

CASE

NUMBER:

99-465

HISTORY INDEX FOR CASE: 1999-465
WESTERN KENTUCKY GAS COMPANY
Financing
\$500,000,000 UNIVERAL SHELF PLAN

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY
CORPORATION, THROUGH ITS DIVISION, WESTERN KENTUCKY GAS
COMPANY OF OWENSBORO, KENTUCKY, FOR AN ORDER AUTHORIZING THE
IMPLEMENTATION OF A \$500,000,000 UNIVERSAL SHELF
REGISTRATION FOR DEBT AND EQUITY FINANCING

| SEQ NBR | ENTRY DATE | REMARKS |
|------------|---------------|----------------------------------------------------------------------------------------|
| 0001 | 12/30/1999 | Application. |
| 0002 | 01/05/2000 | Acknowledgement letter. |
| 0003 | 01/27/2000 | Filing deficiencies letter, response due 2/11/2000. |
| M0001 | 02/04/2000 | JOHN HUGHES WESTERN KY GAS-REQUEST FOR INFORMAL CONFERENCE |
| M0002 | 02/22/2000 | JOHN HUGHES WESTERN KY GAS-RESPONSE TO LETTER OF JAN 27,00 |
| 0004 | 03/02/2000 | Def. cured letter |
| 0005 | 03/24/2000 | FINAL ORDER; AUTHORIZES FINANCING |
| M0003 | 07/30/2001 | STEPHANIE CASTLE-RESPONSE TO ORDER OF MARCH 24,00 REPORT OF ACTION OF ISSUANCE OF DEBT |

RECEIVED
JUL 30 2001
PUBLIC SERVICE
COMMISSION



July 30, 2001

Stephanie Bell
Secretary
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Atmos Energy Corporation
Case No 99-465

Dear Ms. Bell:

Pursuant to the Order of the Kentucky Public Service Commission dated March 24 2000 in the above-referenced docket, enclosed is Atmos Energy Corporation's report of action for the issuance of debt securities under the universal shelf authorization. Atmos has completely utilized the \$500,000,000 authorized in this shelf registration and no further reports will be forthcoming in regards to this case.

If you have any questions or require further information, please do not hesitate to contact me at (972) 855-9755. Thank you for your assistance.

Sincerely,


Stephanie Castle
Assistant Treasurer

In File!

Enclosure

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-465**

REPORT OF ACTION

RE: Application of Atmos Energy Corporation (Atmos), through its Division, Western Kentucky Gas Company, for an order authorizing the implementation of a \$500,000,000 Universal Shelf Registration for debt and equity financing.

Reference is made to the order entered into on March 24, 2000, which requires Atmos make a report to the Commission relative to the issuance of any securities pursuant to the universal shelf registration.

Atmos hereby reports:

1. On May 15, 2001, Atmos offered \$350,000,000 in Senior Notes due 2011 to the public at a discount of 99.940% with net proceeds to the Company of \$347,515,000. The offering was priced at Treasuries plus 190 bps for a coupon of 7.375%. The proceeds from the debt issuance were placed in an investment account and were used for the purchase of assets of Louisiana Gas Service and LGS Natural Gas Company acquired July 1, 2001. Enclosed are the Prospectus Supplement dated May 15, 2001 and indicative pricing information furnished by Banc of America Securities.
2. Atmos reports that the expenses related to the debt issuance under the universal shelf registration include an underwriting fee of \$2,275,000.
3. Having received gross proceeds of \$149,998,375 from the issuance of common stock in December 2000, and the placement of \$350,000,000 debt securities in May 2001, the Company has completely utilized the \$500,000,000 universal shelf registration approved in this docket.

Atmos Energy Corporation


Stephanie Castle
Assistant Treasurer

Indicative Pricing

Atmos Energy Corporation

A3/A- (W. Neg/W. Neg) - prior to S+P and Moody's affirming our ratings

| | 3 -Year | 5 -Year | 7 -Year | 10 -Year | 20 -Year | 30 -Year |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Reference Treasury Yield | 4.62% | 4.68% | 4.92% | 4.90% | 5.43% | 5.43% |
| Reoffer Spread | T+ 170 bps | T+ 190 bps | T+ 190 bps | T+ 210 bps | T+ 230 bps | T+ 240 bps |
| Reoffer Yield | 6.32% | 6.58% | 6.82% | 7.00% | 7.73% | 7.83% |
| Gross Spread | 0.350% | 0.600% | 0.625% | 0.650% | 0.875% | 0.875% |
| All-in Yield | 6.45% | 6.72% | 6.94% | 7.09% | 7.82% | 7.91% |
| All-in Fixed Rate Spread | T+ 183 bps | T+ 204 bps | T+ 202 bps | T+ 219 bps | T+ 239 bps | T+ 248 bps |
| Swap Spread | 63 | 81 | 73 | 88 | NA | NA |
| All-in Swapped vs. 3-Month Libor | L+ 120 bps | L+ 123 bps | L+ 129 bps | L+ 131 bps | NA | NA |



\$350,000,000



Atmos Energy Corporation

7³/₈% Senior Notes due 2011

PROSPECTUS SUPPLEMENT

May 15, 2001

Banc of America Securities LLC

Banc One Capital Markets, Inc.

First Union Securities, Inc.

Fleet Securities, Inc.

SG Cowen

Financial Overview of Segments

The following table summarizes certain financial information regarding the operation of our utility and non-regulated segments for each of the six months ended March 31, 2001, 2000 and 1999 and for each of the three years ended September 30, 2000, 1999 and 1998. The non-regulated segment for fiscal 2000 and prior periods has been restated to include our propane segment, which was reported separately prior to the restructuring of our propane operations. For the period after fiscal 2000, the non-regulated segment includes our equity investment in Heritage Propane Partners. The information is net of intersegment eliminations. Please note that as a result of seasonal and other factors, the results of operations for the six-month period ended March 31, 2001 are not indicative of expected results of operations for the year ending September 30, 2001.

| | <u>Utility</u> | <u>Non- Regulated</u> | <u>Total</u> |
|-----------------------------------|----------------|---------------------------|--------------|
| | (In thousands) | | |
| March 31, 2001 (unaudited) | | | |
| Operating revenues | \$1,074,637 | \$ 43,266 | \$1,117,903 |
| Operating income | 120,148 | 2,684 | 122,832 |
| Net income | 58,779 | 8,267 | 67,046 |
| Identifiable assets | 1,336,897 | 115,229 | 1,452,126 |
| March 31, 2000 (unaudited) | | | |
| Operating revenues | \$ 491,914 | \$ 46,741 | \$ 538,655 |
| Operating income | 80,029 | 6,099 | 86,128 |
| Net income | 37,590 | 6,307 | 43,897 |
| Identifiable assets | 1,177,657 | 99,024 | 1,276,681 |
| March 31, 1999 (unaudited) | | | |
| Operating revenues | \$ 435,236 | \$ 36,417 | \$ 471,653 |
| Operating income | 76,829 | 5,702 | 82,531 |
| Net income | 39,290 | 4,885 | 44,175 |
| Identifiable assets | 1,121,606 | 100,057 | 1,221,663 |
| September 30, 2000 | | | |
| Operating revenues | \$ 734,835 | \$115,317 | \$ 850,152 |
| Operating income | 77,207 | 8,109 | 85,316 |
| Net income | 22,459 | 13,459 | 35,918 |
| Identifiable assets | 1,246,782 | 101,976 | 1,348,758 |
| September 30, 1999 | | | |
| Operating revenues | \$ 617,313 | \$ 72,883 | \$ 690,196 |
| Operating income | 49,000 | 5,239 | 54,239 |
| Net income | 10,800 | 6,944 | 17,744 |
| Identifiable assets | 1,125,691 | 104,846 | 1,230,537 |
| September 30, 1998 | | | |
| Operating revenues | \$ 738,445 | \$109,763 | \$ 848,208 |
| Operating income | 100,665 | 12,214 | 112,879 |
| Net income | 43,332 | 11,933 | 55,265 |
| Identifiable assets | 1,052,225 | 89,165 | 1,141,390 |

Gas Sales

Our natural gas distribution business is seasonal and highly dependent on weather conditions in our service areas. Gas sales to residential and commercial customers are greater during the winter months than during the remainder of the year. The volumes of gas sales during the winter months will vary with the temperature during these months. The seasonal nature of our sales to residential and commercial customers is partially offset by our sales in the spring and summer months to our agricultural customers in Texas, Colorado and Kansas, who use natural gas to operate irrigation equipment. We also have weather normalization adjustments in our rate jurisdictions in Tennessee, Georgia and Kentucky. We purchased weather hedges for our Texas and Louisiana operations effective for the 2000-2001 heating season. We are currently evaluating options for purchasing weather hedges or insurance in Texas and Louisiana for the 2001-2002 heating season.

Gas Supply

We receive gas deliveries through 28 pipeline transportation companies, both interstate and intrastate, to satisfy our firm sales market requirements. The transportation agreements are firm and many of them have pipeline no-notice storage service, which provide for daily balancing between system requirements and nominated flowing supplies. These agreements have generally been negotiated with the shortest term available to maintain our right to roll over the term. The agreements reduce the risk of paying fixed fees to reserve pipeline capacity on a long-term basis.

Properties

We own 33,298 miles of underground distribution and transmission mains throughout our gas distribution systems. These mains are located on easements or rights-of-way granted to us which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. We also own and operate a propane peak shaving plant with a total capacity of approximately 180,000 gallons, which can produce the equivalent of approximately 3,000 Mcf daily. We also own a liquefied natural gas storage facility with a capacity of 500,000 Mcf which can inject a daily volume of 30,000 Mcf in the system, as well as underground storage fields which are used to supplement the supply of natural gas in periods of peak demand. We have seven underground gas storage facilities in Kentucky and four in Kansas that have a total storage capacity of approximately 21.1 Bcf. However, approximately 10.0 Bcf of gas in the storage facilities must be retained as cushion gas to maintain reservoir pressure. The maximum daily delivery capability of the storage facilities is approximately 135,000 Mcf.

Net property, plant and equipment at March 31, 2001, included \$965.0 million for utility and \$22.7 million for non-regulated.

We hold franchises granted by the incorporated cities and towns that we serve. At March 31, 2001, we held 456 such franchises having terms generally ranging from five to 25 years. We believe that each of our franchises will be renewed.

Our administrative offices are consolidated in Dallas, Texas under one lease. We also maintain field offices throughout our distribution system, the majority of which are located in leased premises.

Regulation

Each of our utility divisions is regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our gas distribution facilities. Our distribution operations are also subject to various state and federal laws regulating environmental matters. From time to time we receive inquiries regarding various environmental matters. We believe that our properties and operations substantially comply with and are operated in substantial conformity with applicable safety and environmental statutes and regulations. There are no administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies which would have a material adverse effect on us.

Rates

The method of determining regulated rates varies among the states in which we operate. The regulators have the responsibility of ensuring that utilities under their jurisdiction operate in the best interests of customers while providing the utilities the opportunity to earn a reasonable return on investment. In a general rate case, the applicable regulatory authority, which is typically the state public utility commission, establishes a base margin, which is the amount of revenue authorized to be collected from customers to recover authorized operating expense (other than the cost of gas), depreciation, interest, taxes and return on rate base. The divisions in our utility operations segment perform annual deficiency studies for each rate jurisdiction to determine when to file rate cases, which are typically filed every two to five years.

Approximately 96% of our revenues in the six months ended March 31, 2001, and 87% of our revenues in fiscal 2000 were derived from sales at rates set by or subject to approval by local or state authorities. Generally, the regulatory authority reviews our rate request and establishes a rate structure intended to generate revenue sufficient to cover our costs of doing business and provide a reasonable return on invested capital.

Competition

We are not currently in significant direct competition with any other distributors of natural gas to residential and commercial customers within our service areas. However, we do compete with other natural gas suppliers and suppliers of alternate fuels for sales to industrial and agricultural customers. We compete in all aspects of our business with alternative energy sources, including, in particular, electricity. Competition for residential and commercial customers is increasing. Promotional incentives, improved equipment efficiencies and promotional rates all contribute to the acceptability of electric equipment. Electric utilities offer electricity as a rival energy source and compete for the space heating, water heating and cooking markets. The principal means to compete against alternative fuels is lower prices, and natural gas historically has maintained its price advantage in the residential, commercial and industrial markets. In addition, through Woodward Marketing, we compete with other natural gas brokers in obtaining natural gas supplies for customers.

DESCRIPTION OF THE NOTES

General

The notes will be issued under an indenture to be entered into with SunTrust Bank, as trustee. Information about the indenture and the general terms and provisions of the notes are included in the accompanying prospectus under "Description of Debt Securities."

The notes will be unsecured and unsubordinated obligations of Atmos Energy Corporation. As of March 31, 2001, we had approximately \$118.7 million of secured debt outstanding. The notes will be junior to the secured debt to the extent of the collateral securing such debt. The notes are not guaranteed by, and are not the obligation of, any of our subsidiaries. The notes will not be listed on any securities exchange or included in any automated quotation system.

The notes are subject to defeasance and discharge of debt or to defeasance of some restrictive covenants, as described under "Description of Debt Securities — Defeasance and Covenant Defeasance" in the accompanying prospectus.

The notes will be issued in book-entry form as one or more notes registered in the name of the nominee of The Depository Trust Company, or DTC, which will act as a depository. Beneficial interests in book-entry notes will be shown on, and transfers of the notes will be made only through, records maintained by DTC and its participants. The provisions set forth under "Description of Debt Securities — Global Securities" in the accompanying prospectus will apply to the notes.

Payment of Principal and Interest

The notes will mature on May 15, 2011. The interest rate on the notes will be 7³/₈% per year. We will pay interest in arrears on May 15 and November 15, beginning November 15, 2001. Interest will accrue from May 22, 2001 or from the most recent interest payment date to which we have paid or provided for the payment of interest to the next interest payment date or the scheduled maturity date, as the case may be. We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

We will pay interest on the notes in immediately available funds to the persons in whose names the notes are registered at the close of business on May 1 or November 1 preceding the respective interest payment date. At maturity, we will pay the principal of the notes in immediately available funds upon delivery of the notes to the trustee.

Optional Redemption

The notes will be redeemable, in whole or in part, at our option, at any time at a redemption price equal to the greater of:

- 100% of the principal amount of the notes, or
- as determined by the Quotation Agent, the sum of the present values of the Remaining Scheduled Payments of principal and interest on the notes discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30 day months at the Adjusted Treasury Rate plus 25 basis points;

plus, in either case, accrued and unpaid interest on the principal amount of notes being redeemed to the redemption date.

"Adjusted Treasury Rate" means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

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

“Comparable Treasury Price” means, for any redemption date, the Reference Treasury Dealer Quotation for that redemption date.

“Quotation Agent” means the Reference Treasury Dealer appointed by us.

“Reference Treasury Dealer” means Banc of America Securities LLC and its successors; provided, however, if Banc of America Securities LLC ceases to be a primary U.S. government securities dealer in New York City (a “Primary Treasury Dealer”), we will substitute another Primary Treasury Dealer.

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

“Remaining Scheduled Payments” means, with respect to each note to be redeemed, the remaining scheduled payments of the principal and interest on such note that would be due after the related redemption date but for such redemption; provided, however, that if such redemption date is not an interest payment date, the amount of the next succeeding scheduled interest payment on such note will be reduced by the amount of interest accrued on such note to such redemption date.

In the case of a partial redemption, selection of the notes for redemption will be made pro rata, by lot or by such other method as the trustee in its sole discretion deems appropriate and fair. No notes of a principal amount of \$1,000 or less will be redeemed in part. Notice of any redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address. If any note is to be redeemed in part only, the notice of redemption that relates to the note will state the portion of the principal amount of the note to be redeemed. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

Mandatory Redemption

We will not be required to make any mandatory sinking fund payments with regard to the notes or to redeem any of the notes before maturity.

Restricted Subsidiaries

As of the date of this prospectus supplement, none of our subsidiaries would be considered a “Restricted Subsidiary” under the terms of the indenture.

Governing Law

The notes will be governed by and construed in accordance with the laws of the State of New York.

UNDERWRITING

Subject to the terms and conditions set forth in an underwriting agreement dated May 15, 2001, among us and the underwriters named below, we have agreed to sell to each of the underwriters and each of the underwriters has agreed to purchase from us the principal amount of the notes set forth opposite its name below. The obligations of the underwriters, including their agreement to purchase notes from us, are several and not joint. The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions and that the underwriters will be obligated to purchase all of the notes if any are purchased.

| <u>Underwriter</u> | <u>Principal Amount</u> |
|---------------------------------------|-----------------------------|
| Banc of America Securities LLC | \$227,500,000 |
| Banc One Capital Markets, Inc. | 70,000,000 |
| First Union Securities, Inc. | 17,500,000 |
| Fleet Securities, Inc. | 17,500,000 |
| SG Cowen Securities Corporation | 17,500,000 |
| Total | \$350,000,000 |

The underwriters have advised us that they propose initially to offer the notes to the public at the offering price appearing on the cover page of this prospectus supplement. After the initial public offering, the public offering price may be changed. We will compensate the underwriters by selling the notes to them at a price that is less than the price appearing on the cover page of this prospectus supplement by the amount of the underwriting discount equal to 0.650% of the principal amount. The underwriters may sell notes to some dealers at a price less a concession not in excess of 0.400% of the principal amount. The underwriters may allow, and those dealers may reallow, a concession not in excess of 0.250% of the principal amount.

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. The underwriters have advised us that they intend to make a market in the notes after the offering, although they are under no obligation to do so. The underwriters may discontinue any market making activities at any time without any notice. We can give no assurance as to the liquidity of the trading market for the notes or that a public trading market for the notes will develop. If no active public trading market develops, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on factors such as prevailing interest rates, the market for similar securities and the performance of our company, as well as other factors not listed here.

The underwriters, as well as dealers and agents, may purchase and sell notes in the open market. These transactions may include stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. Stabilizing transactions consist of bids and purchases made to prevent or slow a decline in the market price of the notes. Syndicate short positions arise when the underwriters sell more notes than we are required to sell to them in the offering. The underwriters may also impose penalty bids whereby the underwriting syndicate may reclaim selling concessions allowed either syndicate members or broker-dealers who sell notes in the offering for their own account if the syndicate repurchases the notes in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the notes, which may be higher as a result of these activities than it might otherwise be in the open market. These activities, if commenced, may be discontinued at any time without notice.

We and the underwriters make no representation or prediction as to the direction or magnitude of any effect that the transactions described in the preceding two paragraphs may have on the price of the notes. In addition, we and the underwriters make no representation that the underwriters will engage in those types of transactions or that those transactions, once commenced, will not be discontinued without notice.

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We have not, and the underwriters have not, authorized any other person to provide you with any information or to make any representations not contained in this prospectus supplement or the attached prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer of any securities other than the notes. This prospectus supplement is part of, and you must read it in addition to, the accompanying prospectus dated November 7, 2000. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference, is accurate as of the date on the front cover of this prospectus supplement only or, in the case of a subsequently filed document that is incorporated by reference, the date of filing of that document.

The distribution of this prospectus supplement and the accompanying prospectus, and the offering of the notes, may be restricted by law in certain jurisdictions. You should inform yourself about, and observe, any of these restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus supplement that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include, but are not limited to:

- national, regional and local economic conditions;
- competition from other energy suppliers and alternative forms of energy;
- regulatory and business trends and decisions, including the impact of pending rate proceedings before various state regulatory commissions;
- successful implementation of new technologies and systems, including any technologies and systems related to our customer support center and billing operations;
- warmer than normal weather in our service territories, or other weather conditions that would be adverse to our business;
- successful completion, financing and integration of acquisitions;
- inflation and the volatility of commodity prices for natural gas;
- hedging and market risk factors;
- further deregulation or "unbundling" of the natural gas distribution industry; and
- other factors discussed in this and our other filings with the SEC.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "objective," "projection," "forecast," "goal" or similar words are intended to identify forward-looking statements. We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise.

