AGL RESOURCES INC
Form 424B5
November 22, 2004
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Prospectus Supplement

(To Prospectus dated November 9, 2004)

FILED PURSUANT TO
RULE 424(B)(5)
REGISTRATION NO: 333-119921

9,600,000 Shares

Common Stock

We are offering 9,600,000 shares of our common stock.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol ATG. On November 18, 2004, the reported closing price of our common stock on the NYSE was $31.01 per share.

	Per Share	Total
Public offering price	$ 31.01	$ 297,696,000
Underwriting discounts and commissions	$ 0.93	$ 8,930,880
Proceeds to us, before expenses	$ 30.08	$ 288,765,120

We have granted the underwriters a 30-day option to purchase up to an additional 1,440,000 shares of our common stock to cover over-allotments, if any, at the public offering price per share, less the underwriting discounts and commissions.

Investing in our common stock involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement or the accompanying prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or about November 24, 2004.

Joint Book-Running Managers

JPMorgan **Morgan Stanley**

Banc of America Securities LLC

SunTrust Robinson Humphrey

Calyon Securities (USA) Inc.

Lazard

Wells Fargo Securities

BNY Capital Markets, Inc.

KBC Financial Products USA Inc.

The date of this prospectus supplement is November 19, 2004

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common stock. The second part is the accompanying prospectus, which contains a description of the common stock and gives more general information, some of which will not apply to the common stock.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. 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 common stock 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, in making your investment decision. You should not assume that the information provided by this prospectus supplement, the accompanying prospectus or in any document incorporated by reference is accurate as of any date other than the date of the document that contains the information. You should also read and consider the information in the documents we have referred you to in Where You Can Find More Information below.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this prospectus supplement reflect assumptions and expectations about future events. These statements, which may relate to such matters as future earnings, growth, supply and demand, costs, subsidiary performance, new technologies and strategic initiatives, are forward-looking statements within the meaning of the federal securities laws. These statements do not relate strictly to historical or current facts, and you can identify certain of these statements, but not necessarily all, by the use of the words anticipate, assume, indicate, estimate, believe, predict, forecast, rely, expect, continue, grow and other words of similar me believe that the assumptions and expectations reflected in these statements are reasonable in view of the information currently available, there can be no assurance that these assumptions and expectations will prove to be correct. These forward-looking statements involve a number of risks and uncertainties, and actual results may differ materially from the results discussed in the forward-looking statements. In addition to the specific factors discussed in our reports that are incorporated by reference, the following are among the important factors that could cause actual results to differ materially from the forward-looking statements:

- changes in industrial, commercial and residential growth in NUI Corporation s, or NUI s, and our service territories;
- changes in price, supply and demand for natural gas and related products;
- impact of changes in state and federal legislation and regulation, including orders of various state public service commissions and of the Federal Energy Regulatory Commission, or FERC, on the gas and electric industries and on NUI and us;
- actions taken by government agencies, including decisions on base rate increase requests by state regulators;
- the ultimate impact of the Sarbanes-Oxley Act of 2002 and any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or NUI s or our operations specifically;

the enactment of new accounting standards, or interpretations of existing accounting standards, by the Financial Accounting Standards Board, or FASB, or the Securities and Exchange Commission, or SEC, that could impact the way we or NUI record revenues, assets and liabilities, which in turn could adversely affect reported results of operations;

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- the enactment of new auditing standards, or interpretations of existing auditing standards, by the Public Company Accounting Oversight Board, or PCAOB, which could adversely affect NUI s or our ability to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002;
- effects and uncertainties of deregulation and competition, particularly in markets where prices and providers historically have been regulated, and unknown issues following deregulation such as the stability of the Georgia retail gas market, including risks related to energy marketing and risk management;
- concentration of credit risk in marketers that are certificated by the Georgia Public Service Commission, or GPSC, to sell retail natural gas in Georgia, as well as concentration of credit risk in customers of our wholesale services segment;
- utility and energy industry consolidation;
- performance of equity and bond markets and the impact on pension and post-retirement funding costs;
- impact of acquisitions and divestitures, including:
  - the risk that the businesses of NUI and/or Pivotal Jefferson Island Storage & Hub, LLC, or Pivotal Jefferson Island, will not be integrated successfully with us or that such integrations may be more difficult, time-consuming or costly than expected;
  - revenues following the acquisitions may be lower than expected;
  - expected revenue synergies and cost savings from these two acquisitions may not be fully realized or realized within the expected time frame;
  - our ability to obtain SEC approval of the acquisition of NUI on the proposed terms and schedule;
  - the risk that we may be unable to obtain financing necessary to consummate the acquisition of NUI or that the terms of such financing may be onerous; and
  - the risk that any financing plan may have the effect of diluting our shareholder value in the near term.
- direct or indirect effects on our business, financial condition or liquidity resulting from a change in our credit ratings or the credit ratings of our counterparties or competitors;
- interest rate fluctuations, financial market conditions and general economic conditions;
- uncertainties about environmental issues and the related impact of such issues;
- impact of changes in weather upon the temperature-sensitive portions of the business;

impact of ongoing investigations and litigation;

impact of changes in prices on the margins achievable in the unregulated retail gas marketing business;

increases in competition in the markets served by us;

the availability and price of insurance;

the general effects of deregulation of the energy markets, including industry restructuring and unbundling of services;

the ability to attract and retain key executives and employees;

fluctuations in energy commodity prices;

acts of war or terrorism;

our ability to control operating expenses and to achieve efficiencies in our existing and acquired operations;

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- our ability to continue to modernize our current and acquired distribution infrastructures as scheduled and budgeted; and

- other risks described in our documents on file with the SEC.

