

AGL RESOURCES INC
Form PRE 14A
February 26, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

AGL RESOURCES INC.

(Name of Registrant as Specified in Its Charter)

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No fee required.

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

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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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JOHN W. SOMERHALDER II

Chairman, President and Chief Executive Officer

March [17], 2015

To Our Shareholders:

On behalf of the board of directors, I am pleased to invite you to attend AGL Resources' 2015 annual meeting of shareholders to be held on Tuesday, April 28, 2015, at our corporate headquarters at Ten Peachtree Place, Atlanta, Georgia. The meeting will start at 10:00 a.m., Eastern time. A map with directions is included in the attached proxy statement. **Please note that you will need to present an admission ticket and picture identification in order to attend the meeting in person.** Please see page [] of the attached proxy statement for more information about attending the meeting in person. The matters to be acted upon at the meeting are described in the Notice of Annual Meeting of Shareholders and Proxy Statement. During the annual meeting of shareholders, we will discuss our efforts and achievements in 2014. We will update shareholders on our business plans for 2015. 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. You may vote by telephone (using the toll-free number on your proxy or vote instruction card), internet (using the address provided on your proxy or vote instruction card), or paper proxy or vote instruction card. Please see page [] of the attached proxy statement or your enclosed proxy or vote instruction card for more detailed information about the various options for voting your shares.

Thank you for your ongoing ownership and support. We hope to see you at our annual meeting.

Sincerely,

John W. Somerhalder II

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Ten Peachtree Place

Atlanta, Georgia 30309

NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

Time and Date:	10:00 a.m., Eastern time, Tuesday, April 28, 2015
Place:	Ten Peachtree Place, Atlanta, Georgia
Items of Business:	<p>Elect fifteen directors to serve until the 2016 annual meeting;</p> <p>Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015;</p> <p>Approve a non-binding resolution to approve the compensation of our named executive officers;</p> <p>Approve an amendment to the Company's amended and restated articles of incorporation to provide holders of at least 25% of the voting power of all outstanding shares entitled to vote the right to call a special meeting of shareholders;</p> <p>Consider and act upon the shareholder proposal regarding an independent chairman policy as described in this proxy statement, if properly presented at the annual meeting;</p> <p>Consider and act upon the shareholder proposal regarding the adoption of quantitative goals for reducing greenhouse gas emissions and report on plans to achieve such goals as described in this proxy statement, if properly presented at the annual meeting; and</p> <p>Transact such other business as may properly come before the annual meeting or any adjournments.</p>
Who May Vote:	You may vote if you owned shares of our common stock at the close of business on February 17, 2015 (the record date).
Proxy Voting:	<p>Your vote is important. Please vote in one of these ways:</p> <p>use the toll-free telephone number shown on the enclosed proxy or vote instruction card;</p> <p>visit the website listed on your proxy or vote instruction card; or</p> <p>mark, sign, date and promptly return the enclosed proxy or vote instruction card in the enclosed postage-paid envelope.</p>
Proxy Statement:	A copy of our proxy statement for the annual meeting, which contains information that is relevant to the proposals to be voted on at the annual meeting, is attached.
Annual Report:	A copy of our 2014 annual report, which contains financial and other information about our business, is enclosed.
Date of Availability:	On or about March 17, 2015, we will mail to certain shareholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our proxy statement and 2014 annual report and how to vote online. All other shareholders will receive the proxy statement and annual report by mail.

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By Order of the Board of Directors,

Myra C. Bierria

Corporate Secretary

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDER MEETING TO BE HELD ON APRIL 28, 2015:**

A copy of our combined 2014 annual report and Form 10-K for 2014 is being made
available with this proxy statement. You may receive a stand-alone copy of our 2014

Form 10-K free of charge upon written request directed to:

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AGL Resources Inc.

