors; interest rate fluctuations; financial market conditions, including recent disruptions in the capital markets and lending environment and the current economic downturn; general economic conditions; uncertainties about environmental issues and the related impact of such issues; the impact of changes in weather, including climate change, on the temperature-sensitive portions of our business; the impact of natural disasters such as hurricanes on the supply and price of natural gas; acts of war or terrorism; and other factors which are provided in detail in our filings with the Securities and Exchange Commission. Forward-looking statements are only as of the date they are made, and we do not undertake to update these statements to reflect subsequent changes.

Supplemental Information

Company management evaluates segment financial performance based on earnings before interest and taxes (EBIT), which includes the effects of corporate expense allocations and on operating margin. EBIT is a non-GAAP (accounting principles generally accepted in the United States of America) financial measure that includes operating income, other income and expenses. Items that are not included in EBIT are financing costs, including debt and interest expense and income taxes. The company evaluates each of these items on a consolidated level and believes EBIT is a useful measurement of our performance because it provides information that can be used to evaluate the effectiveness of our businesses from an operational perspective, exclusive of the costs to finance those activities and exclusive of income taxes, neither of which is directly relevant to the efficiency of those operations. Operating margin is a non-GAAP measure calculated as operating revenues minus cost of gas, excluding operation and maintenance expense, depreciation and amortization, and taxes other than income taxes. These items are included in the company's calculation of operating income. The company believes operating margin is a better indicator than operating revenues of the contribution resulting from customer growth, since cost of gas is generally passed directly through to customers. In addition, in this presentation, the company has presented its earnings per share excluding expenses incurred with respect to the proposed Nicor merger. As the company does not routinely engage in transactions of the magnitude of the proposed Nicor merger, and consequently does not regularly incur transaction related expenses with correlative size, the company believes presenting EPS excluding Nicor merger expenses provides investors with an additional measure of the company’s core operating performance. EBIT, operating margin and EPS excluding merger expenses should not be considered as alternatives to, or more meaningful indicators of, the company's operating performance than operating income, net income attributable to AGL Resources Inc. or EPS as determined in accordance with GAAP. In addition, the company's EBIT, operating margin and non-GAAP EPS may not be comparable to similarly titled measures of another company. We also present certain non-GAAP financial measures excluding the effects of our proposed merger with Nicor. Because we complete material mergers and acquisitions only occasionally, we believe excluding these effects from certain measures is useful because they allow investors to more easily evaluate and compare the performance of the Company's core businesses from period to period. Reconciliations of non-GAAP financial measures referenced in this presentation are available on the company’s Web site at www.aglresources.com

Additional Information

Additional Information

In connection with the proposed merger, AGL Resources has filed with the SEC a Registration Statement on Form S-4 (Registration No. 333-172084), as amended, which is publicly available, that includes a joint proxy statement of AGL Resources and Nicor that also constitutes a prospectus of AGL Resources. AGL Resources and Nicor will mail the definitive joint proxy statement/prospectus to their respective stockholders of record as of April 18, 2011. WE URGE INVESTORS TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS CAREFULLY, AS WELL AS OTHER DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT AGL RESOURCES, NICOR AND THE PROPOSED TRANSACTION. The joint proxy statement/prospectus, as well as other filings containing information about AGL Resources and Nicor, can be obtained free of charge at the website maintained by the SEC at www.sec.gov. You may also obtain these documents, free of charge, from AGL Resources' website (www.aglresources.com) under the tab Investor Relations/SEC Filings or by directing a request to AGL Resources, P.O. Box 4569, Atlanta, GA, 30302-4569. You may also obtain these documents, free of charge, from Nicor's website (www.nicor.com) under the tab Investor Information/SEC Filings or by directing a request to Nicor, P.O. Box 3014, Naperville, IL 60566-7014.

The respective directors and executive officers of AGL Resources and Nicor, and other persons, may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding AGL Resources' directors and executive officers is available in the joint proxy statement/prospectus contained in the above referenced Registration Statement and its definitive proxy statement filed with the SEC by AGL Resources on March 14, 2011, and information regarding Nicor directors and executive officers is available in the joint proxy statement/prospectus contained in the above referenced Registration Statement and its definitive proxy statement filed with the SEC by Nicor on April 19, 2011. These documents can be obtained free of charge from the sources indicated above. Other information regarding the interests of the participants in the proxy solicitation are included in the definitive joint proxy statement/prospectus and other relevant materials filed with the SEC. This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

2011 Industry Outlook

- Volatility and price levels expected to remain low, with tighter spreads resulting in lower commercial margin
- Slow economic recovery means growth in natural gas demand primarily driven by power market, weather events and price
- Gas supply driven by shale gas development
- Environmental policy shifts at national and state levels favor increased use of natural gas
- Storage infrastructure build-up remains challenged in the short-term, however:
    - Significant barriers now exist to develop new storage
    - Commodity price of natural gas remains low relative to oil
    - Declining deliverability of shale wells increases need for storage alternatives
    - Renewable energy sources are growing, but increase intra-day demands on back up gas-fired generation
    - Salt-dome storage valuations remain high
- CFTC actions resulting from Dodd-Frank may increase collateral and compliance requirements
- Industry exploring ways to increase usage and distribution of CNG and LNG

2010 Accomplishments

- Continued strong focus on safety (our top priority) and on pipeline integrity and infrastructure enhancement
- Achieved record earnings results ($3.05 per diluted share, excluding merger-related costs)
- Successfully executed our regulatory strategy, including rate case outcomes and minimizing recovery lag for capital deployment
  - Georgia and Tennessee rate cases
  - Infrastructure investment programs with recovery mechanisms
- Realized significant benefits from capital investments in our utility and retail businesses
  - Pipeline projects (Hampton Roads Crossing and Magnolia) performed well in first full year of operations
  - Earnings benefited from additional ownership in the SouthStar joint venture
- Expanded the service offerings and geographic reach of our wholesale business
- Made significant progress on our long-term storage strategy
- Successfully completed more than $2 billion of financing activity
- Announced transformative merger with Nicor, Inc. in December 2010

2011 Segment EBIT

(in millions, except per share amounts)	2007	2008	2009	2010	2011E (3)
Distribution Operations	$338	$329	$326	$355	$374
Retail Energy Operations(1)	$113	$77	$105	$103	$97
Wholesale Services	$34	$60	$47	$49	$53
Energy Investments	$15	$19	$12	$4	$4
Corporate	($7)	($1)	($5)	($12)	($6)
Total	**$493**	**$484**	**$485**	**$499**	**$522**
Earnings Per Diluted Share (2)	$2.72	$2.84	$2.88	$3.05	**$3.10-$3.20**

(1) Retail Energy Operations segment includes EBIT related to SouthStar at the 100% level. AGL Resources owned a 70% interest during 2007, 2008 and 2009, and received an approximate 75% share of the earnings each year (except in Ohio and Florida, which were 70%). Effective January 1, 2010, AGL owns 85% of the joint venture partnership and receives 85% of its earnings. The total earnings per diluted share for AGL Resources represented here reflects these sharing levels in each year.

(2) 2010 actual and 2011 estimated EPS are adjusted for expenses related to the proposed merger with Nicor. See the appendix to this presentation or the investor relations section of www.aglresources.com for a reconciliation to GAAP.

(3) Segment EBIT expectations based upon midpoint of diluted EPS guidance range.

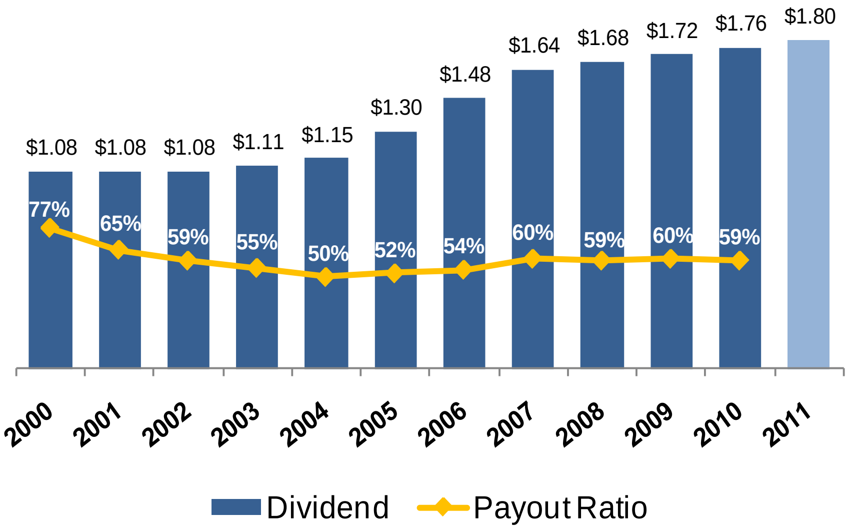
History of EPS & Dividend Growth

AGL Resources continues to expect EPS growth of 4%-6% per year and to maintain a dividend payout ratio in-line with peers.

