

AGL RESOURCES INC
Form PRE 14A
February 18, 2005
Table of Contents

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | | | |
|--------------------------|--|--------------------------|----------------------------------|
| <input type="checkbox"/> | Preliminary proxy statement. | <input type="checkbox"/> | Confidential, for use of the |
| <input type="checkbox"/> | Definitive proxy statement. | <input type="checkbox"/> | Commission only (as permitted by |
| <input type="checkbox"/> | Definitive additional materials. | <input type="checkbox"/> | Rule 14a-6(e)(2)) |
| <input type="checkbox"/> | Soliciting material under Rule 14a-12. | | |

AGL RESOURCES INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement)

Payment of Filing Fee (Check the appropriate box):

- | | |
|--------------------------|--|
| <input type="checkbox"/> | No fee required. |
| <input type="checkbox"/> | Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. |

Edgar Filing: AGL RESOURCES INC - Form PRE 14A

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.
.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement no.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

PAULA ROSPUT REYNOLDS

Chairman, President and Chief Executive Officer

March 14, 2005

To: Our Shareholders

On behalf of the Board of Directors, I am pleased to invite you to attend AGL Resources' annual meeting of shareholders to be held on Wednesday, April 27, 2005, at our corporate headquarters at Ten Peachtree Place, Atlanta, Georgia. The meeting will start at 10:00 a.m., local time. A map with directions is enclosed. **If you plan to attend the meeting in person, please bring the attached admission ticket with you.**

The following items of business will be considered at the meeting: 1) the election of five directors; 2) the approval of an amendment to our articles of incorporation; 3) the approval of our Amended and Restated Employee Stock Purchase Plan; 4) the ratification of the selection of our independent auditor; and 5) such other business as may properly come before the annual meeting of shareholders. During the meeting, we will discuss our efforts and achievements in 2004. We will also update shareholders on our business plans for 2005. Our directors, officers and other employees will be available to answer any questions you may have.

Your vote is very important to us. Regardless of the number of shares you own, please vote. All shareholders can vote by written proxy or vote instruction card. Shareholders of record and shareholders whose shares are held in street name (in the name of a broker or bank) also can vote by proxy via the internet (<http://www.eproxyvote.com/atg>) or by telephone (**toll-free at 1-877-779-8683**). All shareholders other than those who hold their shares in street name or through our 401(k) plan can attend and vote their shares at the meeting. Shareholders who hold their shares in street name can vote their shares at the meeting if they obtain a proxy card from their street name nominee. These various options for voting are described on the enclosed proxy card.

Again, thank you for your ongoing ownership and support. We look forward to seeing you at our annual meeting.

Sincerely,

Paula Rosput Reynolds

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>Notice of Annual Meeting of Shareholders</u>	
<u>Proxy Statement</u>	1
<u>About the Annual Meeting</u>	1
<u>Share Ownership</u>	5
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	7
<u>Corporate Governance</u>	11
<u>Audit Committee Report</u>	15
<u>Compensation and Management Development Committee Report</u>	16
<u>Compensation and Management Development Committee Interlocks and Insider Participation</u>	22
<u>Director Compensation</u>	23
<u>Executive Compensation</u>	25
<u>Certain Relationships and Related Transactions</u>	32
<u>Stock Performance Graph</u>	33
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	34
<u>PROPOSAL 2 APPROVAL OF AMENDMENT TO THE ARTICLES OF INCORPORATION TO CLARIFY THE LENGTH OF THE INITIAL TERM A NEW BOARD MEMBER MAY SERVE WHEN APPOINTED BY THE BOARD OF DIRECTORS TO FILL A VACANCY CAUSED BY A NEWLY CREATED DIRECTORSHIP</u>	35
<u>PROPOSAL 3 APPROVAL OF OUR AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN</u>	36
<u>PROPOSAL 4 RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT AUDITOR FOR 2005</u>	39
<u>General Information</u>	41
<u>Annexes</u>	
<u>Annex A - Standards for Determining Director Independence</u>	A-1
<u>Annex B - Audit Committee Charter</u>	B-1
<u>Annex C - Proposed Amendment to Articles of Incorporation</u>	C-1
<u>Annex D - Amended and Restated Employee Stock Purchase Plan</u>	D-1

A copy of our 2004 annual report, which includes financial statements, is being mailed with this proxy statement. You may receive a copy of our annual report on Form 10-K free of charge upon written request directed to:

AGL Resources Inc. Shareholder Relations

P.O. Box 4569, Location 1071

Atlanta, Georgia 30302-4569

Telephone: (404) 584-4414

Financial reports, as well as the annual report on Form 10-K, also may be accessed on our web site at www.aglresources.com or through our toll-free interactive shareholder information line at:

1-877-ATG-NYSE (1-877-284-6973)

Table of Contents

Ten Peachtree Place

Atlanta, Georgia 30309

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time and Date:	10:00 a.m., local time, Wednesday, April 27, 2005
Place:	Ten Peachtree Place, Atlanta, Georgia
Items of Business:	<p>Elect five directors, one to serve until the 2007 annual meeting and four to serve until the 2008 annual meeting.</p> <p>Approve the adoption of an amendment to our articles of incorporation to clarify the length of the initial term a board member may serve when appointed by the board of directors to fill a vacancy.</p> <p>Approve the AGL Resources Inc. Amended and Restated Employee Stock Purchase Plan</p> <p>Ratify the appointment of PricewaterhouseCoopers LLP as our independent auditor for 2005.</p> <p>Transact such other business as may properly come before the annual meeting or any adjournments.</p>
Who May Vote:	You can vote if you owned shares of our common stock at the close of business on February 18, 2005 (the record date).
Proxy Voting:	<p>Your vote is important. Please vote in one of these ways:</p> <ul style="list-style-type: none">use the toll-free telephone number shown on the enclosed proxy or vote instruction card;visit the web site listed on your proxy or vote instruction card;mark, sign, date and promptly return the enclosed proxy or vote instruction card in the postage-paid envelope; orattend the meeting and vote in person if you are a shareholder of record or a street name holder who has obtained a proxy card from your street name nominee.
Annual Report:	A copy of our 2004 annual report, which contains financial and other information about our business, is enclosed.
Date of Mailing:	This notice and the accompanying proxy statement, together with the 2004 annual report, are first being mailed to shareholders on or about March 14, 2005.

Edgar Filing: AGL RESOURCES INC - Form PRE 14A

By Order of the Board of Directors,

Myra J. Coleman

Corporate Secretary

Table of Contents

PROXY STATEMENT

ABOUT THE ANNUAL MEETING

What will I be voting on?

You will be voting on:

the election of five directors, one of whom will serve until the 2007 annual meeting and four of whom will serve until the 2008 annual meeting;

the approval of the adoption of an amendment to our articles of incorporation to clarify the length of the initial term a board member may serve when appointed by the board of directors to fill a vacancy;

the approval of the AGL Resources Inc. Amended and Restated Employee Stock Purchase Plan;

the ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditor for 2005; and

such other business as may properly come before the annual meeting or any adjournments.

Who is soliciting my vote?

The board of directors of AGL Resources is soliciting your vote for all shares of AGL Resources common stock that you own.

How does the board recommend I vote on the proposals?

The board of directors recommends you vote **FOR** each of the four specific proposals listed above.

How do I vote?

There are four different ways you may cast your vote. You can vote by:

telephone, using the toll-free telephone number listed on each proxy card (if you are a shareholder of record) or vote instruction card (if your shares are held by a broker or a bank);

the internet, at the address provided on your proxy or vote instruction card;

marking, signing and dating your proxy card or vote instruction card and mailing it in the enclosed postage-paid envelope; or

attending the meeting, if your shares are registered directly on the books kept by our transfer agent and are not held as 401(k) plan shares or through a broker, bank or other nominee. If you want to vote in person at the annual meeting and your shares are held through a broker, bank or other nominee (that is, in street name), you must obtain a proxy from your street name nominee and bring that proxy to the meeting.

For AGL Resources 401(k) plan participants: If you participate in the AGL Resources Inc. Retirement Savings Plus Plan, or RSP Plan, only the trustee can vote your plan shares even if you attend the annual meeting in person. Your telephone, internet or proxy vote will serve as voting instructions to the trustee of the RSP Plan.

Can I revoke my proxy?

Yes. You may revoke your proxy at any time before the annual meeting by timely voting again by telephone or via the internet or by timely signing and returning another proxy or vote instruction card with a later date. Shareholders of record and street name holders who have obtained a proxy card from their street name nominee also may attend the meeting and vote in person. If you attend the annual meeting and want to vote in person, you can request that your previously submitted proxy or vote instruction card not be used.

Table of Contents

What if I don't specify my choices when returning my proxy or vote instruction card?

If you return a signed and dated proxy or vote instruction card without indicating your vote, your shares will be voted FOR each of the four proposals specified in the notice of the meeting except for with respect to broker non-votes as described further below.

If you hold AGL Resources shares through the RSP Plan and (1) you do not return the proxy card for those plan shares and do not vote by telephone or via the internet or (2) you return the proxy card but do not properly sign or date it or specify how you want your plan shares voted, the trustee, upon instruction from the Administrative Committee of the RSP Plan, will vote your plan shares FOR each of the four proposals specified in the notice of the meeting and as instructed by the Administrative Committee on any other proposals that may properly come before the meeting.