Attention: Investor Relations

P.O. Box 4569, Location 1071

Atlanta, Georgia 30302-4569

Our proxy statement and our 2014 annual report and Form 10-K may be accessed at

www.proxyvote.com

and our website at *www.aglresources.com*

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PROXY STATEMENT

ABOUT THE ANNUAL MEETING

Who is soliciting my proxy?

The board of directors of AGL Resources is providing you these proxy materials in connection with the solicitation of proxies to be voted at our 2015 annual meeting of shareholders and at any postponement or adjournment of the annual meeting. The proxies will be voted in accordance with your instructions by John W. Somerhalder II, our chairman, president and chief executive officer; Paul R. Shlanta, our executive vice president, general counsel and chief ethics and compliance officer; and Andrew W. Evans, our executive vice president and chief financial officer, or any of them. If your shares are held in our AGL Resources Inc. Retirement Savings Plus Plan (the Retirement Savings Plus Plan or the AGL 401(k) Plan) or Nicor Gas Thrift Plan, your proxy will be voted by Merrill Lynch Bank and Trust Co., FSB, which is the trustee for these plans. The trustee of the AGL 401(k) Plan will vote your shares in accordance with your instructions and if you fail to provide voting instructions, the trustee will vote your shares in accordance with the discretionary instructions of the Administrative Committee of the 401(k) plans. It is expected that the Administrative Committee will instruct the trustee of the AGL 401(k) Plan to vote your shares in accordance with your telephone, internet or written proxy vote, or if you do not vote, FOR ALL nominees listed in proposal 1, FOR proposals 2, 3 and 4, and AGAINST proposals 5 and 6, and as instructed by the Administrative Committee on any other proposals that may properly come before the meeting. The trustee of the Nicor Gas Thrift Plan will vote your shares in accordance with your instructions, and if you fail to give the trustee proper instructions, it will vote your shares in the same proportion that other participants in the plan have voted their shares.

Why did I receive a Notice of Internet Availability of Proxy Materials (Notice) in the mail instead of a printed set of proxy materials?

Pursuant to the rules of the Securities and Exchange Commission (SEC), we are permitted to furnish our proxy materials over the internet to our shareholders by delivering a Notice in the mail. We are sending the Notice to certain record and beneficial shareholders. These shareholders have the ability to access the proxy materials, including our proxy statement and annual report, at www.proxyvote.com or to request a printed or email set of the proxy materials. Instructions on how to access the proxy materials over the internet or to receive a printed set may be found in the Notice. Shareholders who receive a printed set of proxy materials will not receive the Notice, but may still access our proxy materials over the internet at www.proxyvote.com.

When will Proxy Materials be provided to shareholders?

A Notice of Internet Availability of Proxy Materials or this Proxy Statement is first being mailed to shareholders on or about March [17], 2015.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on April 28, 2015.

The proxy statement and annual report are available at www.proxyvote.com

What will I be voting on?

You will be voting on:

Proposal 1 the election of 15 directors to serve until the 2016 annual meeting;

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Proposal 2 the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015;

Proposal 3 the approval of a non-binding resolution to approve the compensation of our Named Executive Officers, as described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, set forth in this proxy statement;

Proposal 4 the approval of an amendment to the Company's amended and restated articles of incorporation to provide holders of at least 25% of the voting power of all outstanding shares entitled to vote the right to call a special meeting of shareholders;

Proposal 5 the consideration of the shareholder proposal regarding an independent chairman policy as described in this proxy statement, if properly presented at the annual meeting;

Proposal 6 the consideration of the shareholder proposal regarding the adoption of quantitative goals for reducing greenhouse gas emissions and report on plans to achieve such goals as described in this proxy statement, if properly presented at the annual meeting; and

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

How does the board recommend I vote on the proposals?

The board of directors recommends you vote FOR ALL nominees listed in proposal 1, FOR each of proposals 2, 3 and 4, and AGAINST each of proposals 5 and 6.

How do I vote?