Diluted EPS Growth

2011 EPS Guidance:
$3.10-$3.20 per diluted share

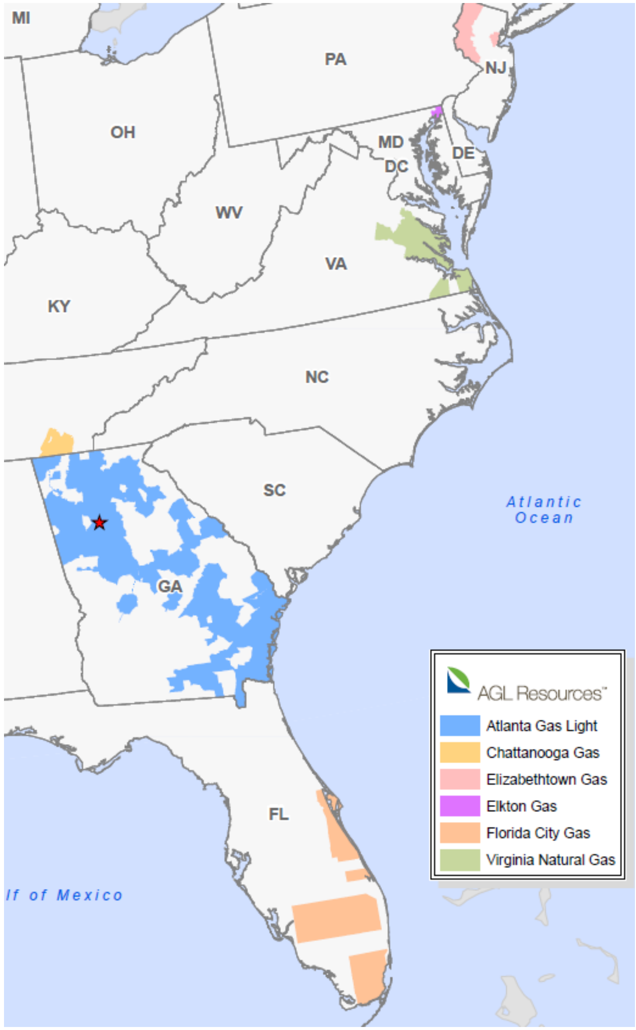
Dividend Growth



Dividend increase of $0.04 approved by Board of Directors for 2011

(1)$3.00 diluted GAAP EPS; $3.05 adjusted, excluding Nicor merger costs. Please see the appendix to this presentation or visit the investor relations section of www.aglresources.com for a reconciliation to GAAP.
(2) Estimate excludes all effects from the proposed merger with Nicor.

Distribution Operations Overview

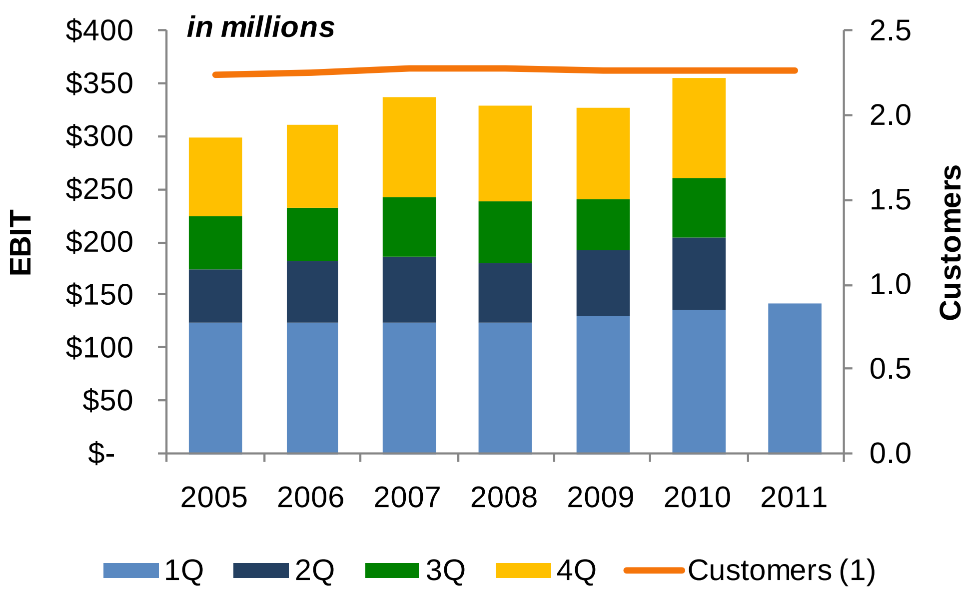


Key Statistics

- 2.3 million customers
- 46,000 miles of pipeline
- Aggregate rate base of $2.5 billion
- Annual capex ~$360 million
  - 50% of capex under rider or other accelerated recovery programs
- 2,184 employees
- Top quartile safety ratings (on-the-job injury)

EBIT Track Record - Distribution

EBIT Growth Despite Limited Customer Growth



- **Invested in infrastructure to improve deliverability and safety in a manner that allows for reduced lag between investment and recovery**
- **Continued focus on cost containment**
- **5-year EBIT CAGR of 3.5% (2005-2010)**

(1) Customer count for 2011 based on full year estimates.

2011 Priorities - Distribution

in millions	2010	2009	Change
Operating Margin	**$ 882**	**$ 836**	**6%**
O&M	358	351	2%
D&A	138	134	3%
Taxes (other than income taxes)	35	34	3%
Total Operating Expenses, exc. COG	**531**	**519**	2%
Operating Income	**351**	**317**	**11%**
Other income	4	9	(56)%
EBIT	**$ 355**	**$ 326**	**9%**

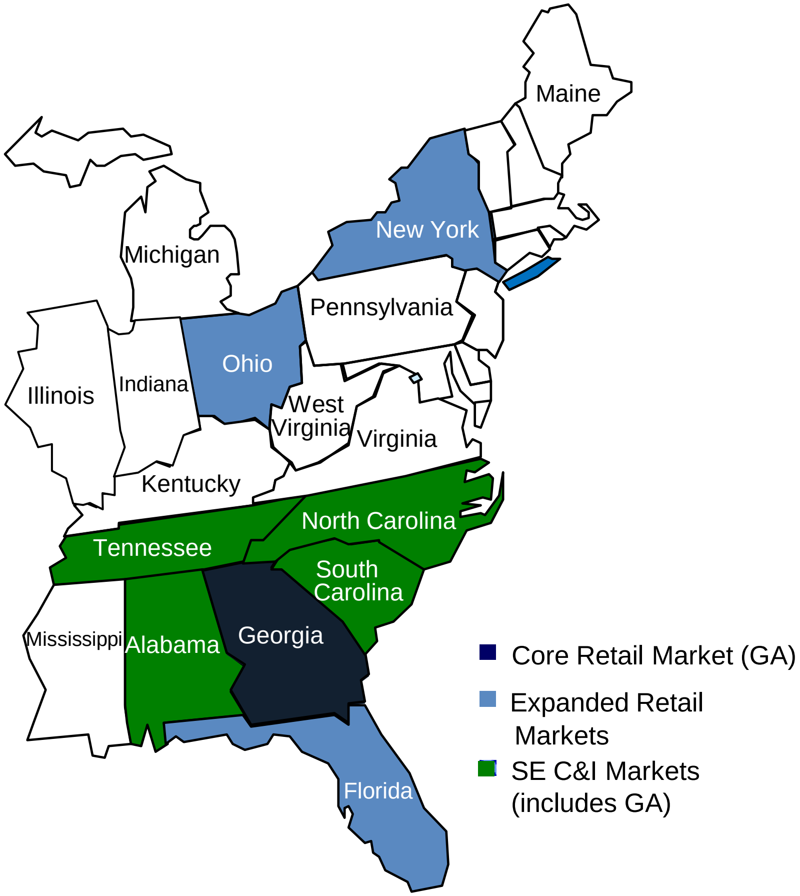
in millions	1Q11	1Q10	Change
Operating Margin	**$ 275**	**$ 264**	**4%**
O&M	90	87	3%
D&A	36	34	6%
Taxes (other than income taxes)	9	9	0%
Total Operating Expenses, exc. COG	**135**	**130**	4%
Operating Income	**140**	**134**	**4%**
Other income	1	2	(50)%
EBIT	**$ 141**	**$ 136**	**4%**

- Continue safe and efficient operations at our distribution businesses
- Maintain leadership role in pipeline safety and infrastructure replacement
- Successfully execute our regulatory strategy to achieve constructive regulatory outcomes and recover prudently incurred investments, including prosecuting rate case at Virginia Natural Gas
- Execute on customer service initiatives and infrastructure programs approved by Georgia Public Service Commission
- Effectively control expenses and maintain focus on capital discipline
- Achieve successful outcome on proposed Nicor Inc. merger agreement with the Illinois Commerce Commission to close 2H11