Can my shares be voted if I don't submit any voting instructions and don't attend the annual meeting?

If your AGL Resources shares are registered in your name on the books kept by our transfer agent and you do not return a signed proxy or vote instruction card and do not vote by telephone or via the internet, your shares will not be voted.

If your AGL Resources shares are held in street name and you do not submit any voting instructions, your brokerage firm or bank, under certain circumstances, may vote your shares. We believe that under applicable stock exchange rules, brokerage firms and banks will be able to vote their customers' unvoted shares with regard to the proposals to elect directors, amend the articles of incorporation and ratify the selection of the independent auditor but not with regard to approve the Amended and Restated Employee Stock Purchase Plan. When brokerage firms and banks are not permitted to vote their customers' unvoted shares, the affected shares are referred to as broker non-votes.

How many shares can vote?

As of February 18, 2005 (*the record date*), _____ shares of common stock of AGL Resources were outstanding and entitled to vote at the annual meeting. This total includes shares issued to certain grantor trusts, which are not considered outstanding for financial reporting purposes. You are entitled to one vote for each share of AGL Resources common stock you owned on the record date.

How many votes must be present to hold the annual meeting?

A majority of the _____ shares of AGL Resources common stock outstanding on the record date, including the shares issued to the grantor trusts, must be present, either in person or represented by proxy, to conduct the annual meeting.

How many votes are needed to elect directors?

Directors are elected by a plurality of the total number of votes cast, which means the five nominees who receive the largest number of properly cast votes will be elected as directors.

What if I vote withhold authority to elect directors?

In voting for the election of directors, a vote to withhold authority for the election of one or more director nominees will be counted for quorum purposes but will not be counted in determining the number of votes cast and therefore will not affect the outcome.

How many votes are required to adopt the proposed amendment to the articles of incorporation?

The adoption of the amendment to our articles of incorporation to clarify the length of the initial term a new board member may serve when appointed by the board of directors to fill a vacancy caused by a newly created directorship requires the approval of a majority of the outstanding shares of common stock.

Table of Contents

How many votes are required to approve the AGL Resources Inc. Amended and Restated Employee Stock Purchase Plan?

The approval of our Amended and Restated Employee Stock Purchase Plan requires a majority of the votes cast on the proposal, provided that the total votes cast on the proposal constitute a majority of the outstanding shares of common stock.

How many votes are required to ratify the appointment of PricewaterhouseCoopers LLP as our independent auditor?

The ratification of the appointment of PricewaterhouseCoopers LLP as our independent auditor requires the votes cast for to exceed the votes cast against the proposal.

How will abstentions and broker non-votes be treated?

Abstentions will be treated as shares present and entitled to vote for quorum purposes. Abstentions will be counted as votes against the adoption of the proposed amendment to our articles of incorporation (Proposal 2) and against the approval of our Amended and Restated Employee Stock Purchase Plan (Proposal 3) but will not be counted as votes for or against, and therefore will not affect the outcome of, the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent auditor (Proposal 4).

Absent instructions from you, your broker may not vote your shares on the approval of our Amended and Restated Employee Stock Purchase Plan (Proposal 3). Broker non-votes will be counted for the purpose of establishing a quorum. Broker non-votes will have the same effect as votes against Proposal 3 unless holders of a majority of our outstanding shares of common stock vote on the proposal, in which case broker non-votes will not have any effect on the approval of Proposal 3.

Could other matters be decided at the annual meeting?

We do not know of any other matters that will be considered at the annual meeting. If a matter that is not listed on the proxy or voting instruction card is properly brought before the annual meeting in accordance with Section 1.2 of our bylaws, the proxies will vote in accordance with their judgment of what is in the best interest of the Company, based on the discretionary voting authority conferred on them by the voting instructions.

Who will count the vote?

Representatives of EquiServe Trust Company, N.A., our transfer and shareholder services agent, will count the votes and act as inspector of elections.

Where and when will I be able to find the voting results?

AGL Resources will post the voting results on our web site at www.aglresources.com approximately two weeks after the annual meeting. You also can find the results in our Form 10-Q for the second quarter of 2005, which we will file with the Securities and Exchange Commission, or SEC, no later than August 9, 2005.

What does it mean if I receive more than one proxy card?

It means that you have multiple accounts with brokerage firms, banks and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker, bank and/or our transfer agent to consolidate as many accounts as possible under the same name and address. All communications concerning accounts for shareholders of record, including address changes, name changes, inquiries to transfer shares and similar issues, can be handled by making a toll-free call to EquiServe Trust Company, N.A.'s AGL Resources Shareholder Services number at 1-800-633-4236.