Most of our shareholders have three options for submitting their votes;

By telephone,

Via the internet, or

By mail.

If your AGL Resources shares are held in your name on the records maintained by Wells Fargo Bank, N.A., our transfer agent (meaning you are a shareholder of record), please follow the instructions on your proxy card.

If your AGL Resources shares are held through a brokerage firm or bank (that is, in street name), your ability to vote by telephone or over the internet depends on the voting process of your brokerage firm or bank. Please follow the directions on your vote instruction card.

Regardless of whether your AGL Resources shares are held by you as a record shareholder or in street name, you may attend the meeting and vote your shares in person. Please note that if your shares are held in street name and you want to vote in person, you must 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.

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Even if you plan to attend the meeting, we encourage you to vote your shares by telephone, internet or mail to simplify the voting process at the meeting.

How do I vote if my shares are held in one of the 401(k) plans?

If your AGL Resources shares are held in one of the 401(k) plans, only the plan trustee can vote your plan shares even if you attend the

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annual meeting in person. The plan trustee will vote your shares in accordance with your telephone, internet or written proxy vote. Please follow the instructions on your proxy card.

May I revoke my proxy?

Yes. You may revoke your proxy or vote instructions at any time before the annual meeting by voting again by telephone or via the internet or by timely signing and returning another proxy or vote instruction card with a later date. Additionally, if you are a shareholder of record or if you are a street name holder who has obtained a vote instruction card from your street name nominee, and you decide to attend the meeting and vote in person, you may request that any proxy or vote instruction card that you previously submitted not be used.

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 ALL nominees listed in proposal 1, FOR each of proposals 2, 3 and 4, and AGAINST each of proposals 5 and 6 and in the discretion of the proxies on any other matter that may properly come before the meeting.

If you hold AGL Resources shares through one of our 401(k) plans and you return the proxy card but do not properly sign or date it or specify how you want your plan shares voted, it is expected that (i) in the case of the AGL 401(k) Plan, the plan trustee, upon instruction from the Administrative Committee of the AGL 401(k) Plan, will vote your plan shares FOR ALL nominees listed in proposal 1, FOR each of proposals 2, 3 and 4, and AGAINST each of proposals 5 and 6, and as instructed by the Administrative Committee on any other proposals that may properly come before the

meeting and (ii) in the case of the Nicor Gas Thrift Plan, the plan trustee will vote your plan shares in the same proportion that other participants in the plan have voted their shares.

May my shares be voted if I don't submit a proxy or voting instructions?

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 and do not vote by telephone or via the internet or in person at the meeting, 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 may or may not vote your shares with regard to each of the six proposals, depending on stock exchange rules. If your AGL Resources shares are held through one of the 401(k) plans and you do not return the proxy card for those plan shares and do not vote by telephone or the internet or in person, it is expected that, in the case of the AGL 401(k) Plan, the plan trustee, upon instruction from the Administrative Committee, will vote your shares FOR ALL nominees listed in proposal 1, FOR each of proposals 2, 3 and 4, and AGAINST each of proposals 5 and 6, and as instructed by the Administrative Committee on any other proposals that may properly come before the meeting. In the case of the Nicor Gas Thrift Plan, the plan trustee will vote your shares in the same proportion that other participants in the plan have voted their shares.

How many shares may I vote?

As of February 17, 2015, the record date for voting at the annual meeting, [] shares of common stock of AGL Resources were outstanding and entitled to be voted at the annual meeting. You are entitled to one vote for each share of AGL Resources common stock you owned on the record date.

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Is there a list of shareholders entitled to notice of the annual meeting?

A list of shareholders entitled to notice of the annual meeting will be available at the annual meeting for inspection by any shareholder. A list of shareholders will also be available for inspection by any shareholder during ordinary business hours at our principal place of business at Ten Peachtree Place, Atlanta, Georgia.

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 and eligible to be voted, must be present, either in person or represented by proxy, to conduct the annual meeting.

