

## GAAP Reconciliation

The following tables set forth a reconciliation of AGL Resources' operating margin and earnings before interest and taxes (EBIT) to operating income, earnings before income taxes and net income attributable to AGL Resources Inc. for the indicated periods.

<i>In millions</i>	Six months ended June 30,					Nine months ended Sept 30,					Twelve months ended Dec 31,				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2008	2007	2006	2005	2004
Operating revenues	\$1,372	\$1,456	\$1,440	\$1,480	\$1,338	\$1,679	\$1,995	\$1,809	\$1,914	\$1,725	\$2,800	\$2,494	\$2,621	\$2,718	\$1,832
Cost of goods sold	741	932	828	874	776	840	1,193	987	1,064	961	1,654	1,369	1,482	1,626	995
Operating margin	631	524	612	606	562	839	802	822	850	764	1,146	1,125	1,139	1,092	837
Operating expenses															
Operation and maintenance	244	233	227	230	228	359	337	334	341	334	472	451	473	477	377
Depreciation and amortization	78	74	71	68	66	118	112	108	101	99	152	144	138	133	99
Taxes other than income	24	23	20	20	21	34	33	31	30	30	44	41	40	40	29
Total operating expenses	346	330	318	318	315	511	482	473	472	463	668	636	651	650	505
Operating Income	285	194	294	288	247	328	320	349	378	301	478	489	488	442	332
Other income (expense)	5	4	1	(2)	2	7	6	1	(2)	2	6	4	(1)	(1)	-
EBIT	290	198	295	286	249	335	326	350	376	303	484	493	487	441	332
Interest expense, net	49	56	58	59	52	75	85	92	91	79	115	125	123	109	71
Earnings before income taxes	241	142	237	227	197	260	241	258	285	224	369	368	364	332	261
Income tax expense	85	47	81	79	69	92	86	89	101	79	132	127	129	117	90
Net income	156	95	156	148	128	168	155	169	184	145	237	241	235	215	171
Net income attributable to the noncontrolling interest	17	17	24	19	16	17	12	24	19	18	20	30	23	22	18
Net income attributable to AGL Resources Inc.	\$139	\$78	\$132	\$129	\$112	\$151	\$143	\$145	\$165	\$127	\$217	\$211	\$212	\$193	\$153

## GAAP RECONCILIATION

<i>In millions</i>	Three months ended Mar 31,					Three months ended June 30,					Three months ended Sept 30,					Three months ended Dec 31,				
	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005	2008	2007	2006	2005	2004
Operating revenues	\$995	\$1,012	\$973	\$1,044	\$908	\$377	\$444	\$467	\$436	\$430	\$307	\$539	\$369	\$434	\$387	\$805	\$685	\$707	\$993	\$625
Cost of goods sold	589	657	595	655	568	152	275	233	219	208	99	261	159	190	185	461	382	418	665	368
Operating margin	406	355	378	389	340	225	169	234	217	222	208	278	210	244	202	344	303	289	328	257
Operating expenses																				
Operation and maintenance	125	119	116	117	115	119	114	111	113	113	115	104	107	111	106	135	117	132	143	120
Depreciation and amortization	39	36	35	34	33	39	38	36	34	33	40	38	37	33	33	40	36	37	34	28
Taxes other than income	12	12	11	10	11	12	11	9	10	10	10	10	11	9	9	11	10	10	10	9
Total operating expenses	176	167	162	161	159	170	163	156	157	156	165	152	155	154	148	186	163	179	187	157
Operating Income	230	188	216	228	181	55	6	78	60	66	43	126	55	90	54	158	140	110	141	100
Other income (expense)	2	1	1	(2)	1	3	3	-	-	1	2	2	-	-	-	-	3	1	(3)	(2)
EBIT	232	189	217	226	182	58	9	78	60	67	45	128	55	90	54	158	143	111	138	98
Interest expense, net	25	30	31	30	26	24	26	27	29	26	26	29	34	32	27	30	33	32	30	22
Earnings (loss) before income taxes	207	159	186	196	156	34	(17)	51	31	41	19	99	21	58	27	128	110	79	108	76
Income tax expense (benefit)	72	54	62	67	55	13	(7)	19	12	14	7	39	8	22	10	46	38	28	38	26
Net income (loss)	135	105	124	129	101	21	(10)	32	19	27	12	60	13	36	17	82	72	51	70	50
Net income (loss) attributable to the noncontrolling interest	16	16	22	19	13	1	1	2	-	3	-	(5)	-	-	2	8	6	4	4	4
Net income (loss) attributable to AGL Resources Inc.	\$119	\$89	\$102	\$110	\$88	\$22	(\$9)	\$34	\$19	\$30	\$12	\$55	\$13	\$36	\$19	\$74	\$66	\$47	\$66	\$46

A reconciliation of operating margin and EBIT by segment is 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 attributable to AGL Resources Inc., 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.

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