Table of Contents

What do I need to bring with me if I want to attend the annual meeting?

The annual meeting is open to all holders of our common stock. To attend the annual meeting, you will need to bring evidence of your stock ownership. If your shares are registered in your name, your admission ticket is included inside the back of this proxy statement, and you will need to bring it with you to the meeting. If your shares are held in street name by your brokerage firm or bank, you will need to bring evidence of your stock ownership, such as a proxy obtained from your street name nominee (particularly if you want to vote your shares at the annual meeting) or your most recent brokerage account statement (in which case you will not be able to vote your shares at the meeting), together with valid picture identification. If you do not have either an admission ticket or proof that you own our common stock, you may not be admitted into the meeting.

What happens if the annual meeting is postponed or adjourned?

Your proxy will still be valid and may be voted at a postponed or adjourned meeting, unless the board of directors fixes a new record date for the postponed or adjourned meeting, which the board is required to do if the postponement or adjournment is for more than 120 days. If the meeting is postponed or adjourned, you will still be able to change or revoke your proxy until it is voted.

When are shareholder proposals for the 2006 annual meeting due?

Our bylaws require shareholders to give advance notice of any shareholder nominations of directors and of any other matters shareholders wish to present for action at an annual meeting of shareholders. The required notice must be given within a prescribed time frame, which is calculated by reference to the date of the proxy statement relating to our most recent annual meeting. Accordingly, with respect to our 2006 annual meeting of shareholders, our bylaws require notice to be provided to our Corporate Secretary at AGL Resources Inc., P.O. Box 4569, Location 1466, Atlanta, GA 30302-4569 no later than November 15, 2005. If a shareholder fails to provide timely notice of a proposal to be presented at the 2006 annual meeting, the persons designated as proxies by the board of directors will have discretionary authority to vote, and the trustee of the RSP Plan will vote in accordance with the discretionary authority of the Administrative Committee of the RSP Plan, on any such proposal that may come before the meeting.

If you are interested in submitting a proposal for inclusion in the proxy statement for the annual meeting in 2006, you need to follow the procedures outlined in the SEC's Rule 14a-8. To be eligible for inclusion, your shareholder proposal intended for inclusion in the proxy statement for the 2006 annual meeting of shareholders must be received no later than November 15, 2005 by our Corporate Secretary at the address above.

This deadline does not apply to questions a shareholder may wish to ask at the annual meeting.

Who pays the costs associated with this proxy solicitation?

Edgar Filing: AGL RESOURCES INC - Form PRE 14A

AGL Resources pays the expenses of soliciting proxies. Proxies may be solicited on our behalf by directors, officers and employees, in person or by telephone, facsimile or electronic transmission. Directors, officers and employees will not be paid additional fees for those services. AGL Resources has hired Georgeson Shareholder Communications, Inc., a proxy solicitation firm, to assist in the distribution and solicitation of proxies. We will pay Georgeson Shareholder Communications, Inc. approximately \$25,000 plus reasonable out-of-pocket disbursements for those services.

Table of Contents**SHARE OWNERSHIP****Directors and Executive Officers**

The following table presents information as of December 31, 2004 concerning the beneficial ownership of AGL Resources common stock by each director and director nominee, by each executive officer named in the Summary Compensation Table under the caption Executive Compensation, whom we refer to collectively as the named executive officers, and by all executive officers and directors as a group, based on information furnished by them to us. We are unaware of any person or group who beneficially owned more than 5% of our common stock as of December 31, 2004.

Beneficial ownership as reported in the table below has been determined in accordance with SEC regulations and includes shares of common stock which may be acquired within 60 days after December 31, 2004 upon the exercise of outstanding stock options but excludes shares and share equivalents held under deferral plans. See footnote (2) below. Unless otherwise indicated, all directors, director nominees and executive officers have sole voting and investment power with respect to the shares shown.

Name	Shares of Common Stock Beneficially Owned(1)	Shares and Share Equivalents Held Under Deferral Plans(2)	Total*
Thomas D. Bell, Jr.	4,434		4,434
Charles R. Crisp	4,559		4,559
Michael J. Durham	8,093		8,093
Arthur E. Johnson	8,234	8,541	16,775
Wyck A. Knox, Jr.	12,101	14,670	26,771
Dennis M. Love	10,296	14,016	24,312
D. Raymond Riddle(3)	18,163	17,416	35,579
Paula Rosput Reynolds(4)	276,255	4,331	280,586
James A. Rubright	9,012	9,066	18,078
Felker W. Ward, Jr.(5)	41,167	9,225	50,392
Bettina M. Whyte	1,009	495	1,504
Henry C. Wolf	3,090	542	3,632
Kevin P. Madden	66,237	1,951	68,188
Richard T. O'Brien	48,010	1,922	49,932
Melanie M. Platt	56,439		56,439
Paul R. Shlanta	93,896		93,896
All executive officers and directors as a group (16 persons)	660,995	82,175	743,170

* The shares shown represent beneficial ownership of less than 1% of our common stock.