We discuss these factors in more detail in the section entitled "Factors That May Affect Future Performance of the Company" contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended September 30, 2000, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our quarterly report on Form 10-Q for the quarter ended March 31, 2001, each of which is incorporated by reference in this prospectus supplement.

The terms "we," "our" and "us" refer to Atmos Energy Corporation and its subsidiaries, unless the context suggests otherwise. The term "you" refers to a prospective investor. The abbreviations "Mcf," "MMcf" and "Bcf" mean thousand cubic feet, million cubic feet and billion cubic feet, respectively.

ATMOS

Operations

We distribute and sell natural gas to over one million residential, commercial, industrial, agricultural and other customers. We operate through five divisions in over 800 cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, Tennessee, Texas and Virginia. In addition, we transport natural gas for others through our distribution system.

We provide energy management and gas marketing services to industrial customers, municipalities and other local distribution companies. We also own natural gas storage fields in Kansas and Kentucky to supplement natural gas used by our customers. In addition, we market natural gas to industrial and agricultural customers primarily in West Texas and to industrial customers in Louisiana.

Recent Developments

Completion of acquisition of remaining equity interest in Woodward Marketing. In April 2001, we acquired the 55% interest in Woodward Marketing, L.L.C. that we did not already own in exchange for 1,423,193 restricted shares of our common stock. The consideration is subject to an upward adjustment, based on our share price, of up to 232,547 shares plus an amount of shares to compensate for dividends paid after the completion of the acquisition. As a result of the completion of the acquisition, one of our subsidiary's guaranty of Woodward Marketing's \$140 million short-term working capital and letter of credit facility increased from 45% to 100% of any amounts outstanding. Under the facility, as of April 1, 2001, no borrowings were outstanding, and letters of credit totaling \$90.8 million had been issued. In addition, prior to completion of the acquisition, our subsidiary acted as a joint and several guarantor of up to \$40 million of Woodward Marketing's natural gas purchases and transportation services. At April 1, 2001, the payable balances subject to these guarantees totaled \$16.9 million. Since April 1, 2001, our subsidiary has been the sole guarantor of all payables, up to \$40 million, of Woodward Marketing for natural gas purchases and transportation services.

Pending acquisition of natural gas operations in Louisiana. We have agreed to acquire from Citizens Communications Company the natural gas operations of its Louisiana Gas Service Company division and its subsidiary LGS Natural Gas Company for \$365 million in cash. Upon completion of the acquisition, we believe we will become the largest natural gas distributor in Louisiana, and our national customer base will increase to approximately 1.4 million customers, making us the fifth largest pure natural gas local distribution company in the United States. On April 27, 2001, the Louisiana Public Service Commission issued an order approving the acquisition. Although the order is not yet final, we anticipate that the acquisition will close at the end of June 2001.

Louisiana Gas provides natural gas distribution service to approximately 278,000 residential and commercial customers in communities in southeastern and northern Louisiana. Its service territory includes the suburban areas of metropolitan New Orleans (excluding Orleans Parish), the north shore of Lake Pontchartrain and the Monroe/West Monroe metropolitan area. The unregulated operations are conducted primarily by LGS Natural Gas, an intrastate pipeline company, which provides gas transportation service to industrial customers and Louisiana Gas.

In connection with its review of our acquisition of Louisiana Gas, the Louisiana Public Service Commission has approved a rate structure that requires us to share any cost savings that result from the acquisition with the customers of Louisiana Gas. The shared cost savings will be the difference between operation and maintenance expense in any future year and the 1998 normalized expense for Louisiana Gas, indexed for inflation, annual changes in labor costs and customer growth. The customers are not assured any savings in 2001. In 2002 and in future years, the customers are assured annual savings, which will be indexed for inflation, annual changes in labor costs and customer growth. The sharing mechanism will remain in place for 20 years subject to established modification procedures.

The rates of Louisiana Gas are subject to a purchased gas adjustment clause that allows them to pass changes in gas costs on to its customers. In addition, on January 29, 2001, the Louisiana Public Service Commission approved a rate stabilization clause for Louisiana Gas for a three-year period beginning January 1, 2001. Under the rate stabilization clause, Louisiana Gas will be allowed to earn a return on equity within certain ranges that will be monitored on an annual basis. After the completion of the acquisition of Louisiana Gas, we will also be subject to the adjustment and stabilization clause.

Louisiana Gas is currently involved in a proceeding with the Louisiana Public Service Commission relating to past costs associated with the purchase of gas that it charged to its customers. Although, after completion of the acquisition, we will take over the defense of this proceeding and will have responsibility for any finding of liability on the part of Louisiana Gas, we believe the outcome of this proceeding will not have a material adverse impact on us as Citizens has agreed to fully indemnify us for any liability as a result of this proceeding.

Effects of increased gas prices. During the past year, natural gas prices throughout the country began to increase significantly. The increase in natural gas prices escalated during the first six months of fiscal 2001. For the six months ended March 31, 2001, our average cost of gas per Mcf sold increased 123% to \$7.50 compared to \$3.36 for the six months ended March 31, 2000. Although we expect to recover our purchased gas costs from customers through purchased gas adjustment mechanisms, generally there is a lag between the time we pay for gas purchases and the time when regulators allow us to place higher rates in service and recover those gas costs. As a result, we have from time to time used short-term borrowings to temporarily finance unrecovered purchased gas costs. Where permitted, we have increased our purchased gas adjustments to help mitigate the increased cost of gas. At March 31, 2001 we had fully recovered our gas cost. In addition, as a result of the increased gas costs, our accounts receivable balances during the first six months of fiscal 2001 have increased significantly and, consequently, we have also increased our allowance for doubtful accounts, which we consider to be adequate. We do not, however, expect this rise in natural gas prices to have a material adverse effect on our financial condition, results of operations or net cash flows.

USE OF PROCEEDS

We expect that we will receive net proceeds from this offering of approximately \$347.3 million, after deducting the underwriting discount and commissions and estimated offering expenses payable by us. We will use the net proceeds of this offering, together with borrowings under our commercial paper program, if needed, to complete the Louisiana Gas acquisition. Until that time, we will invest the net proceeds in one or more short-term money market funds. For more information about the Louisiana Gas acquisition, please refer to "Atmos — Recent Developments — Pending acquisition of natural gas operations in Louisiana."

CAPITALIZATION

The following table presents our debt and capitalization as of March 31, 2001:

- on an actual basis, and
- on an adjusted basis, which gives effect to the acquisition of the remaining 55% interest in Woodward Marketing in April 2001, the sale of the notes in this offering and the application of the estimated net proceeds of the offering, as if the acquisition and issuance of the notes occurred on March 31, 2001.

You should read this table in conjunction with the unaudited consolidated financial statements and related notes included in our quarterly report for the fiscal quarter ended March 31, 2001, which is incorporated by reference in this prospectus supplement.

| | As of March 31, 2001 | |
|--------------------------------------------------------------------|-----------------------------------|--------------------|
| | Actual | As Adjusted |
| | (In thousands, except share data) | |
| Short-term debt | | |
| Current portion of long-term debt | \$ 15,656 | \$ 15,656 |
| Other short-term debt | 52,987 | 52,987 |
| Total short-term debt | <u>68,643</u> | <u>68,643</u> |
| Long-term debt | | |
| Notes offered hereby | — | 350,000 |
| Other long-term debt, less current portion | 354,330 | 354,330 |
| Total long-term debt | <u>354,330</u> | <u>704,330</u> |
| Total debt | <u>422,973</u> | <u>772,973</u> |
| Shareholders' equity | | |
| Common stock, no par value (stated at \$.005 per share); | | |
| 100,000,000 shares authorized; 38,996,205 shares issued and | | |
| outstanding at March 31, 2001, before the Woodward Marketing | | |
| acquisition and 40,419,398 shares issued and outstanding after the | | |
| Woodward Marketing acquisition | 195 | 202 |
| Additional paid-in capital | 455,610 | 482,260 |
| Retained earnings | 129,633 | 129,633 |
| Accumulated other comprehensive income | (16) | (16) |
| Shareholders' equity | <u>585,422</u> | <u>612,079</u> |
| Total capitalization | <u>\$939,752</u> | <u>\$1,316,409</u> |

Total capitalization excludes short-term debt. The "As Adjusted" column does not include any additional debt which may be incurred to fund the balance of the purchase price of the pending Louisiana Gas acquisition, the 1,040,150 shares of our common stock issuable upon exercise of outstanding options and up to 232,547 shares of our common stock issuable in connection with our acquisition of Woodward Marketing.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents our selected consolidated financial data as of the dates and the periods indicated. The selected consolidated financial data for our fiscal years 1996, 1997, 1998, 1999 and 2000 is derived from our audited consolidated financial statements or selected financial data included in the documents incorporated by reference in this prospectus supplement. In July 1997, we acquired United Cities Gas Company, which was treated as a pooling of interests for accounting purposes. Therefore, all financial amounts have been restated as if we had been combined throughout the periods presented. Some prior year amounts have been reclassified to conform with the current year presentation. The selected consolidated financial data for the six months ended March 31, 2000 and 2001 is derived from our unaudited consolidated financial statements incorporated by reference in this prospectus supplement. In our opinion, all material adjustments, consisting of only normal recurring accruals, necessary for a fair presentation have been made to the unaudited interim period financial statements.

Please note that as a result of seasonal and other factors, the results of operations for the six-month period ended March 31, 2001 are not indicative of expected results of operations for the year ending September 30, 2001.

In addition, the information presented below for our fiscal year 2000 includes the financial results for our propane operations only for the ten-month period ended August 2000, at which time we restructured our propane operations. Our propane assets are now owned by Heritage Propane Partners, in which we indirectly own approximately 19% of the general partner interests and approximately 6.5% of the limited partner interests. Our equity investment in Heritage Propane Partners, for the periods after August 2000, has been and will be accounted for in our operating results on an equity basis.

The information in the following table is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes, included in our quarterly reports on Form 10-Q for the three month periods ended December 31, 2000 and March 31, 2001, and our annual report on Form 10-K for the fiscal year ended September 30, 2000, each of which is incorporated by reference in this prospectus supplement.

| | Six Months Ended March 31, | |
|------------------------------------|------------------------------------------------------|-------------|
| | 2000 | 2001 |
| | (Unaudited) (In thousands, except per share data) | |
| Operating revenues | \$ 538,655 | \$1,117,903 |
| Net income | \$ 43,897 | \$ 67,046 |
| Diluted net income per share | \$ 1.40 | \$ 1.87 |
| Cash dividends per share | \$ 0.57 | \$ 0.58 |
| | | |
| Total assets | \$1,276,681 | \$1,452,126 |
| Debt | | |
| Long-term debt | \$ 372,543 | \$ 354,330 |
| Short-term debt | 141,214 | 68,643 |
| Total debt | \$ 513,757 | \$ 422,973 |

| | Year Ended September 30, | | | | |
|------------------------------------|---------------------------------------|-------------|-------------|-------------|-------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 |
| | (In thousands, except per share data) | | | | |
| Operating revenues | \$ 886,691 | \$ 906,835 | \$ 848,208 | \$ 690,196 | \$ 850,152 |
| Net income | \$ 41,151 | \$ 23,838 | \$ 55,265 | \$ 17,744 | \$ 35,918 |
| Diluted net income per share | \$ 1.42 | \$.81 | \$ 1.84 | \$.58 | \$ 1.14 |
| Cash dividends per share | \$.98 | \$ 1.01 | \$ 1.06 | \$ 1.10 | \$ 1.14 |
| | | | | | |
| Total assets | \$1,010,610 | \$1,088,311 | \$1,141,390 | \$1,230,537 | \$1,348,758 |
| Debt | | | | | |
| Long-term debt | \$ 276,162 | \$ 302,981 | \$ 398,548 | \$ 377,483 | \$ 363,198 |
| Short-term debt | 145,167 | 182,501 | 124,183 | 186,152 | 267,613 |
| Total debt | \$ 421,329 | \$ 485,482 | \$ 522,731 | \$ 563,635 | \$ 630,811 |

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

| Year Ended September 30, | | | | | Six Months Ended March 31, | |
|--------------------------|------|------|------|------|----------------------------|------|
| 1996 | 1997 | 1998 | 1999 | 2000 | 2000 | 2001 |
| 2.82 | 1.95 | 2.94 | 1.53 | 2.20 | 3.92 | 5.54 |

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

BUSINESS

Our operations are divided into two segments, a utility operations segment, which includes our natural gas distribution and sales operations, and our non-regulated segment, which includes all of our other operations.

Strategy

Our overall strategy is:

- continuing to manage our utility operations efficiently,
- growing our non-utility operations to complement our utility operations and developing a retail marketing plan, and
- growing our business through acquisitions.

We are running our operations efficiently by:

- managing our operating and maintenance expenses,
- leveraging our technology, such as our 24 hour call center, to achieve more efficient operations,
- focusing on regulatory rate proceedings to increase revenue,
- mitigating weather-related risks through weather normalized rates in some jurisdictions and purchasing weather hedges or insurance in others, and
- disposing of non-growth assets.

We are growing our non-utility operations by:

- completing the purchase of the remaining interest in Woodward Marketing,
- increasing our non-regulated gas sales to industrial and agricultural customers, and
- entering into new non-utility businesses, such as distributed electrical power generation.

We are growing our utility business by acquiring natural gas operations, such as our pending acquisition of natural gas operations in Louisiana.

Utility Operations Segment Overview

Our utility operations segment is operated through our five regulated natural gas divisions:

- Energas Company,
- Greeley Gas Company,
- Trans Louisiana Gas Company,
- United Cities Gas Company and
- Western Kentucky Gas Company.

Energas. Our Energas division operates in Texas. The governing body of each municipality we serve has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. We operate pursuant to non-exclusive franchises granted by the municipalities we serve, which are subject to renewal from time to time. The Railroad Commission of Texas has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. We received a rate increase of \$2.2 million effective January 1, 2000, for our Amarillo system. On November 30, 2000, the Railroad Commission approved an increase in annual revenues

of approximately \$3.0 million for our West Texas System effective December 1, 2000. In addition, the Railroad Commission approved a new rate design providing more protection from warmer than normal weather. The Railroad Commission is also currently conducting a gas cost audit of all local distribution companies in Texas, including Energas, in response to the high gas costs this past winter. At and for the six months ended March 31, 2001, we had 317,091 utility meters in service and total throughput of 35,556 MMcf. At and for the year ended September 30, 2000, we had 302,662 utility meters in service, total throughput of 53,922 MMcf and served 92 communities.

Greeley Gas. Our Greeley Gas division operates in Colorado, Kansas and Missouri and is regulated by the respective state's public service commissions with respect to accounting, rates and charges, operating matters and the issuance of securities. We operate under terms of non-exclusive franchises granted by the various cities. In November 2000, Greeley Gas filed a rate case with the Colorado Public Utilities Commission for approximately \$4.2 million annually. In May 2001, we received an increase in annual revenues of approximately \$2.8 million from the Colorado Public Utilities Commission. The new rates went into effect on May 4, 2001. At and for the six months ended March 31, 2001, we had 210,500 utility meters in service and total throughput of 27,544 MMcf. At and for the year ended September 30, 2000, we had 207,161 meters in service, total throughput of 34,455 MMcf and served 123 communities.

Trans Louisiana. Our Trans Louisiana division operates in Louisiana and is regulated by the Louisiana Public Service Commission, which regulates utility services, rates and other matters. In most of the areas in which we operate in Louisiana, we do so pursuant to a non-exclusive franchise granted by the governing authority of each area. Direct sales of natural gas to industrial customers in Louisiana, who use gas for fuel or in manufacturing processes and sales of natural gas for vehicle fuel are exempt from regulation. At and for the six months ended March 31, 2001, we had 80,156 utility meters in service and total throughput of 6,110 MMcf. At and for the year ended September 30, 2000, we had 81,419 meters in service, total throughput of 7,448 MMcf and served 41 communities.

United Cities. Our United Cities division operates in Georgia, Illinois, Iowa, Missouri, Tennessee and Virginia. In each state in which we operate, our rates, services and operations as a natural gas distribution company are subject to general regulation by each state's state public service commission. We operate in each community, where necessary, under a franchise granted by the municipality for a fixed term of years. In Tennessee and Georgia, we have performance based rates, which provide incentives for us to find ways to lower costs. Any cost savings are then shared with our customers. We also have weather normalization adjustments to our rates in Tennessee and Georgia. We received an annual rate increase of \$1.4 million in Illinois, effective October 23, 2000. In April 2001, we agreed to an annual rate reduction of \$0.5 million in Virginia effective for the April 2001 billing cycle. In March 2001, we reached an agreement with the Iowa Consumer Advocate Division for an annual rate reduction of \$0.3 million relating to our Iowa operations. At and for the six months ended March 31, 2001, we had 314,714 utility meters in service and total throughput of 47,046 MMcf. At and for the year ended September 30, 2000, we had 312,018 meters in service, total throughput of 56,698 MMcf and served 383 communities.

Western Kentucky Gas. Our Western Kentucky Gas division operates in Kentucky and is regulated by the Kentucky Public Service Commission, which regulates utility services, rates, issuance of securities and other matters. We operate in the various incorporated cities pursuant to non-exclusive franchises granted to us by these cities. Sales of natural gas for use as vehicle fuel in Kentucky are unregulated. We have been operating under a performance based rate program since July 1998. We also have weather normalization adjustments to our rates in Kentucky. At and for the six months ended March 31, 2001, we had 182,497 utility meters in service and total throughput of 31,172 MMcf. At and for the year ended September 30, 2000, we had 181,066 meters in service, total throughput of 47,129 MMcf and served 163 communities.

Non-Regulated Segment Overview

Our non-regulated segment is primarily composed of the following three parts:

- *Atmos Energy Marketing, LLC.* Atmos Energy Marketing owns Woodward Marketing. Woodward Marketing provides a variety of natural gas management services to natural gas utility systems and industrial natural gas consumers in several states and to our Greeley Gas, Trans Louisiana, United Cities and Western Kentucky Gas divisions. These services consist primarily of acquisition and provision of natural gas supplies at fixed and market-based prices, load forecasting and management, gas storage and transportation services, peaking sales and balancing services and gas price hedging through the use of derivative products.
- *Enermart Energy Services Trust.* Enermart Energy Services Trust markets gas to irrigation and industrial customers in West Texas.
- *Atmos Storage, Inc.* Atmos Storage owns underground storage fields in Kansas and Kentucky and provides storage services to our United Cities and Greeley Gas divisions and other non-regulated customers.

It is expected that delivery of the notes will be made against payment of the notes on or about the date for delivery of the notes specified on the cover page of this prospectus supplement, which will be the fifth business day following the date hereof. Purchasers of notes should be aware that the ability to settle secondary market trades of the notes effected on the date of pricing and the next succeeding business days will be affected by this and are advised to consult their own advisor.

We have agreed to indemnify the underwriters against, or to contribute to payments that the underwriters may be required to make with respect to, certain liabilities, including liabilities under the Securities Act of 1933.

Some of the underwriters and certain of their affiliates have provided, and may continue to provide, investment banking, financial advisory, commercial banking or other services to us. Affiliates of Banc of America Securities LLC, Banc One Capital Markets, Inc., First Union Securities, Inc., Fleet Securities, Inc. and SG Cowen Securities Corporation are lenders under our term and revolving credit facilities. In addition, Banc One Capital Markets, Inc. is a dealer under our commercial paper program.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams, Richmond, Virginia, will opine for us as to the validity of the offered securities. Shearman & Sterling, New York, New York, will pass upon the validity of the offered securities for the underwriters.

EXPERTS

Ernst & Young LLP, independent auditors, have audited our consolidated financial statements included in our annual report on Form 10-K for the year ended September 30, 2000, as set forth in their report, which is incorporated by reference in this prospectus supplement and elsewhere in the prospectus. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement and the accompanying prospectus that we have filed with it. This 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 considered to be part of this prospectus supplement and the accompanying prospectus, except for any information that is superseded by information that is included directly in this document. We incorporate by reference the documents listed below and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of Securities Exchange Act of 1934 prior to the termination of our offering of securities.