How many votes are needed to approve each of the proposals?

The following are the vote requirements for each of the proposals:

Election of 15 directors: In uncontested elections, a director must receive the vote of at least the majority of votes cast with respect to his or her election in order to be elected. Each of the 15 director nominees for whom the votes cast FOR election exceed 50% of the number of votes cast with respect to that director s election will be elected as a director.

Ratification of the appointment of PricewaterhouseCoopers LLP: Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the votes cast FOR to exceed the votes cast AGAINST.

Advisory Vote on Executive Compensation: Adoption of the non-binding resolution to approve executive compensation requires the votes cast FOR to exceed the votes cast AGAINST.

Approval of the amendment to the Company s amended and restated articles of incorporation: Approval of the amendment to the Company s amended and restated articles of incorporation requires the affirmative vote of the majority of shares entitled to vote on the proposal.

Shareholder Proposal regarding an Independent Chairman Policy: Adoption of this shareholder proposal requires the votes cast FOR to exceed the votes cast AGAINST.

Shareholder Proposal regarding Goals for Reducing Greenhouse Gas Emissions: Adoption of this shareholder proposal requires the votes cast FOR to exceed the votes cast AGAINST.

What happens if a director nominee fails to receive a majority of the votes cast in his or her election?

As described under the caption, Proposal 1 Election of Directors General Vote Requirements for Election, our bylaws provide that a director nominee in an uncontested election must receive the affirmative vote of at least the majority of votes cast in order to be elected. If the votes cast FOR the director s election do not exceed 50% of the number of votes cast with respect to that director s election, the director must promptly tender his or her resignation to the board of directors following certification of the shareholder vote. The Nominating, Governance and Corporate Responsibility Committee must then recommend to the board of directors whether to accept or reject the tendered resignation or whether to take other action. The board must then act on the tendered resignation and publicly disclose its decision and the rationale behind the decision within 90 days after the certification of the election results.

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What if I vote to withhold authority to elect directors?

In voting for the election of directors, a vote to withhold all or for all except one or more director nominees will be counted for quorum purposes. Such a vote also will be counted for purposes of determining whether a director nominee received the affirmative vote of at least the majority of votes cast in order to be elected. Please see *What happens if a director nominee fails to receive a majority of the votes cast in his or her election?* above.

How will abstentions and broker non-votes be treated?

Abstentions and broker non-votes will be treated as shares present and entitled to vote for quorum purposes. Abstentions and broker non-votes will not be treated as votes cast and consequently they will not affect the outcome of the vote on the election of directors or the determination of whether a director nominee has received the affirmative vote of the majority of votes cast (Proposal 1), the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm (Proposal 2), the proposal to adopt the non-binding resolution to approve the compensation of our named executive officers (Proposal 3), or the shareholder proposals described in this proxy statement (Proposal 5 and Proposal 6). Abstentions or a failure to vote will have the same effect as a vote AGAINST the proposal to approve an amendment to the Company's amended and restated articles of incorporation (Proposal 4).

Broker non-votes occur on a matter up for vote when a broker, bank or other holder of shares you own in street name is not permitted to vote on that particular matter without instructions from you, you do not give such instructions and the broker or other nominee indicates on its proxy card, or otherwise notifies us, that it does not have authority to vote its shares on that matter.

Whether a broker has authority to vote its shares on uninstructed matters is determined by stock exchange rules.

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 vote instruction card is properly brought before the annual meeting in accordance with Section 1.2 of our bylaws, the persons named as 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 proxy and vote instruction cards.

Who will count the votes?

Representatives of Broadridge Financial Solutions, Inc. will count the votes and act as inspector of elections.

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

We will post the voting results on our website at www.aglresources.com within four business days after the annual meeting. You also will find the results in a Current Report on Form 8-K, which we expect to file with the SEC within four business days following the annual meeting.

