

AGL RESOURCES INC  
Form 424B5  
December 11, 2007  
Table of Contents

Filed Pursuant to Rule 424(b)(5)  
Registration Nos. 333-145606  
and 333-145606-02

This Prospectus Supplement and the accompanying Prospectus relate to an effective registration statement under the Securities Act of 1933, as amended, but are not complete and may be changed. This Prospectus Supplement and the accompanying Prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated December 11, 2007

**Preliminary Prospectus Supplement**

(To Prospectus dated August 21, 2007)

\$

**AGL CAPITAL CORPORATION**

**6.375% Senior Notes due 2016**

---

This is a public offering by AGL Capital Corporation, a wholly-owned subsidiary of AGL Resources Inc., of \$ \_\_\_\_\_ of its 6.375% Senior Notes due 2016. AGL Capital will pay interest on the senior notes on January 15 and July 15 of each year, beginning January 15, 2008. The senior notes will mature on July 15, 2016. The senior notes may be redeemed, in whole or in part, at any time and from time to time, as described under the caption Description of the Senior Notes Optional Redemption.

The senior notes are part of a series originally issued by us in the aggregate principal amount of \$175,000,000 on June 30, 2006. The senior notes offered hereby will form a single series with the previously issued notes, will have the same CUSIP number and will trade interchangeably with those notes immediately upon settlement. Upon completion of this offering, \$ \_\_\_\_\_ aggregate principal amount of the series will be outstanding.

AGL Resources will fully and unconditionally guarantee payment of the senior notes. The senior notes and the guarantee will be unsecured and will rank equally with all the other unsecured and unsubordinated obligations from time to time outstanding of AGL Capital and AGL Resources, respectively. The senior notes will not be listed on any securities exchange.

---

See Risk Factors on page S-8 to read about certain factors you should consider before investing in the senior notes.

---

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this Prospectus Supplement or the accompanying Prospectus. Any representation to the contrary is a criminal offense.

---

	Per Senior Note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to AGL Capital	%	\$

(1) Plus accrued and unpaid interest from and including July 15, 2007 to but excluding the delivery date, in the aggregate amount of \$ . This pre-issuance accrued interest will be paid on January 15, 2008 to holders of the notes on the applicable record date along with interest accrued on the senior notes from the date of delivery to January 15, 2008. The senior notes are expected to be delivered on or about December , 2007 through the book-entry facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme, Luxembourg.

---

*Joint Book-Running Managers*

**Goldman, Sachs & Co.**

**SunTrust Robinson Humphrey**

**Wachovia Securities**

---

*Co-Managers*

**Banc of America Securities LLC**

**BNY Capital Markets, Inc.**

---

Prospectus Supplement dated December , 2007

**Table of Contents****TABLE OF CONTENTS**

	Page
<b>Prospectus Supplement</b>	
<a href="#"><u>About this Prospectus Supplement</u></a>	S-1
<a href="#"><u>Prospectus Supplement Summary</u></a>	S-2
<a href="#"><u>The Offering</u></a>	S-5
<a href="#"><u>Summary Financial Information</u></a>	S-7
<a href="#"><u>Risk Factors</u></a>	S-8
<a href="#"><u>Use of Proceeds</u></a>	S-9
<a href="#"><u>Ratio of Earnings to Fixed Charges</u></a>	S-9
<a href="#"><u>Capitalization</u></a>	S-10
<a href="#"><u>Description of the Senior Notes</u></a>	S-11
<a href="#"><u>Material U.S. Federal Income Tax Consequences</u></a>	S-17
<a href="#"><u>Underwriting</u></a>	S-21
<a href="#"><u>Validity of the Senior Notes</u></a>	S-22
<a href="#"><u>Where You Can Find More Information</u></a>	S-23
<a href="#"><u>Incorporation of Certain Documents by Reference</u></a>	S-23
<b>Prospectus</b>	
<a href="#"><u>About this Prospectus</u></a>	1
<a href="#"><u>Where You Can Find More Information</u></a>	2
<a href="#"><u>Incorporation of Certain Documents by Reference</u></a>	2
<a href="#"><u>Forward-looking Statements</u></a>	3
<a href="#"><u>AGL Resources Inc.</u></a>	4
<a href="#"><u>AGL Capital Corporation</u></a>	4
<a href="#"><u>AGL Capital Trust II</u></a>	4
<a href="#"><u>Financial Statements of the Trust and Accounting Treatment</u></a>	5
<a href="#"><u>Risk Factors</u></a>	6
<a href="#"><u>Use of Proceeds</u></a>	6
<a href="#"><u>Ratio of Earnings to Fixed Charges</u></a>	6
<a href="#"><u>Description of Debt Securities</u></a>	6
<a href="#"><u>Description of Trust Preferred Securities</u></a>	15
<a href="#"><u>Description of Junior Subordinated Debentures</u></a>	27
<a href="#"><u>Description of Trust Preferred Guarantee</u></a>	35
<a href="#"><u>Description of Debenture Guarantee</u></a>	37
<a href="#"><u>Relationship Among the Trust Preferred Securities, the Junior Subordinated Debentures, the Trust Preferred Guarantee and the Debenture Guarantee</u></a>	38
<a href="#"><u>Description of Capital Stock</u></a>	39
<a href="#"><u>Description of Purchase Contracts</u></a>	44
<a href="#"><u>Description of Warrants</u></a>	46
<a href="#"><u>Description of Units</u></a>	47
<a href="#"><u>Plan of Distribution</u></a>	48
<a href="#"><u>Legal Matters</u></a>	50
<a href="#"><u>Experts</u></a>	50