Any forward-looking statements should be considered in light of such important factors.

New factors that could cause actual results to differ materially from those described above emerge from time to time, and it is not possible to predict all of such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update the information contained in such statement to reflect subsequent developments or information except as required by law.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in 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 common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the Risk Factors section contained in this prospectus supplement as well as the information incorporated by reference into these documents, before deciding to invest in our common stock.

AGL Resources

Overview

We are an energy services holding company, headquartered in Atlanta, Georgia, whose principal business is the distribution of natural gas in Georgia, Tennessee and Virginia. We operate three utilities which, combined, serve more than 1.8 million end-use customers. We also are involved in various related businesses including the retail sale of natural gas to end-use customers in Georgia, natural gas asset management and optimization, producer services and wholesale marketing, gas storage and hub services, risk management activities and operating telecommunications conduit and fiber infrastructure within select metropolitan areas.

On July 15, 2004, we announced our plans to acquire NUI Corporation. NUI is a publicly held energy holding company that operates natural gas utilities in New Jersey, Florida, Maryland and Virginia. The acquisition of NUI will strengthen our position as a leading operator of natural gas utility assets in the eastern United States and improve and expand our core utility operations. Following the NUI acquisition, our combined utilities will serve more than 2.2 million end-use customers in six states along the east coast. We anticipate the acquisition will close before the end of 2004. You should review Recent Development Pending Acquisition of NUI Corporation beginning on page S-6 of this prospectus supplement for more information regarding this acquisition.

For the year ended December 31, 2003, we had total operating revenues of $984 million, earnings before interest and taxes, or EBIT, of $298 million and net income of $128 million. For the nine months ended September 30, 2004, we had total operating revenues of $1.2 billion, EBIT of $220 million and net income of $107 million. During the nine months ended September 30, 2004, approximately 96% of our operating segment EBIT was derived from our regulated natural gas distribution business and sales of natural gas to end-use customers in Georgia through SouthStar Energy Services LLC, or SouthStar. As of September 30, 2004, we had total assets of $4.0 billion, of which approximately 87% were attributable to our regulated natural gas distribution business and the assets of SouthStar. EBIT is not a financial measure that is determined in accordance with generally accepted accounting principles, or GAAP. See Summary Financial Information on page S-11 of this prospectus supplement for a reconciliation of EBIT to net income, a GAAP financial measure.

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We manage our business in three operating segments Distribution Operations, Wholesale Services and Energy Investments, and one non-operating segment Corporate. The following charts show our EBIT and long-term assets by business segment for and as of the nine months ended September 30, 2004:

Distribution Operations

Our Distribution Operations segment consists of three wholly owned natural gas local distribution companies: Atlanta Gas Light Company, Virginia Natural Gas, Inc. and Chattanooga Gas Company.

Atlanta Gas Light Company, or AGLC, is a natural gas local distribution utility with distribution systems and related facilities serving 237 cities throughout Georgia, including Atlanta, Athens, Augusta, Brunswick, Macon, Rome, Savannah and Valdosta. AGLC also has approximately 6.0 billion cubic feet, or Bcf, of liquefied natural gas, or LNG, storage capacity in three LNG plants to supplement the supply of flowing natural gas during peak usage periods.

Virginia Natural Gas, Inc., or VNG, is a natural gas local distribution utility with distribution systems and related facilities serving southeastern Virginia. VNG is one of the most modern natural gas local distribution companies in the United States, with approximately 50% of its main piping installed after 1980. VNG also owns and operates approximately 155 miles of a separate high-pressure pipeline that provides delivery of gas to customers under firm transportation agreements within the state of Virginia. VNG also has approximately 5.0 million gallons of propane storage capacity in its two propane facilities to supplement the supply of natural gas during peak usage periods.

Chattanooga Gas Company, or CGC, is a natural gas local distribution utility with distribution systems and related facilities serving the Chattanooga and Cleveland areas of Tennessee. CGC has approximately 1.2 Bcf of LNG storage capacity in its LNG plant.

The following table summarizes key statistics for our Distribution Operations segment as of September 30, 2004.

	AGLC/CGC	VNG	Total
Utility end-users (in 000s)	1,565	254	1,819
Miles of gas pipeline	31,036	4,973	36,009

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Wholesale Services

Our Wholesale Services segment is made up primarily of Sequent Energy Management, L.P., or Sequent, which is our gas asset management subsidiary. Sequent is primarily engaged in the management of natural gas assets for our three natural gas local distribution companies as well as for unaffiliated parties. These asset management activities include the marketing, transportation and storage of natural gas, along with related services, primarily in the eastern United States. Sequent s activities focus on capturing value from idle or underutilized natural gas storage and transportation assets typically by undertaking transactions that utilize the assets across various geographic markets and time horizons.

Sequent obtains natural gas from the major producing regions and delivers the commodity to customers along major interstate pipelines from the southeastern to the northeastern United States. Sequent also purchases transportation and storage capacity to meet its delivery requirements and customer obligations in the marketplace. Sequent s customers benefit from its logistics expertise and the ability to deliver natural gas at competitive prices relative to the other alternatives available to its end-use customers.