This prospectus supplement and the accompanying prospectus incorporate by reference our annual report on Form 10-K for the year ended September 30, 2000, our quarterly reports on Form 10-Q for the periods ended December 31, 2000 and March 31, 2001, our current reports on Form 8-K dated December 14, 2000 and April 2, 2001 and our proxy statement dated December 28, 2000, each of which we have previously filed with the SEC but have not included or delivered with this document. These documents contain important information about us and our financial condition.

You may obtain a copy of these filings from us without charge by requesting it in writing or by telephone from us at the following address or telephone number:

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Lynn Hord
(972) 934-9227

PROSPECTUS



Atmos Energy Corporation

By this prospectus, we offer up to

\$500,000,000

of debt securities and common stock

We will provide specific terms of these securities in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. You should read this prospectus and the prospectus supplement carefully before you invest.

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

This prospectus is dated November 7, 2000

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The terms “we,” “our,” and “us” refer to Atmos Energy Corporation unless the context suggests otherwise. The term “you” refers to a prospective investor.

FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus, including the documents that are incorporated by reference as set forth in "Incorporation of Certain Documents by Reference," that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include, but are not limited to:

- national, regional and local economic and competitive conditions,
- regulatory and business trends and decisions,
- technological developments,
- inflation rates,
- weather conditions, and
- other factors discussed in this and our other filings with the SEC.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "objective," "projection," "forecast," "goal" or similar words are intended to identify forward-looking statements.

ATMOS ENERGY CORPORATION

We distribute and sell natural gas to over one million residential, commercial, industrial, agricultural and other customers. We operate through five divisions in over 800 cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, Tennessee, Texas and Virginia. We also transport natural gas for others through our distribution system.

We provide natural gas storage services and own natural gas storage fields in Kansas and Kentucky to supplement natural gas used by customers in Kansas, Kentucky, Tennessee and other states. We also own a 45% equity interest, and have agreed to acquire the remaining equity interest, in Woodward Marketing, L.L.C., a privately held company that provides gas marketing and energy management services to industrial customers, municipalities and local distribution companies, including our Trans Louisiana Gas Company, Western Kentucky Gas Company and United Cities Gas Company divisions. In addition, we market natural gas to industrial and agricultural customers primarily in West Texas and to industrial customers in Louisiana.

History and Strategy

We were organized under the laws of Texas in 1983 as Energas Company, a subsidiary of Pioneer Corporation, for the purposes of owning and operating Pioneer's natural gas distribution business in Texas. Immediately following the transfer by Pioneer to us of its gas distribution business, which Pioneer and its predecessors operated since 1906, Pioneer distributed our outstanding stock to its shareholders. In September 1988, we changed our name from Energas Company to Atmos Energy Corporation. As a result of our merger with United Cities Gas Company in July 1997, we also became incorporated in Virginia.

Through the recent transactions outlined below, we have begun implementing a strategy intended to increase our presence in our larger service areas, sell our smaller, non-strategic natural gas utility operations and restructure our other operations.

Recent Developments

In April 2000, we entered into an agreement with Citizens Communications Company to acquire the Louisiana natural gas operations of its Louisiana Gas Service Company division and its LGS Natural Gas Company subsidiary for \$375 million. Louisiana Gas Service Company provides natural gas distribution service to approximately 276,000 residential and commercial customers in approximately 190 communities in southeastern and northern Louisiana, which is an area with a combined population of more than 600,000. Its service territory includes the suburban areas of metropolitan New Orleans (excluding Orleans Parish), the north shore of Lake Pontchartrain and the Monroe/West Monroe metropolitan area. LGS Natural Gas Company provides gas transportation services to industrial customers in Louisiana. Upon closing, we will become the largest natural gas distributor in Louisiana, and our national customer base will increase to approximately 1.4 million customers, making us the fifth largest pure natural gas local distribution company in the United States. The acquisition is subject to federal and state regulatory approval.

In May 2000, we completed the acquisition of the Missouri natural gas distribution assets of Associated Natural Gas from a subsidiary of Southwestern Energy Corporation for \$32 million. The acquisition increased our presence in Missouri by more than 48,000 customers.

As part of our strategy to restructure our non-natural gas utility operations, in August 2000, we formed US Propane, LLC, a joint venture combining our propane operations with the propane operations of AGL Resources, Inc., Piedmont Natural Gas Company, Inc., and TECO Energy, Inc. US Propane then sold its propane business to Heritage Propane Partners, L.P. for approximately \$181 million in cash and limited partnership units of Heritage Propane Partners and purchased all of the outstanding stock of the general partner of Heritage Propane Partners for approximately \$120 million. As a result of these transactions, we own approximately 19% of US Propane and US Propane owns all of the general partnership interest and approximately 34% of the limited partnership interest in Heritage Propane

Partners. Through our interest in US Propane, we indirectly own approximately 19% of the general partnership interest and approximately 6.5% of the limited partnership interest in Heritage Propane Partners. Heritage Propane Partners now has approximately 480,000 customers in 28 states, making it the fifth largest retail marketer of propane in the United States, based on gallons sold.

In August 2000, we entered into an agreement with Woodward Marketing, Inc. to acquire the 55% interest in Woodward Marketing, LLC that we do not own in exchange for 1,423,193 restricted shares of our common stock. The consideration is subject to an upward adjustment if our average share price does not equal \$25 per share during a period immediately prior to the fifth anniversary of the completion of the acquisition or an earlier change in control, unless during the period beginning on the first anniversary of the completion of the acquisition and ending on the fifth anniversary or an earlier change in control our share price reaches \$25 per share for any 30 consecutive trading-day period. The maximum additional shares that could be issued under the adjustment provision is 232,547, plus an amount to compensate for dividends paid after the completion of the acquisition. Upon the completion of the acquisition, our subsidiary's guaranty of Woodward Marketing, LLC's \$100 million short-term working capital and letter of credit facility will increase from 45% to 100% of any amounts outstanding under the facility. This transaction is subject to state and federal regulatory approval.

In August 2000, we entered into a \$485 million short-term unsecured credit facility with an interest rate equal to the London Interbank Offered Rate, or LIBOR, plus 0.75%. The facility provides \$385 million for the acquisition of the assets of Louisiana Gas Service Company and LGS Natural Gas Company, and \$100 million to refinance existing debt which have interest rates ranging from 7.95% to 11.20%. We also entered into a \$300 million short-term unsecured credit facility with an interest rate equal to LIBOR plus 0.625%, which replaced a \$250 million short-term unsecured credit facility that had an interest rate of LIBOR plus 0.375%. The interest rate on these new credit facilities will change if our debt rating changes. The credit facilities contain covenants which set limits on our ratio of debt to total capitalization and limit our ability to make investments, pay cash dividends, incur additional indebtedness, dispose of assets and create liens.

In October 2000, we entered into an agreement to sell all of our natural gas utility operations in South Carolina for approximately \$5.8 million. This transaction is subject to state regulatory approval.

Location of Executive Offices

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227.

USE OF PROCEEDS

Except as may be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes, including acquisitions, in our business and related businesses and the repayment of indebtedness. Please refer to the section entitled "Recent Developments" for additional information about our proposed acquisitions and recent financings.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

| | Year ended September 30, | | | | | Nine Months ended June 30, | |
|------------|--------------------------|------|------|------|------|----------------------------|------|
| | 1999 | 1998 | 1997 | 1996 | 1995 | 2000 | 1999 |
| Ratio..... | 1.53 | 2.94 | 1.95 | 2.82 | 2.31 | 2.78 | 2.73 |

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense,

amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

SECURITIES WE MAY ISSUE

We may use this prospectus to offer up to \$500,000,000 of:

- our debt securities, and
- our common stock.

PROSPECTUS SUPPLEMENTS

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. If so, the prospectus supplement should be read as superseding this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information."

The prospectus supplement to be attached to the front of this prospectus will describe the terms of any debt securities that we offer, the terms of any common shares that we offer and any initial public offering price, the purchase price and net proceeds that we will receive and the other specific terms related to the offering of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement.

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of the debt securities that we anticipate will be common to all series. Most of the financial and other terms of any series of debt securities that we offer and any differences from the common terms will be described in the prospectus supplement to be attached to the front of this prospectus. As used in this section, "we," "us" and "our" refer to Atmos Energy Corporation and not to its subsidiaries, unless the context otherwise requires.

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, a document called an "indenture" will govern any debt securities that we issue. An indenture is a contract between us and a financial institution acting as trustee on your behalf. We anticipate entering into an indenture with SunTrust Bank, which will act as trustee. The indenture will be subject to the Trust Indenture Act of 1939. The trustee has the following two main roles:

- the trustee can enforce your rights against us if we default; there are some limitations on the extent to which the trustee acts on your behalf which are described later in this prospectus, and
- the trustee will perform certain administrative duties for us, which include sending you interest payments and notices.

As this section is a summary of the material terms of the form of indenture, it does not describe every aspect of the debt securities. We urge you to read the indenture because it, and not this description, will define your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the form of indenture. Some of the definitions are repeated in this prospectus, but for the rest you will need to read the indenture. We have filed or will file the form of indenture, the final indenture and any supplements to it as exhibits to the registration statement that we have filed with the SEC, or as an exhibit to the annual, quarterly or other reports that we file with the

SEC. See "Where You Can Find More Information," for information on how to obtain copies of the indenture and any supplements. References to the "indenture" in this prospectus mean the form of indenture we have filed as an exhibit to the registration statement relating to this offering that we have filed with the SEC.

General

The debt securities will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated Indebtedness.

You should read the prospectus supplement for the following terms of the series of debt securities offered by the prospectus supplement. Our board of directors will establish the following terms before issuance of the series:

- the title of the debt securities,
- the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined,
- the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, and how the rate or rates will be determined,
- the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months,
- the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served,
- any optional redemption provisions,
- any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities,
- whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined,
- any changes or additions to the events of default or our covenants with respect to the debt securities,
- if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined,
- any changes or additions to the provisions concerning defeasance and covenant defeasance contained in the indenture that will be applicable to the debt securities,
- any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events,
- if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities,
- if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in global form or fully registered form and the identity of any alternative depository,

- the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date,
- the denomination or denominations in which the debt securities will be issued, if other than denominations of \$1,000 or any integral multiples,
- any provisions requiring us to pay Additional Amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the Additional Amounts, and
- any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

For purposes of this prospectus, any reference to the payment of principal of, any premium on, or interest on the debt securities will include Additional Amounts if required by the terms of the debt securities.

The indenture will not limit the amount of debt securities that we are authorized to issue from time to time. The indenture will also provide that there may be more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture, the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

We may issue debt securities with terms different from those of debt securities already issued. Without the consent of the holders of the outstanding debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series unless the reopening was restricted when we created that series.

There is no requirement that we issue debt securities in the future under the indenture, and we may use other indentures or documentation, containing different provisions in connection with future issues of other debt securities.

We may issue the debt securities as "Original Issue Discount Securities," which are debt securities, including any zero-coupon debt securities, that are issued and sold at a discount from their stated principal amount. Original Issue Discount Securities provide that, upon acceleration of their maturity, an amount less than their principal amount will become due and payable. We will describe the U.S. federal income tax consequences and other considerations applicable to original issue discount securities in any prospectus supplement relating to them.

Holders of Debt Securities

Book-Entry Holders. We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners.

The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, you will not own debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

Street Name Holders. In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, you may choose to hold your debt securities in your own name or in "street name." Debt securities held in street name would be registered in the name of a bank, broker or other financial institution that you choose, and you would hold only a beneficial interest in those debt securities through an account you maintain at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name you will be an indirect holder, and not a holder, of those debt securities.

Legal Holders. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to you if you hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether you choose to be an indirect holder of a debt security or have no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture) we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders. If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- how it handles securities payments and notices,
- whether it imposes fees or charges,
- how it would handle a request for the holders' consent, if ever required,
- whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future,
- how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and
- if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

Global Securities

What is a Global Security? We will issue each debt security under the indenture in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one

or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations When a Global Security Will Be Terminated." As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, if your security is represented by a global security, you will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities. As an indirect holder, your rights relating to a global security will be governed by the account rules of your financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security.

If we issue debt securities only in the form of a global security, you should be aware of the following:

- you cannot cause the debt securities to be registered in your name, and cannot obtain non-global certificates for your interest in the debt securities, except in the special situations that we describe below,
- you will be an indirect holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as we describe under "Holders of Debt Securities" above,
- you may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form,
- you may not be able to pledge your interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective,
- the depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to your interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way,
- DTC requires that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well, and
- financial institutions that participate in the depository's book-entry system, and through which you hold your interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. Your chain of ownership may contain more than one financial intermediary. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations When a Global Security Will Be Terminated. In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the debt securities it represented. After that exchange, the choice of whether to hold the debt securities directly or in street name will be up to you. You must consult your own bank or broker to find out how to have your interests in a global security transferred on termination to your own name, so that you will be a holder. We have described the rights of holders and street name investors above under "Holders of Debt Securities."

The special situations for termination of a global security are as follows:

- if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 60 days,
- if we notify the trustee that we wish to terminate that global security, or
- if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived; we discuss defaults later under "Events of Default."

If a global security is terminated, only the depository, and not we or the trustee, is responsible for deciding the names of the institutions in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Covenants

Limitations on Liens. We will covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the outstanding debt securities, other than any outstanding debt securities not entitled to this covenant, to be secured by the Lien equally and ratably with, or prior to, the Indebtedness and obligations secured or to be secured thereby for so long as the Indebtedness or obligations are so secured, except that the foregoing restriction will not apply to:

- any Lien existing on the date of the first issuance of debt securities under the indenture, including the Liens on property or after-acquired property of ours or our Subsidiaries under the Greeley Indenture or the United Cities Indenture, or such other date as may be specified in a prospectus supplement for an applicable series of debt securities,
- any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary,
- any Lien on any Principal Property existing at the time we or a Restricted Subsidiary acquire the Principal Property, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary,
- any Lien on any Principal Property, including any improvements on an existing Principal Property, of ours or any Restricted Subsidiary, and any Lien on the shares of stock of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not

extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located,

- any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary,
- any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien,
- any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness,
- any Lien required to be placed on any of our property or any of the property of our Subsidiaries under the provisions of the Greeley Indenture, the United Cities Indenture or the Note Purchase Agreements,
- any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, and that the renewal or refunding Lien must be limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded, or
- any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 15% of our Consolidated Net Tangible Assets.

Limitation on Sale and Leaseback Transactions. We will covenant in the indenture that we will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless

- we or a Restricted Subsidiary would be entitled, without securing the Outstanding Securities, to incur Indebtedness secured by a Lien on the Principal Property that is the subject of the Sale and Leaseback Transaction,
- the Attributable Debt associated with the Sale and Leaseback Transaction would be in an amount permitted under the last bullet point of the preceding paragraph,
- the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into the Sale and Leaseback Transaction are used for our business and operations or the business and operations of any Subsidiary, or
- within 12 months after the sale or transfer, an amount equal to the proceeds received in respect of the Principal Property sold and leased back at the time of entering into the Sale and Leaseback Transaction is applied to the prepayment, other than mandatory prepayment, of any Outstanding Securities or any Funded Indebtedness owed by us or a Restricted Subsidiary, other than Funded Indebtedness that is held by us or any Restricted Subsidiary or our Funded Indebtedness that is subordinate in right of payment to any Outstanding Securities.

Definitions. Following are definitions of some of the terms used in the covenants described above.

“Attributable Debt” means, as to any lease under which a person is at the time liable for rent, at a date that liability is to be determined, the total net amount of rent required to be paid by that person

under the lease during the remaining term, excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents, discounted from the respective due dates thereof at the weighted average of the rates of interest, or Yield to Maturity, in the case of Original Issue Discount Securities, borne by the then Outstanding Securities, compounded annually.

“Capital Stock” means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests, however designated, in stock issued by a corporation.

“Consolidated Net Tangible Assets” means the aggregate amount of assets, less applicable reserves and other properly deductible items, after deducting

- all current liabilities, excluding any portion thereof constituting Funded Indebtedness, and
- all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles,

all as set forth on our most recent consolidated balance sheet contained in our latest quarterly or Annual Report filed with the SEC under the Securities Exchange Act of 1934 and computed in accordance with generally accepted accounting principles.

“Funded Indebtedness” means, as applied to any person, all Indebtedness of the person maturing after, or renewable or extendible at the option of the person beyond, 12 months from the date of determination.

“Greeley Indenture” means the Indenture of Mortgage and Deed of Trust, dated as of March 1, 1957, from Greeley Gas Company to U.S. Bank National Association, formerly The Central Bank and Trust Company, as Trustee, as amended and supplemented through December 1, 1993, the Indenture of Mortgage and Deed of Trust through the Tenth Supplemental Indenture by Atmos to U.S. Bank National Association, formerly The Central Bank and Trust Company, as Trustee, as amended, supplemented or otherwise modified from time to time.

“Indebtedness” means obligations for money borrowed, evidenced by notes, bonds, debentures or other similar evidences of indebtedness.

“Lien” means any lien, mortgage, pledge, encumbrance, charge or security interest securing Indebtedness; provided, however, that the following types of transactions will not be considered, for purposes of this definition, to result in a Lien:

- any acquisition by us or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas or any other mineral in place or the proceeds of that interest,
- any conveyance or assignment whereby we or any Restricted Subsidiary conveys or assigns to any person or persons an interest in oil, gas or any other mineral in place or the proceeds of that interest,
- any Lien upon any property or assets either owned or leased by us or a Restricted Subsidiary or in which we or any Restricted Subsidiary owns an interest that secures for the benefit of the person or persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of the property or assets, or property or assets with which it is unitized, the payment to the person or persons of our proportionate part or the Restricted Subsidiary's proportionate part of the development or operating expenses,

- any hedging arrangements entered into in the ordinary course of business, including any obligation to deliver any mineral, commodity or asset, or
- any guarantees that we make for the repayment of Indebtedness of any Subsidiary or guarantees by any Subsidiary of the repayment of Indebtedness of any entity, including Indebtedness of Woodward Marketing, L.L.C.

“Non-Recourse Indebtedness” means, at any time, Indebtedness incurred after the date of the indenture by us or a Restricted Subsidiary in connection with the acquisition of property or assets by us or a Restricted Subsidiary or the financing of the construction of or improvements on property, whenever acquired, provided that, under the terms of this Indebtedness and under applicable law, the recourse at the time and thereafter of the lenders with respect to this Indebtedness is limited to the property or assets so acquired, or the construction or improvements, including Indebtedness as to which a performance or completion guarantee or similar undertaking was initially applicable to the Indebtedness or the related property or assets if the guarantee or similar undertaking has been satisfied and is no longer in effect. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to the borrower, any guarantor or any other person for (a) environmental representations, warranties or indemnities, or (b) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received from secured assets to be paid to the lender, waste and mechanics’ liens or similar matters.

“Note Purchase Agreements” refers to the following note purchase agreements, as amended, supplemented or otherwise modified from time to time, between us and the following parties:

- John Hancock Mutual Life Insurance Company, dated December 21, 1987,
- Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans — AT&T — John Hancock — Private Placement, dated December 21, 1987, which agreement is identical to the Hancock agreement listed above except for the parties and the amounts,
- John Hancock Mutual Life Insurance Company, dated October 11, 1989,
- The Variable Annuity Life Insurance Company, dated August 29, 1991,
- The Variable Annuity Life Insurance Company, dated August 31, 1992, and
- New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company and Merit Life Insurance Company, dated November 14, 1994.

“Principal Property” means any natural gas distribution property or propane property located in the United States, except any property that in the opinion of our board of directors is not of material importance to the total business conducted by us and of our consolidated Subsidiaries.

“Restricted Subsidiary” means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 5% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

“Sale and Leaseback Transaction” means any arrangement with any person in which we or any Restricted Subsidiary leases any Principal Property that has been or is to be sold or transferred by us or the Restricted Subsidiary to that person, other than

- a lease for a term, including renewals at the option of the lessee, of not more than three years or classified as an operating lease under generally accepted accounting principles,
- leases between us and a Restricted Subsidiary or between Restricted Subsidiaries, and

- leases of a Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation, of the Principal Property.