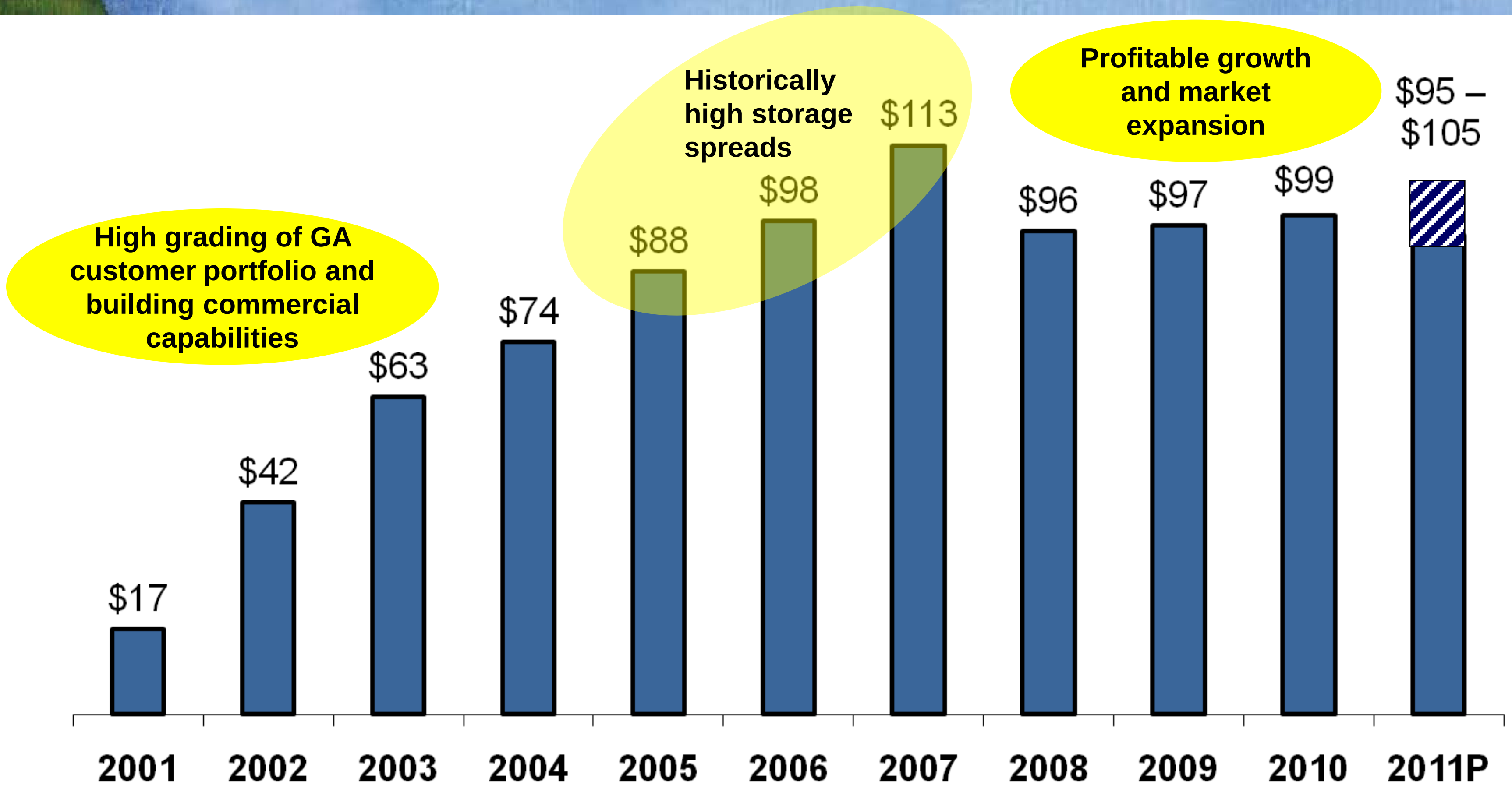
SouthStar Overview

SouthStar is a multistate full-service provider of natural gas supply, transportation and related services.

- **Currently serve approximately 600,000** residential, small business, large commercial and industrial customers and customer equivalents in eight states
- **Leverage local brands:**
  - Georgia Natural Gas
  - Piedmont Energy Company
  - Florida Natural Gas
  - Ohio Natural Gas
  - New York Natural Gas



EBT Track Record - SouthStar[1]



(1) Earnings before tax. SouthStar's EBT is equal to net income as it does not record income taxes because of its partnership structure. Results represent 100% of SouthStar earnings, which effective January 1, 2010 are split 85% to AGL Resources and 15% to Piedmont Natural Gas. EBT excludes lower-of-cost-or-market (LCM) inventory adjustments which were $6MM in 2006; $(6)MM in 2007; $17MM in 2008; $(11)MM in 2009 and $(6)MM in 2010.

2011 Priorities - SouthStar

in millions	2010	2009	Change
Operating Margin	**$ 183**	**$ 181**	**1%**
O&M	76	71	7%
D&A	2	4	(50)%
Taxes (other than income taxes)	2	1	100%
Total Operating Expenses, exc. COG	**80**	**76**	5%
Operating Income	**103**	**105**	**(2)%**
Other income	-	-	nm
EBIT	**$ 103**	**$ 105**	**(2)%**

in millions	1Q11	1Q10	Change
Operating Margin	**$ 89**	**$ 96**	**(7)%**
O&M	20	20	-
D&A	1	1	-
Taxes (other than income taxes)	-	1	nm
Total Operating Expenses, exc. COG	**21**	**22**	(5)%
Operating Income	**68**	**74**	**(8)%**
Other income	-	-	nm
EBIT	**$ 68**	**$ 74**	**(8)%**

- Achieve EBT in the range of $95 million - $105 million
- Maintain stable GA market share and portfolio mix
- Retain/acquire appropriate C&I book to maximize overall margin contribution
- Continue multi-state growth strategy
  - Focus on continued growth (FL, NY, OH and TN)
  - Prepare to enter select emerging markets
- Position commercial business to create incremental value from asset management while managing risks inherent in retail business
- Assess new product and service opportunities
- Integrate Nicor retail business

Sequent Overview

What We Are

- Core strength in physical logistics and optimization of transportation and storage
  - Locational spreads (transportation capacity)
  - Physical storage spreads (cash, futures, time)
- A business that adds and creates value by understanding and meeting customers' needs as well as by optimizing gas flows from supply basin to market center
- Leading manager of contractual storage and transportation assets in the Eastern part of the U.S.
- A business growing our services and fee based activity with producers, power generators, and commercial and industrial customers
- An organization of approximately 150 people supported by strong systems, processes and controls