Energy Investments

Our Energy Investments segment includes SouthStar, Pivotal Jefferson Island, Pivotal Propane of Virginia, Inc. and AGL Networks, LLC. Currently, substantially all of the revenues earned by our Energy Investments segment are generated by SouthStar and Pivotal Jefferson Island.

SouthStar, a joint venture formed in 1998, markets natural gas to retail, commercial and industrial customers, principally in Georgia. SouthStar, which operates under the trade name Georgia Natural Gas, is the largest marketer in Georgia, with a market share of approximately 36% at September 30, 2004. Our wholly owned subsidiary, Georgia Natural Gas Company, owns a non-controlling 70% financial interest in SouthStar, and a subsidiary of Piedmont Natural Gas Company, or Piedmont, owns the remaining 30% interest. Our 70% interest is non-controlling because all significant management decisions require approval by both owners. SouthStar s amended and restated partnership agreement provides that SouthStar s earnings and distributions, starting in 2004, will be allocated 75% to our subsidiary and 25% to Piedmont.

Pivotal Jefferson Island, our wholly owned subsidiary, operates a storage and hub facility in Erath, Louisiana, approximately eight miles from the Henry Hub. We purchased the storage and hub facility on October 1, 2004 for an adjusted purchase price of $90 million, which included approximately $9 million of working gas inventory. Pivotal Jefferson Island s facility consists of two salt-dome gas storage caverns with 9.4 million dekatherms, or Dth, of total capacity and about 6.9 million Dth of working gas capacity. The facility has approximately 720,000 Dth/day withdrawal capacity and 240,000 Dth/day injection capacity.

Corporate

Our Corporate segment includes our 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 Corporation provides for our ongoing financing needs through a commercial paper program, the issuance of various debt and hybrid securities and other financing arrangements.

Recent Development Pending Acquisition of NUI Corporation

On July 15, 2004, we announced that our board of directors approved a definitive merger agreement under which we will acquire all of the outstanding shares of NUI, headquartered in Bedminster, New Jersey, for $13.70 per share in cash, or approximately $220 million in the aggregate based on approximately 16 million shares of NUI stock outstanding, and the assumption of NUI s outstanding debt. At June 30, 2004, NUI had approximately $606 million in debt and $111 million in cash, bringing the net value of the acquisition to approximately $715 million.

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NUI is a publicly held energy holding company (NYSE:NUI) that primarily operates natural gas utilities and businesses involved in natural gas storage and pipeline activities. NUI s local utility operations are primarily carried out by its wholly owned subsidiary, NUI Utilities, Inc., or NUI Utilities, through its operating divisions Elizabethtown Gas Company (New Jersey), or Elizabethtown Gas, City Gas Company of Florida and Elkton Gas (Maryland). Additionally, NUI operates a local utility through its wholly owned subsidiary, Virginia Gas Company. Combined, NUI s utilities serve approximately 371,000 customers. For the year ended September 30, 2003, NUI had operating revenues of $652 million and a net loss of $45 million, and for the nine months ended June 30, 2004, NUI had operating revenues of $509 million and a net loss of $17 million. At June 30, 2004, NUI had total assets of $1.1 billion. As a result of its losses, increased need for borrowings and reductions in NUI s credit ratings to below investment grade, NUI has sold or discontinued the operations of substantially all of its non-regulated businesses but still operates certain ancillary businesses that we may choose to sell or discontinue after closing.

On November 9, 2004, the New Jersey Board of Public Utilities, the state agency regulating NUI s largest utility, Elizabethtown Gas, approved our acquisition of NUI and our agreement with the board s staff and certain third parties related to post-closing operations. This agreement provided, among other things, for:

- a freeze of Elizabethtown Gas base rates for five years, with earnings over 11% to be shared with ratepayers in the fourth and fifth years;
- Sequent to serve as asset manager for Elizabethtown Gas for a three year term for an annual fixed fee payment by Sequent to Elizabethtown Gas of $4 million;
- new performance standards with respect to customer satisfaction, safety and reliability;
- payment by us of the outstanding balance due on NUI s refund to ratepayers and the related penalty to the board; and
- a commitment to provide enhanced severance packages and services for certain New Jersey employees.

Our acquisition of NUI has also been approved by other state regulatory agencies, including the Maryland Public Service Commission and the Virginia State Corporation Commission, as well as certain federal agencies. NUI s shareholders have also approved the acquisition. The transaction has not yet been approved by the SEC as required by the Public Utility Holding Company Act of 1935, as amended. Barring unforeseen delays in obtaining the SEC s approval and assuming the satisfaction of other conditions under the merger agreement, we expect the acquisition to close by the end of 2004.

Competitive Strengths

We believe our competitive strengths have enabled us to grow our business profitably and create significant shareholder value. These strengths include:

Distribution assets located in an attractive geographic region. Currently, our operations are primarily concentrated in the southeastern United States, one of the fastest-growing regions of the country in terms of both population and energy demand. We believe the population growth and resulting expansion in business and construction activity in the southeastern United States should result in increased demand for natural gas and related infrastructure for the foreseeable future. The addition of NUI s utilities to our portfolio of businesses will:

support our goal of incremental expansion;

significantly extend our geographic footprint;

create scale economics in our utility operations; and

enhance our asset management presence along the eastern seaboard.

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NUI s utilities, particularly Elizabethtown Gas in New Jersey and City Gas Company of Florida, are primarily urban franchises in relatively high-growth areas of the country.