“Subsidiary” of ours means

- a corporation, a majority of whose Capital Stock with rights, under ordinary circumstances, to elect directors is owned, directly or indirectly, at the date of determination, by us, by one or more of our Subsidiaries or by us and one or more of our Subsidiaries, or
- any other person, other than a corporation, in which at the date of determination we, one or more of our Subsidiaries or we and one or more of our Subsidiaries, directly or indirectly, have at least a majority ownership and power to direct the policies, management and affairs of that person.

“United Cities Indenture” means the Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to U.S. Bank Trust National Association, formerly First Trust of Illinois, National Association, and M.J. Kruger, as Trustees, as amended, supplemented or otherwise modified from time to time, the Indenture of Mortgage through the Twenty-Second Supplemental Indenture by us to U.S. Bank Trust National Association, formerly First Trust National Association, and Russell C. Bergman, as Trustees, as amended, supplemented, or otherwise modified from time to time.

Consolidation, Merger or Sale of Assets

Under the terms of the indenture, we are generally permitted to consolidate with or merge into another entity. We are also permitted to sell or transfer our assets substantially as an entirety to another entity. However, we may not take any of these actions unless all of the following conditions are met:

- the resulting entity must agree to be legally responsible for all our obligations under the debt securities and the indenture,
- the transaction must not cause a default or an Event of Default,
- the resulting entity must be organized under the laws of the United States or one of the states or the District of Columbia, and
- we must deliver an officers’ certificate and legal opinion to the trustee with respect to the transaction.

In the event that we engage in one of these transactions and comply with the conditions listed above, we would be discharged from all our obligations and covenants under the indenture and all obligations under the Outstanding Securities, with the successor corporation or person succeeding to our obligations and covenants.

In the event that we engage in one of these transactions, the indenture provides that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien, the debt securities, other than any debt securities not entitled to the benefit of specified covenants, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with, or prior to, the indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the debt securities.

Modification or Waiver

There are two types of changes that we can make to the indenture and the debt securities.

Changes Requiring Majority Approval. First, there are changes that we cannot make to the indenture or the debt securities under the indenture without the specific written approval of the holders of

not less than a majority in principal amount of all outstanding debt securities of each series affected by the change. We cannot:

- change the stated maturity of the principal of, any premium on, or the interest on a debt security,
- change any of our obligations to pay Additional Amounts,
- reduce the amount payable upon acceleration of maturity following the default of an Indexed Indenture security or an Original Issue Discount Security,
- adversely affect any right of repayment at your option,
- change the place of payment of a debt security,
- impair your right to sue for payment,
- adversely affect any right to convert or exchange a debt security,
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture,
- reduce the percentage of holders of debt securities whose consent is needed to waive compliance with any provisions of the indenture or to waive any defaults, and
- modify any of the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any percentage of consents required to amend the indenture or for any waiver or to add to the provisions that cannot be modified without the approval of each affected holder.

The same majority approval would be required for us to obtain a waiver of any of our covenants in the indenture.

Changes Not Requiring Approval. The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

- for Original Issue Discount Securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default, and
- for debt securities whose principal amount is not known (for example, because it is based on an index) we will use a special rule for that debt security described in the prospectus supplement.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance and Covenant Defeasance."

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Events of Default

You will have special rights if an Event of Default occurs as to the debt securities of your series that is not cured, as described later in this subsection. Please refer to the prospectus supplement for information about any changes to the Events of Default or our covenants, including any addition of a covenant or other provision providing event risk or similar protection.

What is an Event of Default? The term "Event of Default" as to the debt securities of your series means any of the following:

- we do not pay interest on a debt security of the series within 30 days of its due date,
- we do not pay the principal of or any premium, if any, on a debt security of the series on its due date,
- we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment,
- we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement for the benefit of less than all of the holders of the debt securities, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25% of the principal amount of the debt securities of the series,
- we or a Restricted Subsidiary of ours is in default under any matured or accelerated agreement or instrument under which we have outstanding Indebtedness for borrowed money or guarantees, which individually are in excess of \$25,000,000, and we have not cured any acceleration within 15 days after we receive notice of this default from the trustee or the holders of at least 25% of the principal amount of the debt securities of the series, unless prior to the entry of judgment for the trustee, we or the Restricted Subsidiary remedy the default or the default is waived by the holders of the indebtedness,
- we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur, or
- any other Event of Default provided for the benefit of debt securities of the series.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture.

The trustee may withhold notice to the holders of debt securities of a particular series of any default if it considers its withholding of notice to be in the interest of the holders of that series, except that the trustee may not withhold notice of a default in the payment of the principal of, any premium on, or the interest on the debt securities.

Remedies if an Event of Default Occurs. If an event of default has occurred and is continuing, the trustee or the holders of 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable by notifying us, and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration upon our compliance with certain conditions.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain

circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interest relating to the debt securities, the following must occur:

- you must give the trustee written notice that an Event of Default has occurred and remains uncured,
- the holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action,
- the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity, and
- the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than the following:

- the payment of principal, any premium, interest or Additional Amounts on any debt security or related coupon, or
- in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the debt securities, or else specifying any default.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.

Defeasance and Covenant Defeasance

Unless we provide otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that is not a floating rate or indexed debt security.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called "full defeasance," if we put in place the following arrangements for you to be repaid:

- we must deposit in trust for the benefit of all holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates, and
- we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current federal tax law, the deposit and our legal

release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds are deposited in trust in exchange for your debt securities, and you would recognize gain or loss on the debt securities at the time of the deposit.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust.

Covenant Defeasance. Under current federal tax law, we can make the same type of deposit described above and be released from the restrictive covenants in the indenture discussed above and specified in a prospectus supplement. This is called "covenant defeasance." In that event, you would lose the protection of those covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

- deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due date, and
- deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the debt securities became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Debt Securities Issued in Non-Global Form

If the debt securities cease to be issued in global form, they will be issued:

- only in fully registered form,
- without interest coupons, and
- unless we indicate otherwise in the prospectus supplement, in denominations of \$1,000 and amounts that are multiples of \$1,000.

Holders may exchange their debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. We will appoint the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or

exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may stop the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a debt security is issued as a global security, only the depository will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

Payment Mechanics

Who Receives Payment? If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date, discussed below, relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depository.

Payments on Global Securities. We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "What Is a Global Security?"

Payments on Non-Global Securities. For a debt security in non-global form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check, at the paying agent described below, against surrender of the debt security. We will make all payments by check in next-day funds; for example, funds that become available on the day after the check is cashed.

Alternatively, if a non-global security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City on the due date. To request wire payment, the holder must give the paying agent appropriate transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. In the case of any other payment, we will make payment only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Regular Record Dates. We will pay interest to the holders listed in the trustee's records as the owners of the debt securities at the close of business on a particular day in advance of each interest payment date. We will pay interest to these holders if they are listed as the owner even if they no longer own the debt security on the interest payment date. That particular day, usually about two weeks in

advance of the interest payment date, is called the "regular record date" and will be identified in the prospectus supplement.

Payment When Offices Are Closed. If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day.

Paying Agents. We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify you of changes in the paying agents.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

The Trustee Under the Indenture

We anticipate that SunTrust Bank will be trustee under the indenture. SunTrust is among the banks with which we maintain ordinary banking relationships.

The trustee may resign or be removed with respect to one or more series of indenture securities and a successor trustee may be appointed to act with respect to these series.

DESCRIPTION OF COMMON STOCK

Our authorized capital stock consists of 100,000,000 shares of common stock, of which 31,999,121 shares were outstanding on November 2, 2000. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

Holders of our shares of common stock are entitled to receive such dividends as may be declared from time to time by our board of directors from our assets legally available for the payment of dividends and, upon our liquidation, a pro rata share of all of our assets available for distribution to our shareholders.

Under the provisions of some of our debt agreements, we have agreed to restrictions on the payment of cash dividends. Under these restrictions, our cumulative cash dividends paid after December 31, 1988 may not exceed the sum of our and our Subsidiaries' accumulated consolidated net income for periods after December 31, 1988, plus \$15,038,000. As of August 31, 2000, \$57,900,000 was available for the declaration of dividends.

The registrar and transfer agent for our common stock is Fleet National Bank, formerly known as BankBoston, N.A.

Some provisions of our restated articles of incorporation and bylaws may be deemed to have an "anti-takeover" effect. The following summary description of these provisions is necessarily general, and we refer you to our restated articles of incorporation and bylaws for more information since their terms affect your rights as a shareholder.

Classification of the Board. Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire

board. There are currently 12 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our restated articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of our board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board. Our board believes that the longer time required to elect a majority of a classified board will help to ensure the continuity and stability of our management and policies since a majority of the directors at any given time will have had prior experience as our directors.

Removal of Directors. Our restated articles of incorporation and bylaws also provide that our directors may be removed only for cause and upon the affirmative vote of the holders of at least 75% of the shares then entitled to vote at an election of directors.

Fair Price Provisions. Article VII of our restated articles of incorporation provides certain "Fair Price Provisions" for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10% or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10% shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10% shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75% of the outstanding shares of voting capital stock held by our shareholders other than the 10% shareholder unless a majority of the directors who were members of our board immediately prior to the time the 10% shareholder involved in the proposed transaction became a 10% shareholder have either:

- expressly approved in advance the acquisition of the outstanding shares of our voting capital stock that caused the 10% shareholder to become a 10% shareholder, or
- approved the transaction either in advance of or subsequent to the 10% shareholder becoming a 10% shareholder.

The provisions of Article VII may not be amended, altered, changed, or repealed except by the affirmative vote of at least 75% of the votes entitled to be cast thereon at a meeting of our shareholders duly called for consideration of such amendment, alteration, change, or repeal. In addition, if there is a 10% shareholder, such action must also be approved by the affirmative vote of at least 75% of the outstanding shares of our voting capital stock held by the shareholders other than the 10% shareholder.

Shareholder Proposals and Director Nominations. Our shareholders can submit shareholder proposals and nominate candidates for the board of directors if the shareholders follow the advance notice procedures described in our bylaws.

Shareholder proposals must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC proxy rules. To be included in our proxy statement for an annual meeting, we must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting. The notice must include the name and

address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC, and the written consent of the shareholder's nominee to serve as a director.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual or special meeting or making nominations for directors.

Shareholder Rights Plan. On November 12, 1997, our board of directors declared a dividend distribution of one right for each outstanding share of our common stock to shareholders of record at the close of business on May 10, 1998. Each right entitles the registered holder to purchase from us one share of our common stock at a purchase price of \$80 per share, subject to adjustment. The description and terms of the rights are set forth in a rights agreement between us and Fleet National Bank, formerly known as BankBoston, N.A., as rights agent.

Subject to exceptions specified in the rights agreement, the rights will separate from our common stock and a distribution date will occur upon the earlier of:

- ten business days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of our common stock, other than as a result of repurchases of stock by us or specified inadvertent actions by institutional or other shareholders,
- ten business days, or such later date as our board of directors shall determine, following the commencement of a tender offer or exchange offer that would result in a person or group having acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of our common stock, or
- ten business days after our board of directors shall declare any person to be an adverse person within the meaning of the rights plan.

The rights expire at 5:00 P.M., Boston, Massachusetts time on May 10, 2008, unless extended prior thereto by our board or earlier if redeemed by us.

The rights will not have any voting rights. The exercise price payable and the number of shares of our common stock or other securities or property issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution. We issue rights when we issue our common stock until the rights have separated from the common stock. After the rights have separated from the common stock, we may issue additional rights if the board of directors deems such issuance to be necessary or appropriate.

The rights have anti-takeover effects and may cause substantial dilution to a person or entity that attempts to acquire us on terms not approved by our board of directors except pursuant to an offer conditioned upon a substantial number of rights being acquired. The rights should not interfere with any merger or other business combination approved by our board of directors because, prior to the time that the rights become exercisable or transferable, we can redeem the rights at \$.01 per right.

PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus and the prospectus supplement as follows:

- through agents,
- to or through underwriters, or
- directly to other purchasers.

We will identify any underwriters or agents and describe their compensation in a prospectus supplement.

We, directly or through agents, may sell, and the underwriters may resell, the offered securities in one or more transactions, including negotiated transactions. These transactions may be:

- at a fixed public offering price or prices, which may be changed,
- at market prices prevailing at the time of sale,
- at prices related to the prevailing market prices, or
- at negotiated prices.

In connection with the sale of offered securities, the underwriters or agents may receive compensation from us or from purchasers of the offered securities for whom they may act as agents. The underwriters may sell offered securities to or through dealers, who may also receive compensation from purchasers of the offered securities for whom they may act as agents. Compensation may be in the form of discounts, concessions or commissions. Underwriters, dealers and agents that participate in the distribution of the offered securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us and any profit on the resale of the offered securities by them may be treated as underwriting discounts and commissions under the Securities Act of 1933.

We will indemnify the underwriters and agents against certain civil liabilities, including liabilities under the Securities Act of 1933.

Underwriters, dealers and agents or their affiliates may engage in transactions with us or perform services for us.

If we indicate in the prospectus supplement relating to a particular series or issue of offered securities, we will authorize underwriters, dealers or agents to solicit offers by institutions to purchase the offered securities from us under delayed delivery contracts providing for payment and delivery at a future date. These contracts will be subject only to those conditions that we specify in the prospectus supplement, and we will specify in the prospectus supplement the commission payable for solicitation of these contracts.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams, Richmond, Virginia, will opine for us as to the validity of the offered securities. Shearman & Sterling, New York, New York, will pass upon certain legal matters related to the offered securities for any underwriters, dealers or agents.

EXPERTS

Ernst & Young LLP, independent auditors, have audited the consolidated financial statements of Atmos Energy Corporation for the year ended September 30, 1999, incorporated by reference in our Annual Report on Form 10-K for the year ended September 30, 1999, as set forth in its report dated November 9, 1999. We incorporate by reference such consolidated financial statements in this prospectus in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act. You may read and copy this information at the following locations of the SEC:

Judiciary Plaza, Room 1024
450 Fifth Street, N.W. Street
Washington, D.C. 20549

Seven World Trade Center,
Suite 1300
New York, New York 10048

Citicorp Center
500 West Madison Street
Suite 1400
Chicago, Illinois 60661

You can also obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Our common stock is listed on the New York Stock Exchange and you can inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 that registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

The SEC allows us to "incorporate by reference" information into this prospectus that we have filed with it. This 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 considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this document.

This prospectus incorporates by reference the following documents that we have previously filed with the SEC and that we have not included or delivered with this document:

- our Annual Report on Form 10-K for the year ended September 30, 1999,
- our Quarterly Reports on Form 10-Q for the quarters ended December 31, 1999, March 31, 2000, and June 30, 2000, and
- our Current Reports on Form 8-K filed with the SEC on February 22, 2000, April 18, 2000, May 8, 2000, June 13, 2000, June 22, 2000, and August 17, 2000.

These documents contain important information about us, our common stock and our financial condition.

We incorporate by reference additional documents that we may file with the SEC between the date of this prospectus and the date of the closing of each offering. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and proxy statements.

You can obtain any of the documents incorporated by reference in this document from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to this prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at the following address or telephone number:

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Louis P. Gregory
(972) 934-9227

\$350,000,000



Atmos Energy Corporation

7³/₈% Senior Notes due 2011

The Company

- We distribute and sell natural gas to over one million residential, commercial, industrial, agricultural and other customers in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, Tennessee, Texas and Virginia. We also transport natural gas for others through our distribution system and provide energy management and gas marketing services.

The Offering

- *Use of Proceeds:* We intend to use the net proceeds from the offering to fund our acquisition of the assets of Louisiana Gas Service Company and LGS Natural Gas Company.
- *Delivery:* We expect that delivery of the notes will be made to investors on or about May 22, 2001, in book-entry form, through the facilities of The Depository Trust Company.

The Notes

- *Maturity:* May 15, 2011
- *Interest Payments:* Interest on the notes is payable on May 15 and November 15, beginning on November 15, 2001.
- *Redemption:* We may redeem the notes prior to maturity, in whole or in part, at a redemption price equal to the greater of the principal amount of the notes and the make-whole price described in this prospectus supplement.
- *Ranking:* The notes rank equally with all of our other unsecured and unsubordinated indebtedness.
- The notes will not be listed on any securities exchange or included in any automated quotation system.

| | <u>Per Note</u> | <u>Total</u> |
|--------------------------------------------|-----------------|---------------|
| Public offering price ⁽¹⁾ | 99.940% | \$349,790,000 |
| Underwriting discount | 0.650% | \$ 2,275,000 |
| Our proceeds before expenses | 99.290% | \$347,515,000 |

⁽¹⁾Plus accrued interest from May 22, 2001, if settlement occurs after that date.

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

Banc of America Securities LLC

Banc One Capital Markets, Inc.

First Union Securities, Inc.

Fleet Securities, Inc.

SG Cowen



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-465
WESTERN KENTUCKY GAS COMPANY

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on March 24, 2000.

See attached parties of record.

Stephanie J. Bell

Secretary of the Commission

SB/sa
Enclosure

William J. Senter
V.P. Rates & Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY. 42303 1312

Honorable Douglas C. Walther
Legal Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX. 75265 0205

Honorable Mark R. Hutchinson
Attorney at Law
Sheffer, Hutchinson, Kinney
101 East Second Street
Owensboro, KY. 42303

Honorable John N. Hughes
Attorney for Western Kentucky Gas
124 West Todd Street
Frankfort, KY. 40601

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF ATMOS ENERGY)
CORPORATION (ATMOS), THROUGH ITS)
DIVISION, WESTERN KENTUCKY GAS COMPANY)
OF OWENSBORO, KENTUCKY, FOR AN ORDER) CASE NO. 99-465
AUTHORIZING THE IMPLEMENTATION OF A)
\$500,000,000 UNIVERSAL SHELF REGISTRATION)
FOR DEBT AND EQUITY FINANCING)

O R D E R

On February 22, 2000, Atmos Energy Corporation ("Atmos"), through its division Western Kentucky Gas Company ("Western"), filed its application seeking Commission approval to implement a \$500,000,000 universal shelf registration for debt and equity financing.¹ While Western is subject to the jurisdiction of the Commission, as a division of Atmos it does not have a separate capital structure, and the securities are to be issued by Atmos subject to the approval of this Commission.² The debt securities and/or common stock may be issued in one or more series. The net proceeds will be expended for one or more of the following purposes: the repayment of

¹ Western originally submitted its application on December 30, 1999. On January 27, 2000, the Commission informed Western that its application was deficient, and would not be considered filed until the filing deficiencies were cured. Western submitted additional information on February 22, 2000, which cured the cited deficiencies. Western's application was declared filed as of February 22, 2000.

² Atmos provides gas distribution, transmission, and transportation service to retail customers in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas, and Virginia. To the extent necessary, Atmos will secure the appropriate approvals from the regulatory commissions in these states for the universal shelf registration.

all or a portion of Atmos's outstanding short-term debt; the purchase, acquisition, and construction of additional properties, as well as improvements to Atmos's existing utility plant; the refunding of higher rate long-term debt as market conditions permit; and general corporate purposes.

Western has filed information indicating that Atmos has lines of credit and short-term debt of \$110,228,467 outstanding and total long-term debt of \$383,523,308, with \$15,640,000 of that total due within one year. In addition, it estimates that \$370,000,000 will be needed to upgrade existing gas plant property. Western has provided copies of Atmos's Securities and Exchange Commission filing, as well as copies of the applications and approval orders from three other state regulatory commissions concerning the universal shelf registration.³

As the proposed financing is a universal shelf registration, it is difficult at this time for Atmos to state exactly what mix of equity and debt financing will be utilized. Consequently, the specific terms and conditions of each issuance under the universal shelf registration are not known. Western has noted that the approval orders received from the Missouri and Virginia commissions include a cap on the interest rate on any debt securities issued under the universal shelf registration. Those approval orders state that the interest rate on debt securities will not exceed by 300 basis points the yield on a United States Treasury Security of comparable maturity, unless Atmos requests and is granted a waiver for a particular issuance of debt securities. Western has indicated that it would agree to a similar interest rate cap in this proceeding.