---

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement and the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus is an offer to sell only the senior notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of their respective dates.

**Table of Contents**

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of senior notes. The second part is the accompanying prospectus, which contains more general information about the terms and conditions of debt securities we may offer from time to time, some of which will not apply to the senior notes.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free writing prospectus we send to you or file with the Securities and Exchange Commission, referred to as the SEC. If the information in this prospectus supplement varies from the information contained or incorporated by reference in the accompanying prospectus, you should rely on the information in this prospectus supplement. No person is authorized to provide you with information that is different from the information provided or incorporated by reference in this prospectus supplement or to offer the senior notes in any jurisdiction where the offer is not permitted. It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the information and documents incorporated by reference therein as well as any free writing prospectus we send to you or file with the SEC, in making your investment decision. See *Where You Can Find More Information* on page S-23 of this prospectus supplement. You should not assume that the information provided by this prospectus supplement, the accompanying prospectus, any such free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of the document that contains the information.

Unless stated otherwise, references in this prospectus supplement to *AGL Capital*, *we*, *us* or *our* refer to AGL Capital Corporation. References in this prospectus supplement to *AGL Resources* refer to AGL Resources Inc. and its subsidiaries unless otherwise indicated or the context otherwise requires.

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary does not contain all of the information that you should consider before deciding to purchase our senior notes. You should read this entire prospectus supplement and the accompanying prospectus carefully, as well as the information incorporated by reference into these documents, before deciding to invest in our senior notes.*

**AGL Capital Corporation**

We are a 100%-owned subsidiary of AGL Resources. We were established to provide for the ongoing financing needs of AGL Resources through a commercial paper program, the issuance of various debt and hybrid securities and other financing arrangements. Our senior notes are guaranteed by AGL Resources.

**AGL Resources Inc.**

***Overview***

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 more than 2.2 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 and complementary businesses, including retail natural gas marketing to end-use customers primarily in Georgia; 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 also owns and operates a small telecommunications business that constructs and operates conduit and fiber infrastructure within select metropolitan areas.

AGL Resources manages these businesses through four operating segments: distribution operations, retail energy operations, wholesale services and energy investments and a non-operating corporate segment.

***Distribution Operations***

The distribution operations segment consists of six natural gas local distribution utilities: Atlanta Gas Light Company, Elizabethtown Gas, Virginia Natural Gas, Inc., Florida City Gas, Chattanooga Gas Company and Elkton Gas.

***Atlanta Gas Light*** is the largest natural gas distributor in the Southeast in terms of customers, providing gas delivery service to more than 1.5 million residential, commercial and industrial customers and delivering approximately 211 billion cubic feet (Bcf) of gas annually. It owns and operates more than 30,000 miles of distribution and transmission pipeline and three liquefied natural gas (LNG) plants.