Demonstrated track record of performance through superior execution. We continue to focus our efforts on generating significant incremental earnings improvements from each of our businesses. We have successfully achieved this goal in the past through a combination of business growth and reduction of operating expenses. For example, in our Distribution Operations segment, we have seen improvements in three of our key metrics: EBIT per customer, number of customers served per employee and net cost per new meter. Our annual EBIT per customer has increased from $117 for the twelve months ended December 31, 2001 to $132 for the twelve months ended September 30, 2004; the number of customers served per employee has risen from 906 for the twelve months ended December 31, 2001 to 972 for the twelve months ended September 30, 2004; and our net cost per new meter has decreased from $1,063 for the twelve months ended December 31, 2001 to $978 for the twelve months ended September 30, 2004. We have achieved the improvements to our operations in part through the implementation of best practices in our operations, including increased investments in enterprise technology, workforce automation and business process modernization.

Proven ability to acquire and integrate natural gas assets. We have a disciplined approach toward identifying strategic natural gas assets that support our long-term growth strategy. We acquired VNG in 2000 and within the first year of ownership achieved earnings accretion through significant improvements in both the cost structure and operating metrics of the business. We intend to apply the same rapid-integration approach to our anticipated acquisition of NUI. The proposed purchase of NUI provides an attractive opportunity for us to leverage and strengthen one of our core competencies the efficient, low-cost operation of urban natural gas utility franchises. The disparity between NUI s utilities current operating metrics and cost structure and those of our existing utilities suggests we should be able to begin achieving significant improvements in the business soon after closing the transaction.

In addition to our ability to acquire and integrate natural gas distribution assets, we have made selective investments in related energy assets that support our long-term business goals. For example, in October 2004, we acquired Pivotal Jefferson Island, a high-deliverability salt-dome natural gas storage facility in Louisiana. This asset expands our ability to use natural gas storage as a competitive advantage in the wholesale marketplace, while generating immediate incremental earnings for our business.

Business Strategy

Our business strategy is focused on effectively managing our gas distribution operations, optimizing our return on our assets and selectively growing our portfolio of closely related, unregulated businesses with an emphasis on risk management and earnings visibility. Key elements of our strategy include:

Enhance the value and growth potential of our regulated utility operations. We will continue to seek to enhance the value and growth of our existing utility operations by:

- maximizing our return on invested capital and managing our capital spending;
- pursuing growth opportunities in the service areas for each operating utility to expand our customer base;
- providing efficient service while aggressively managing operating costs;

- working to achieve authorized returns and share the benefits with our customers; and
- maintaining stability through regulatory compacts.

Selectively evaluate the acquisition of natural gas assets. We will selectively examine and evaluate the acquisition of gas distribution, gas pipeline or other gas assets in the United States. Our acquisition criteria include our ability to generate operational synergies, value from near-term earnings accretion and adequate returns on invested capital, while maintaining or improving our investment grade ratings.

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Achieve rapid integration of the NUI assets and the resulting strategic benefits. We will seek to rapidly integrate the NUI assets into our portfolio of businesses and to provide the associated benefits to our shareholders and customers. The acquisition of NUI will significantly expand our presence in the east coast energy markets, increase our end-use customer base by 20% and enhance our asset management capabilities. Following the acquisition, we will work quickly to apply our management standards and metrics to the NUI assets in order to bring NUI to a level of operational and service efficiency comparable to that of our other utility businesses.

Expand our non-distribution commercial businesses. We will continue to selectively expand our wholesale services and natural gas storage businesses to provide both disciplined earnings growth for shareholders and credits to our utility customers through effective management of our utility assets. We intend to grow our business with third parties, as well as the services we provide to our affiliated utilities, by providing producers with markets for their gas commodity, providing end-users with gas supply, storage and asset management options and arbitraging pipeline and storage assets across various gas markets and time horizons. In doing so, we will continue to maintain limited open position risk to ensure limited downside to our earnings and provide open books that allow regulators to review transactions under our affiliate asset management agreements. We attempt to mitigate substantially all of the commodity price risk associated with transactions in which we seek to take advantage of differences in gas prices over markets or time horizons, thereby reducing any economic losses due to the volatile nature of energy commodity prices. However, our accounting earnings are affected by natural gas price changes because gas stored in inventory is accounted for on a weighted average cost basis while the forward sales contracts we use to mitigate commodity risk are accounted for at fair value; however, the economic profits remain essentially unchanged from what we anticipated when we entered into the transactions.

Improved revenue and cash flow stability. We have taken a number of actions in recent years to promote more stable and predictable revenues and cash flows in each of our business segments, as well as to eliminate the effects of variable factors such as weather on our business results. Some of the improvements we have initiated include performance-based ratemaking in Georgia; weather normalization adjustment programs in Virginia and Tennessee; better cash recovery from our environmental response cost program in Georgia and increased credit quality in our retail natural gas business.

Focus on maintaining a strong investment grade profile and high level of liquidity. Our senior unsecured debt ratings are BBB+, Baa1 and A- from Standard & Poor s Ratings Group, Moody s Investors Service, Inc. and Fitch, Inc., respectively. With the announcement of our proposed acquisition of NUI, S&P placed our credit ratings on CreditWatch with negative implications, Moody s affirmed our ratings but changed its rating outlook to negative from stable and Fitch placed our credit ratings on Rating Watch Negative. We will continue to combine a disciplined approach to capital spending with our continuous focus on improving operating margins to optimize our cash flow generation. Additionally, we seek to reduce, over time, our ratio of total debt to total capitalization in order to strengthen our balance sheet and allow us to respond to the capital needs of our operating businesses.