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 shares registered in your name on the books kept by our transfer

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agent, including address changes, name changes, inquiries to transfer shares and similar issues, may be handled by making a toll-free call to Wells Fargo Shareowner Services at (800) 468-9716.

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 an admission ticket and valid picture identification. If your shares are registered in your name on the books kept by our transfer agent or your shares are held in one of the 401(k) plans, your admission ticket is part of your proxy card or may be printed from the internet when you vote online.

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 annual meeting), together with valid picture identification. You also may request that we send you an admission ticket. If you do not have either an admission ticket or proof that you own our common stock, together with valid picture identification, you may not be admitted to 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 2016 annual meeting due?

Our bylaws require shareholders to give us 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 that the proxy statement was released to shareholders in connection with our most recent annual meeting. Accordingly, with respect to our 2016 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, Georgia 30302-4569 no later than November [18], 2015. However, if the 2016 annual meeting of shareholders is held on a date more than 30 days from the date contemplated at the time of this proxy statement, our bylaws require notice to be provided to our Corporate Secretary at the address above not fewer than the later of (i) 150 days prior to the date of the 2016 annual meeting of shareholders or (ii) the date which is ten days after the date of the first public announcement or other notification to shareholders of the date of the 2016 annual meeting of shareholders.

If you are interested in submitting a proposal for inclusion in our proxy statement for the 2016 annual meeting of shareholders, 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 2016 annual meeting of shareholders must be received no later than November [18], 2015, 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.

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Who pays the costs associated with this proxy solicitation?

AGL Resources pays the expenses of soliciting proxies. We have hired Alliance Advisors LLC to assist in the solicitation of proxies. Alliance Advisors LLC may solicit proxies in person or by telephone, facsimile or electronic transmission. We will pay Alliance Advisors

LLC approximately \$11,500 plus customary costs and expenses for these services. Additionally, 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.

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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 amended and restated 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

Pursuant to New York Stock Exchange listing standards, our board of directors has adopted a formal set of categorical Standards for Determining Director Independence (the Standards). In accordance with these Standards, a director must be determined to have no material relationship with the Company other than as a director in order to be considered an independent director. The Standards specify the criteria by which the independence of our directors will be determined, including strict guidelines for directors and their immediate family members with respect to past employment or affiliation with the Company or its independent registered public accounting firm. The Standards also set forth independence criteria applicable to members of the Audit Committee, the Compensation Committee and the Nominating, Governance and Corporate Responsibility Committee of the board of directors. These Standards are available on our website at www.aglresources.com.

In accordance with these Standards, the board undertook in February 2015 an annual review of director independence. Based on this review, the board has affirmatively determined

that, as to each current non-employee director, no material relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each current non-employee director qualifies as independent in accordance with the Standards and the independence standards of the New York Stock Exchange.

John W. Somerhalder II, our chairman, president and chief executive officer, is not independent because of his employment by the Company. Mr. Somerhalder will not participate in any action of the board related to his compensation or any other matters requiring action by only non-employee directors.

In making these independence determinations, the board considered that in the ordinary course of business, transactions may occur between the Company and its subsidiaries and companies at which some of our directors are or have been directors, officers or employees. The board also considered that the Company and its subsidiaries may make charitable contributions to not-for-profit organizations where our directors or their immediate family members serve or are executive officers.

Policy on Related Person Transactions

The board of directors recognizes that related person transactions present a heightened risk of conflicts of interest and, therefore, has adopted a written policy with respect to related person transactions. For the purpose of the policy, Related Persons include (a) each executive officer as defined under Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, (b) each executive and senior vice president of AGL Resources, (c) each nominee for or member of the board of directors, (d) each holder of more than 5% of our common stock,

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or a Significant Shareholder, and (e) any immediate family member, as defined under the Exchange Act, of the persons listed in (a) through (d) above. A Related Person Transaction is a transaction between us and any Related Person, other than (1) transactions available to all employees or customers generally; (2) transactions involving less than \$120,000 when aggregated with all similar transactions since January 1, 2014; (3) transactions excluded from disclosure in paragraphs four through seven of the instructions to Item 404(a) of Regulation S-K under the Exchange Act; and (4) charitable contributions by the Company to a charitable organization with which a Related Person's only relationship is as an employee (other than an executive officer), if the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of the charitable organization's annual receipts for the preceding fiscal year.