***Elizabethtown Gas*** provides natural gas service to approximately 272,000 residential, commercial and industrial customers in central and northwestern New Jersey. It delivers approximately 46 Bcf of gas annually through more than 3,000 miles of distribution and transmission pipeline.

---

**Table of Contents**

**Virginia Natural Gas** provides natural gas service to approximately 269,000 residential, commercial and industrial customers in southeastern Virginia. It delivers approximately 33 Bcf of gas annually through more than 5,200 miles of distribution and transmission pipeline. It also owns and operates a 156-mile high-pressure, large-diameter transmission pipeline serving major wholesale customers.

**Florida City Gas** provides natural gas service to approximately 104,000 residential, commercial and industrial customers in central and southern Florida. It delivers approximately 9 Bcf of gas annually through more than 3,200 miles of distribution and transmission pipeline.

**Chattanooga Gas** provides retail natural gas service to approximately 61,000 residential, commercial and industrial customers in the Chattanooga and Cleveland areas of southeastern Tennessee. Chattanooga Gas delivers approximately 15 Bcf of gas annually. It also owns and operates more than 1,500 miles of distribution and transmission pipeline and one LNG plant.

**Elkton Gas** provides natural gas service to approximately 6,000 residential, commercial and industrial customers in northeastern Maryland. Elkton Gas delivers approximately 1 Bcf of gas annually through more than 87 miles of distribution and transmission pipeline.

***Retail Energy Operations***

SouthStar Energy Services LLC is a joint venture operating in Georgia under the trade name Georgia Natural Gas. This business markets natural gas and related services on an unregulated basis to approximately 543,000 retail customers in Georgia and over 270 industrial customers, as well as to commercial and industrial customers in Alabama, Florida, Ohio, Tennessee, North Carolina and South Carolina. SouthStar is the largest marketer of natural gas in Georgia with an approximate market share of 35%. AGL Resources wholly-owned subsidiary Georgia Natural Gas Company owns a non-controlling 70% ownership interest in SouthStar, and a subsidiary of Piedmont Natural Gas Company, Inc. owns the remaining 30% interest. SouthStar's limited liability company agreement provides that SouthStar's earnings and distributions related to its Georgia operations are to be allocated 75% to Georgia Natural Gas Company and 25% to Piedmont's subsidiary. SouthStar's earnings and distributions related to customers in Ohio and Florida are allocated 70% to Georgia Natural Gas Company and 30% to Piedmont's subsidiary.

***Wholesale Services***

The wholesale services segment consists of Sequent Energy Management, L.P, which is involved in asset management and optimization, transportation, storage, producer and peaking services and wholesale marketing. Sequent takes advantage of arbitrage opportunities within the gas supply, storage and transportation markets to generate earnings, and its profitability is related to volatility in these markets. Market volatility arises from a number of factors such as weather fluctuations or the change in supply of, or demand for, natural gas in different regions of the country. Sequent seeks to capture value from the price disparity across geographic locations and various time horizons (location and seasonal spreads). In doing so, Sequent also seeks to mitigate the risks associated with this volatility and protect its margin through a variety of risk management and economic hedging activities.

Sequent's asset management business focuses on capturing economic value from idle or underutilized natural gas assets. These assets are typically amassed by companies via investments in, or contractual rights to, natural gas transportation and storage assets. Margin is typically created in this business by participating in transactions that balance the needs of varying markets and time horizons. Sequent provides its customers with natural gas from the major producing regions and market hubs primarily in the eastern and mid-continental United States. Sequent purchases transportation and

## **Table of Contents**

storage capacity to meet its delivery requirements and customer obligations in the marketplace. Sequent's customers benefit from its logistics expertise and ability to deliver natural gas at prices that are advantageous relative to other alternatives available to its customers.

In 2006, Sequent entered into an agreement that facilitated the expansion of its operations into the western U.S. and Canada. Sequent continues to work on projects and transactions to extend its operating territory and is entering into agreements with longer terms, as well as evaluating opportunities to expand its business focus and models.

## ***Energy Investments***

The energy investments segment includes a number of businesses that are related or complementary to AGL Resources' primary business and consists of Jefferson Island Storage & Hub, LLC, Golden Triangle Storage, Inc., Pivotal Propane of Virginia, Inc. and AGL Networks, LLC.

