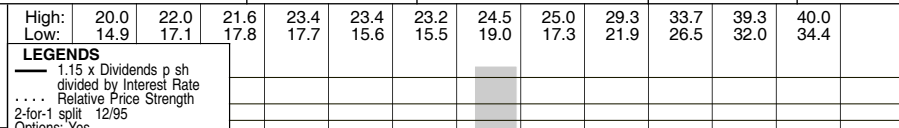


AGL RESOURCES NYSE-ATG

RECENT PRICE **35.97** P/E RATIO **14.2** (Trailing: 13.3; Median: 14.0) RELATIVE P/E RATIO **0.84** DIV'D YLD **4.2%** VALUE LINE

TIMELINESS 4 Lowered 8/11/06
SAFETY 2 New 7/27/90
TECHNICAL 3 Lowered 9/1/06
BETA .95 (1.00 = Market)



Target Price Range	2009	2010	2011
	128	96	80
	64	48	40
	32	24	16
	12		

2009-11 PROJECTIONS

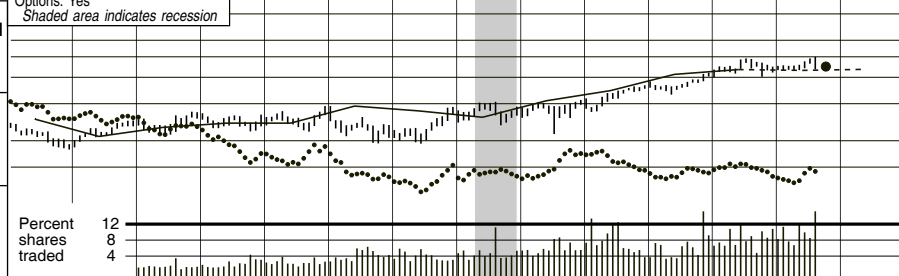
	Price	Gain	Ann'l Total Return
High	50	(+40%)	12%
Low	40	(+10%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options to Buy	1	2	1	0	1	1	0	0	0
to Sell	1	1	0	0	1	0	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	109	110	95
to Sell	88	83	102
Hld's(000)	49186	45106	49525



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	35.55	36.10	Revenues per sh ^A	38.45
2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.40	4.50	"Cash Flow" per sh	4.85
1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.65	2.70	Earnings per sh ^{A B}	2.95
.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.50	1.58	Div'ds Decl'd per sh ^C	1.75
2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	2.80	3.10	Cap'l Spending per sh	2.25
8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	20.40	21.50	Book Value per sh ^D	24.90
44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	77.90	78.00	Common Shs Outst'g ^E	78.30
14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	14.3	14.3	Avg Ann'l P/E Ratio	15.0
1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	.76	.76	Relative P/E Ratio	1.00
6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	3.9%	3.7%	Avg Ann'l Div'd Yield	4.0%

CAPITAL STRUCTURE as of 6/30/06
 Total Debt 2087.0 mill. Due in 5 Yrs \$530.0 mill.
 LT Debt \$1632.0 mill. LT Interest \$100.0 mill.

(Total interest coverage: 4.4x)
Leases, Uncapitalized Annual rentals \$27.0 mill.

Pension Assets-12/05 \$371.0 mill. **Oblig.** \$464.0 mill.

Pfd Stock None
Common Stock 77,878,889 shs. as of 7/31/06

MARKET CAP: \$2.8 billion (Mid Cap)

CURRENT POSITION

	2004	2005	6/30/06
Cash Assets	49.0	30.0	37.0
Other	1408.0	2002.0	1471.0
Current Assets	1457.0	2032.0	1508.0
Accts Payable	207.0	264.0	566.0
Debt Due	334.0	522.0	455.0
Other	936.0	1153.0	329.0
Current Liab.	1477.0	1939.0	1350.0
Fix. Chg. Cov.	510%	442%	470%