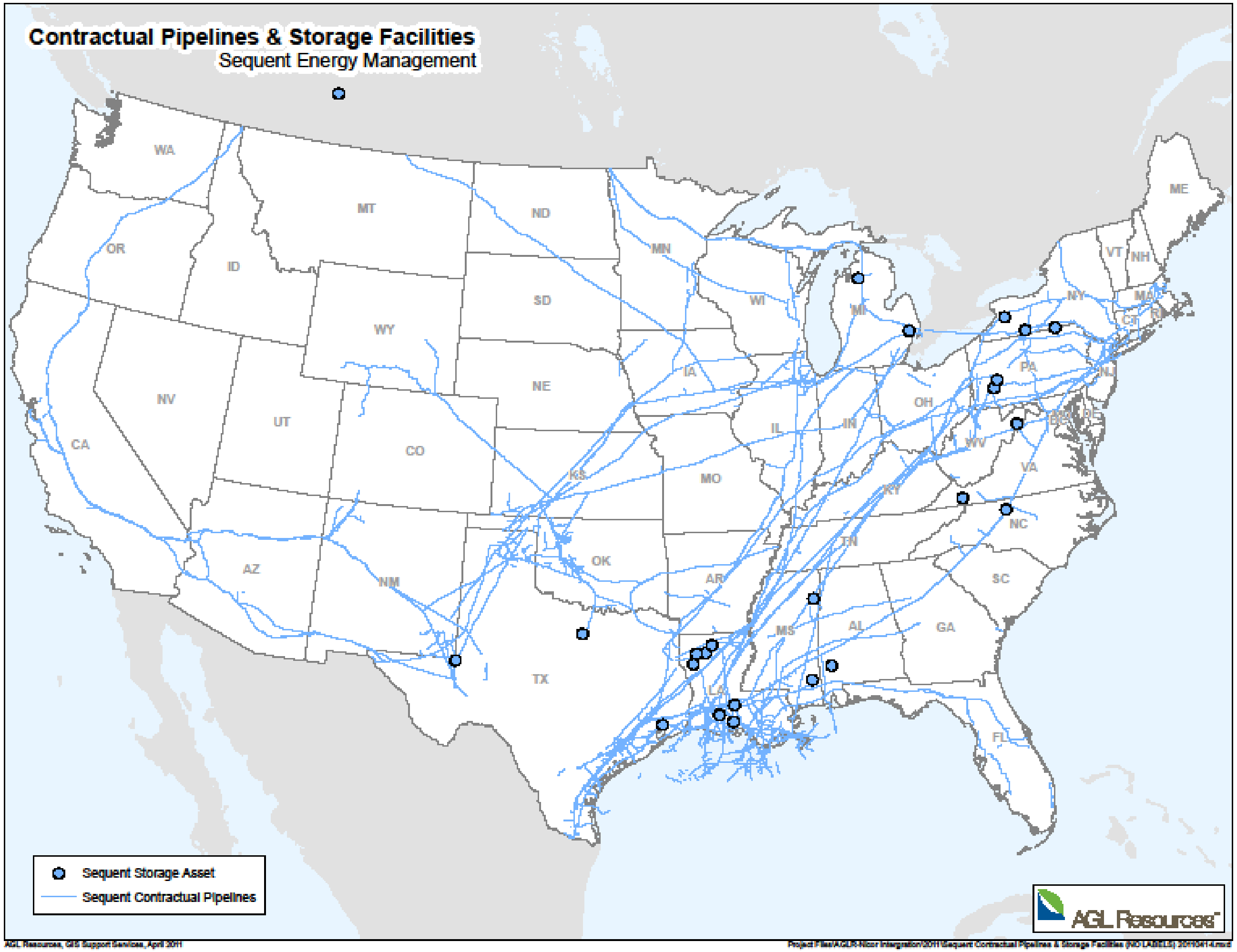
What We Are Not

- Holder of large outright speculative positions
  - Modest risk limits (VaR, credit, basis)
- Financial market-maker

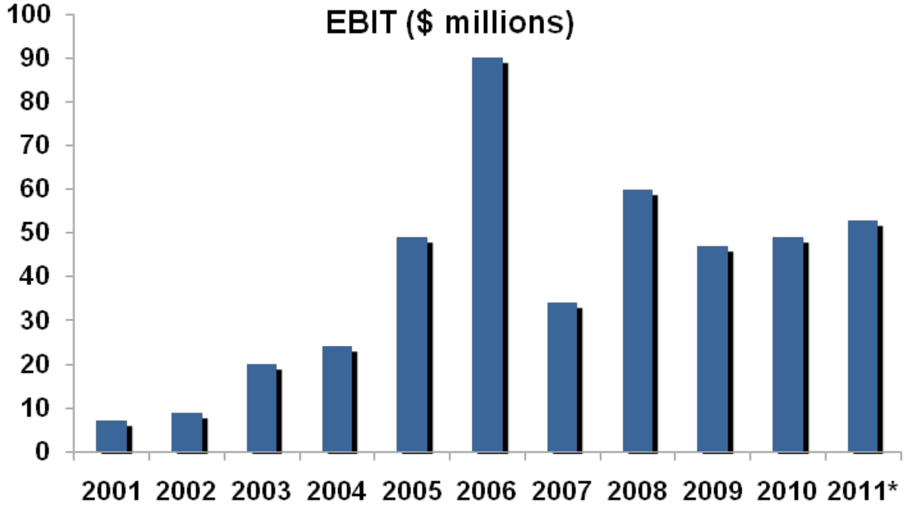
Assets First Approach - Sequent

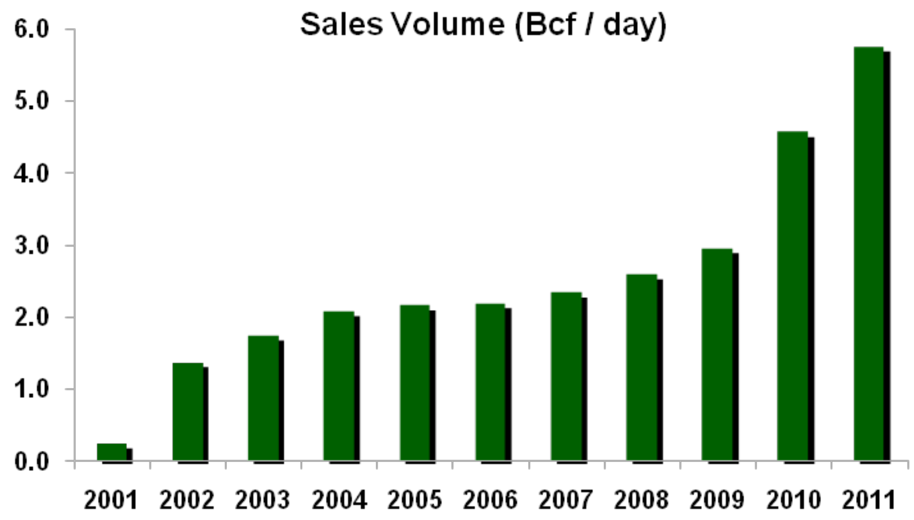
Portfolio benefits result from having assets, producer supply and power generation load.

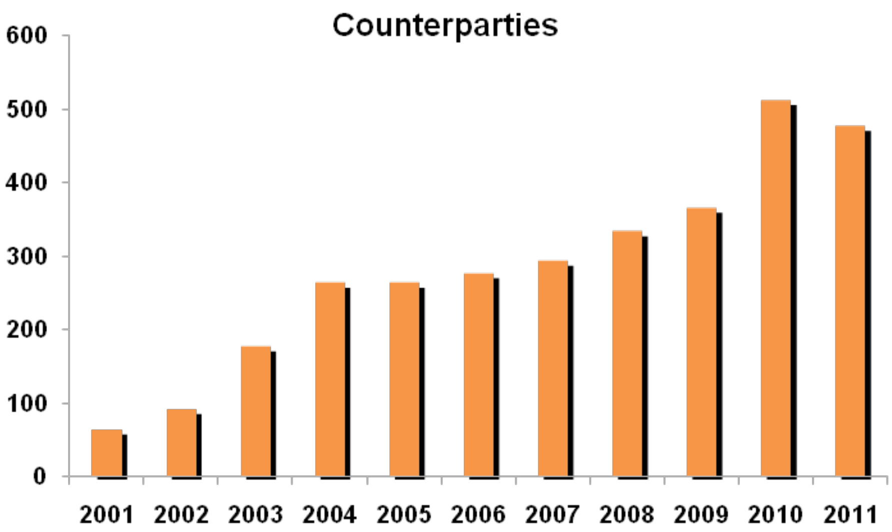
- Assets required to serve higher margin intra-day demands of power plants
- Power generation load - committed gas sales with intra-day gas supply requirements allows Sequent to secure assets competitively
- Producer supply - securing assets provides Sequent the opportunity to compete for producer supply that must be transported to market

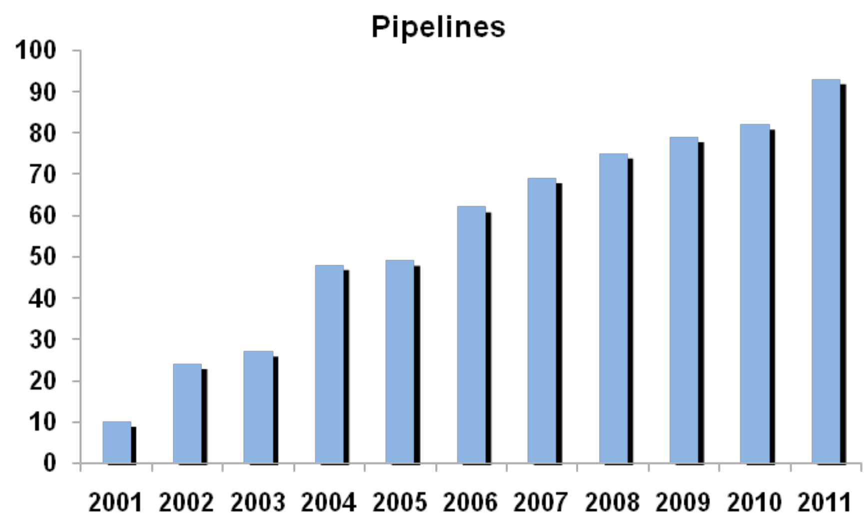


Track Record of Growth - Sequent









*Forecast

2011 Priorities - Sequent

in millions	2010	2009	Change
Operating Margin	**$ 105**	**$ 111**	**(5)%**
O&M	52	59	(12)%
D&A	2	3	(33)%
Taxes (other than income taxes)	3	2	50%
Total Operating Expenses, exc. COG	**57**	**64**	(11)%
Operating Income	**48**	**47**	**2%**
Other income	1	-	nm
EBIT	**$ 49**	**$ 47**	**4%**

in millions	1Q11	1Q10	Change
Operating Margin	**$ 50**	**$ 59**	**(15)%**
O&M	16	15	7%
D&A	-	-	nm
Taxes (other than income taxes)	1	1	-
Total Operating Expenses, exc. COG	**17**	**16**	6%
Operating Income	**33**	**43**	**(23)%**
Other income	-	-	nm
EBIT	**$ 33**	**$ 43**	**(23)%**