***Jefferson Island*** operates a storage and hub facility in Louisiana, approximately eight miles from the Henry Hub, which is the largest centralized point for natural gas spot and futures trading in the United States. Jefferson Island's facility consists of two salt-dome gas storage caverns with approximately 9.72 Bcf of total capacity and approximately 7.23 Bcf of working gas capacity. The facility has approximately 0.72 Bcf/day withdrawal capacity and 0.36 Bcf/day injection capacity. Jefferson Island provides storage and hub services through its direct connection to the Henry Hub via the Sabine Pipeline and its interconnections with seven other pipelines in the area. Jefferson Island is actively pursuing expansion of the existing facility and the development of new salt dome storage assets.

***Golden Triangle Storage*** is a project announced in December 2006 whereby AGL Resources plans to build a natural gas storage facility in the Beaumont, Texas area in the Spindletop salt dome. The project will initially consist of two underground salt dome storage caverns that will hold about 12 Bcf of working natural gas, or 17 Bcf total storage capacity. Golden Triangle Storage expects to begin construction on the first cavern in 2008 and estimates that total construction expenditures will be between \$220 million and \$260 million.

***Pivotal Propane*** provides up to 0.03 Bcf/day of propane air on a 10-day-per-year basis to serve Virginia Natural Gas peaking needs.

***AGL Networks*** provides, leases and sells telecommunications conduit and dark fiber to a variety of customers primarily in the Atlanta, Georgia and Phoenix, Arizona metropolitan areas, with a small presence in other U.S. cities. AGL Networks also offers telecommunications construction services to companies.

## ***Corporate***

The corporate segment includes AGL Resources' non-operating business units, principally AGL Services Company and AGL Capital Corporation. AGL Services Company is a service company that provides business services to AGL Resources' various operations. AGL Capital provides for AGL Resources' ongoing financing needs through a commercial paper program, the issuance of various debt and hybrid securities and other financing arrangements. The corporate segment also includes Pivotal Energy Development, which coordinates among our related operating segments the development, construction and acquisition of assets in the southeastern, mid-Atlantic and northeastern regions in order to extend our natural gas capabilities and improve system reliability while enhancing service to our customers in those areas.

**Table of Contents**

The address of AGL Resources' principal executive offices is Ten Peachtree Place NE, Atlanta, Georgia 30309, and its telephone number is (404) 584-4000. AGL Capital Corporation's principal address is 2325-B Renaissance Drive, Las Vegas, Nevada 89119, and its telephone number is (702) 967-2442.

**The Offering**

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the senior notes, see "Description of the Senior Notes" in this prospectus supplement.

<b>Issuer</b>	AGL Capital Corporation.
<b>Guarantor</b>	AGL Resources Inc.
<b>Securities</b>	6.375% Senior Notes due 2016. The senior notes are part of a series originally issued by us in the aggregate principal amount of \$175,000,000 on June 30, 2006. The senior notes offered hereby will form a single series with the previously issued notes, will have the same CUSIP number and will trade interchangeably with those notes immediately upon settlement.
<b>Aggregate Principal Amount</b>	\$ . Upon completion of this offering, \$ aggregate principal amount of the series will be outstanding.
<b>Interest</b>	6.375% per year accruing from July 15, 2007.
<b>Maturity Date</b>	July 15, 2016.
<b>Interest Payment Dates</b>	January 15 and July 15 of each year, beginning January 15, 2008.
<b>Use of Proceeds</b>	The net proceeds from the sale of the senior notes will be used to repay a portion of our existing short-term indebtedness.
<b>Record Dates</b>	January 1 and July 1 of each year.
<b>Interest Calculations</b>	Based on a 360-day year of twelve 30-day months.
<b>Ranking</b>	The senior notes and the guarantee will rank equally with all other unsecured and unsubordinated indebtedness from time to time outstanding of AGL Capital and AGL Resources, respectively.
<b>Sinking Fund</b>	None.
<b>Form and Denomination</b>	The senior notes initially will be issued in book-entry form and will be represented by one or more registered senior notes in global form deposited with or on behalf of, and registered in the name of, a nominee of The Depository Trust Company. The senior notes will be issued in denominations of \$1,000 and integral multiples of \$1,000.