Notes to Share Ownership Table

- (1) For the non-employee directors, the shares shown include a total of 57,396 shares that may be acquired upon

Table of Contents

exercise of stock options granted under the Non-Employee Directors Equity Compensation Plan, which we refer to as the Directors Plan, as follows: Mr. Johnson 7,173 shares; Mr. Knox 9,625 shares; Mr. Love 9,874 shares; Mr. Riddle 12,854 shares; Mr. Rubright 7,173 shares; and Mr. Ward 10,697 shares.

For the named executive officers, the shares shown include a total of 388,397 shares that may be acquired upon exercise of stock options granted under the Long-Term Incentive Plan (1999), which we refer to as the LTIP, the Long-Term Stock Incentive Plan of 1990, which is the predecessor of the LTIP and which we refer to as the LTSIP, and the Officer Incentive Plan, which we refer to as the OIP, as follows: Ms. Reynolds 216,427 shares; Mr. Madden 38,293 shares; Mr. O'Brien 16,670 shares; Ms. Platt 40,814 shares; and Mr. Shlanta 76,193 shares.

For all executive officers and directors as a group, the shares shown include an aggregate of 445,793 shares that may be acquired upon the exercise of stock options granted under the Directors Plan, the LTIP, the LTSIP and the OIP.

- (2) Represents shares of AGL Resources common stock, AGL Resources common stock equivalents and accrued dividend credits held, for non-employee directors, under the 1998 Common Stock Equivalent Plan for Non-Employee Directors and, for the named executive officers, under the AGL Resources Inc. Nonqualified Savings Plan. The common stock equivalents track the performance of AGL Resources common stock and are payable in cash. The shares and share equivalents may not be voted or transferred by the participants.
- (3) Includes 1,600 shares held by Mr. Riddle in trust.
- (4) Includes 550 shares held by Ms. Reynolds' father who resides in the same household as Ms. Reynolds and 425 shares held by Ms. Reynolds' husband. Ms. Reynolds disclaims beneficial ownership of the shares held by her father and husband.
- (5) Includes 10,000 shares held by the Ward Sibling Trust.

Table of Contents

PROPOSAL 1 - ELECTION OF DIRECTORS

General

The board of directors presently consists of twelve members, eleven of whom are non-employee directors. The board is divided into three classes of approximately equal size, with the directors in each class serving a three-year term. The terms are staggered so that the term of one class expires at each annual meeting.

The board of directors, based on the recommendation of its Nominating and Corporate Governance Committee, has nominated Thomas D. Bell, Jr., Arthur E. Johnson, Paula Rosput Reynolds, James A. Rubright and Bettina M. Whyte for election as directors at the annual meeting. If elected, Mr. Bell will hold office for a two-year term ending at the annual meeting of shareholders in 2007 and each of the remaining nominees will hold office for three-year terms ending at the annual meeting of shareholders in 2008. Each

of the nominees has agreed to serve as a director if elected by the shareholders.

If any nominee becomes unable to stand for election, the board may:

designate a substitute nominee, in which case the proxies or RSP Plan trustee, as applicable, will vote all valid proxies for the election of the substitute nominee named by the board;

allow the vacancy to remain open until a suitable candidate is located; or

reduce the authorized number of directors accordingly.

Set forth below is information as of December 31, 2004 about the five director nominees and all other current directors whose terms of office will continue after the annual meeting. Unless otherwise stated, all directors have been engaged in their principal occupations for more than the past five years.

Nominees For Election:

Thomas D. Bell, Jr., President and Chief Executive Officer of Cousins Properties Incorporated, a fully integrated real estate investment trust, since January 2002; real estate consultant to Credit Suisse First Boston from August 2001 until January 2002; special limited partner at Forstmann Little from January 2001 until July 2001; Chairman and Chief Executive Officer of Young & Rubicam, Inc. from January 2000 until November 2000; President and Chief Operating Officer of Young & Rubicam, Inc. from September 1999 until January 2000; Chairman and Chief Executive Officer of Young & Rubicam Advertising from March 1998 until August 1999; and currently a director of

Edgar Filing: AGL RESOURCES INC - Form PRE 14A

Cousins Properties Incorporated, Georgia-Pacific Corporation, Lincoln Financial Group, Regal Entertainment Group and the US Chamber of Commerce. Mr. Bell, 55, has been a director of AGL Resources since July 2004. Mr. Bell previously served as a director of AGL Resources from July 2003 until April 2004.