Under the policy, when management becomes aware of a Related Person Transaction involving a dollar amount that is less than two percent of either the Company's consolidated gross revenues or the consolidated gross revenues of the Related Person, or any affiliate of such Related Person, for the prior fiscal year, management reports the transaction to the Chairman of the Nominating, Governance and Corporate Responsibility Committee. When management becomes aware of a Related Person Transaction involving a dollar amount that is equal to or exceeds two percent of either the Company's consolidated gross revenues or the consolidated gross revenues of the Related Person, or any affiliate of such Related Person, for the prior fiscal year, management reports the transaction to the Nominating, Governance and Corporate Responsibility Committee and requests approval or ratification of the transaction.

Transactions requiring approval or ratification must be approved by a majority of the disinterested members of the Nominating,

Governance and Corporate Responsibility Committee. The Chairman will report to the full Nominating, Governance and Corporate Responsibility Committee at its next regularly scheduled committee meeting any Related Person Transactions that are presented to him or her. The Nominating, Governance and Corporate Responsibility Committee will report to the full board all Related Person Transactions presented to it.

Board Leadership Structure

Our Company is led by Mr. John Somerhalder, who has served as our president and chief executive officer since March 2006 and our chairman, president and chief executive officer since October 2007. In 2014, our board of directors consisted of Mr. Somerhalder and 14 independent directors. Each of the standing committees of our board of directors is chaired by an independent director and each of our Audit, Compensation and Nominating, Governance and Corporate Responsibility committees is comprised entirely of independent directors.

Under our Guidelines on Significant Corporate Governance Issues, or our Corporate Governance Guidelines, a copy of which is available on our website at www.aglresources.com, if the chairman of the board of directors is an executive officer or employee of the Company, then the board of directors shall appoint, from among the independent directors, a lead director. Mr. Arthur E. Johnson currently serves as our Lead Director.

The board of directors appoints the Lead Director for a term ending on the earlier of (a) three years from the date of appointment or (b) the last day of the individual's service on the board of directors. The Lead Director: (a) serves as chairman of the Executive Committee of the board of directors; (b) presides at the executive sessions of non-management directors; (c) collaborates with

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our chairman, president and chief executive officer, our general counsel and our corporate secretary on setting the annual calendar and agendas for all regular meetings of the board and its standing committees; (d) maintains close contact with the chairperson of each standing committee; (e) oversees the Company's policy on communications between shareholders or other interested parties and non-management directors; and (f) in conjunction with the chairperson of the Compensation Committee, communicates the results of the annual evaluation of the chief executive officer to the chief executive officer on behalf of the board of directors.

We have determined that our current board leadership structure is appropriate and helps ensure both effective and efficient governance for the Company, for a number of reasons, the most significant of which are the following:

A combined chairman and chief executive officer role allows for more productive meetings. The chief executive officer is the individual selected by the board of directors to manage the Company on a day to day basis, and his direct involvement in the Company's operations makes him best positioned to lead productive board strategic planning sessions and determine the time allocated to each agenda item in discussions of the Company's short- and long-term objectives.

Our board structure provides strong oversight by independent directors and in addition a majority of our operations are subject to extensive regulation. In fact, our chief executive officer is the only one of our current 15 directors who is not independent. Our Lead Director's responsibilities include leading executive sessions of the board of directors during which our independent directors meet without management. These executive sessions allow the board of directors to review key decisions and discuss matters in a manner that is independent of the chief executive officer, and where necessary, critical of the chief executive officer and senior management. In addition, each of our board's standing committees is chaired by an independent director.