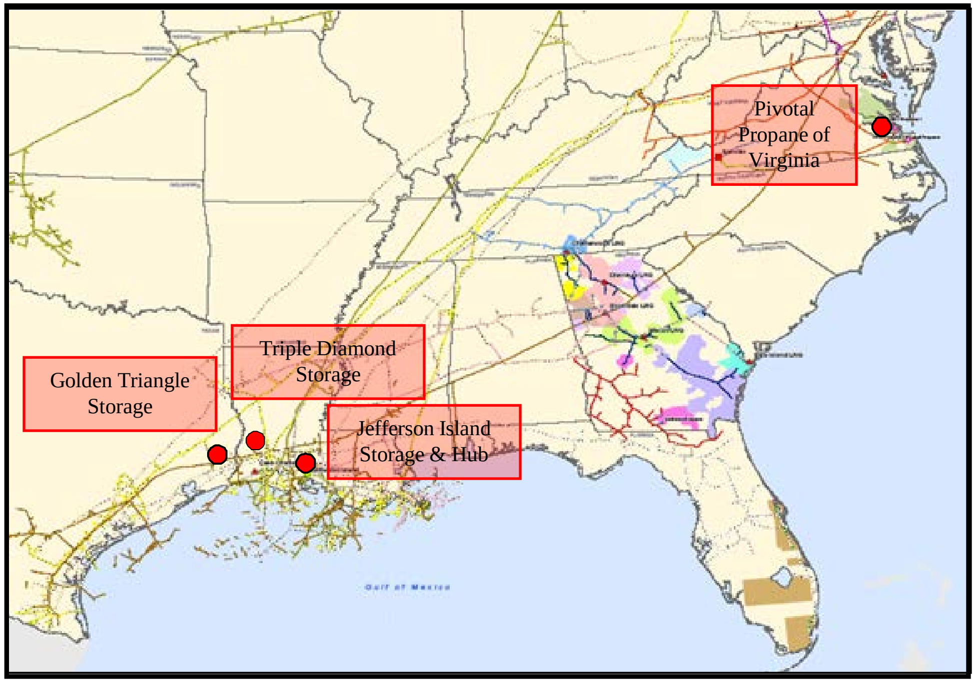
Note: AGL Resources' wholesale services operating segment is subject to mark-to-market gains and losses related to its hedged transportation and storage positions which can create EBIT volatility quarter to quarter and year over year.

- Deliver more than $53 million of EBIT
- Integrate Nicor wholesale business
- Continue deployment of working capital to the highest return assets
- Aggressively pursue new transportation capacity and grow by 8%-10%
- Significantly grow fuel supply to power generators
- Capitalize on areas of volatility
- Strategically enhance regional positions in Pacific NW, Canada and Texas
- Expand producer services effort
- Renew asset management agreements & asset portfolio at lower fixed costs
- Extend Compass growth

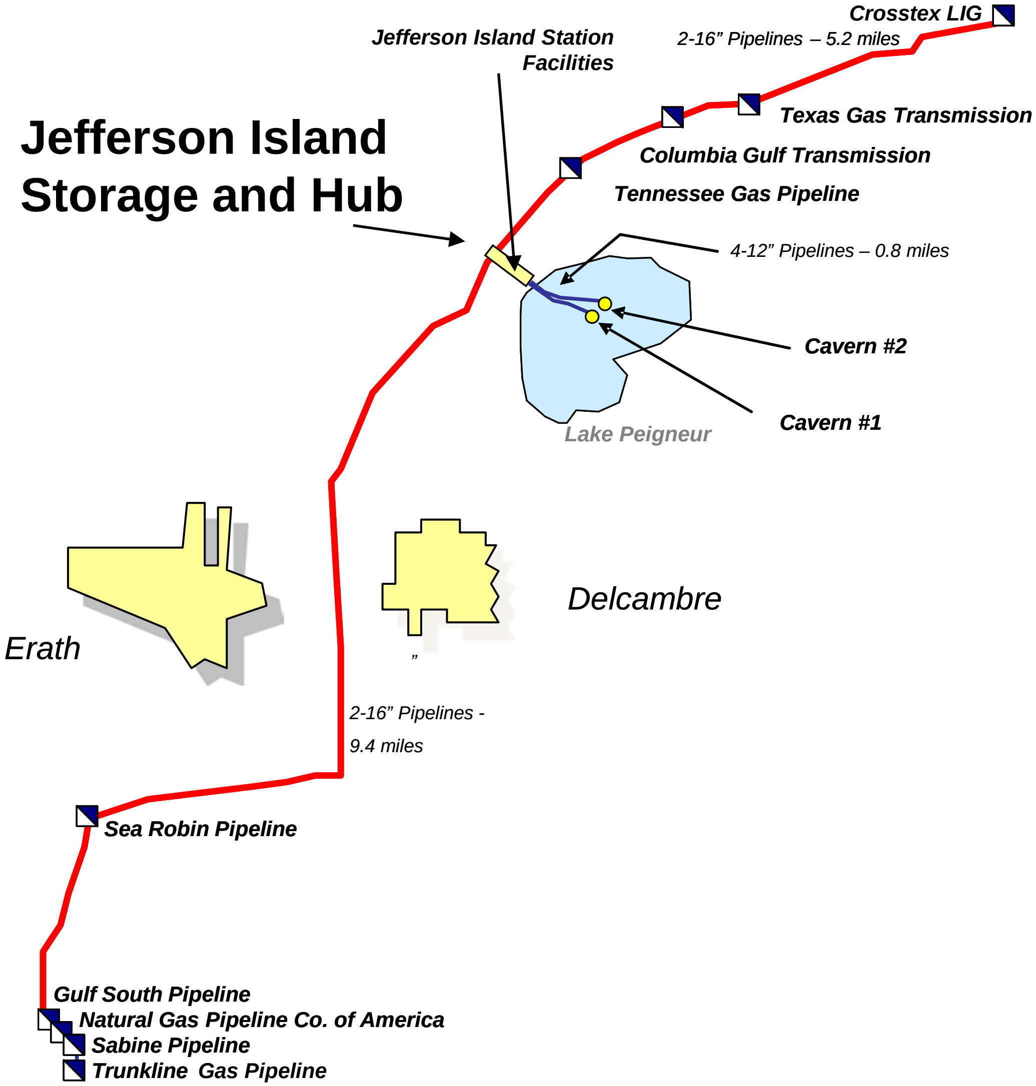
Pivotal Energy Overview

Pivotal is focused on high deliverability salt dome storage and related business development opportunities.

- Customers include utilities, gas marketers and E&P companies
- Favorable storage locations with significant pipeline interconnectivity
- Our storage facilities provide customers with firm, interruptible, wheeling, and park and loan services.
- Current operating facilities:
  - Jefferson Island Storage & Hub (JISH) near Henry Hub in South Louisiana
  - Golden Triangle Storage (GTS) in East Texas
  - Pivotal Propane of Virginia (PPOV)
- Option to develop:
  - Triple Diamond Storage (TDS)



Jefferson Island Storage & Hub



JISH Facility

- Purchased by AGL in 2004 for $90 MM
- Two current caverns with combined 7 Bcf working gas capacity in operation since 1995
- Significantly upgraded the facility's compression, header and meter capacities
- 15 miles dual 16" header with 9 interconnects
- Injection / Withdrawal – 360 / 720 Mdth
- Contract Status:
  - 82% contracted for 2011; weighted average term of 2.2 years
  - Optimizing remaining capacity in 2011

JISH Expansion

- Filed key applications for Department of Natural Resources (DNR) permit and Corps of Engineers permit
- Process slowed due to gulf spill and subsequent drain on resources of Louisiana regulators
- Project will commence based on commercial conditions and will consist of:
  - Completing the raw water and disposal well facilities
  - Solution mining Caverns 3 & 4, adding 12 Bcf of working gas capacity