Table of Contents

Arthur E. Johnson, Senior Vice President, Corporate Strategic Development, of Lockheed Martin Corporation, an advanced technology company engaged in research, design development, manufacture and integration of advanced technology systems, since December 2001; Vice President, Corporate Strategic Development, of Lockheed Martin Corporation from 1999 until December 2001; President and Chief Operating Officer of Lockheed Martin Corporation Information and Services Sector from 1997 until 1999; President of Lockheed Martin Corporation Systems Integration Group from January 1997 to August 1997; President of Loral Corporation Federal Systems Group from 1994 until 1996; and currently a director of IKON Office Solutions Corporation. Mr. Johnson, 58, has been a director of AGL Resources since February 2002.

Paula Rosput Reynolds, our Chairman of the Board since February 2002; our President and Chief Executive Officer since August 2000; Chairman of Atlanta Gas Light Company, our wholly-owned subsidiary from November 2000 until June 2003; Chairman, President and Chief Executive Officer of Atlanta Gas Light Company from August 2000 until November 2000; President and Chief Operating Officer of Atlanta Gas Light Company from September 1998 until November 2000; President and Chief Executive Officer of Duke Energy Power Services, LLC., a subsidiary of Duke Energy Corporation, from 1997 until September 1998; President of PanEnergy Power Services, Inc. from 1995 until 1997; and currently a director of Coca-Cola Enterprises Inc. and Delta Air Lines, Inc. Ms. Reynolds, 48, has been a director of AGL Resources since August 2000.

James A. Rubright, Chairman of the Board and Chief Executive Officer of Rock-Tenn Company, an integrated paperboard and packaging company, since 1999; Executive Vice President of Sonat, Inc., an energy company, from 1996 until 1999; and currently a director of Avondale Incorporated and Oxford Industries, Inc. Mr. Rubright, 58, has been a director of AGL Resources since August 2001.

Bettina M. Whyte, Managing Director of AlixPartners, LLC, a business turnaround management and financial advisory firm, since April 1997; and currently a director of Amerisure Companies and Washington Group International, Inc. Ms. Whyte, 55, has been a director of AGL Resources since October 2004.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR EACH OF THE ABOVE NOMINEES.

Table of Contents

Directors Whose Terms Continue Until the Annual Meeting in 2006:

Charles R. Crisp, former President, Chief Executive Officer and a director of Coral Energy, LLC, a subsidiary of Shell Oil Company that provided a comprehensive portfolio of energy-related products and services associated with wholesale natural gas and power marketing and trading, from 1999 until his retirement in October 2000; President, Chief Operating Officer and a director of Coral Energy, LLC from January 1998 through February 1999; joined Houston Industries in 1996 and served as President of its domestic power generation group from 1997 until January 1998; and currently a director of EOG Resources Inc., IntercontinentalExchange, Inc. and Targa Resources, Inc. Mr. Crisp, 57, has been a director of AGL Resources since April 2003.

Wyck A. Knox, Jr., partner in, and former Chairman of the Executive Committee of, the law firm of Kilpatrick Stockton, LLP; Chairman and Chief Executive Officer of Knox-Rivers Construction Company from 1976 until 1995; and currently a director of AHL Services, Inc. Mr. Knox, 64, has been a director of AGL Resources since November 1998.

Dennis M. Love, President and Chief Executive Officer of Printpack Inc., which converts flexible packaging materials used in both food and non-food packaging, since 1987; and currently a director of Caraustar Industries, Inc. Mr. Love, 49, has been a director of AGL Resources since October 1999.

Henry C. Wolf, Vice Chairman and Chief Financial Officer of Norfolk Southern Corporation, a holding company that controls a major freight railroad and owns a natural resources company and telecommunications company, since 1998; Executive Vice President Finance of Norfolk Southern Corporation from 1993 to 1998; Vice President Taxation of Norfolk Southern Corporation from 1991 to 1993; various other positions with increasing responsibility at Norfolk Southern Corporation in the finance division from 1973 to 1991; and currently a director of Shenandoah Life Insurance Company. Mr. Wolf, 62, has been a director of AGL Resources since April 2004.

Table of Contents

Directors Whose Terms Continue Until the Annual Meeting in 2007:

Michael J. Durham, Founder, President and Chief Executive Officer of Cognizant Associates, Inc., a consulting firm established in August 2000; President, Chief Executive Officer and director of Sabre, Inc., a travel distribution company, from July 1996 until October 1999; President of Sabre, Inc. from March 1995 to July 1996; various positions with increasing responsibilities at American Airlines and its parent company, AMR, from 1979 until 1995, including Senior Vice President of Finance and Chief Financial Officer at American Airlines and Senior Vice President and Chief Financial Officer at AMR; and currently a director of Asbury Automotive, Inc., Culligan International Company and SCI Systems, Inc. Mr. Durham, 54, has been a director of AGL Resources since July 2003.