The address of our principal executive offices is Ten Peachtree Place, Atlanta, Georgia 30309, and our telephone number is (404) 584-4000.

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The Offering

Common stock offered	9,600,000 shares
Common stock to be outstanding after the offering	74,940,838 shares
Use of proceeds	To purchase the outstanding capital stock of NUI and to repay debt incurred to pay the purchase price of Pivotal Jefferson Island.
New York Stock Exchange Symbol	ATG

The number of shares of common stock to be outstanding after this offering is based on 65,340,838 shares outstanding as of September 30, 2004. The number of shares of common stock offered and to be outstanding after this offering does not include:

- 1,440,000 additional shares of common stock that the underwriters have a right to purchase from us within 30 days after the date of this prospectus supplement to cover over-allotments;
- 1,744,530 shares issuable upon the exercise of stock options vested and outstanding as of September 30, 2004 and having a weighted-average exercise price of $21.74 per share; and
- 10,715,813 additional shares of common stock reserved for issuance as of September 30, 2004.

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Summary Financial Information

Set forth in the table below are summary financial and other data about us. On September 30, 2001, our board of directors elected to change our fiscal year end from September 30 to December 31, effective October 1, 2001. We derived the data in the tables as of and for the years ended December 31, 2003 and 2002 from our audited financial statements, and we derived such data for the twelve-month period ended December 31, 2001 and the nine-month periods ended September 30, 2004 and 2003 from our 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 approvals, which we consider necessary for a fair presentation of our 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.

(Dollars in millions, except per share data)	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001(1)
Income Statement Data:					
Operating revenues	$ 1,206	$ 704	$ 984	$ 877	$ 855
Operating expenses	(974)	(519)	(741)	(661)	(634)
Gain on sale of Caroline Street campus		16	16		
Operating income	232	201	259	217	221
Other income	2	22	40	30	17
Minority interest	(14)				
Earnings before interest and taxes (EBIT)(2)	220	223	298	247	238
Interest expense	(49)	(57)	(76)	(86)	(97)
Income taxes	(64)	(65)	(87)	(58)	(50)
Cumulative effect of change in accounting principle, net of taxes		(8)	(8)		
Net income	$ 107	$ 93	$ 128	$ 103	$ 91
Diluted earnings per common share before cumulative effect of change in accounting principle	$ 1.64	$ 1.59	$ 2.13	$ 1.82	$ 1.65
Diluted earnings per common share	$ 1.64	$ 1.47	$ 2.01	$ 1.82	$ 1.65
Cash dividend paid per share	$ 0.86	$ 0.83	$ 1.11	$ 1.08	$ 1.08
Balance Sheet Data:					
Total assets	$ 4,034	$ 3,688	$ 3,972	$ 3,742	$ 3,454
Long-term debt	1,216	1,131	956	994	1,015
Short-term debt(3)	85	169	383	419	478
Total debt	$ 1,301	$ 1,300	$ 1,339	$ 1,413	$ 1,493
Shareholders equity	$ 1,023	$ 908	$ 946	$ 710	$ 690

(1) For consistency with other reported periods, we reclassified regulatory carrying charges of $8 million for the twelve months ended December 31, 2001 from other income to operating revenues.

(2) EBIT reflects a non-GAAP financial measure. As an indicator of our operating performance or liquidity, EBIT should not be considered as an alternative to, or more meaningful than, net income or cash flow as determined in accordance with GAAP. EBIT is reconciled to net income in the table above. Our EBIT may not be comparable to a similarly titled measure of another company.

(3) Short-term debt includes current portion of long-term debt.

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RISK FACTORS

Investing in our common stock involves risks. In deciding whether to invest in our common stock, you should carefully consider the following risk factors, in addition to the other information contained in this prospectus supplement and the accompanying prospectus and the information incorporated by reference herein. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently deem immaterial, also may become important factors that affect us. If any of the following risks occurs, our business, financial condition or results of operations could be materially and adversely affected. In that case, the value of our common stock and your investment could decline.

AGL Resources

Factors Affecting Our Company and Our Industry

The factors affecting our company and our industry that could impact our business, financial condition or results of operations include those factors described in this prospectus supplement and in the information incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, please refer to Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption Risk Factors in our annual report on Form 10-K for the year ended December 31, 2003, which is incorporated by reference in this prospectus supplement, and those factors listed in this prospectus supplement in Forward-Looking Statements beginning on page S-1 for a discussion of some of the factors that could affect our future operations or performance.

The NUI Acquisition

The completion of our acquisition of NUI is subject to a number of factors, including the receipt of SEC approval and the satisfaction of other closing conditions, and we can provide no assurances that it will be completed.

Although we expect to complete the acquisition of NUI before the end of 2004, the acquisition is still subject to regulatory approval by the SEC as well as the satisfaction of various other closing conditions contained in the merger agreement. The merger agreement provides that the closing must occur on or prior to April 11, 2005, but that date may be extended for an additional 90 days until July 11, 2005 in the event the parties have not received the required regulatory approvals for the acquisition. If we do not complete the transaction, we intend to use the net proceeds of this offering to repay short-term indebtedness and for general corporate purposes.

We may encounter difficulties integrating NUI into our business and may not fully attain or retain, or achieve within a reasonable time frame, expected strategic objectives, cost savings and other expected benefits of the acquisition.