Golden Triangle Storage

GTS Facility

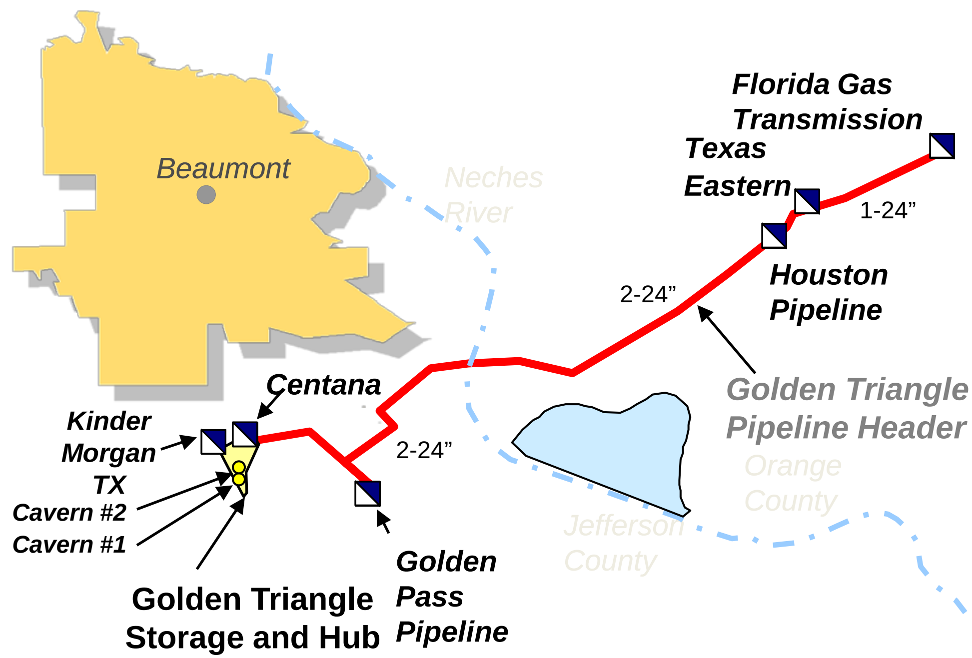
- FERC permitted December 2007
- Commenced construction May 2008
- Cavern 1 in-service with 6 Bcf working gas capacity
- Cavern 2 expected to be 7.2 Bcf by 12/31/2011
- Commercial service of Cavern 2 can begin 2Q12
- 9 miles of dual 24” pipeline with 6 interconnects
- Injection / Withdrawal - 300 / 600 Mdth

Contract Status

- 2 Bcf firm capacity contracted for 5yr term
- Optimizing and marketing remaining capacity for 2011

Capital Expenditures

- Total project cost ~ $325 MM
- Remaining capex of $41 MM (as of 1/1/2011) to complete, which is largely pad gas for Cavern 2



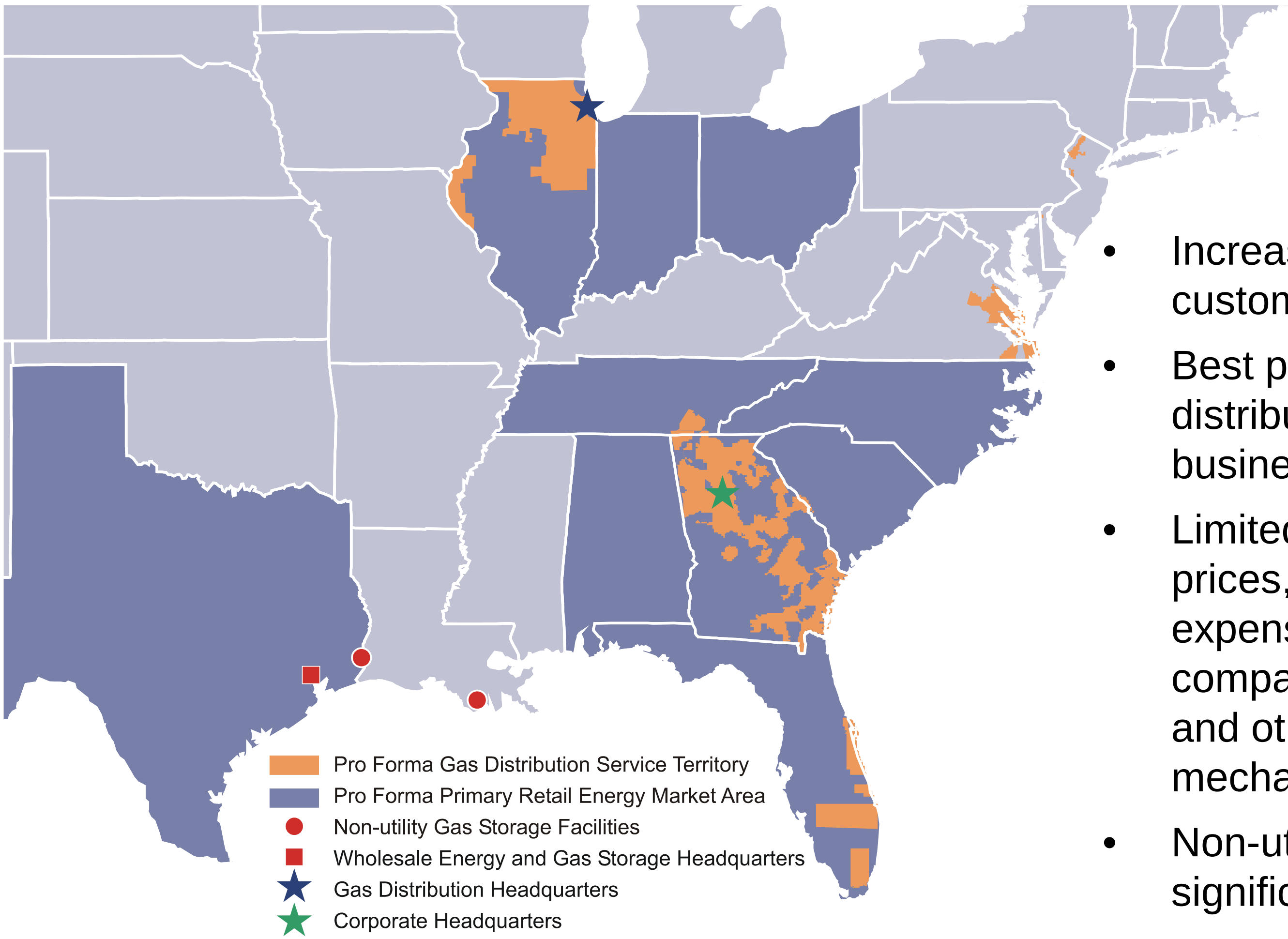
2011 Priorities - Pivotal

- 2011 Priorities
  - Jefferson Island Storage & Hub
    - Continue permitting process for Caverns 3 & 4 (expected early 2012)
    - Enhance commercial and marketing efforts
  - Golden Triangle Storage
    - Contract remaining 4 Bcf at Cavern 1
    - Successfully leach Cavern 2 to ~7.2 Bcf working gas capacity
    - Obtain FERC certificate for Caverns 3 & 4
- Pivotal long-term business strategy
  - Permitting measured expansions
  - Increased optionality
  - Long-term portfolio value
- Pivotal advantages
  - Well capitalized
  - Good locations with low cost expansion opportunities
  - Strong customer focus
  - Experienced management team / sustainable organization

AGL Resources – Nicor Transaction

- Visible and achievable financial and operational benefits driven by increased scale and scope
- Creates one of the lowest-cost, most diversified natural gas utilities
- Combination of complementary unregulated businesses enhances platform for growth
- Leverages AGL Resources' transaction integration expertise
- Enhances earnings profile through expected EPS accretion and increased growth rate
- Combined company expected to maintain solid investment-grade credit ratings

A Leading Gas Distribution Company



- Increased scale benefits customers over time
- Best practices shared across distribution territories and retail businesses
- Limited exposure to commodity prices, weather and bad debt expense for the combined company (through cost recovery and other regulatory mechanisms)
- Non-utility storage capabilities significantly increased

Note: Map excludes Nicor Tropical Shipping business and Central Valley natural gas storage facility under construction in California.