**Table of Contents**

**Redemption**

The senior notes may be redeemed, in whole or in part, at our option, at any time, at the redemption price described on page S-12.

**Issuance of Additional Notes**

We may, without the consent of the holders of the senior notes, increase the principal amount of the senior notes by issuing additional senior notes in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional senior notes, and with the same CUSIP number as the senior notes offered hereby. The senior notes offered by this prospectus supplement and any additional senior notes would rank equally and ratably and would be treated as a single class for all purposes under the Indenture. No additional senior notes may be issued if any event of default has occurred with respect to the senior notes.

S-6

**Table of Contents****Summary Financial Information**

Set forth in the table below are summary financial and other data about AGL Resources. We derived the data in the tables as of and for the years ended December 31, 2006, 2005 and 2004 from AGL Resources' audited financial statements, and the nine-month periods ended September 30, 2007 and 2006 from AGL Resources' unaudited financial statements. The unaudited financial statements were prepared on the same basis as the audited financial statements and in management's opinion include all adjustments, consisting of normal recurring entries, which we consider necessary for a fair presentation of AGL Resources' financial position and results of operations for these periods. You should read the following financial information in conjunction with the consolidated financial statements and related notes that have been incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Nine Months Ended		Year Ended		
	September 30, 2007	2006	2006	December 31, 2005	2004
(Dollars in millions, except per share data)					
<b>Income Statement Data:</b>					
Operating revenues	\$ 1,809	\$ 1,914	\$ 2,621	\$ 2,718	\$ 1,832
Operating expenses	1,460	1,536	2,133	2,276	1,500
Operating income	349	378	488	442	332
Other income (expense)	1	(2)	(1)	(1)	
Minority interest	(24)	(19)	(23)	(22)	(18)
Earnings before interest and taxes (EBIT)(1)	326	357	464	419	314
Interest expense	92	91	123	109	71
Income taxes	89	101	129	117	90
Net income	\$ 145	\$ 165	\$ 212	\$ 193	\$ 153
<b>Balance Sheet Data:</b>					
Total assets	\$ 5,840	\$ 5,835	\$ 6,147	\$ 6,320	\$ 5,637
Short-term debt	576	441	539	522	334
Long-term debt	1,548	1,634	1,622	1,615	1,623
Total debt	2,124	2,075	\$ 2,161	\$ 2,137	\$ 1,957
Shareholders' equity	\$ 1,623	\$ 1,581	\$ 1,609	\$ 1,499	\$ 1,385
<b>Other Data:</b>					
Property, plant & equipment expenditures	\$ 193	\$ 190	\$ 253	\$ 267	\$ 264
Cash dividends declared per common share	\$ 1.23	\$ 1.11	\$ 1.48	\$ 1.30	\$ 1.15
Dividend payout ratio	65%	52%	54%	52%	50%

(1) EBIT is not a financial measure presented in accordance with accounting principles generally accepted in the United States (GAAP) referred to as a non-GAAP financial measure. As an indicator of AGL Resources' operating performance, EBIT should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP. EBIT is reconciled to net income in the table above. AGL Resources' EBIT may not be comparable to a similarly titled measure of another company. AGL Resources believes EBIT is a useful measurement of its operating segments' performance because it provides information that can be used to evaluate the effectiveness of its businesses from an operational perspective, exclusive of costs to finance those activities and exclusive of income taxes, neither of which is directly relevant to the efficiency of those operations.

**Table of Contents**

**RISK FACTORS**

Investing in the senior notes involves risks. In addition to the risks related to this offering described below, we urge you to consider carefully the information appearing under the caption **Forward-Looking Statements** in the accompanying prospectus and the additional risks appearing under the caption **Risk Factors** in AGL Resources' Annual Report on Form 10-K for the year ended December 31, 2006 incorporated by reference in this prospectus supplement in determining whether to invest in the senior notes.

**The guarantee of the senior notes by AGL Resources does not provide significant additional assurance of payment to the holders of the senior notes.**

Upon issuance, the senior notes will be guaranteed by our parent company, AGL Resources. However, AGL Resources is a holding company and has no operations separate from its investment in us and its other subsidiaries. Therefore, if we should be unable to meet our payment obligations with respect to the senior notes, it is unlikely that AGL Resources would be able to do so either.