We expect to realize strategic and other benefits as a result of our acquisition of NUI. Our ability to realize these benefits or successfully integrate NUI s businesses, however, is subject to certain risks and uncertainties, including:

the costs of integrating NUI and upgrading and enhancing its operations may be higher than we expect and may require more resources, capital expenditures and management attention than anticipated;

employees important to NUI s operations may decide not to continue employment with us;

we may be required to allocate some of the cost savings achieved through the integration of NUI to our existing regulated utilities, which could prevent us from retaining some of the benefits achieved if the allocated cost savings result in rate reductions in future rate proceedings;

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- we may be unable to maintain and enhance our relationship with NUI s existing customers and regulators;
- we may be unable to anticipate or manage risks that are unique to NUI s business, including those related to its workforce, customer demographics, regulatory environment, information systems and diverse geography; and
- we may be unable to appropriately and timely adapt to both existing and changing economic, regulatory and competitive conditions.

Our failure to manage these risks, or other risks related to the acquisition that are not presently known to us, could prevent us from realizing the expected benefits of the acquisition and also may have a material adverse effect on our results of operations and financial condition following the transaction, which could cause the value of our common stock to decline.

NUI has certain liabilities and obligations related to its pre-acquisition activities that may result in unanticipated costs and expenses to us after closing.

NUI has been, and continues to be, the subject of various lawsuits, regulatory audits, investigations and settlements related to certain of its business practices prior to the date of the merger agreement. Although the merger agreement contains certain closing conditions related to the existence and severity of these lawsuits, audits, investigations and settlements at closing, many of these issues may not be resolved at the time of closing. After closing, we will bear the costs of any liability, expense or obligation related to new or ongoing lawsuits, investigations or claims related to these pre-acquisition activities. Additionally, management of these claims and liabilities may require a disproportionate amount of our management s time and attention. If we are unsuccessful in anticipating and managing these risks, our business, financial condition and results of operations could be adversely affected.

NUI has material weaknesses in its internal controls that may cause us additional cost to resolve after closing.

During fiscal years 2003 and 2004, NUI s external and internal auditors performed audits which identified material weaknesses in NUI s internal controls. Additional internal control issues and deficiencies were identified in the focused audit of NUI that was conducted at the request of the New Jersey Board of Public Utilities. Although NUI continues to assess its systems of internal control in order to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we believe NUI will continue to have material deficiencies in its internal controls after closing that we will be required to address and resolve. We cannot make any assurance that our systems of internal and disclosure controls and procedures will be able, following the acquisition, to detect or prevent all errors or fraud or ensure that all material information will be made known to management in a timely fashion. After closing, we may incur significant additional costs to resolve these internal control and disclosure issues.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and our estimated offering expenses, will be approximately $288 million (or approximately $332 million if the underwriters exercise their over-allotment option in full). We intend to use approximately $220 million of the net proceeds to acquire all of the outstanding shares of NUI. We expect to use the remaining net proceeds to repay $68 million of debt incurred to pay the purchase price of Pivotal Jefferson Island on October 1, 2004. As of September 30, 2004, the short-term debt used to purchase Pivotal Jefferson Island had an interest rate of 1.9%.

If our acquisition of NUI is not completed, we intend to use the net proceeds of this offering to repay short-term indebtedness and for general corporate purposes.

Pending application of the net proceeds as described above, we may invest the net proceeds in short-term interest-bearing securities.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2004 on an actual basis and on an as adjusted basis to reflect the sale of 9,600,000 shares of our common stock at the offering price of $31.01 per share. You should review Use of Proceeds on page S-14 for a description of how we intend to use the net proceeds of this offering. 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.

	As of September 30, 2004			
(Dollars in millions)	Actual		As Adjusted	
	Amount	Percent	Amount	Percent
Short-term debt	$ 51	2.2%	$	0.0%
Current portion of long-term debt	34	1.5	34	1.3
Senior and medium term notes	981	42.2	981	38.3
Notes payable to trusts	235	10.1	235	9.2
Common shareholders equity	1,023	44.0	1,311	51.2
	$ 2,324	100.0%	$ 2,561	100.0%

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PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the NYSE under the symbol ATG. The following table sets forth, for the periods indicated, the range of high and low sale prices for our common stock and the cash dividends that we have paid on our common stock.

	Common Stock Price		Cash Dividend Per Common Share
	High	Low	
2002			
Quarter Ended:			
March 31, 2002	$ 23.66	$ 21.08	$ 0.27
June 30, 2002	24.21	21.74	0.27
September 30, 2002	23.59	17.94	0.27
December 31, 2002	25.00	20.62	0.27
2003			
Quarter Ended:			
March 31, 2003	$ 25.18	$ 22.08	$ 0.27
June 30, 2003	26.87	23.66	0.28
September 30, 2003	28.42	25.64	0.28
December 31, 2003	29.21	27.34	0.28
2004			
Quarter Ended:			
March 31, 2004	$ 29.87	$ 27.91	$ 0.28
June 30, 2004	29.31	26.80	0.29
September 30, 2004	31.24	28.66	0.29
December 31, 2004 (through November 18, 2004)	32.38	30.34	0.29

On November 18, 2004, the last reported sale price for our common stock was $31.01 per share.

As of October 29, 2004, there were 11,645 holders of record of our common stock.

We have paid 227 consecutive quarterly cash dividends on our common stock beginning in 1948. We pay dividends four times a year: March 1, June 1, September 1 and December 1. Dividends are declared at the discretion of our board of directors, and future dividends will depend upon future earnings, cash flow, financial requirements and other factors.