Merger Integration Timeline

Dec 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Transaction Announced	Secure Regulatory Approvals			
	Joint ICC Approval Request Filed 1/18/11	Hart-Scott-Rodino Approval Received 4/18/11		
	Initial S-4 Registration Statement Filed 2/4/11	SEC S-4 Registration Declared Effective 4/29/11		
		AGL Resources and Nicor Shareholder Meetings 6/14/11		
			ICC Hearings to begin in July	
	Integration Planning Current State Assessment		Integration Planning Detailed Design	
	Long-Term Financing for Cash Consideration			
				Statutory Deadline for ICC Ruling 12/16/11

Additional Information

AGL Resources™

Investor Relations

Company resources

- www.aglresources.com
- Sarah Stashak

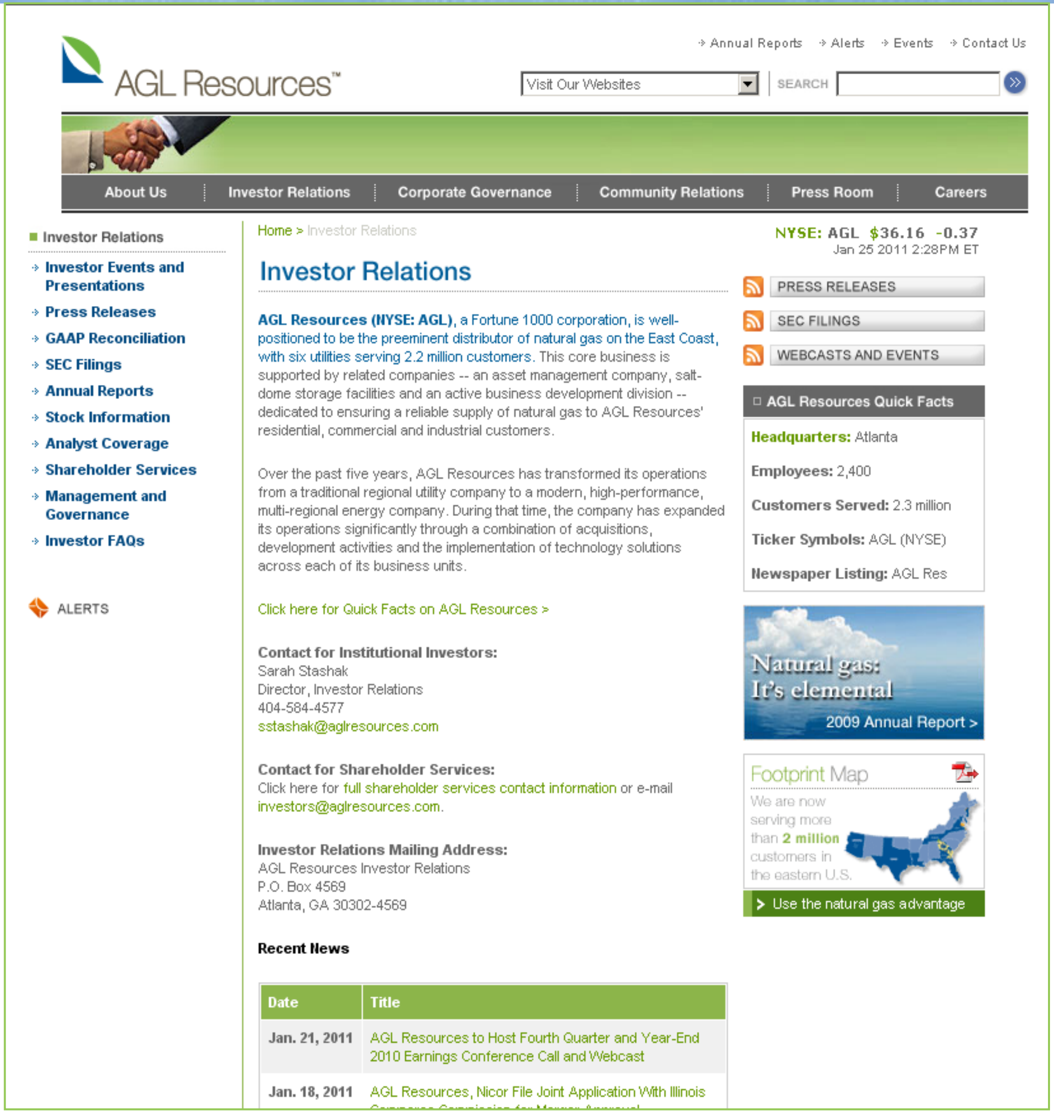
  Director, Investor Relations

  404-584-4577

  sstashak@aglresources.com

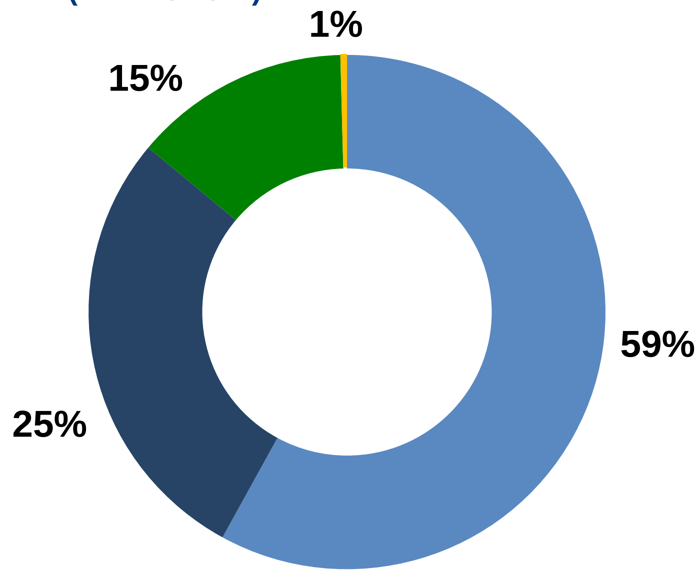
Industry resources

- www.aga.org
- www.eia.doe.gov

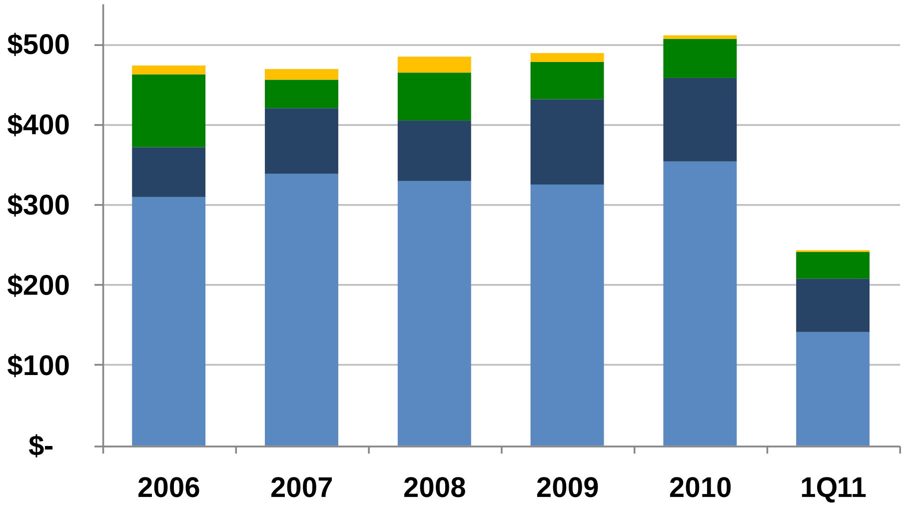


Earnings Before Interest & Taxes

EBIT Contribution by Segment
(as of 3/31/11)



EBIT Track Record
(in millions)



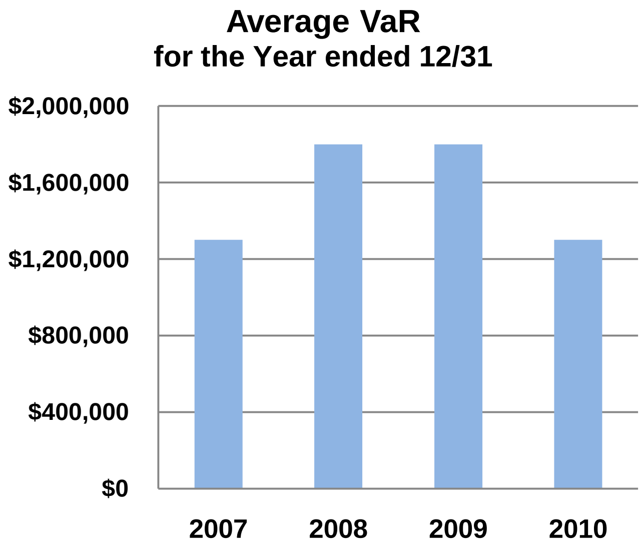
Distribution Retail Wholesale Energy Investments