Recognizing there may be a circumstance where a shareholder or other interested party's interest should be represented independent of management, a key responsibility of the Lead Director is to receive, review and, where necessary, act upon direct communications from shareholders and other interested parties.

If you wish to communicate directly with (i) the board of directors generally, (ii) the presiding director of executive sessions of non-management directors (our Lead Director), or (iii) non-management directors as a group, you should contact the Company's Ethics and Compliance Helpline at (800) 350-1014 or at www.mycompliancereport.com using the access ID, AGL. Calls to the helpline and reports made via the website, if you choose, can be made anonymously.

The Board's Role in Risk Oversight

The board oversees the Company's risk assessment and risk management processes. It does so in part through the committees of the board. Our Audit Committee has the responsibility to review with management the Company's (i) policies governing the process by which risk assessment and risk management are undertaken; and (ii) major financial risk exposures and the steps management has taken to monitor and control such exposures. Our Finance and Risk Management Committee has the responsibility to (i) review with management the steps taken by management to ensure compliance with the Company's risk management policies and procedures relating to interest rate risk, currency risk, credit risk, commodity risk and derivatives related to any of the foregoing; (ii) review steps taken by

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management to establish and monitor trading and risk management systems and controls at the Company's asset management and optimization businesses and to ensure compliance at such businesses with risk management policies and procedures applicable to such businesses; and (iii) review management's assessment of controls and procedures associated with such businesses' management of transactions with affiliates and any reporting obligations to state or federal regulatory authorities. Our chief risk officer provides a quarterly report to the Finance and Risk Management Committee and meets in executive sessions with the Finance and Risk Management Committee at each regularly scheduled meeting. Each of the other committees of the board of directors has principal responsibility for reviewing and discussing with management those risk exposures: (i) specified in their charters or (ii) identified from time to time by the committees themselves or by the Audit Committee.

In addition, the board authorized the formation of the Company's Risk Management Committee (RMC), a committee of certain

members of senior management. The RMC is responsible for establishing specific risk management policies and monitoring compliance with, and adherence to, the terms of these policies. Members of the RMC are members of senior management who monitor natural gas price risk positions and other types of risk, corporate exposures, credit exposures and overall results of our risk management activities. The RMC is chaired by the Company's chief risk officer, who is responsible for ensuring that appropriate reporting mechanisms exist for the RMC to perform its monitoring functions.

The Company conducts an annual enterprise risk assessment, overseen by a sub-committee of the RMC. The purpose of the assessment includes identifying and rating the management of all of the Company's significant risk exposures. The RMC uses the results of this assessment to prioritize the goals of the Company's risk management program and monitor the Company's major risks. Management reports to the board of directors any new risks identified since the previous year's assessment.

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The board of directors has established five 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. Each standing committee has

adopted a written charter, which is available on our website at www.aglresources.com and is available upon request to our Corporate Secretary at AGL Resources Inc., P.O. Box 4569, Location 1466, Atlanta, Georgia 30302-4569. The committees of the board and their members at December 31, 2014 are as shown in the following table.

Members of the Board's Committees

	Audit	Compensation	Executive	Finance and Risk Management	Nominating, Governance and Corporate Responsibility
Sandra N. Bane	Ö	Ö			
Thomas D. Bell, Jr.		Ö		Ö	
Norman R. Bobins	Ö	Ö			
Charles R. Crisp		Ö		Ö	
Brenda J. Gaines	Ö				Ö
Arthur E. Johnson**			Ö*	Ö	Ö
Wyck A. Knox, Jr.	Ö				Ö
Dennis M. Love	Ö		Ö		Ö*
Dean R. O Hare	Ö				Ö
Armando J. Olivera		Ö		Ö	
John E. Rau			Ö	Ö	Ö
James A. Rubright					