On October 27, 2004, our board of directors declared a quarterly dividend of $0.29 per share of our common stock. The dividend will be paid December 1, 2004, to shareholders of record at the close of business on November 19, 2004. The December dividend marks our 228th consecutive paid quarterly dividend. Purchasers of our common stock in this offering will not be shareholders of record at the close of business on November 19, 2004, and, therefore, will not be entitled to receive the quarterly dividend to be paid on December 1, 2004.

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UNDERWRITING

J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated are the representatives of the underwriters. Subject to the terms and conditions set forth in the underwriting agreement, the underwriters named below have severally agreed to purchase, and we have agreed to sell to each underwriter, the following respective number of shares of common stock set forth opposite the name of each underwriter:

Name	Number of Shares
J.P. Morgan Securities Inc.	2,784,000
Morgan Stanley & Co. Incorporated	2,784,000
Banc of America Securities LLC	816,000
SunTrust Capital Markets, Inc.	816,000
Calyon Securities (USA) Inc.	768,000
Lazard Frères & Co. LLC	768,000
Wells Fargo Securities, LLC	336,000
BNY Capital Markets, Inc.	336,000
KBC Financial Products USA Inc.	192,000
Total	9,600,000

The underwriting agreement between us and the underwriters provides that the obligations of the underwriters to purchase the shares included in this offering are subject to conditions customary for offerings of this type. The underwriters are obligated to purchase all the shares, other than those covered by the over-allotment option described below, if they purchase any of the shares.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 1,440,000 additional shares of common stock at the public offering price less the underwriting discount and commissions. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering.

The following table shows the public offering price, underwriting discounts and commissions and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the underwriters of their over-allotment option.

		Total	
	Per Share	Without Option	With Option
Public offering price	$ 31.01	$ 297,696,000	$ 342,350,400
Underwriting discounts and commissions	$ 0.93	$ 8,930,880	$ 10,270,512
Proceeds, before expenses, to us	$ 30.08	$ 288,765,120	$ 332,079,888

The underwriters initially propose to offer a portion of the shares directly to the public at the public offering price set forth on the cover page of this prospectus supplement and a portion of the shares to certain securities dealers at the public offering price less a concession not to exceed $0.60 per share. After the initial offering of the shares of our common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We and our executive officers entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which we and our executive officers have agreed not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or securities convertible into or exercisable or exchangeable for shares of common stock, or enter

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into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of common stock, whether any such transaction above is to be settled by delivery of common stock or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated for a period of 90 days after the date of this prospectus supplement. In addition, our executive officers have agreed that without the prior written consent of J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, they will not, during this period, make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for common stock. The foregoing restrictions shall not apply to:

- any bona fide transfer by gift, will or intestacy of shares of common stock; *provided,* that each transferee agrees in writing to be bound by the restrictions;

- any bona fide transfer of shares of common stock to a member or members of the immediate family of the restricted person; *provided,* that any such transfer shall not involve a disposition for value; *provided further,* that each transferee agrees in writing to be bound by the restrictions;

- any bona fide transfer of shares of common stock to any trust solely for the benefit of the restricted person or a member or members of the immediate family of the restricted person; *provided*, that any such transfer shall not involve a disposition for value; *provided further*, that the trustee of the trust agrees in writing to be bound by the restrictions;

- the issuance by us, pursuant to any written employee or director benefit plan in existence on the date hereof (subject to certain exceptions), of shares pursuant to the exercise of any option or other convertible security outstanding on the date hereof or otherwise if in form and amounts consistent with our recent past practices;

- the transfer to us or the withholding by us of shares of common stock pursuant to any of our long-term incentive plans to pay tax or other withholdings of the restricted person;

- the sale of, or other transactions relating to, up to 50,000 shares of our common stock pursuant to any Rule 10b5-1 plan in effect as of the date of the lock-up agreements; and

- transactions relating to shares of our common stock or other securities acquired in open market transactions after the completion of this offering.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

The underwriters may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Rule 104 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, in connection with this offering. Stabilizing transactions permit bids to purchase the common shares so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the common shares in the open market following completion of this offering to cover all or a portion of a syndicate short position created by the underwriters selling more common shares in connection with this offering than they are committed to purchase from us. In addition, the underwriters may impose penalty bids under contractual arrangements between the underwriters and dealers participating in this offering whereby they may reclaim from a dealer participating in this offering the selling concession with respect to common shares that are distributed in this offering but subsequently purchased for the account of the underwriters in the open market. Such stabilizing transactions, syndicate covering transactions and penalty bids may result in the maintenance of the price of the common stock at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and if any are undertaken, they may be discontinued at any time.

One or more of the underwriters may facilitate the marketing of this offering online directly or through one of its affiliates. In those cases, prospective investors may view offering terms and a prospectus online and, depending upon the particular underwriter, place orders online or through their financial advisor.

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In connection with this offering, certain underwriters and selling group members, if any, who are qualified market makers on the NYSE may engage in passive market making transactions in our common stock on the NYSE in accordance with Rule 103 of Regulation M under the Exchange Act. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid of such security; if all independent bids are lowered below the passive market maker s bid, however, such bid must then be lowered when certain purchase limits are exceeded.

We estimate that our total expenses attributable to this offering will be approximately $400,000, excluding underwriting discounts and commissions.