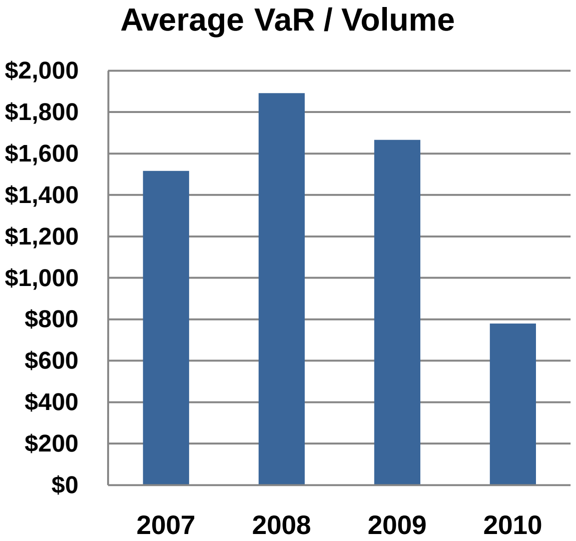
NOTE: EBIT excludes corporate expenses

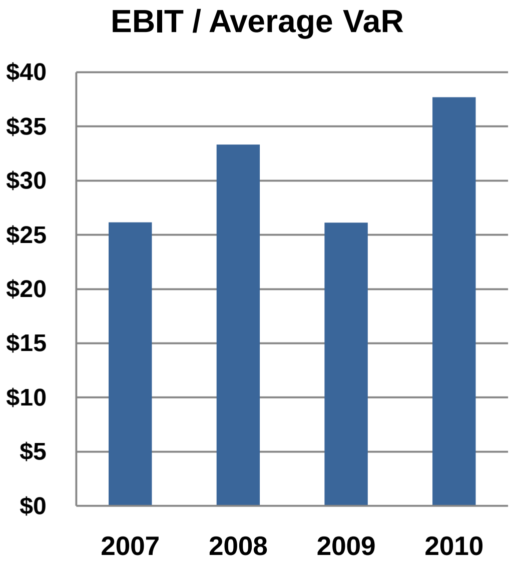
Detailed Utility Profile – 12/31/10

State	Rate Base (mm)	% of Total	Authorized Return on Rate Base	Est. 2010 Return on Rate Base	Authorized Return on Equity	Est. 2010 Return on Equity	Customers (mm)	% of Total	Regulatory Attributes
Georgia	$1,312	52%	8.10%	7.26%	10.75%	9.10%	1.5	68%	Decoupling, Regulatory Infrastructure Program Rates, M&A Synergy Sharing
New Jersey	435	17%	7.64%	7.87%	10.30%	10.76%	0.3	12%	Weather Normalization, Regulatory Infrastructure Program Rates
Virginia	502	20%	9.24%	8.24%	10.90%	9.62%	0.3	12%	Decoupling, Weather Normalization
Florida	164	7%	7.36%	5.04%	11.25%	6.22%	0.1	5%	Negotiated Rates Over 5-yr Period
Tennessee	91	4%	7.41%	8.98%	10.05%	13.45%	0.1	3%	Revenue Normalization
Total	**$ 2,504**	**100%**	**NA**	**NA**	**NA**	**NA**	**2.3**	**100%**	

Sequent - Conservative Risk Profile







GAAP Reconciliations

AGL Resources™

GAAP Reconciliation

Reconciliations of operating margin, EBIT by segment and EPS excluding merger expenses are available in our quarterly reports (Form 10-Q) and annual reports (Form 10-K) filed with the Securities and Exchange Commission.

Our management evaluates segment financial performance based on EBIT, which includes the effects of corporate expense allocations. EBIT is a non-GAAP (accounting principles generally accepted in the United States of America) financial measure. Items that are not included in EBIT are financing costs, including debt and interest expense and income taxes. We evaluate each of these items on a consolidated level and believe EBIT is a useful measurement of our performance because it provides information that can be used to evaluate the effectiveness of our businesses from an operational perspective, exclusive of the costs to finance those activities and exclusive of income taxes, neither of which is directly relevant to the efficiency of those operations.

We also use EBIT internally to measure performance against budget and in reports for management and the Board of Directors. Projections of forward-looking EBIT are used in our internal budgeting process, and those projections are used in providing forward-looking business segment EBIT projections to investors. We are unable to reconcile our forward-looking EBIT business segment guidance to GAAP net income, because we do not predict the future impact of unusual items and mark-to-market gains or losses on energy contracts. The impact of these items could be material to our operating results reported in accordance with GAAP.

Operating margin is a non-GAAP measure calculated as revenues minus cost of gas, excluding operation and maintenance expense, depreciation and amortization, taxes other than income taxes, and the gain or loss on the sale of our assets. These items are included in our calculation of operating income. We believe operating margin is a better indicator than operating revenues of the contribution resulting from customer growth, since cost of gas is generally passed directly through to customers.

We present our EPS excluding expenses incurred with respect to the proposed merger with Nicor. As we do not routinely engage in transactions of the magnitude of the proposed Nicor merger, and consequently do not regularly incur transaction related expenses of correlative size, we believe presenting EPS excluding Nicor merger expenses provides investors with an additional measure of our core operating performance.

EBIT, operating margin and EPS excluding merger expenses should not be considered as alternatives to, or more meaningful indicators of, our operating performance than operating income or net income, as determined in accordance with GAAP. In addition, our EBIT, operating margin and non-GAAP EPS may not be comparable to similarly titled measures of another company.

Net income attributable to AGL Resources, as adjusted and Basic and Diluted earnings per share, as adjusted are non-GAAP measures and exclude transaction costs related to the proposed merger with Nicor. We believe these financial measures are useful to investors because they provide an alternative method for assessing the Company’s operating results in a manner that is focused on the performance of the Company’s ongoing operations. The presentation of these financial measures is not meant to be a substitute for financial measures prepared in accordance with GAAP.

GAAP Reconciliation

The following table sets forth a reconciliation of AGL Resources' operating margin to operating income and earnings before interest and taxes (EBIT) to earnings before income taxes to net income to net income attributable to AGL – as reported and net income attributable to AGL – as adjusted, for the three months ended March 31, 2011 and 2010.

	Three months ended March 31,	
In millions	**2011**	**2010**
Operating revenues	$878	$1,003
Cost of gas (COG)	455	571
Operating margin	423	432
Operating expenses		
Operation and maintenance	131	125
Depreciation and amortization	41	40
Taxes other than income	13	14
Total operating expenses, exc. COG	185	179
Operating Income	238	253
Other income	1	2
EBIT	**239**	**255**
Interest expense, net	29	28
Earnings before income taxes	210	227
Income tax expense	76	82
Net income	**134**	**145**
Less: net income attributable to the noncontrolling interest	10	11
Net income attributable to AGL - as reported	**124**	**134**
Impact of Nicor transaction costs, net of tax	3	-
Net income attributable to AGL - as adjusted	**$127**	**$134**

GAAP Reconciliation

The following tables set forth a reconciliation of AGL Resources' Statement of Income to earnings before interest and taxes (EBIT) by segment for the quarters ended March 31, 2011 and 2010.

3-Months Ended 3/31/11

in millions	Distribution operations	Retail energy operations	Wholesale services	Energy investments	Corporate and intercompany eliminations	Consolidated AGL Resources
Operating Revenues	$ 505	$ 290	$ 53	$ 30	$ -	$ 878
Intersegment Revenues	38	-	-	-	(38)	-
Total Operating Revenues	**543**	**290**	**53**	**30**	**(38)**	**878**
Cost of Gas (COG)	268	201	3	21	(38)	455
Operating Margin	**275**	**89**	**50**	**9**	**-**	**423**
Operating Expenses						
Operation & Maintenance	90	20	16	5	-	131
Depreciation & Amortization	36	1	-	2	2	41
Taxes Other Than Income	9	-	1	1	2	13
Total Operating Expenses, exc. COG	**135**	**21**	**17**	**8**	**4**	**185**
Operating Income (loss)	**140**	**68**	**33**	**1**	**(4)**	**238**
Other income	1	-	-	-	-	1
EBIT	**$ 141**	**$ 68**	**$ 33**	**$ 1**	**$ (4)**	**$ 239**

3-Months Ended 3/31/10

in millions	Distribution operations	Retail energy operations	Wholesale services	Energy investments	Corporate and intercompany eliminations	Consolidated AGL Resources
Operating Revenues	$ 528	$ 393	$ 67	$ 14	$ 1	$ 1,003
Intersegment Revenues	38	-	-	-	(38)	-
Total Operating Revenues	**566**	**393**	**67**	**14**	**(37)**	**1,003**
Cost of Gas (COG)	302	297	8	2	(38)	571
Operating Margin	**264**	**96**	**59**	**12**	**1**	**432**
Operating Expenses						
Operation & Maintenance	87	20	15	6	(3)	125
Depreciation & Amortization	34	1	-	2	3	40
Taxes Other Than Income	9	1	1	1	2	14
Total Operating Expenses, exc. COG	**130**	**22**	**16**	**9**	**2**	**179**
Operating Income (loss)	**134**	**74**	**43**	**3**	**(1)**	**253**
Other income	2	-	-	-	-	2
EBIT	**$ 136**	**$ 74**	**$ 43**	**$ 3**	**$ (1)**	**$ 255**

GAAP Reconciliation

The following tables set forth a reconciliation of AGL Resources' Basic and Diluted earnings per share – as reported (GAAP) to Basic and Diluted earnings per share – as adjusted (Non-GAAP; excluding Nicor merger costs), for the indicated periods.

	Three months ended March 31, 2011
Basic earnings per share – as reported	$1.60
Transaction costs of Nicor merger	0.04
Basic earnings per share – as adjusted	**$1.64**

	Three months ended March 31, 2011
Diluted earnings per share – as reported	$1.59
Transaction costs of Nicor merger	0.04
Diluted earnings per share – as adjusted	**$1.63**