³ The applications and approval orders are from Colorado, Missouri, and Virginia.

Western has indicated that Atmos's goal is to decrease its debt to capitalization ratio to nearer Atmos's target range of 50 to 52 percent over the next two years. Atmos does not plan to implement the universal shelf registration in a manner that would materially change this 50 to 52 percent target. Further, Atmos believes the use of the proposed universal shelf registration will allow it to maintain the flexibility necessary to allow it to utilize the most favorable financing option available at a particular time.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the approval of the universal shelf registration and the associated creation and issuance of related securities is for lawful objects within the corporate purposes of Western, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonable, necessary, and appropriate for such purposes. Therefore, the universal shelf registration proposed by Atmos should be approved. However, because of the nature of the universal shelf registration, Western and Atmos should be required to inform the Commission of the terms and conditions of each issuance of equity or debt covered by the universal shelf registration.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to implement a \$500,000,000 universal shelf registration for equity and debt financing, subject to the provisions and terms contained within its application.
2. The proceeds from the transaction authorized herein shall be used only for the lawful purposes set out in the application.

3. For any issuance of equity under the universal shelf registration, Western shall include with its monthly financial report to the Commission a supplemental report detailing the terms and conditions of such equity financing. The supplemental report shall be included with the financial report covering the month of issuance.

4. The interest rate on any debt securities issued under the universal shelf registration shall not exceed by 300 basis points the yield on a United States Treasury Security of comparable maturity, unless Atmos requests and is granted a waiver for a particular issuance of debt securities.

5. For any debt securities issued under the universal shelf registration, Western shall file a report detailing the terms and conditions of the particular debt securities issued. Western shall include an analysis showing that the interest rate included for the debt securities was the most reasonable under the circumstances at the time of issuance. Western shall also demonstrate its compliance with the 300 basis point restriction, as stated in Ordering Paragraph No. 4. This report shall be filed with the Commission within 10 days of the completion of the issuance.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 24th day of March, 2000.

By the Commission

ATTEST:


Executive Director



Paul E. Patton, Governor
Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

B. J. Helton
Chairman

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

March 2, 2000

Mr. William J. Senter
V. P. Rates & Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, Kentucky 42303-1312

Re: Case No. 1999-465

Dear Mr. Senter:

The Commission staff has reviewed your response of February 22, 2000 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-(502)564-3940.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/dm
Enclosure



BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

DEC 30 1999

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF APPLICATION OF §
ATMOS ENERGY CORPORATION §
(ATMOS), THROUGH ITS DIVISION, §
WESTERN KENTUCKY GAS COMPANY §
OF OWENSBORO, KENTUCKY, FOR AN §
ORDER AUTHORIZING THE §
IMPLEMENTATION OF A \$500,000,000 §
UNIVERSAL SHELF REGISTRATION §
FOR DEBT AND EQUITY FINANCING. §

CASE NO. CG-465

FILED

FEB 22 2000

PUBLIC SERVICE
COMMISSION

APPLICATION

I.

Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant"), through its division, Western Kentucky Gas Company of Owensboro, Kentucky ("Company"), files its application herein for an Order authorizing the implementation of a \$500,000,000 universal shelf registration. The universal shelf registration will allow Atmos to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities and/or common stock may be issued in one or more series of issuances. Atmos may sell the securities to or through underwriters, dealers or agents, or directly to one or more purchasers. The universal shelf registration will provide Atmos with greater flexibility in its financing options.

II.

The Company cannot currently state how the \$500,000,000 will be divided between equity and debt financing. The Company's goal is to decrease the debt to capitalization ratio to nearer its target range of 50-52% over the next two years. Atmos does not plan to implement the

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

February 22, 2000

Stephanie Bell
Secretary
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

FEB 22 2000

PUBLIC SERVICE
COMMISSION

Re: Case No. 99-465

Dear Ms. Bell:

Western Kentucky Gas Company provides the following information in response to your letter of January 27, 2000:

1. December 31, 1999 financial statements listing all mortgages, bonds, notes and other indebtedness, including amounts, rates and other related information;
2. December 31, 1999 balance sheet and income statement;
3. Security and Exchange Commission application for the approval of issuance of the indebtedness requested in this case;
4. Applications and orders from Missouri, Colorado and Virginia for this same issuance of indebtedness.

After discussions with the Staff about this matter, I believe that this information satisfies the deficiencies noted in your prior letter. Because of those discussions, an informal conference is not needed at this time.

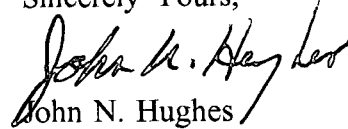
If it will assist the Commission in approving this application, Western will agree that the interest rate on any debt securities issued pursuant to an order in this case will not exceed by 300 basis points the yield on a United States Treasury Security of comparable maturity, unless specific authorization is requested. This cap on rates was agreed to and approved by the Missouri and Virginia Commissions and is reflected in the attached orders.

Because of the volatility of the financial markets currently, Western would like to have this application approved as quickly as possible. If any other information is needed or if there

is anything that can be done to speed the review process, please let me know.

If additional information is needed, please contact me.

Sincerely Yours,



John N. Hughes

Attorney for Western Kentucky
Gas Company

cc: Doug Walther w/o attachments
Randy Hutchinson
Bill Senter

WESTERN KENTUCKY GAS COMPANY
EXHIBIT A

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Western Kentucky Gas Company is an unincorporated division of Atmos Energy Corporation. The following includes information for Atmos Energy Corporation (unless otherwise stated) since Western Kentucky Gas Company is a division of Atmos and does not have a separate capital structure or authorized stock.

6(1) Amount and kinds of stock authorized

As of December 31, 1999 Atmos Energy Corporation had 100,000,000 shares of common stock (no par value) authorized.

6(2) Amount and kinds of stock issued and outstanding

At December 31, 1999 Atmos Energy Corporation had 31,489,280 shares of common stock issued and outstanding.

6(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

Atmos Energy Corporation has no preferred stock.

6(4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Atmos has mortgages related to bonds assumed in the merger with Greeley Gas Company on December 22, 1993. The 9.4% series J bonds are secured by an Indenture of Mortgage and Deed of Trust dated April 1, 1991 in favor of First Colony Life Insurance Company. The outstanding First Mortgage Bonds assumed in the merger with Greeley are as follows:

| <u>First Mortgage Bonds</u> | <u>Original Issue</u> | <u>Bonds Outstanding 12/31/99</u> | <u>Interest accrued for 12 months ended 12/31/99</u> |
|-----------------------------------|---------------------------|-------------------------------------------|------------------------------------------------------------------|
| 9.4% Series J, due May 1, 2021 | \$17,000,000 | \$17,000,000 | \$1,620,576 |

Atmos has mortgages related to bonds assumed in the merger with United Cities on July 31, 1997, which are listed below:

| <u>First Mortgage Bonds</u> | <u>Original Issue</u> | <u>Bonds Outstanding 12/31/99</u> | <u>Interest accrued for 12 months ended 12/31/99</u> |
|----------------------------------|--------------------------|-----------------------------------|------------------------------------------------------|
| 8.69% Series N, due 3/01/02 | \$20,000,000 3/01/87 | \$ 1,000,000 | \$ 131,635 |
| 10.43% Series P, due 11/01/17 | \$25,000,000 10/01/87 | \$21,250,000 | \$2,228,603 |
| 9.75% Series Q, due 4/30/20 | \$20,000,000 4/01/90 | \$20,000,000 | \$1,961,838 |
| 11.32% Series R, due 5/10/04 | \$15,000,000 12/01/89 | \$10,720,000 | \$1,457,445 |
| 9.32% Series T, due 6/01/21 | \$18,000,000 6/01/91 | \$18,000,000 | \$1,682,743 |
| 8.77% Series U, due 5/01/22 | \$20,000,000 5/01/92 | \$20,000,000 | \$1,768,785 |
| 7.50% Series V, due 12/01/07 | \$10,000,000 12/01/92 | \$10,000,000 | \$ 764,780 |
| | | <u>\$100,970,000</u> | <u>\$9,995,829</u> |

6(5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

Please refer to 6(4) above.

6(6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

| <u>Description</u> | <u>Date of Issue</u> | <u>Amount Outstanding at 12/31/99</u> | <u>Date of Maturity</u> | <u>Rate of Interest</u> | <u>In favor of</u> | <u>Interest Accrued for 12 months ended 12/31/99</u> |
|--------------------|----------------------|---------------------------------------|-------------------------------------------------------------------|-------------------------|------------------------------------------------|------------------------------------------------------|
| Sr. Notes | 12/23/87 | 6,000,000 | Annual installments of \$2,000,000 from 12/30/93 through 12/30/02 | 11.2% | John Hancock Mutual Life Insurance Co., et al. | 904,228 |
| Sr. Notes | 09/30/91 | 14,000,000 | Annual installments of \$2,000,000 from 9/30/97 through 9/30/06 | 9.57% | Variable Annuity Life Insurance Co. | 1,487,270 |
| Sr. Notes | 10/11/89 | 15,000,000 | Annual installments of \$3,000,000 from 12/30/95 through 12/30/04 | 9.76% | John Hancock Mutual Life Insurance Co., et al. | 1,771,661 |
| Sr. Notes | 08/31/92 | 7,000,000 | Annual installments of \$1,000,000 from 8/31/97 through 8/31/06 | 7.95% | Variable Annuity Life Insurance Co. | 600,256 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Kingdom Foundation | 115,164 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Michael D. Fredricks | 115,164 |
| Note | 12/15/95 | 10,000,000 | 12/15/25 | 6.67% | Cede & Co. | 674,786 |
| Note | 12/19/95 | 10,000,000 | 12/19/20 | 6.27% | Cede & Co. | 642,441 |
| Note | 12/19/95 | 2,000,000 | 12/19/00 | 6.20% | Cede & Co. | 133,042 |
| Sr. Notes | 11/14/94 | 20,000,000 | Annual installments of \$1,818,182 from 10/31/04 through 10/31/14 | 8.26% | New York Life Insurance Co. | 1,658,004 |
| Sr. Notes | 11/14/94 | 20,000,000 | Annual installments of \$4,000,000 from 10/31/02 - 10/31/06 | 8.07% | Variable Annuity Life Insurance Co. | 1,644,231 |
| Debentures | 07/15/98 | 150,000,000 | 07/15/28 | 6.75% | U.S. Bank as Trustee | 10,227,370 |
| | | | | | | <u>\$19,973,617</u> |
| | | | | | | <u>\$256,303,308</u> |

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 12/31/99</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 12/31/99</u> |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|
| Committed Lines of Credit: | | | | |
| One-year credit facility for up to \$12,000,000 renegotiated effective April 1, 1999 | Amarillo National Bank | \$ - | Short-term rate based upon option chosen at time of borrowing | \$390,985 |
| 364 day credit facility for up to \$250,000,000 due August 6, 1999 unsecured | Bank of America, Texas, as agent for various other participants | 125,000,000 | Short-term rate based upon option chosen at time of borrowing | 274,927 |
| TOTAL COMMITTED LINES | | <u>\$125,000,000</u> | | <u>\$665,912</u> |

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 12/31/99</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 12/31/99</u> |
|-----------------------------------------------------------------|--------------------------------------------------|-----------------------------------------------|--------------------------------|--------------------------------------------------------------|
| Uncommitted Money Market Lines of Credit: | | | | |
| Credit facility for up to \$50,000,000 due August 6, 1999 | Societe Generale | \$ - | Money market rate as quoted | \$ 204,565 |
| Credit facility for up to \$20,000,000 due August 6, 1999 | Bank of America - | - | Money market rate as quoted | 226,507 |
| \$250,000,000 Commercial Paper Program | Merrill Lynch and First Chicago as dealers | 124,385,761 | Money market rate as quoted | 6,641,275 |
| TOTAL UNCOMMITTED LINES | | <u>124,385,761</u> | | <u>7,072,347</u> |
| TOTAL LINES OF CREDIT | | <u>\$249,385,761</u> | | <u>\$7,738,259</u> |

6(8) Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.

The following is Atmos Energy Corporation's dividend history for the past five fiscal years. The Atmos dividend rate has been restated to include United Cities but excludes Greeley Gas distributions. The amount of dividends paid and average shares have been restated to include United Cities and Greeley Gas distributions.

| <u>Fiscal Year Ended Sept 30</u> | <u>Atmos Dividend Rate</u> | <u>Amount of Dividends Paid</u> | <u>Average Shares For Each Fiscal Year</u> |
|--------------------------------------|------------------------------------|-----------------------------------------|----------------------------------------------------|
| Fiscal 1995 | \$.96 | \$26,197,000 | 27,208,000 |
| Fiscal 1996 | \$.98 | \$28,478,000 | 28,978,000 |
| Fiscal 1997 | \$1.01 | \$26,415,000 | 29,409,000 |
| Fiscal 1998 | \$1.06 | \$31,834,000 | 30,031,000 |
| Fiscal 1999 | \$1.10 | \$33,882,000 | 30,819,000 |

6(9) Detailed income statement and balance sheet.

The following is the separate company income statement and balance sheet of Atmos Energy Corporation.

ATMOS ENERGY CORPORATION
STATEMENT OF INCOME (UNCONSOLIDATED)
FOR THE TWELVE MONTHS ENDED
December 31, 1999
(Thousands of Dollars)
(Unaudited)

| | |
|-------------------------------|-----------------|
| Operating revenues | \$633,525 |
| Purchased gas cost | 358,109 |
| Gross profit | <u>275,416</u> |
| Operating expenses | |
| Operation | 131,387 |
| Maintenance | 8,371 |
| Litigation settlement | 3,250 |
| Depreciation and amortization | 55,287 |
| Taxes, other than income | 30,374 |
| Income taxes | 3,509 |
| Total operating expenses | <u>232,178</u> |
| Operating income | 43,238 |
| Other income (expense) | 2,628 |
| Interest charges | 38,333 |
| Net income | <u>\$ 7,533</u> |

ATMOS ENERGY CORPORATION
BALANCE SHEET (UNCONSOLIDATED)
December 31, 1999
(Thousands of Dollars)
(Unaudited)

ASSETS

| | |
|------------------------------------------------|--------------------|
| Property, plant and equipment | \$1,493,235 |
| Less accumulated depreciation and amortization | <u>575,402</u> |
| Net property, plant and equipment | 917,833 |
| Investments at cost | 16,158 |
| Current assets | |
| Cash and cash equivalents | 12,484 |
| Accounts receivable, net | 154,922 |
| Inventories | 6,687 |
| Gas stored underground | 45,805 |
| Other current assets | 3,060 |
| Intercompany, net | <u>9,566</u> |
| Total current assets | 232,524 |
| Deferred charges and other assets | <u>112,623</u> |
| | <u>\$1,279,138</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | |
|----------------------------------------|--------------------|
| Shareholders' equity | |
| Common stock | \$ 157 |
| Additional paid-in capital | 298,406 |
| Retained earnings | 41,566 |
| Accumulated other comprehensive income | <u>2,362</u> |
| Total shareholders' equity | 342,491 |
| Long-term debt | <u>360,633</u> |
| Total capitalization | 703,124 |
| Current liabilities | |
| Current maturities of long-term debt | 13,640 |
| Accounts payable | 92,578 |
| Short-term debt | 249,386 |
| Taxes payable | (3,074) |
| Customers' deposits | 8,336 |
| Other current liabilities | 22,395 |
| Intercompany accounts | <u>-</u> |
| Total current liabilities | 383,261 |
| Deferred income taxes | 116,906 |
| Deferred credits and other liabilities | <u>75,847</u> |
| | <u>\$1,279,138</u> |

- 11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, South Carolina, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas and Louisiana. At December 31, 1999, the original cost of the Applicant's property was \$1,477,527,335 and the cost to the Applicant was \$1,491,642,699.
- 11(b) Atmos Energy proposes to issue \$500,000,000 in common stock, no par value, and long-term debt, from time to time under a shelf offering.
- 11(c) The net proceeds from the issuance of the common stock and debt may be used for one or more of the following purposes: for the repayment of all or a portion of the Company's outstanding short-term debt; the purchase, acquisition and construction of additional properties, as well as improvements to the Company's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.
- 11(d) Please refer to 11(c) above.
- 11(e) Please refer to 11(c) above.
- 11(2)(a) Please refer to 6(1) through 6(9) above.
- 11(2)(b) The mortgage earlier described in 6(4) has previously been filed with the Commission.
- 11(2)(c) Not applicable.

Decision No. C00-63

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 99A-619S

IN THE MATTER OF THE APPLICATION OF ATMOS ENERGY CORPORATION,
1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, POST OFFICE
BOX 650205, DALLAS, TX 75265-0205 FOR AN ORDER AUTHORIZING THE
IMPLEMENTATION OF A \$500,000,000 UNIVERSAL SHELF REGISTRATION
FOR DEBT AND EQUITY FINANCING.

ORDER OF THE COMMISSION GRANTING APPLICATION

Mailed Date: January 20, 2000

Adopted Date: January 20, 2000

I. BY THE COMMISSION

A. Procedure and Record

1. On December 29, 1999, Atmos Energy Corporation, a Virginia and Texas corporation ("Atmos"), filed its Verified Application, including the exhibits thereto required under Rule 56 of the Commission's Rules of Practice and Procedure, 4 Code of Colorado Regulations ("CCR") 723-1, (collectively, the "Application"). Atmos seeks an order from this Commission authorizing it to issue and sell debt and equity securities pursuant to the implementation of a \$500,000,000 Universal Shelf Registration.

2. Such authority would grant Atmos the flexibility to enter into the financial markets at a time or times when

interest rates or other conditions are favorable for the appropriate security.

3. Notice of this Application was issued by the Commission on January 3, 2000, allowing interested persons until January 13, 2000 to intervene or participate as parties in this proceeding and setting this matter for hearing on January 24, 2000. In addition, Atmos published a notice of the Application in the legal notices of *The Denver Post* on Thursday, December 30, 1999. An Affidavit of Publication issued by *The Denver Post* was filed with the Commission on January 10, 2000, and reflects that *The Denver Post* is a newspaper of general circulation under Rule 4(b)(1) of the Commission's Rules of Practice and Procedure, 4 CCR 723-1. Proper notice of this matter has been given and no one seeks intervention or opposes the granting of the Application.

4. Atmos has requested this Commission to determine this matter without hearing and on modified procedure. Because no one has intervened in connection with the Application, it is appropriate that this Commission consider this matter in accordance with § 40-6-109(5), C.R.S., and Rule 24 of this Commission's Rules of Practice and Procedure, 4 CCR 723-1.

B. Findings of Fact

1. Atmos is a Virginia and Texas corporation qualified to do business within the State of Colorado. Its

Restated Articles of Incorporation, as amended, have been filed with this Commission and it is in good standing with the Colorado Secretary of State. Atmos provides gas utility service to various areas in the State of Colorado through its Greeley Gas Division. The Application has been filed in accordance with § 40-1-104, C.R.S., which requires a public utility to obtain the approval of this Commission before it issues Securities.

2. Authority is requested to issue and sell up to \$500,000,000 of Securities from time to time over the next two years at Atmos's option and in accordance with the Universal Shelf Registration filed with this Application.

3. On June 30, 1999, Atmos had 100,000,000 shares of Common Stock authorized. On June 30, 1999, Atmos had 31,039,292 shares of Common Stock outstanding. For the nine months ending June 30, 1999, the dividend rate declared and paid was \$.825 per share.

4. The Universal Shelf Registration would allow Atmos to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities may be issued in one or more series of issues. Atmos may sell the Securities or go through underwriters, dealers, agents, or directly to one or more purchasers. The Universal Shelf Registration will allow Atmos the flexibility to expeditiously

respond to favorable market conditions and to act quickly and decisively in financing capital each time a favorable market opportunity arises. The net proceeds may be used for one or more of the following purposes: for the repayment of all or a portion of Atmos's outstanding short-term debt; the purchase, acquisition, and construction of additional properties as well as improvements to Atmos's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.