D. Raymond Riddle, our former Chairman of the Board; Chairman of the Board and Chief Executive Officer of National Service Industries, Inc., a diversified manufacturing and services company, from 1994 until 1996; and currently a director of Atlantic American Corporation, AMC, Inc. and Equifax Inc. Mr. Riddle, 70, has been a director of AGL Resources since May 1978.

Felker W. Ward, Jr., Chairman of Pinnacle Investment Advisors, Inc., an investment advisory services firm, since 1994; and currently a director of Abrams Industries, Inc. and Atlanta Life Insurance Company. Mr. Ward, 71, has been a director of AGL Resources since August 1988.

Under our Corporate Governance Guidelines, each member of the board of directors is required to attend the annual meeting of shareholders unless unavoidable circumstances preclude attendance. All but one of our then current directors attended our 2004 annual meeting of shareholders.

Table of Contents

CORPORATE GOVERNANCE

Board of Directors

Our business affairs are managed under the direction of the board of directors in accordance with the Georgia Business Corporation Code, our articles of incorporation and our bylaws. The role of the board of directors is to govern our affairs for the benefit of our shareholders and other constituencies, which include our employees, customers, suppliers, creditors and the communities in which we do business. The board strives to ensure the success and continuity of our business through the appointment of qualified executive management, overseen by the board.

Director Independence

All of our directors are independent, non-employee directors except Ms. Reynolds, our Chairman, President and Chief Executive Officer. Ms. Reynolds does not participate in any action of the board relating to her compensation or any other matters requiring action by only non-employee directors. The board of directors has determined that each of the independent directors meets the standards adopted by the board of directors to determine director independence. These standards for determining director independence are attached as Annex A to this proxy statement and are also available on our web site at www.aglresources.com.

In making its determination as to the independence of each of its non-employee members, the board of directors considered certain transactions between our company and each of Messrs. Bell, Knox and Wolf. For more detailed information about these transactions and the board's determinations, please see Certain Relationships and Related Transactions.

Board and Committee Meetings

Members of the board are kept informed through reports routinely presented at board and committee meetings by the Chief Executive Officer and other officers and through other means. During 2004, the board of directors held eight meetings. Each director attended 75% or more of the aggregate of all meetings of the board and each committee on which he or she served.

Executive Sessions Without Management

To promote open discussion among the non-employee directors, the board of directors schedules regular executive sessions in which the non-employee directors meet without management's participation. Such sessions typically occur at every regularly scheduled board meeting. The presiding director at such executive sessions is the Chairman of the Executive Committee of the board of directors. D. Raymond Riddle served during 2004 and currently serves as Chairman of the Executive Committee. During 2004, the board met in executive session three times.

Committees of the Board

The board of directors has established seven standing committees to assist it in discharging its duties. Actions taken by any committee of the board are reported to the board, usually at the board meeting next following a committee meeting. The committees of the board and their current members are as shown below.

Members of the Board's Committees

Audit	Compensation and Management Development	Corporate Development	Environmental and Corporate Responsibility	Executive	Finance and Risk Management	Nominating and Corporate Governance
M. J. Durham, Chair	A.E. Johnson, Chair	C.R. Crisp, Chair	W.A. Knox, Jr., Chair	D.R. Riddle, Chair	J.A. Rubright, Chair	F.W. Ward, Jr., Chair
D. M. Love	T.D. Bell, Jr.	J.A. Rubright	M.J. Durham	W.A. Knox, Jr.	C.R. Crisp	T.D. Bell, Jr.
D.R. Riddle	D.R. Riddle	P.R. Reynolds	A.E. Johnson	P.R. Reynolds	W.A. Knox, Jr.	C.R. Crisp
H.C. Wolf	J.A. Rubright B.M. Whyte	B.M. Whyte	P.R. Reynolds H.C. Wolf	J.A. Rubright F.W. Ward, Jr.	P.R. Reynolds F.W. Ward, Jr.	D.M. Love B.M. Whyte

Table of Contents

Audit Committee

The Audit Committee, established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended, met six times during 2004. All members of the Audit Committee are independent directors, as defined under the listing standards of the New York Stock Exchange and the rules of the SEC. The Audit Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities. Among other things, the Audit Committee monitors (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of our internal audit function and the performance of the independent auditor.

The board of directors has determined that Mr. Durham, the Audit Committee Chair, is a financial expert within the meaning of SEC regulations.

