

Q2 2007 Earnings Presentation

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NYSE: ATG
www.aglresources.com

Forward-Looking Statements

Statements in this presentation that are not historical facts, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections, may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. 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,” “can,” “could,” “estimate,” “expect,” “forecast,” “indicate,” “intend,” “may,” “plan,” “predict,” “project,” “future,” “seek,” “should,” “target,” “will,” “would,” or similar expressions. Our expectations are not guarantees and are based on currently available competitive, financial and economic data along with our operating plans. While we believe that 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, impact of changes in state and federal legislation and regulation, actions taken by government agencies on rates and other matters, concentration of credit risk, utility and energy industry consolidation, impact of acquisitions and divestitures, direct or indirect effects on AGL Resources' 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 and general economic conditions, uncertainties about environmental issues and the related impact of such issues, impacts of changes in weather upon the temperature-sensitive portions of the business, impacts of natural disaster such as hurricanes upon the supply or price of gas, acts of war or terrorism, and other factors which can be found 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 any obligation to update these statements to reflect subsequent changes.

Management does not affirm or update earnings guidance during private and one-on-one meetings with investors, but only updates or confirms earnings guidance through public disclosure and filing with the commission. Earnings guidance is only effective as of the date it is given. The company further disclaims any duty to update its guidance.

Non-GAAP Measures

Company management evaluates segment financial performance based on earnings before interest and taxes (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. 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 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.

EBIT and operating margin should not be considered as alternatives to, or more meaningful indicators of, the company's operating performance than operating income or net income as determined in accordance with GAAP. In addition, the company's EBIT or operating margin may not be comparable to similarly titled measures of another company.

Reconciliation of non-GAAP financial measures referenced in this presentation are included in our Form 10-Q filing with the Securities and Exchange Commission and are available on the company's website at www.aglresources.com under the Investor Relations section.

Key Takeaways

- Q2 2007 results of \$0.40 per basic share vs. \$0.25 for Q2 2006
- Performance driven by operating margin improvements in each business segment
- Results reflect continued trends related to reversal of 2006 conservation and to higher customer growth
- Year-to-date EPS increased 3 percent over the prior-year period, to \$1.71 per basic share
- Company reaffirms 2007 earnings guidance in the range of \$2.75 to \$2.85 per basic share
- Filed permit application with FERC for the Golden Triangle Storage project in Texas

Reaffirming 2007 Earnings Guidance

CAGR EPS 2000-2006: 10%

2007 Guidance:
\$2.75 to \$2.85



Q2 2007 Earnings Results



Key Drivers

- Operating margin improvements in each business segment
- Continued reversal of conservation trend
- Higher customer growth
- Hedge gains on storage and transportation at Sequent

Q2 2007 Earnings Performance

	Three Months Ended June 30		
	2007	2006	Change
<i>In \$ millions, except per share amounts</i>			
Operating Income	\$ 78	\$ 60	\$ 18
Interest Expense	27	29	(2)
Earnings Before Income Taxes	49	31	18
Income Taxes	19	12	7
Net Income	30	19	11
Earnings Per Basic Share	\$ 0.40	\$ 0.25	\$ 0.15
Earnings Per Diluted Share	\$ 0.40	\$ 0.25	\$ 0.15
Avg. Shares Outstanding (Basic)	77.5	77.7	(0.2)
Avg. Shares Outstanding (Diluted)	77.9	78.1	(0.2)

Q2 2007 Earnings By Segment

EBIT By Segment	Three Months Ended June 30		
	2007	2006	Change
<i>\$ millions</i>			
Distribution Operations	\$ 64	\$ 59	\$ 5
Retail Energy Operations	5	-	5
Wholesale Services	6	1	5
Energy Investments	2	2	-
Corporate	(1)	(2)	1
Total EBIT	\$ 76	\$ 60	\$ 16

Note: EBIT is a non-GAAP measure. Reconciliation of non-GAAP financial measures referenced in this presentation and the company's second-quarter 2007 earnings press release are available on the company's Web site at www.aglresources.com under the Investor Relations section.

Sequent Reconciliation – Q2 2007 vs. Q2 2006

\$ millions	Three Months Ended June 30		
	2007	2006	Change
Operating Revenues Consist of:			
Gain on Storage Hedges	\$ 16	\$ 12	\$ 4
Gain on Transportation Hedges	3	-	3
Commercial Activity	(1)	5	(6)
Total Operating Revenues	18	17	1
Cost of Sales (Lower-of-Cost-or-Market Adjustment)*	(3)	(6)	3
Reported Operating Margin	15	11	4
Operating and Other Expenses	9	10	(1)
EBIT	\$ 6	\$ 1	\$ 5

* Net of \$2 million in hedging recoveries in Q2 2006.

Note: EBIT and operating margin are non-GAAP measures. Reconciliation of non-GAAP financial measures referenced in this presentation and the company's second-quarter 2007 earnings press release are available on the company's Web site at www.aglresources.com under the Investor Relations section.

Year-to-Date Results **(through June 30, 2007)**

YTD 2007 Earnings Results



Key Drivers

- Strong performance from Retail Energy and Distribution Operations segments
- Higher customer growth and increased usage
- Return to more normal weather pattern and pricing levels
- Expected lower results in Wholesale Services

YTD 2007 Earnings Performance

	Six Months Ended June 30		
	2007	2006	Change
<i>In \$ millions, except per share amounts</i>			
Operating Income	\$ 294	\$ 288	\$ 6
Interest Expense	58	59	(1)
Earnings Before Income Taxes	213	208	5
Income Taxes	81	79	2
Net Income	132	129	3
Earnings Per Basic Share	\$ 1.71	\$ 1.66	\$ 0.05
Earnings Per Diluted Share	\$ 1.70	\$ 1.65	\$ 0.05
Avg. Shares Outstanding (Basic)	77.5	77.8	(0.3)
Avg. Shares Outstanding (Diluted)	77.9	78.2	(0.3)

YTD 2007 Earnings By Segment

EBIT By Segment	Six Months Ended June 30		
	2007	2006	Change
<i>\$ millions</i>			
Distribution Operations	\$ 187	\$ 182	\$ 5
Retail Energy Operations	68	54	14
Wholesale Services	15	33	(18)
Energy Investments	4	4	-
Corporate	(3)	(6)	3
Total EBIT	\$ 271	\$ 267	\$ 4

Note: EBIT is a non-GAAP measure. Reconciliation of non-GAAP financial measures referenced in this presentation and the company's second-quarter 2007 earnings press release are available on the company's Web site at www.aglresources.com under the Investor Relations section.

Sequent Reconciliation – YTD 2007 vs. YTD 2006

\$ millions	Six Months Ended June 30		
	2007	2006	Change
Operating Revenues Consist of:			
Gain on Storage Hedges	\$ 10	\$ 17	\$ (7)
Gain on Transportation Hedges	3	2	1
Commercial Activity	24	46	(22)
Total Operating Revenues	37	65	(28)
Cost of Sales (Lower-of-Cost-or-Market Adjustment)*	(3)	(11)	8
Reported Operating Margin	34	54	(20)
Operating and Other Expenses	19	21	(2)
EBIT	\$ 15	\$ 33	\$ (18)

* Net of \$2 million in hedging recoveries during 2006.

Note: EBIT and operating margin are non-GAAP measures. Reconciliation of non-GAAP financial measures referenced in this presentation and the company's second-quarter 2007 earnings press release are available on the company's Web site at www.aglresources.com under the Investor Relations section.