**Our ability to pay the senior notes may be impaired if AGL Resources or its operating subsidiaries are unable to repay funds to us or to AGL Resources, or if the operating subsidiaries are unable to pay dividends to AGL Resources.**

We are a finance subsidiary with no independent operations or operating subsidiaries, and our parent and the guarantor of the senior notes, AGL Resources, is a holding company with no independent operations. AGL Resources' operations are carried out through its operating subsidiaries. This structure may impair our ability to obtain funds to pay the senior notes.

Funds we raise through our financing activities may be loaned to AGL Resources or its operating subsidiaries, or paid as dividends to AGL Resources which may in turn be loaned to or otherwise invested in AGL Resources' operating subsidiaries. Our ability to pay the senior notes depends on the ability of AGL Resources and its operating subsidiaries to repay funds we have loaned them. In addition, AGL Resources' ability to repay funds we have loaned it or to otherwise invest funds in us for the purpose of paying the senior notes, or to satisfy its guarantee of the senior notes, depends on the ability of its operating subsidiaries to pay dividends to AGL Resources or repay loans from AGL Resources. The ability of the operating subsidiaries to pay dividends and make other distributions is subject to applicable state law. Claims of some creditors of those subsidiaries may have priority with respect to the assets and earnings of those subsidiaries over the claims of creditors of AGL Resources or AGL Capital, including holders of the senior notes. The senior notes and AGL Resources' guarantee thereof will be effectively subordinated to such creditors of AGL Resources' operating subsidiaries.

**There is a limited trading market for the existing notes of the series offered hereby, which could adversely affect the market price and liquidity of the senior notes.**

You may find it difficult to sell your senior notes because an active trading market for the senior notes may not develop. There is a limited trading market for the existing securities of the series of senior notes offered hereby. The existing series are not listed on any securities exchange or quoted on any quotation system, and we do not intend to apply for listing of the senior notes on any exchange or for inclusion of the senior notes in any automated quotation system. We do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be in the senior notes. As a result, the market price of the senior notes, as well as your ability to sell the senior notes, could be adversely affected.

**Table of Contents****USE OF PROCEEDS**

We estimate that the net proceeds to be received from the sale of the senior notes, after deducting the underwriting discount and our estimated offering expenses of \$ , will be approximately \$ million. We intend to use the net proceeds from the sale of the senior notes to repay approximately \$ of short-term indebtedness incurred under our commercial paper program. Our outstanding commercial paper has maturities of 30-90 days, and for the nine months ended September 30, 2007 had a daily weighted-average interest rate of 5.7%.

**RATIO OF EARNINGS TO FIXED CHARGES**

Our ratio of earnings to fixed charges for each of the five most recently completed fiscal years and for the most recent interim period is as follows:

	<b>Nine Months Ended September 30, 2007</b>	<b>Year Ended December 31,</b>				
		<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Ratio of Earnings to Fixed Charges	3.36	3.57	3.60	3.98	3.57	2.69

For purposes of computing the ratio of earnings to fixed charges, earnings consist of the sum of income from continuing operations before income taxes and the cumulative effect of change in accounting method, interest expense and the portion of rent expense deemed to represent interest. Fixed charges consist of interest incurred, whether expensed or capitalized, including amortization of debt issuance costs, if applicable, and the portion of rent expense deemed to represent interest.

**Table of Contents****CAPITALIZATION**

The following table sets forth the consolidated capitalization of AGL Resources as of September 30, 2007:

on an actual basis; and

on an as adjusted basis giving effect to the application of the approximately \$ million estimated net proceeds from this offering to repay approximately \$ million of short-term indebtedness as described above under Use of Proceeds, as if the offering and debt repayment had occurred on September 30, 2007.

	As of September 30, 2007			
	Actual Amount	Actual Percent	As Adjusted Amount	As Adjusted Percent
	(Dollars in millions)			
Short-term debt	\$ 576(1)	15.4%	\$	%
Senior and medium term notes	1,343(2)	35.8		
Gas facilities revenue bonds	199	5.3	199	
Capital leases long-term	6	0.2	6	
Common shareholders equity	1,623	43.3	1,623	
	\$ 3,747	100%		100%

(1) Includes commercial paper of approximately \$549 million, Pivotal Utility Holdings, Inc. line of credit of \$13 million, Sequent Energy Management line of credit of \$13 million and current portion of capital leases of \$1 million.