Additional information regarding the Audit Committee and its functions and responsibilities is included in this proxy statement under the captions Audit Committee Report and Proposal 4 Ratification of the Appointment of PricewaterhouseCoopers LLP as Our Independent Auditor for 2005. The Audit Committee has adopted a written charter that it recently amended and which we have attached as Annex B to this proxy statement and which is available on our web site at www.aglresources.com.

Compensation and Management Development Committee

The Compensation and Management Development Committee met six times during 2004. All members of the Compensation and Management Development Committee are independent, non-employee directors, as defined under the listing standards of the New York Stock Exchange. Among other things, the Compensation and Management Development Committee assists the board of directors in fulfilling its responsibility to ensure that officers, directors and employees are compensated in accordance with our compensation philosophy, objectives and compensation policies. A copy of the Compensation and Management Development Committee charter is available on our web site at www.aglresources.com.

Corporate Development Committee

The Corporate Development Committee was formed in October 2004 and met one time during 2004. The Committee's primary function is to assist the board of directors in fulfilling its oversight responsibilities by reviewing (1) management's efforts to identify and evaluate opportunities to acquire or develop assets that complement our asset base and support our long-term strategic plan for growth and expansion, and (2) any other matters that the board of directors may delegate to the Corporate Development Committee from time to time. A copy of the Corporate Development Committee charter is available on our web site at www.aglresources.com.

Table of Contents

Environmental and Corporate Responsibility Committee

The Environmental and Corporate Responsibility Committee met two times during 2004. Among other things, the Environmental and Corporate Responsibility Committee (1) reviews and monitors corporate policy with respect to our relationships with employees, shareholders, customers, competitors, suppliers and our communities, (2) identifies and monitors emerging political, social and environmental trends and public policy issues that may affect our business operations, performance or public image, and (3) reviews and monitors matters relating to employee and community health and safety. In 2004, this Committee assumed responsibility to monitor the integration of Elizabethtown Gas, one of our newly acquired natural gas local distribution utilities, pursuant to an order by the New Jersey Board of Public Utilities. A copy of the Environmental and Corporate Responsibility Committee charter is available on our web site at www.aglresources.com.

Executive Committee

The Executive Committee met two times during 2004. The Executive Committee may meet during intervals between board meetings and has all the authority of the board, subject to limitations imposed by law or our bylaws. A copy of the Executive Committee charter is available on our web site at www.aglresources.com.

Finance and Risk Management Committee

The Finance and Risk Management Committee met four times during 2004. Among other things, the Finance and Risk Management Committee (1) reviews management's analysis of significant risks to us on an enterprise scale including market, operational, regulatory, financial, credit, and weather-related risks, (2) oversees the management of our balance sheet, including leverage, liquidity, funding sources, and related matters, (3) oversees the management of our pension and 401(k) assets, and (4) oversees other matters that the board of directors may delegate to the Finance and Risk Management Committee from time to time. The Company's Chief Risk Officer reports to, and meets in executive session with, the Finance and Risk Management Committee at each regularly scheduled meeting. A copy of the Finance and Risk Management Committee charter is available on our web site at www.aglresources.com.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee met four times during 2004. All members of the Nominating and Corporate Governance Committee are independent, non-employee directors, as defined under the listing standards of the New York Stock Exchange and other applicable rules and regulations. The Nominating and Corporate Governance Committee's primary responsibilities include (1) identifying individuals qualified to serve on the board of directors and recommending director nominees for selection by the full board of directors or shareholders, and (2) evaluating, formulating and recommending to the board of directors corporate governance policies. The Nominating and Corporate Governance Committee has adopted a written charter, a copy of which is available on our web site at www.aglresources.com.

Edgar Filing: AGL RESOURCES INC - Form PRE 14A

In 2004, the Nominating and Corporate Governance Committee recommended, and the board of directors adopted, amendments to our standards for determining director independence, which are attached as Annex A to this proxy statement. These amendments are consistent with recent amendments adopted by the New York Stock Exchange to its listing standards concerning director independence.

Table of Contents

Nomination of Director Candidates. The board of directors is responsible for recommending director candidates for election by the shareholders and for electing directors to fill vacancies or newly created directorships. The board of directors has delegated the screening and evaluation process for director candidates to the Nominating and Corporate Governance Committee, which identifies, evaluates and recruits highly qualified director candidates and recommends them to the board of directors. The Nominating and Corporate Governance Committee considers potential candidates for director, which may come to the attention of the Nominating and Corporate Governance Committee through current directors, management, professional search firms, shareholders or other persons.

If the Nominating and Corporate Governance Committee has either identified a prospective nominee or determines that an a