1220.2	1287.6	1338.6	1068.6	607.4	1049.3	868.9	983.7	1832.0	2718.0	2770	2815	Revenues (\$mill) ^A	3010
75.6	76.6	80.6	52.1	71.1	82.3	103.0	132.4	153.0	193.0	205	210	Net Profit (\$mill)	230
38.6%	37.9%	32.5%	33.1%	34.3%	40.7%	36.0%	35.9%	37.0%	37.7%	38.0%	38.0%	Income Tax Rate	38.0%
6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	11.9%	13.5%	8.4%	7.1%	7.5%	7.5%	Net Profit Margin	7.7%
46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	58.3%	50.3%	54.0%	51.9%	51.0%	50.0%	Long-Term Debt Ratio	48.5%
48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	41.7%	49.7%	46.0%	48.1%	49.0%	50.0%	Common Equity Ratio	51.5%
1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	1704.3	1901.4	3008.0	3114.0	3225	3310	Total Capital (\$mill)	3775
1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	2194.2	2352.4	3178.0	3271.0	3350	3450	Net Plant (\$mill)	3750
8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	8.1%	8.9%	6.3%	7.9%	8.0%	8.0%	Return on Total Cap'l	7.5%
11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	14.5%	14.0%	11.0%	12.9%	13.0%	12.5%	Return on Shr. Equity	12.0%
12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	14.5%	14.0%	11.0%	12.9%	13.0%	12.5%	Return on Com Equity	12.0%
3.8%	3.2%	4.4%	NMF	3.2%	4.2%	7.0%	6.6%	5.6%	6.2%	5.5%	5.5%	Retained to Com Eq	5.0%
71%	74%	64%	101%	72%	65%	52%	53%	49%	52%	57%	58%	All Div'ds to Net Prof	59%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	1.0%	7.0%	7.5%
"Cash Flow"	5.0%	7.0%	5.0%
Earnings	6.5%	13.5%	4.5%
Dividends	1.5%	2.0%	6.5%
Book Value	5.5%	8.5%	6.0%

AGL Resources utility business performed well despite warmer-than-normal temperatures and conservation by customers. Earnings before interest and taxes increased \$7 million versus the year-ago period, driven by a \$6 million decrease in operating expenses. This can be attributed to last year's workforce and facilities restructuring programs. Also, operation and maintenance expenses per customer throughout AGL's distribution segment decreased 9% over the first six months of 2006. However, these results were offset by a lackluster performance at SouthStar, which markets natural gas and related services to retail customers on an unregulated basis, where results were also impacted by lower customer usage and higher bad debt expense.

propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acq. Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Off/dir. own less than 1.0% of common; Goldman Sachs, 5.5%; JPMorgan, 5.9% (3/06 Proxy). Pres. & CEO: John W. Somerhalder II, Inc.: GA. Addr.: 10 Peachtree Place N.E., Atlanta, GA 30309. Tel.: 404-584-4000. Internet: www.aglresources.com.

QUARTERLY REVENUES (\$ mill.) ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	352.5	186.6	166.3	278.3	983.7
2004	651.0	294.0	262.0	625.0	1832.0
2005	908.0	430.0	387.0	993.0	2718.0
2006	1047.0	436.0	405	882	2770
2007	970	480	465	900	2815

AGL's expansion of its Jefferson Island storage facility has hit a road block. In early August, the Louisiana Department of Natural Resources terminated the company's mineral lease due to the timing of leasehold payments and a lack of mining activity on the site for six months. Even so, the company remains committed to resolving these issues and getting the project completed, which will increase working gas capacity, along with revenues. **This neutrally ranked stock has worthwhile total return potential,** thanks partly to dividend growth prospects. The good-quality shares are safe and steady, but not overly enticing.

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EARNINGS PER SHARE ^{A B}

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.98	.29	.27	.54	2.08
2004	1.00	.33	.31	.64	2.28
2005	1.14	.30	.19	.85	2.48
2006	1.41	.25	.27	.72	2.65
2007	1.30	.37	.29	.74	2.70

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.27	.27	.27	.27	1.08
2003	.27	.28	.28	.28	1.11
2004	.28	.29	.29	.29	1.15
2005	.31	.31	.31	.37	1.30
2006	.37	.37	.37		

Virginia Natural Gas (VNG) has accepted a modified performance-based rate plan. As part of the deal, VNG will freeze its base rates for five years; construct a pipeline to connect its northern and southern systems, which is expected to cost about \$48 million to \$60 million; and will be allowed to file for a permanent weather normalization plan. Also, Chat-

tanooga Gas filed for a \$5.8 million rate increase with the Tennessee Regulatory Authority to cover rising costs of financing its operations and lower consumption of natural gas. The proposal includes a plan to better align its interest with customers, by adjusting rates annually based on actual consumption versus an assumed level. We think Chattanooga will receive some, if not all, of the rate increase, which should provide a boost to earnings.

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002.
 (B) Diluted earnings per share. Excl. nonrecurring gains (losses): '95, d\$0.83; '99, \$0.39; '00, \$0.13; '01, \$0.13; '03, d\$0.07. Next earnings report due late Oct.
 (C) Dividends historically paid early March, June, Sept, and Dec. ■ Div'd reinvest. plan available.
 (D) Includes intangibles. In 2005: \$422 million, \$5.43/share.
 (E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	75

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