Lazard Frères & Co. LLC, or Lazard, has entered into an agreement with Mitsubishi Securities (USA), Inc., or Mitsubishi, pursuant to which Mitsubishi provides certain advisory and other services to Lazard, including services in respect of this offering. In return for the provision of such services by Mitsubishi to Lazard, Lazard will pay to Mitsubishi a mutually agreed upon fee.

Affiliates of the underwriters are currently agents and lenders under our credit facility. Specifically, JPMorgan Chase Bank, an affiliate of J.P. Morgan Securities Inc.; Morgan Stanley Bank, an affiliate of Morgan Stanley & Co. Incorporated; Bank of America, N.A., an affiliate of Banc of America Securities LLC; SunTrust Bank, an affiliate of SunTrust Capital Markets, Inc.; Calyon New York Branch, an affiliate of Calyon Securities (USA) Inc.; The Bank of Tokyo-Mitsubishi, LTD, New York Branch, an affiliate of Mitsubishi Securities (USA), Inc.; Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC; The Bank of New York, an affiliate of BNY Capital Markets, Inc.; and KBC Bank N.V., an affiliate of KBC Financial Products USA Inc.; are lenders and agents under our credit facility. The underwriters and their affiliates perform various other financial advisory, investment banking and commercial banking services for us and our affiliates from time to time, for which they have received customary fees.

LEGAL MATTERS

Alston & Bird LLP, Atlanta, Georgia, will pass upon the validity of our shares of common stock offered hereby. Certain legal matters related to the offering will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

The audited financial statements as of and for the year ended December 31, 2003 incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2003, except as they relate to SouthStar Energy Services LLC, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and insofar as they relate to SouthStar Energy Services LLC, by Ernst & Young LLP, an independent registered public accounting firm, whose reports are incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2003. Such financial statements have been so incorporated in reliance on the reports of such independent registered public accounting firms given on the authority of such firms as experts in auditing and accounting.

The consolidated financial statements as of December 31, 2002 and for the years ended December 31, 2002 and September 30, 2001 and for the three months ended December 31, 2001 and the related financial statement schedule incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2003 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report dated January 27, 2003 (which report expresses an unqualified opinion and includes an explanatory paragraph referring to our change in 2002 in our accounting method for energy trading contracts), which is incorporated herein by reference, and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

Available Information

We file reports, proxy statements and other information with the SEC. You may obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1300, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC s Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements and other information regarding registrants like us that file electronically. Reports, proxy statements and other information concerning us may also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. We also maintain an Internet site at *www.aglresources.com* that contains information concerning us and our affiliates. The information at our Internet site is not incorporated in this prospectus supplement and the accompanying prospectus by reference, and you should not consider it a part of this prospectus supplement and the accompanying prospectus.

Incorporation by Reference

SEC rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, and later information that we file with the SEC will automatically update and supersede that information. This prospectus supplement and the accompanying prospectus incorporate by reference the documents set forth below that we have previously filed with the SEC.

SEC Filings (File No. 001-14174)	Period/Date
Annual Report on Form 10-K	Year ended December 31, 2003
Quarterly Reports on Form 10-Q	Quarters ended March 31, June 30, and September 30, 2004
Current Reports on Form 8-K	January 26, April 26, July 15, July 26, September 9, September 22, September 30, and October 26, 2004
Registration Statement on Form 8-A filed on March 6, 1996 (File No. 001-11659), as amended by Form 8-A/A filed on June 5, 2002	

We are also incorporating by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this prospectus supplement and the termination of this offering of common stock.

We will provide without charge, to each person to whom a copy of this prospectus supplement and the accompanying prospectus has been delivered, a copy of any and all of these filings. You may request a copy of these filings by writing or telephone us at:

AGL Resources Inc.

Ten Peachtree Place

Atlanta, Georgia 30309

Attention: Investor Relations

Telephone: (404) 584-3801

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P R O S P E C T U S

$1,500,000,000

AGL Resources Inc.

AGL Capital Corporation

AGL Capital Trust III

Debt Securities

Guarantee of Debt Securities

Trust Preferred Securities

Guarantee with respect to the Trust Preferred Securities

Junior Subordinated Debentures

Guarantee with respect to the Junior Subordinated Debentures

Common Stock

Preferred Stock

Preferred Stock Purchase Rights

Purchase Contracts

Guarantee of Purchase Contracts

Warrants

Guarantee of Warrants

Units

Guarantee of Units

We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. The securities offered in this prospectus and the applicable prospectus supplement may be offered at a fixed public offering price or at varying prices determined at the time of sale. Our common stock trades on the New York Stock Exchange under the symbol ATG. There is no established public trading market for any of the other securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. any representation to the contrary is a criminal offense.

The date of this Prospectus is November 9, 2004.

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RISK FACTORS

Investing in our securities involves risk. Each time that we issue new securities, risk factors, if appropriate, will be included in the prospectus supplement relating to the new securities.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of $1,500,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. Material United States federal income tax considerations applicable to the offered securities will also be discussed in the applicable prospectus supplement. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the headings Where You Can Find More Information and Incorporation of Certain Documents by Reference. As used in this prospectus, the terms we, our, ours, us and simila references mean AGL Resources Inc., together with its subsidiaries, including AGL Capital Trust III and AGL Capital Corporation, or AGL Capital, unless otherwise indicated.

PRINCIPAL EXECUTIVE OFFICES

The address of AGL Resources principal executive offices is Ten Peachtree Place, Atlanta, Georgia 30309, and its telephone number is (404) 584-4000. We maintain a website at http://www.aglresources.com where general information about us is available. We are not, however, incorporating the contents of our website into th