5. The Universal Shelf Registration has been registered with the Securities and Exchange Commission. A copy of the Form S-3 Registration Statement has been included in the Company's Application.

6. At a meeting of Atmos's Board of Directors on November 10, 1999, the Board of Directors authorized, among other matters, its proper officers to execute and file the Application or to cause the Application to be filed.

7. The Application contains all of the information required under Rule 56 of the Commission's Rules of Practice and Procedure, 4 CCR 723-1. The financial information submitted demonstrates that Atmos is a sizable enterprise, is solvent, and operates profitably. Atmos does not anticipate that the issuance of Securities will significantly change its financial status.

8. Atmos and the issuance of Securities are subject to the jurisdiction of this Commission in accordance with § 40-1-104, C.R.S.

9. The issuance of the Securities, as stated in the Application, will be consistent with the provisions of the public utilities law, is for a lawful purpose, and is not inconsistent with the public interest.

10. The Application should be granted and the issuance of the Securities referenced therein should be authorized and approved.

II. ORDER

A. The Commission Orders That:

1. The Application (Docket No. 99A-619S) of Atmos Energy Corporation is deemed complete and granted.

2. Atmos Energy Corporation is hereby authorized to implement a \$500,000,000 Universal Shelf Registration for debt and equity financing as described in the Application.

3. Atmos Energy Corporation, after the closing of each Securities issuance, shall make a verified report to the Commission of such issuances and accompany such report with conformed copies of Atmos Energy Corporation's registration statements and related prospectuses, and in the case of a

private placement, the form of the offering circular and the form of the Security.

4. Nothing contained herein shall be construed to imply any recommendation or guaranty of any obligation with regard to Atmos Energy Corporation's Securities approved under the Application on the part of the State of Colorado.

5. The hearing on this matter, now set for January 24, 2000, is vacated.

6. This Order is effective on its Mailed Date.

B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
JANUARY 20, 2000.

(S E A L)

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO



VINCENT MAJKOWSKI

ROBERT J. HIX

ATTEST: A TRUE COPY

Bruce N. Smith

Bruce N. Smith
Director

Commissioners

CHAIRMAN RAYMOND L. GIFFORD
ABSENT.

G:\YELLOW\

SEAL OF THE STATE OF COLORADO



THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

UNITED STATES OF AMERICA
STATE OF COLORADO.

ss.

CERTIFICATE

I, Bruce N. Smith, Director of the Colorado Public Utilities Commission, do hereby certify that the attached is a full, true and complete copy of Decision No. C00-63 in Docket No. 99A-619S according to the original records on file and in my custody in the offices of the Colorado Public Utilities Commission of the State of Colorado at Denver, Colorado.

WITNESS my hand and the seal of The Public Utilities Commission of the State of Colorado at my office in Denver, Colorado, this 20th day of January, 2000.

Bruce N. Smith by *Violet Robinson*
BRUCE N. SMITH
Director

AT RICHMOND, January 19, 2000

2000 JAN 19 P 4:59

APPLICATION OF

ATMOS ENERGY CORPORATION

CASE NO. PUF990040

For authority to issue
common stock and long-term
debt securities

ORDER GRANTING AUTHORITY

On December 29, 1999, Atmos Energy Corporation ("Atmos", or "Applicant") filed an application under Chapter 3 of Title 56 of the Code of Virginia requesting authority to issue common stock ("Common Stock") and long-term debt securities ("Debt Securities") (collectively referenced as "Proposed Securities"). Applicant has paid the requisite fee of \$250.

Atmos proposes to issue up to \$500 million of Common Stock and/or Debt Securities in any combination from time to time over the next two years. Applicant requests the flexibility to offer the Proposed Securities at prices and terms to be determined by market conditions at the time of sale. Atmos also seeks authority to issue the Proposed Securities in one or more series, through one or more underwriters, dealers or agents, or directly to one or more purchasers.

Applicant intends to use the net proceeds from the Proposed Securities for one or more of the following purposes: for the repayment of all or a portion of short-term debt; for the purchase, acquisition, and/or construction of additional properties and facilities, as well as improvements to existing

utility plant; for the refunding of higher coupon long-term debt as markets conditions permit; and for general corporate purposes. While Applicant is not certain as to the allocation of the Proposed Securities between Common Stock and Debt Securities, it states that its goal over the next two years is to decrease its debt capitalization ratio closer to its target capitalization range of 50%-52%.

THE COMMISSION, upon consideration of the application and having been advised by its Staff, is of the opinion and finds that approval of the application will not be detrimental to the public interest. Accordingly,

IT IS ORDERED THAT:

1) Applicant is hereby authorized to issue and sell up to \$500,000,000 of Common Stock and/or Debt Securities from time to time through December 31, 2001, for the purposes and under the terms and conditions set forth in the application.

2) The interest rate on Debt Securities issued under the authority granted herein shall not exceed by 300 basis points the yield on a United States Treasury Security of comparable maturity, unless Applicant requests and is granted a waiver for a particular issuance of Debt Securities.

3) The authority granted herein shall have no implications for ratemaking purposes.

4) Applicant shall submit a preliminary Report of Action within seven days after issuance of any of the Proposed Securities approved in this proceeding, such Report to include the type of security issued, the issuance date, the amount

issued, the type of offering, as well as the interest rate and the maturity date for Debt Securities.

5) Within sixty (60) days after the end of each calendar quarter in which any Proposed Securities are issued pursuant to this Order through the quarter ending September 30, 2001, Applicant shall file a more detailed report with respect to all Proposed Securities sold during such quarter to include:

- (a) A list of agreements executed for the purpose of issuing Proposed Securities;
- (b) The issuance date, type of security, amount issued, interest rate, comparable term Treasury yield (or interpolated yield) at the time of issuance, price, date of maturity, underwriters' names, underwriters' fees, other issuance expenses to date, and net proceeds to Applicant for each specific issuance;
- (c) The cumulative principal amount of the Proposed Securities issued under the authority granted herein and the amount remaining under the authority for issuance;
- (d) A general statement of the purposes for which the Proposed Securities were issued and, if the purpose is for the early redemption of an outstanding issue, a schedule showing any associated losses on reacquired debt along with a calculation of the refunding issue's effective cost rate after

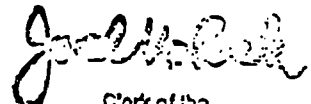
inclusion of any related losses on reacquired debt,
and overall cost savings from the refunding; and
(e) A balance sheet reflecting the change in capital
structure due to the securities issued.

6) Applicant's Final Report of Action shall be due on or
before March 1, 2002, to include the same type of information
directed in Ordering Paragraph 5 pertaining to any issuance of
Proposed Securities for the quarter ended December 31, 2001, as
well as an updated schedule of all issuance expenses to date for
each respective issuance of Common Stock and/or Debt Securities.

7) This matter shall remain under the continued review,
audit, and appropriate action of this Commission.

AN ATTESTED COPY hereof shall be sent to Applicant, to the
attention Richard D. Gary, Esquire, Hunton & Williams, Riverfront
Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia
23219-4074; and to the Commission's Division of Economics and
Finance.

A True Copy
Texas



Clerk of the
State Corporation Commission

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

| | | |
|--------------------------------------------|---|-----------------|
| IN THE MATTER OF THE APPLICATION | § | |
| OF ATMOS ENERGY CORPORATION, | § | |
| 1800 THREE LINCOLN CENTRE, 5430 LBJ | § | |
| FREEWAY, POST OFFICE BOX 650205, | § | APPLICATION NO. |
| DALLAS, TX 75265-0205 FOR AN ORDER | § | 99A _____ |
| AUTHORIZING THE IMPLEMENTATION OF A | § | |
| \$500,000,000 UNIVERSAL SHELF REGISTRATION | § | |
| FOR DEBT AND EQUITY FINANCING. | § | |

VERIFIED APPLICATION

Atmos Energy Corporation ("Atmos") pursuant to Colorado Revised Statutes, § 40-1-104 and Rule 56 of the Rules of Practice and Procedure of the Colorado Public Utilities Commission ("Commission" or "PUC"), submits this application ("Application") for authority to implement a \$500,000,000 universal shelf registration for debt and equity financing to be utilized by Atmos over the next two (2) years. In compliance with Rule 56 of the Commission's Rules of Practice and Procedure and § 40-1-104 C.R.S., Atmos submits the following information:

1. Atmos is a Virginia and Texas corporation, in good standing in all respects, with its principal office and place of business at P.O. Box 650205, 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75265-0205.

(A) Atmos' directors and officers are:

Atmos' Directors

Robert W. Best
Charles K. Vaughan
Travis W. Bain II
Dan Busbee
Richard W. Cardin
Thomas J. Garland

Vincent J. Lewis
Gene C. Koonce
Dr. Thomas C. Meredith
Phillip E. Nichol
John W. Norris, Jr.
Carl S. Quinn
Lee E. Schlessman
Richard Ware II

Atmos' Officers

| <u>Officer</u> | <u>Position</u> |
|---------------------|-----------------------------------------------------------|
| Robert W. Best | President, Executive Officer and Chairman of the Board |
| Larry J. Dagley | Executive Vice President and Chief Financial Officer |
| J. Charles Goodman | Executive Vice President, Corporate Operations |
| Wynn D. McGregor | Vice President |
| C. H. Fritz | Vice President |
| Tom S. Hawkins | Vice President |
| Lynn L. Hord | Vice President |
| Ron W. McDowell | Vice President |
| R. Eugene Mattingly | Vice President |
| J. Patrick Reddy | Vice President, Treasurer |
| Gordon J. Roy | Vice President |

(B) Atmos' Colorado agent for service is The Corporation Company.

(C) A copy of Atmos' Articles of Incorporation is already on file with the Commission in Docket No. 95A-346S.

(D) A copy of Atmos' authority qualifying it to business in Colorado is already on file

with the Commission in Docket No. 96A-382S.

2. The name and address and applicant's representatives to whom inquiries should be addressed are:

Thomas O'Donnell
Holland & Hart L.L.P.
555 17th Street, Suite 3200
Denver, Colorado 80202-3979
(303) 295-8291

Ben H. Boyd
Vice President, Rates and Regulatory Affairs
Greeley Gas Company
1301 Pennsylvania, Ste 800
Denver, CO 80203
(303) 831-5674

Douglas C. Walther
Attorney
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205
(972) 855-3102

3. Atmos is not affiliated with any company other than its wholly owned subsidiaries: United Cities Propane, Inc., Atmos Storage, Inc., Atmos Energy Services, Inc., Atmos Leasing, Inc., Atmos Energy Marketing, L.L.C. and Atmos Non-Regulated Shared Services, Inc. Atmos Storage, Inc., is the sole owner of UCG Storage, Inc., WKG Storage, Inc., and Atmos Exploration and Production, Inc. Atmos Energy Services, Inc. is the sole owner of Enertrust, which in turn is the sole owner of Energas Energy Services Trust and Enermart Energy Services Trust. Atmos Energy Services, Inc. is also the sole owner of Egasco, L.L.C., Trans Louisiana Energy Services, Inc., United Cities Energy Services, Inc., Greeley Energy Services, Inc., WKG Energy Services, Inc., and Trans Louisiana Industrial Gas Company, Inc. Atmos Energy Marketing, L.L.C. owns a 45% interest in Woodward Marketing, L.L.C.

4. Atmos is a natural gas distribution company providing gas distribution, transmission and transportation service to its retail customers in Colorado, Texas, Louisiana, Kentucky, Missouri, Kansas, Georgia, Iowa, Illinois, Tennessee, Virginia and South Carolina. Atmos is duly registered with the Colorado Secretary of State as a foreign corporation and is authorized to do business in the State of Colorado. On December 22, 1993, Atmos was authorized to merge, and did merge, with Greeley Gas Company, ("Greeley") by Decision No. C93-1608. Atmos now operates Greeley as a division of Atmos. Greeley's offices are located at 1301 Pennsylvania, Suite 800, Denver, Colorado 80203.

5. A statement describing the classes and amounts of capital stock authorized by Applicant's articles of incorporation reflecting the amount by each class of capital stock outstanding on the date of the balance sheet referred to in Rule 56(d)(10) is attached as Exhibit 1.

6. A statement describing each long-term indebtedness outstanding on the date of the balance sheet referred to in Rule 56(d)(10), and a brief summary of the principal provisions of the indentures, deeds of trust, or other instruments under which each indebtedness was issued is attached as Exhibit 2.

7. A statement describing each short-term indebtedness outstanding on the date of the balance sheet referred to in Rule 56(d)(10) is attached as Exhibit 3.

8. A statement of the amount of interest charges incurred during the 12 month period included in the income and retained earnings statements referred to in Rule 56(d)(11) is attached as Exhibit 4.

9. A statement of the amount and rate of dividends declared and paid, or amount and year of capital credits assigned and capital credits refunded, during the last four calendar years including the present year to the date of the balance sheet referred to in Rule 56(d)(10) is attached as Exhibit 5.

10. The most recent balance sheet available that ends with a reporting period that is no older than six months before the date of the filing of the application is attached as Exhibit 6.

11. Statements of income, retained earnings, and sources and applications of funds for a 12 month period ending not later than six months before the date of the filing of the application are attached as Exhibit 7.

12. The issuance of the debt and equity pursuant to the universal shelf registration will not significantly change Atmos' financial status as reflected on Exhibits 7 and 9.

13. The universal shelf registration would allow Atmos to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities maybe issued in one or more series of issuances. Atmos may sell the securities or go through underwriters, dealers or agents or directly to one or more purchasers. The universal shelf registration will allow Atmos the flexibility to expeditiously respond to favorable market conditions and to act quickly and decisively in financing capital each time a favorable market opportunity arises. The net proceeds may be used for one or more of the following purposes: for the repayment of all or a portion of the Company's outstanding short-term debt; the purchase, acquisition and construction of additional properties as well as improvements to the Company's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.

14. The Company cannot currently state how the \$500,000,000 will be divided

between equity and debt financing. The Company's goal is to decrease the debt to capitalization ratio to nearer its target range of 50-52% over the next two years. Atmos does not plan to implement the universal shelf registration in a manner that would materially change such target range. However, Atmos believes that it is important to maintain the flexibility necessary to allow it to utilize the most favorable financing option available at a particular time.

15. A certified copy of a resolution of Applicant's board of directors authorizing the proper officers of Applicant to do all things necessary to implement the universal shelf program including causing the execution and filing of this Application is included in the documents provided as Exhibit 8.

16. A statement of capital structure (showing common equity, long-term debt and preferred stock if any) on the date of the balance sheet referred to in Rule 56(d)(10), and pro forma capital structure on the same date giving effect to the proposed universal shelf registration is attached as Exhibit 9. Debt and equity percentages to total capitalization, actual and pro forma, are shown.

17. A registration statement for the universal shelf program has been filed with the Securities and Exchange Commission ("SEC") pursuant to Rule 56(d)(19) and is attached as Exhibit 10.

18. The costs associated with the issuance of the debt referenced herein, including legal, administrative, filing and mailing costs cannot be estimated at this time.

19. Notice of the filing of the application will be published in The Denver Post pursuant to Rule 4(b)(10). A copy of the proposed notice is attached. An affidavit of publication will be filed when available.

20. Atmos requests that this matter be noticed by the Commission as required under §

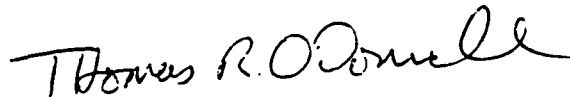
40-1-104, C.R.S., and that this application be deemed complete under Rule 70 of the Commission's Rules of Practice and Procedure. Atmos further requests that this matter be considered in accordance with Rule 24 and § 40-6-109(5), C.R.S. In the event a hearing is required, Atmos requests that the hearing be held in Denver. The hearing should take less than one day.

21. Atmos respectfully requests expeditious treatment from the Commission in approving this application. The universal shelf registration will allow Atmos the flexibility to expeditiously respond to favorable market conditions.

WHEREFORE, Atmos requests that the Commission approve this application and grant such additional relief as the Commission shall deem necessary.

Respectfully submitted this 29th day of December, 1999.

HOLLAND & HART, L.L.P.



Thomas O'Donnell, Esq. #15185
Holland & Hart, L.L.P.
555 17th Street, Suite 3200
Denver, Colorado 80202-3979
(303) 295-8291

ATTORNEYS FOR ATMOS
ENERGY CORPORATION

VERIFICATION

STATE OF TEXAS

§
§
§

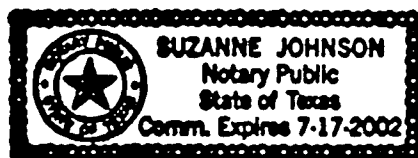
ss.

COUNTY OF DALLAS

J. Patrick Reddy, being first duly sworn, on his oath and in his capacity as Vice President and Treasurer of Atmos Energy Corporation, states that he is authorized to execute on behalf of Atmos Energy Corporation, this Application, and has knowledge of the matters stated in this Application, and that said matters are true and correct to the best of his knowledge and belief.

J. Patrick Reddy
J. Patrick Reddy

Subscribed and sworn to before me this 22nd date of December, 1999.



Suzanne Johnson
Notary Public

My Commission Expires: July 17, 2002

COPY

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

Application of Atmos Energy Corporation §
for an order approving the implementation of § Case No. _____
a universal shelf registration for debt and equity §
financing. §

APPLICATION FOR APPROVAL OF
THE ISSUANCE
OF A UNIVERSAL SHELF REGISTRATION

1. Pursuant to Title 56, Chapter 3 of the Virginia Code, Atmos Energy Corporation ("Company" or "Atmos") respectfully requests approval of its five hundred million dollar (\$500,000,000) universal shelf registration for debt and equity financing to be utilized by Petitioner over the next two years. Atmos is a corporation duly organized and existing under and by virtue of the laws of the Commonwealth of Virginia and the State of Texas with its principal office located at 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240. It operates in Virginia as United Cities Gas Company. Atmos is a natural gas distribution company providing gas distribution, transmission and transportation service to its retail customers in Virginia, Tennessee, Colorado, Texas, Louisiana, Kentucky, Missouri, Kansas, Georgia, Iowa, Illinois and South Carolina. Atmos is a public utility within the meaning of §56-55 of the Virginia Code. It is engaged in the business of selling and distributing natural gas in Abingdon, Blacksburg, Bristol, Marion, Pulaski, Radford, and Wytheville, Virginia and their environs.

2. On November 10, 1999, the Atmos Board of Directors approved the implementation of a \$500,000,000 universal shelf registration to allow the Company more flexibility in its financing options. The net proceeds may be used for one or more of the following purposes: for the repayment of all or a portion of the Company's outstanding short-term debt; for the purchase, acquisition and/or construction of additional properties and facilities, as well as improvements to the Company's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.
3. Atmos has filed a Registration Statement with the Securities and Exchange Commission for its \$500,000,000 universal shelf registration for debt securities and common stock. A universal shelf registration would allow Atmos to offer from time to time debt securities and shares of common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities and/or common stock may be issued in one or more series of securities issuances. Atmos may sell the securities to or through underwriters, dealers or agents, or directly to one or more purchasers.
4. The Company cannot currently state how the \$500,000,000 will be divided between equity and debt financing. The Company's goal is to decrease the debt to capitalization ratio to nearer its target range of 50-52% over the next two years. Atmos does not plan to implement the universal shelf registration in a manner that would materially change such target range. However, Atmos believes that it is important to maintain the flexibility necessary to allow it to utilize the most favorable financing option available at a particular time.

5. Atmos respectfully requests expedited approval for the issuance of these debt securities from the Commission pursuant to Virginia Code 56-60 through 56-61. The universal shelf registration will allow Atmos the flexibility to expeditiously respond to favorable conditions. Previously, Atmos was unable to take advantage of favorable financing conditions due to the lag time associated with regulatory proceedings. Commission approval of the shelf registration will grant Atmos the authority to act quickly and decisively in financing capital each time a favorable market opportunity arises.