(2) Net of \$3 million in interest rate swaps.

You should read this table in conjunction with the detailed information and financial statements appearing in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

**Table of Contents**

**DESCRIPTION OF THE SENIOR NOTES**

We will issue the senior notes under the Indenture, dated as of February 20, 2001, by and among AGL Capital, as Issuer, AGL Resources, as Guarantor, and The Bank of New York Trust Company, N.A., as Trustee. The Indenture is more fully described under the caption "Description of Debt Securities" in the accompanying prospectus. The following description of the particular terms of the senior notes supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the debt securities included in the accompanying prospectus under the caption "Description of Debt Securities."

**General**

The senior notes will bear interest at the annual rate of 6.375%. Interest will be payable on January 15 and July 15 of each year, beginning on January 15, 2008. Interest on the senior notes will accrue from July 15, 2007. Interest will be paid to the person in whose name a senior note is registered at the close of business on the preceding July 1 and January 1, respectively, subject to certain exceptions. The senior notes will mature on July 15, 2016. AGL Resources will fully and unconditionally guarantee the payment of the senior notes.

The senior notes are part of a series originally issued by us in the aggregate principal amount of \$175,000,000 on June 30, 2006. The senior notes offered hereby will form a single series with the previously issued notes, will have the same CUSIP number and will trade interchangeably with those notes immediately upon settlement. Upon completion of this offering, \$ aggregate principal amount of the series will be outstanding. Pre-issuance interest accrued from and including July 15, 2007 to but excluding the delivery date, in the aggregate amount of \$ , will be paid on January 15, 2008 to holders of the notes on January 1, 2008, along with interest accrued on the senior notes from the date of delivery to January 15, 2008.

**Denominations**

The senior notes will be issued in global form in denominations of \$1,000 and integral multiples of \$1,000.

**Ranking of Senior Notes and Guarantee**

The senior notes will rank equally in right of payment with each other (including with notes previously issued in this series) and our other unsecured and unsubordinated obligations from time to time outstanding. AGL Resources' guarantee will similarly be an unsecured and unsubordinated obligation of AGL Resources.

**Issuance of Additional Senior Notes**

We may, without the consent of the holders of the senior notes, increase the principal amount of the senior notes by issuing additional senior notes in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of the additional senior notes, and with the same CUSIP number as the senior notes offered hereby. The senior notes offered by this prospectus supplement and any additional senior notes would rank equally and ratably and would be treated as a single class for all purposes under the Indenture. No additional senior notes may be issued if any event of default has occurred with respect to the senior notes.

## **Table of Contents**

### **Optional Redemption**

We may redeem the senior notes, in whole or in part, at our option, at any time at a redemption price equal to the greater of:

100% of the principal amount of the senior notes to be redeemed, or

as determined by a Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus 20 basis points; plus, in each case, accrued and unpaid interest on the senior notes to the redemption date.

**Adjusted Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) is equal to the Comparable Treasury Price for such redemption date.

**Comparable Treasury Issue** means the United States Treasury security selected by a Quotation Agent as having a maturity comparable to the remaining term of the senior notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such senior notes.

**Comparable Treasury Price** means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

**Primary Treasury Dealer** means a primary U.S. Government securities dealer in New York City.

**Quotation Agent** means the Reference Treasury Dealer appointed by the Trustee after consultation with us.

**Reference Treasury Dealer** means each of (1) J.P. Morgan Securities Inc. and Greenwich Capital Markets, Inc. and their respective successors; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we shall substitute therefor another Primary Treasury Dealer; and (2) any other Primary Treasury Dealers selected by the Trustee after consultation with us.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

We will give notice to The Depository Trust Company, or DTC, of any redemption we propose to make at least 30 days, but not more than 60 days, before the redemption date. If we redeem only some of the senior notes, it is the practice of DTC to determine by lot the amount of senior notes to be redeemed of each of its participating institutions. Notice by DTC to these participants and by participants to street name holders of indirect interests in the senior notes will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the senior notes or portions of the senior notes called for redemption.

**Table of Contents**