6. Atmos will pay all costs and expenses of implementing and administering the universal shelf registration.

7. Attached hereto and made part hereof are the following exhibits:

| | |
|-----------|-----------------------------------------|
| Exhibit A | Statement of Financial Condition |
| Exhibit B | Balance Sheet |
| Exhibit C | Pro Forma Income Statement |
| Exhibit D | Pro Forma Balance Sheet |
| Exhibit E | Actual & Pro Forma Capitalization Ratio |
| Exhibit F | Board of Directors' Resolution |
| Exhibit G | Virginia Financial Summary |

WHEREFORE, Petitioner respectfully requests that the Commission enter an appropriate order approving the \$500,000,000 universal shelf registration for debt and equity financing for two (2) years from the issuance of a final order.

Respectfully submitted,
ATMOS ENERGY CORPORATION

Richard D. Gary
Hunton & Williams
Riverfront Plaza, East Tower
951 E. Byrd Street
Richmond, VA 23219-4074
(804) 788-8200

VERIFICATION

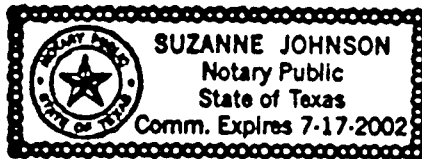
I, J. Patrick Reddy, being duly sworn on behalf of Atmos Energy Corporation, do hereby depose and state that I am Vice President and Treasurer of Atmos Energy Corporation, that I have read the foregoing Application, including exhibits thereto, and that the same is true and correct to the best of my knowledge.

J. Patrick Reddy
J. Patrick Reddy

STATE OF TEXAS §
 § ss.
COUNTY OF DALLAS §

Subscribed and sworn to before me this 22nd day of December, 1999.

WITNESS my hand and official seal.



Suzanne Johnson
Notary Public

My Commission expires: July 17, 2002

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Atmos)
Energy Corporation, Through its)
Divisions Greeley Gas Company and)
United Cities Gas Company, For)
Authority to Issue and Implement up to a)
\$500,000,000 Universal Shelf Registration)
for Debt and Equity Financing)

Case No. GF-2000-393

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its recommendation pursuant to the statutory requirements contained in Sections 393.190.1 and 393.200 RSMo 1994 and in 4 CSR 240-2.060 (8) and (8)(H) states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Missouri Public Service Commission (Commission) issue an Order which:

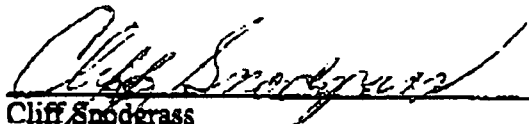
A. Approves Atmos' request for authority to issue and implement up to a \$500,000,000 universal shelf registration for debt and equity financing with the following conditions:

1. That this authority only be granted for a period of three (3) years;
2. That the interest rate on any debt issue not be greater than 300 basis points above the yield on a United States Treasury security of comparable maturity; and

- 3. That nothing in the Commission's Order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and, that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital in any later proceeding.

Respectfully submitted,

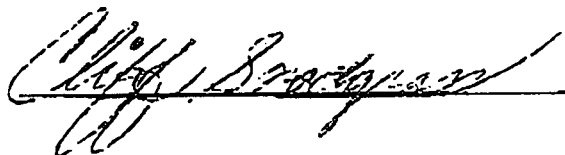
DANA K. JOYCE
General Counsel


 Cliff Spodgrass
 Senior Counsel
 Illinois Bar No. 3123645

Attorney for the
 Missouri Public Service Commission
 P. O. Box 360
 Jefferson City, MO 65102
 (573) 751-3966 (Telephone)
 (573) 751-9285 (Fax)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 2nd day of February, 2000.



MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GF-2000-399, Atmos Energy Corp.

FROM: David P. Broadwater, Financial Analysis Department *DB*

SUBJECT: Staff Recommendation for Approval of Authority to Issue and Implement Up to a
\$500,000,000 Universal Shelf Registration for Debt and Equity Financing

DATE: January 28, 2000

REVIEWED BY: *R.E. Schellenberg 1-28-00* *Thomas R. Schwab Jr. 1/31/00*
Director - Utility Services Division / Date General Counsel's Office / Date

1. (a) Type of Issue: First Mortgage Bonds and Common Equity
- (b) Amount: Not to exceed \$500,000,000
- (c) Rate: Atmos Energy Corp (Atmos or Company) has not indicated any parameters for the rate that they will receive on its debt issuances.
- (d) Other Provisions: Atmos has not indicated what the exact terms and conditions will be for issuances of debt.

2. Proposed Date of Transaction: Atmos has not given a time frame in which they plan to issue their debt and equity securities.

3. (a) Statement of Purpose of the Issue: The net proceeds from the sale will be used for: 1) the repayment of all or a portion of the Company's outstanding short-term debt, 2) the purchase, acquisition and construction of additional properties and facilities, as well as improvements to the Company's existing plant, 3) the refunding of higher coupon long-term debt as market conditions permit and for general corporate purposes.
- (b) From a financial perspective, does Staff deem this purpose reasonable?:
Yes X No

4. Type of Sale: Atmos has not indicated the process they will use for placing the debt and equity.

5. Copies of executed instruments defining terms of the proposed securities:
 - (a) If such instruments have been previously filed with the Commission, a reference to the Case Number in which the instruments were furnished.
 - X (b) If such instruments have not been executed at the time of filing, a statement of the general terms and conditions to be contained in the instruments needs to be filed with the Commission when the securities are sold.
 - (c) If no such instruments are either executed or to be executed, a statement of how the securities are to be sold.

MO PSC CASE NO. GF-93-272
OFFICIAL CASE FILE MEMORANDUM
PAGE 2 OF 4

6. **Certified copy of resolution of the directors of applicant, or other legal documents authorizing the issuance of the securities reviewed:**

Yes X No

7. **Pro-forma Balance Sheet and Income Statement reviewed:**

Yes X No

8. **Capital expenditure schedule reviewed:**

Yes X No

9. **Journal entries are required to be filed by the Company to allow for the Fee Schedule to be applied:**

Yes X No

(Note: Fee schedule would not apply to the repayment of existing debt.)

10. **Recommendation of the Financial Analysis Department:**

- X Grant by session order (see Comments)
- Conditional Approval granted pending receipt of definite terms of issuance (see Comments)
- Require additional and/or revised data before approval can be granted (see Comments)
- Formal hearing required (see Comments)
- Recommend dismissal (see Comments)

MO PSC CASE NO. GF-83-272
OFFICIAL CASE FILE MEMORANDUM
PAGE 3 OF 4

COMMENTS:

Atmos Energy Corp. (Atmos or Company) is a public utility engaged in providing natural gas and natural gas distribution services to residential, commercial and industrial customers in the state of Missouri through its United Cities Gas Company and Greeley Gas Company divisions. Atmos has filed an Application with the Missouri Public Service Commission (Commission) to authorize the sale of up to \$500,000,000 in debt and common equity financing. Atmos will use the proceeds for among other things, paying off short-term debt, to pay for the purchase, acquisition and construction of additional properties and facilities as well as improvements to the Company's existing plant, and for the refunding of higher coupon long-term debt.

Upon review of Atmos' current and pro forma financial statements submitted with the Application, the capital structure is that of an investment grade natural gas distribution utility as defined by Standard & Poor's Corporation. Atmos' current capital structure consists of 44.83 percent long-term debt, 12.91 percent short-term debt, and 42.15 percent common equity. In the pro forma financial statement Atmos has shown the effect of issuing \$317,500,000 in common equity and \$182,000,000 in long-term debt, which decreases their percent of long-term and short-term debt to 44.83 and 0.00 while increasing the percentage of common equity to 55.17 (see Attachment A). However, the Company indicated in their Application that they cannot currently state how the \$500,000,000 will be divided between debt and equity, but it is the Company's goal to decrease the debt to total capitalization ratio closer to the Company's target of 50 - 52%.

A ratio analysis reveals that Atmos' interest coverage ratios and capital structure ratio both improve on a pro forma basis due to the Company's estimate of the amount of debt and equity it will be issuing (see Attachment B). It should be noted that the Company has stated what its goals are as to its capital structure, but they have not made any commitments.

The Staff has two concerns with the Company's Application. First, there is no mention of a time in which the Company will issue these securities and, secondly, there is not any cap on the interest rate for the debt securities. The Staff understands the Company's goal of gaining the ability to issue securities as favorable conditions arise, but the Staff believes that the Commission's obligation to regulate the utilities of Missouri should not suffer by the Company gaining the flexibility it desires. Consequently, the Staff has had discussions with the Company to address these concerns and, from those discussions, the Staff is proposing the Commission limit the Company's request to three (3) years at an interest rate not to exceed 300 basis points above comparable United States Treasury securities.

The Staff reviewed the Company's Application and is recommending that the Commission approve Atmos' request for authority to issue and implement up to a \$500,000,000 universal shelf registration for debt and equity financing with the following conditions:

1. That this authority only be granted for a period of three (3) years;
2. That the interest rate on any debt issue not be greater than 300 basis points above the yield on a United States Treasury security of comparable maturity; and
3. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital in any later proceeding.

Atmos has requested expedited treatment of this Application. The Staff therefore respectfully requests that this matter be placed on the Commission's Agenda as soon as possible.

MO PSC CASE NO. GF-00-272
OFFICIAL CASE FILE MEMORANDUM
PAGE 4 OF 4

Attachments:

- A: Capitalization
- B: Ratio Analysis

Copies: Director - Utility Operations Division
Director - Utility Service Division
General Counsel
Manager - Financial Analysis Department
Mark G. Thessin - United Cities Gas Company
Douglas C. Walker, Esq. - Atmos Energy Corp
James M. Fischer, Esq.
Office of the Public Counsel

ATTACHMENT: A

**Pro Forma Capitalization as of June 30, 1999
for Atmos Energy Corp.**

| Capital Component | Percentage of Capital | Capital Dollars | Pro Forma Adjustments | Pro Forma Capital Dollars | Pro Forma Percentage of Capital |
|-------------------|-----------------------|-----------------|-----------------------|---------------------------|---------------------------------|
| Common Equity | | | | | |
| Preferred Stock | | | | | |
| Long-Term Debt(1) | | | | | |
| Short-Term Debt | | | | | |
| Total | | | | | |

**Financial Ratio Benchmarks
Total Debt / Total Capital - Including Preferred Stock**

| | | | |
|----------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|-------------------------|
| Standard & Poor's Corporation's CreditWeek, December 6, 1993 Gas Distributor Business (Average Business Position) | <u>AA</u> 41% - 46% | <u>A</u> 42% - 51% | <u>BBB</u> 49% - 58% |
|----------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|-------------------------|

Notes:

(1) Long-term debt includes current maturities of long-term debt.

ATTACHMENT: B

Selected Pro Forma Financial Ratios for Atmos Energy Corp.

| <u>RATIO ANALYSIS</u> | <u>Ratios as of June '99</u> | <u>Pro-Forma Ratios</u> | <u>S&P Guidelines "A" Rating (1)</u> | <u>S&P Guidelines "BBB" Rating</u> |
|------------------------------------------------------------|----------------------------------|-----------------------------|----------------------------------------------|--------------------------------------------|
| Pre-Tax Interest Coverage: | 2.04 x | 3.08 x | 4.25x - 3.00x | 3.25x - 2.00x |
| After-Tax Coverage of Interest and Preferred Dividends: | 1.68 x | 2.32 x | N.A. | N.A. |
| Funds Flow Interest Coverage: | 3.10 x | 3.83 x | 5.00x - 3.75x | 4.00x - 2.75x |
| Funds from Operations to Total Debt: | 14.84% | 17.81% | 32% - 20% | 27% - 15% |
| Total Debt to Total Capital: | 67.85% | 44.83% | 51% - 42% | 58% - 48% |

Formulas:

Pre-Tax Interest Coverage $(\text{Earnings before int. and taxes}) / \text{interest}$

After-Tax Coverage of
Interest and Preferred Dividends: $(\text{Gross Income}) /$
 $(\text{Gross Interest} + \text{Preferred Dividends})$

Funds Flow Interest Coverage: $(\text{Funds from Operations} + \text{Interest Charges Paid}) /$
 $(\text{Gross Interest Expense})$

Funds from Operations to Total Debt: (2) $(\text{Funds from Operations}) / (\text{Total Debt Outstanding})$

Notes.

- (1) Standard & Poor's Creditweek, December 6, 1993.
- (2) Standard & Poor's Risk Adjusted Ratio Guideline formula uses an average total debt figure. For the purposes of this analysis, however, a total debt figure is used to account for the incremental change in the capital structure.
- (3) These ratios show the approximate effect of a full year of the Commission approved rate increase of \$12.2 million including the increased depreciation rates of \$4.2 million.

**Service List for
Case No. GF-2000-393
February 2, 2000**

**Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65109**

**James M. Fischer
Attorney at Law
101 West McCarty Street, Suite 215
Jefferson City, MO 65101**

<PAGE>

As filed with the Securities and Exchange Commission on December 28, 1999
Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ATMOS ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Texas and Virginia
(State or other jurisdiction of
incorporation or organization)

75-1743247
(I.R.S. Employer Identification No.)

1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
(972) 934-9227
(Address, including zip code, and
telephone number, including area code,
of registrant's principal executive offices)

Phillip L. Allbritten
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
(972) 934-9227
(Name, address, including zip code,
and telephone number, including
area code, of agent of service)

The Commission is requested to mail copies of all orders, notices and
communications to:

Irwin F. Sentilles, III
Gibson, Dunn & Crutcher LLP
1717 Main Street, Suite 5400
Dallas, Texas 75201

Jonathan Jewett
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022

(214) 698-3100

Approximate date of commencement of proposed sale to public:
From time to time after this registration statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [x]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

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CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Proposed maximum aggregate offering price (1) | Amount of registration fee |
|---------------------------------------------------------------------|-----------------------------------------------|----------------------------|
| <S> Debt Securities and Common Stock (no par value per share)(2) | <C> \$500,000,000 | <C> \$132,000.00 |

</TABLE>

(1) Exclusive of accrued interest and dividends, if any, and estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes, with respect to each share of Common Stock, Rights pursuant to the registrant's Rights Agreement, dated as of November 12, 1997, as amended, between the registrant and BankBoston, N.A., as Rights Agent, and until a triggering event thereunder, the Rights trade with, and cannot be separated from, the Common Stock.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated December 28, 1999

PROSPECTUS

Atmos Energy Corporation

By this prospectus, we offer up to

\$500,000,000

of debt securities and common stock

We will provide specific terms of these securities in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. You should read this prospectus and the prospectus supplement carefully before you invest.

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

This prospectus is dated _____, 2000

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We have not authorized anyone to give any information or make any representation about us that is different from, or in addition to, that contained in this prospectus or in any of the materials that we have incorporated by reference into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document, unless the information specifically indicates that another date applies.

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The terms "we", "our", and "us" refer to Atmos Energy Corporation unless the context suggests otherwise. The term "you" refers to a prospective investor.

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FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus, including the documents that are incorporated by reference as set forth in "Incorporation of Certain Documents by Reference," that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933. Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include, but are not limited to:

- . national, regional and local economic and competitive conditions,
- . regulatory and business trends and decisions,
- . technological developments,
- . Year 2000 issues,
- . inflation rates,
- . weather conditions, and
- . other factors discussed in this and our other filings with the Commission.

All of these factors are difficult to predict and many are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. When used in our documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "objective," "projection," "forecast," "goal" or similar words are intended to identify forward-looking statements.

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ATMOS ENERGY CORPORATION

Operations

We distribute and sell natural gas and propane to over one million residential, commercial, industrial, agricultural and other customers. We distribute and sell natural gas through our five operating divisions to approximately 1,038,000 gas meters in over 800 cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas and Virginia. We also transport natural gas for others through our distribution system. We also distribute and sell propane to approximately 40,000 customers in Kentucky, North Carolina, Tennessee and Virginia.

In our non-utility businesses we provide natural gas storage services through our wholly owned subsidiary Atmos Storage, Inc., which owns natural gas storage fields in Kentucky and Kansas to supplement natural gas used by customers in Kansas, Tennessee, and other states. Through our subsidiary, Atmos Energy Marketing, LLC, we also own a 45% interest in Woodward Marketing, L.L.C., a privately held company that provides gas marketing and energy management services to industrial customers, municipalities and local distribution companies, including our Trans Louisiana Gas Company, Western Kentucky Gas Company and United Cities Gas Company divisions. In addition, we market gas to industrial and irrigation customers primarily in West Texas through Enermart Energy Services Trust and to industrial customers in Louisiana. We also lease appliances to residential customers.

Through United Cities Propane Gas, Inc., we distribute propane in the retail market and, to a much lesser extent, in the wholesale market. We exited the direct merchandising and repair of propane gas appliances in 1999. We currently have propane operation and storage centers and storefront offices in Tennessee, Kentucky, and North Carolina, with a total company storage capacity of approximately 2.5 million gallons, which serve customers in those states as well as Virginia.

Formation

We were organized under the laws of the State of Texas in 1983 as a subsidiary of Pioneer Corporation for the purposes of owning and operating Pioneer's natural gas distribution business in Texas. Immediately following the transfer of the gas distribution business, which Pioneer and its predecessors operated since 1906, Pioneer distributed the outstanding stock of the corporation, then known as Energas Company, to its shareholders. In September 1988, we changed our name from Energas Company to Atmos Energy Corporation. As a result of our merger with United Cities Gas Company in July 1997, we became incorporated in the Commonwealth of Virginia as well as the State of Texas.

Location of Executive Offices

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227.

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USE OF PROCEEDS

Except as may be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities for general corporate purposes, including acquisitions, in our business and related businesses, and the repayment of indebtedness.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

| | Year ended September 30, | | | | |
|------------|--------------------------|------|------|------|------|
| | 1999 | 1998 | 1997 | 1996 | 1995 |
| Ratio..... | 1.53 | 2.94 | 1.95 | 2.82 | 2.31 |

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest, and a portion of lease payments considered to represent an interest factor.

SECURITIES WE MAY ISSUE

We may use this prospectus to offer up to \$500,000,000 of:

- . our debt securities, and
- . our common stock.

PROSPECTUS SUPPLEMENTS

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. If so, the prospectus supplement should be read as superseding this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information."

The prospectus supplement to be attached to the front of this prospectus will describe the terms of any debt securities that we offer, the terms of any common shares that we offer and any initial public offering price, the purchase price and net proceeds that we will receive and the other specific terms related to the offering of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement.

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DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of the debt securities that we anticipate will be common to all series. Most of the financial and other terms of any series of debt securities that we offer and any differences from the common terms will be described in the prospectus supplement to be attached to the front of this prospectus. As used in this section, "we", "us" and "our" refer to Atmos Energy Corporation and not to its subsidiaries, unless the context otherwise requires.

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, a document called an "indenture" will govern any debt securities that we issue. An indenture is a contract between us and a financial institution acting as trustee on your behalf. We anticipate entering into an indenture with SunTrust Bank, Atlanta, which will act as trustee. The indenture will be subject to the Trust Indenture Act of 1939. The trustee has the following two main roles:

- . the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described later in this prospectus.
- . the trustee will perform certain administrative duties for us, which include sending you interest payments and notices.

Because this section is a summary of the material terms of the form of indenture, it does not describe every aspect of the debt securities. We urge you to read the indenture because it, and not this description, will define your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the form of indenture. Some of the definitions are repeated in this prospectus, but for the rest you will need to read the indenture. We have filed or will file the form of indenture, the final indenture and any supplements to it as exhibits to the registration statement that we have filed with the SEC. See "Where You Can Find More Information," for information on how to obtain copies of the indenture and any supplements. References to the "indenture" in this prospectus mean the form of indenture we have filed as an exhibit to the registration statement relating to this offering that we have filed with the SEC.

General

The debt securities will be our unsecured obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness.

You should read the prospectus supplement for the following terms of the series of debt securities offered by the prospectus supplement. Our board of directors will establish the following terms before issuance of the series:

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- . the title of the debt securities,
- . the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued and the date or dates when the principal of the debt securities will be payable or how those dates will be determined,
- . the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, and how the rate or rates will be determined,
- . the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months,
- . the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities and where notices or demands to or upon us in respect of the debt securities may be served,
- . any optional redemption provisions,
- . any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities,
- . whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined,
- . any changes or additions to the events of default or our covenants with respect to the debt securities,
- . if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined,
- . any changes or additions to the provisions concerning defeasance and covenant defeasance contained in the indenture that will be applicable to the debt securities,
- . any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events,
- . if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities,

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- . if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in global form or fully registered form and the identity of any alternative depository,
- . the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date,
- . the denomination or denominations in which we will issue the debt securities will be issued, if other than denominations of \$1,000 or any integral multiples,
- . any provisions requiring us to pay Additional Amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the Additional Amounts,
- . any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

For purposes of this prospectus, any reference to the payment of principal of, any premium on, or interest on the debt securities will include additional amounts if required by the terms of the debt securities.

The indenture will not limit the amount of debt securities that we are authorized to issue from time to time. The indenture will also provide that there may be more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture, the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

We may issue debt securities with terms different from those of debt securities already issued. Without the consent of the holders of the outstanding debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series unless the reopening was restricted when we created that series.

There is no requirement that we issue debt securities in the future under the indenture, and we may use other indentures or documentation, containing different provisions in connection with future issues of other debt securities.

We may issue the debt securities as "Original Issue Discount Securities", which are debt securities, including any zero-coupon debt securities, that are issued and sold at a discount from their stated principal amount. Original Issue Discount Securities provide that, upon acceleration of their maturity, an amount less than their principal amount will become due and payable. We

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will describe the U.S. federal income tax consequences and other considerations applicable to original issue discount securities in any prospectus supplement relating to them.

Holders of Debt Securities

Book-Entry Holders. We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners.

The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, you will not own debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

Street Name Holders. In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, you may choose to hold your debt securities in your own name or in "street name." Debt securities held in street name would be registered in the name of a bank, broker or other financial institution that you choose, and you would hold only a beneficial interest in those debt securities through an account you maintain at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name you will be an indirect holder, and not a holder, of those debt securities.

Legal Holders. Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities.

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We do not have obligations to you if you hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether you choose to be an indirect holder of a debt security or have no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture) we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders. If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- . how it handles securities payments and notices,
- . whether it imposes fees or charges,
- . how it would handle a request for the holders' consent, if ever required,
- . whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future,
- . how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and
- . if the debt securities are in book-entry form, how the depositary's rules and procedures will affect these matters.

Global Securities

What is a Global Security? We will issue each debt security under the indenture in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

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Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under "Special Situations When a Global Security Will Be Terminated." As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, if your security is represented by a global security, you will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities. As an indirect holder, your rights relating to a global security will be governed by the account rules of your financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security.

If we issue debt securities only in the form of a global security, you should be aware of the following:

- . you cannot cause the debt securities to be registered in your name, and cannot obtain non-global certificates for your interest in the debt securities, except in the special situations that we describe below,
- . you will be an indirect holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as we describe under "Holders of Debt Securities" above,
- . you may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form,
- . you may not be able to pledge your interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective,
- . the depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to your interest in a global security. We and the trustee have no responsibility for any aspect of the

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depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way,

- . DTC requires that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well, and
- . financial institutions that participate in the depository's book-entry system, and through which you hold your interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. Your chain of ownership may contain more than one financial intermediary. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations When a Global Security Will Be Terminated. In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the debt securities it represented. After that exchange, the choice of whether to hold the debt securities directly or in street name will be up to you. You must consult your own bank or broker to find out how to have your interests in a global security transferred on termination to your own name, so that you will be a holder. We have described the rights of holders and street name investors above under "Holders of Debt Securities."

The special situations for termination of a global security are as follows:

- . if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 60 days,
- . if we notify the trustee that we wish to terminate that global security, or
- . if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived; we discuss defaults later under "Events of Default."

If a global security is terminated, only the depository, and not we or the trustee, is responsible for deciding the names of the institutions in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Covenants

Limitations on Liens. We will covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the

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outstanding debt securities, other than any outstanding debt securities not entitled to this covenant, to be secured by the Lien equally and ratably with, or prior to, the Indebtedness and obligations secured or to be secured thereby for so long as the Indebtedness or obligations are so secured, except that the foregoing restriction will not apply to:

- . any Lien existing on the date of the first issuance of debt securities under the indenture, including the Liens on property or after-acquired property of ours or our Subsidiaries under the Greeley Indenture or the United Cities Indenture, or such other date as may be specified in a prospectus supplement for an applicable series of debt securities,
- . any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary,
- . any Lien on any Principal Property existing at the time we or a Restricted Subsidiary acquire the Principal Property, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary,
- . any Lien on any Principal Property, including any improvements on an existing Principal Property, of ours or any Restricted Subsidiary, and any Lien on the shares of stock of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located,
- . any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary,
- . any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien,

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- . any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness,
- . any Lien required to be placed on any of our property or any of the property of our Subsidiaries under the provisions of the Greeley Indenture, the United Cities Indenture, the Note Purchase Agreements, or the 6 3/4% Indenture,
- . any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, and that the renewal or refunding Lien must be limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded, or
- . any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 20% of our Consolidated Net Tangible Assets.

Limitation on Sale and Leaseback Transactions. We will covenant in the indenture that we will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless

- . we or a Restricted Subsidiary would be entitled, without securing the Outstanding Securities, to incur Indebtedness secured by a Lien on the Principal Property that is the subject of the Sale and Leaseback Transaction,
- . the Attributable Debt associated with the Sale and Leaseback Transaction would be in an amount permitted under the last bullet point of the preceding paragraph,
- . the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into the Sale and Leaseback Transaction are used for our business and operations or the business and operations of any Subsidiary, or
- . within 12 months after the sale or transfer, an amount equal to the proceeds received in respect of the Principal Property sold and leased back at the time of entering into the Sale and Leaseback Transaction is applied to the prepayment, other than mandatory prepayment, of any Outstanding Securities or any Funded Indebtedness owed by us or a Restricted Subsidiary, other than Funded Indebtedness that is held by us or any Restricted Subsidiary or our Funded

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Indebtedness that is subordinate in right of payment to any Outstanding Securities.

Definitions. Following are definitions of some of the terms used in the covenants described above.

"Attributable Debt" means, as to any lease under which a person is at the time liable for rent, at a date that liability is to be determined, the total net amount of rent required to be paid by that person under the lease during the remaining term, excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents, discounted from the respective due dates thereof at the weighted average of the rates of interest, or Yield to Maturity, in the case of Original Issue Discount Securities, borne by the then Outstanding Securities, compounded annually.

"Capital Stock" means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests, however designated, in stock issued by a corporation.

"Consolidated Net Tangible Assets" means the aggregate amount of assets, less applicable reserves and other properly deductible items, after deducting

- . all current liabilities, excluding any portion thereof constituting Funded Indebtedness, and
- . all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles,

all as set forth on our most recent consolidated balance sheet contained in our latest quarterly or annual report filed with the SEC under the Securities Exchange Act of 1934 and computed in accordance with generally accepted accounting principles.

"Funded Indebtedness" means, as applied to any person, all Indebtedness of the person maturing after, or renewable or extendible at the option of the person beyond, 12 months from the date of determination.

"Greeley Indenture" means the Indenture of Mortgage and Deed of Trust, dated as of March 1, 1957, from Greeley Gas Company to U.S. Bank National Association, formerly The Central Bank and Trust Company, as Trustee, as amended and supplemented through December 1, 1993, the Indenture of Mortgage and Deed of Trust through the Tenth Supplemental Indenture by Atmos to U.S. Bank National Association, formerly The Central Bank and Trust Company, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Indebtedness" means obligations for money borrowed, evidenced by notes, bonds, debentures or other similar evidences of indebtedness.

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"Lien" means any lien, mortgage, pledge, encumbrance, charge or security interest securing Indebtedness; provided, however, that the following types of transactions will not be considered, for purposes of this definition, to result in a Lien:

- any acquisition by us or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas or any other mineral in place or the proceeds of that interest,
- any conveyance or assignment whereby we or any Restricted Subsidiary conveys or assigns to any person or persons an interest in oil, gas or any other mineral in place or the proceeds of that interest,
- any Lien upon any property or assets either owned or leased by us or a Restricted Subsidiary or in which we or any Restricted Subsidiary owns an interest that secures for the benefit of the person or persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of the property or assets, or property or assets with which it is unitized, the payment to the person or persons of our proportionate part or the Restricted Subsidiary's proportionate part of the development or operating expenses,
- any hedging arrangements entered into in the ordinary course of business, including any obligation to deliver any mineral, commodity or asset, or
- any guarantees that we make for the repayment of Indebtedness of any Subsidiary or guarantees by any Subsidiary of the repayment of Indebtedness of any entity, including Indebtedness of Woodward Marketing, L.L.C.

"Non-Recourse Indebtedness" means, at any time, Indebtedness incurred after the date of the indenture by us or a Restricted Subsidiary in connection with the acquisition of property or assets by us or a Restricted Subsidiary or the financing of the construction of or improvements on property, whenever acquired, provided that, under the terms of this Indebtedness and under applicable law, the recourse at the time and thereafter of the lenders with respect to this Indebtedness is limited to the property or assets so acquired, or the construction or improvements, including Indebtedness as to which a performance or completion guarantee or similar undertaking was initially applicable to the Indebtedness or the related property or assets if the guarantee or similar undertaking has been satisfied and is no longer in effect. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to the borrower, any guarantor or any other person for (a) environmental representations, warranties or indemnities, or (b) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received from secured assets to be paid to the lender, waste and mechanics' liens or similar matters.

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"Note Purchase Agreements" refers to the following note purchase agreements, as amended, supplemented or otherwise modified from time to time, between us and the following parties:

- . John Hancock Mutual Life Insurance Company, dated December 21, 1987,
- . Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans--AT&T--John Hancock--Private Placement, dated December 21, 1987, which agreement is identical to the Hancock agreement listed above except for the parties and the amounts,
- . John Hancock Mutual Life Insurance Company, dated October 11, 1989,
- . The Variable Annuity Life Insurance Company, dated August 29, 1991,
- . The Variable Annuity Life Insurance Company, dated August 31, 1992, and
- . New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company and Merit Life Insurance Company, dated November 14, 1994.

"Principal Property" means any natural gas distribution property or propane property located in the United States, except any property that in the opinion of our Board of Directors is not of material importance to the total business conducted by us and of our consolidated Subsidiaries.

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 5% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

"Sale and Leaseback Transaction" means any arrangement with any person in which we or any Restricted Subsidiary leases any Principal Property that has been or is to be sold or transferred by us or the Restricted Subsidiary to that person, other than

- . a lease for a term, including renewals at the option of the lessee, of not more than three years or classified as an operating lease under generally accepted accounting principles,
- . leases between us and a Restricted Subsidiary or between Restricted Subsidiaries, and
- . leases of a Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation, of the Principal Property.

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"6 3/4% Indenture" means the Indenture dated as of July 15, 1998, between us and U.S. Bank Trust National Association, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Subsidiary" of ours means

- . a corporation, a majority of whose Capital Stock with rights, under ordinary circumstances, to elect directors is owned, directly or indirectly, at the date of determination, by us, by one or more of our Subsidiaries or by us and one or more of our Subsidiaries, or
- . any other person, other than a corporation, in which at the date of determination we, one or more of our Subsidiaries or we and one or more of our Subsidiaries, directly or indirectly, have at least a majority ownership and power to direct the policies, management and affairs of that person.

"United Cities Indenture" means the Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to U.S. Bank Trust National Association, formerly First Trust of Illinois, National Association, and M.J. Kruger, as Trustees, as amended, supplemented or otherwise modified from time to time, the Indenture of Mortgage through the Twenty-Second Supplemental Indenture by us to U.S. Bank Trust National Association, formerly First Trust National Association, and Russell C. Bergman, as Trustees, as amended, supplemented, or otherwise modified from time to time.

Consolidation, Merger or Sale of Assets

Under the terms of the indenture, we are generally permitted to consolidate with or merge into another entity. We are also permitted to sell or transfer our assets substantially as an entirety to another entity. However, we may not take any of these actions unless all of the following conditions are met:

- . the resulting entity must agree to be legally responsible for all our obligations under the debt securities and the indenture,
- . the transaction must not cause a default or an Event of Default,
- . the resulting entity must be organized under the laws of the United States or one of the states or the District of Columbia, and
- . we must deliver an officers' certificate and legal opinion to the trustee with respect to the transaction.

In the event that we engage in one of these transactions and comply with the conditions listed above, we would be discharged from all our obligations and covenants under the indenture and all obligations under the indenture

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and all obligations under the Outstanding Securities, with the successor corporation or person succeeding to our obligations and covenants.

In the event that we engage in one of these transactions, the indenture provides that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien, the debt securities, other than any debt securities not entitled to the benefit of specified covenants, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with, or prior to, the indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the debt securities.

Modification or Waiver

There are three types of changes that we can make to the indenture and the debt securities.

Changes Requiring Each Holder's Approval. First, there are changes that we cannot make to the indenture or the debt securities under the indenture without the specific approval of the holders of each debt security affected by the change. We cannot:

- . change the stated maturity of the principal of, any premium on, or the interest on a debt security,
- . change any of our obligations to pay Additional Amounts,
- . reduce the amount payable upon acceleration of maturity following the default of an Indexed Indenture security or an Original Issue Discount Security,
- . adversely affect any right of repayment at your option,
- . change the place of payment of a debt security,
- . impair your right to sue for payment,
- . adversely affect any right to convert or exchange a debt security,
- . reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture,
- . reduce the percentage of holders of debt securities whose consent is needed to waive compliance with any provisions of the indenture or to waive any defaults, and
- . modify any of the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any percentage of consents

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required to amend the indenture or for any waiver or to add to the provisions that cannot be modified without the approval of each affected holder.

Changes Not Requiring Approval. The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

Changes Requiring Majority Approval. Any other change to the indenture and the debt securities would require the following approval:

- . if the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series, or
- . if the change affects more than one series of debt securities issued under the indenture, it must be approved by the holders of a majority in principal amount of each series affected by the change.

In each case, the required approval must be given by written consent.

The same majority approval would be required for us to obtain a waiver of any of our covenants in the indenture.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

- . for Original Issue Discount Securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default, and
- . for debt securities whose principal amount is not known (for example, because it is based on an index) we will use a special rule for that debt security described in the prospectus supplement.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under "Defeasance and Covenant Defeasance."

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Events of Default

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You will have special rights if an Event of Default occurs as to the debt securities of your series that is not cured, as described later in this subsection. Please refer to the prospectus supplement for information about any changes to the Events of Default or our covenants, including any addition of a covenant or other provision providing event risk or similar protection.

What is an Event of Default? The term "Event of Default" as to the debt securities of your series means any of the following:

- . we do not pay interest on a debt security of the series within 30 days of its due date,
- . we do not pay the principal of or any premium, if any, on a debt security of the series on its due date,
- . we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement for the benefit of less than all of the holders of the debt securities, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25% of the principal amount of the debt securities of the series,
- . we or a Restricted Subsidiary of ours is in default under any matured or accelerated agreement or instrument under which we have Outstanding Indebtedness for borrowed money or guarantees, which individually are in excess of \$25,000,000, and we have not cured any acceleration within 15 days after we receive notice of this default from the trustee or the holders of at least 25% of the principal amount of the debt securities of the series, unless prior to the entry of judgment for the trustee, we or the Restricted Subsidiary remedy the default or the default is waived by the holders of the indebtedness,
- . we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur, or
- . any other Event of Default provided for the benefit of debt securities of the series.

An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture.

The trustee may withhold notice to the holders of debt securities of a particular series of any default if it considers its withholding notice to be in the interest of the holders of that series, except that the trustee may not withhold notice of a default in the payment of the principal of, any premium on, or the interest on the debt securities.

Remedies if an Event of Default Occurs. If an event of default has occurred and is continuing, the trustee or the holders of 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to

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be due and immediately payable by notifying us, and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration upon our compliance with certain conditions.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interest relating to the debt securities, the following must occur:

- . you must give the trustee written notice that an Event of Default has occurred and remains uncured,
- . the holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action,
- . the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity, and
- . the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than the following:

- . the payment of principal, any premium, interest or Additional Amounts on any debt security or related coupon, or

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in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the debt securities, or else specifying any default.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.

Defeasance and Covenant Defeasance

Unless we provide otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that is not a floating rate or indexed debt security.

Full Defeasance. If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called "full defeasance," if we put in place the following arrangements for you to be repaid:

- we must deposit in trust for the benefit of all holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates, and
- we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds are deposited in trust in exchange for your debt securities, and you would recognize gain or loss on the debt securities at the time of the deposit.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust.

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Covenant Defeasance. Under current federal tax law, we can make the same type of deposit described above and be released from the restrictive covenants in the indenture discussed above and specified in a prospectus supplement. This is called "covenant defeasance". In that event, you would lose the protection of those covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

- . deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due date, and
- . deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the debt securities became immediately due and payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Debt Securities Issued in Non-Global Form

If the debt securities cease to be issued in global form, they will be issued:

- . only in fully registered form,
- . without interest coupons, and
- . unless we indicate otherwise in the prospectus supplement, in denominations of \$1,000 and amounts that are multiples of \$1,000.

Holders may exchange their debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. We will appoint the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated

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with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may stop the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a debt security is issued as a global security, only the depository will be entitled to transfer and exchange the debt security as described in this subsection, since it will be the sole holder of the debt security.

Payment Mechanics

Who Receives Payment? If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date, discussed below, relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depository.

Payments on Global Securities. We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "What Is a Global Security?".

Payments on Non-Global Securities. For a debt security in non-global form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check, at the paying agent described below, against surrender of the debt security. We will make all payments by check in next-day funds; for example, funds that become available on the day after the check is cashed.

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Alternatively, if a non-global security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City on the due date. To request wire payment, the holder must give the paying agent appropriate transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. In the case of any other payment, we will make payment only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Regular Record Dates. We will pay interest to the holders listed in the trustee's records as the owners of the debt securities at the close of business on a particular day in advance of each interest payment date. We will pay interest to these holders if they are listed as the owner even if they no longer own the debt security on the interest payment date. That particular day, usually about two weeks in advance of the interest payment date, is called the "regular record date" and will be identified in the prospectus supplement.

Payment When Offices Are Closed. If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next day that is a business day.

Paying Agents. We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify you of changes in the paying agents.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

The Trustee Under the Indenture

We anticipate that SunTrust Bank, Atlanta, will be trustee under the indenture. SunTrust is among the banks with which we maintain ordinary banking relationships.

The trustee may resign or be removed with respect to one or more series of indenture securities and a successor trustee may be appointed to act with respect to these series.

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DESCRIPTION OF COMMON STOCK

Our authorized capital stock consists of 100,000,000 shares of common stock, of which 31,467,514 shares were outstanding on December 24, 1999. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

Holders of our shares of common stock are entitled to receive such dividends as may be declared from time to time by our board of directors from our assets legally available for the payment of dividends and, upon our liquidation, a pro rata share of all of our assets available for distribution to our shareholders.

Under the provisions of some of our debt agreements, we have agreed to restrictions on the payment of cash dividends. Under these restrictions, our cumulative cash dividends paid after September 30, 1988 may not exceed the sum of 75% of our and our subsidiaries' accumulated consolidated net income for periods after September 30, 1988 plus 100% of the net cash proceeds from the issuance of capital stock after that date, plus \$12,000,000. As of September 30, 1999, \$145,584,000 was available for the declaration of dividends.

The registrar and transfer agent for our common stock is BankBoston, N.A.

Some provisions of our restated articles of incorporation and bylaws may be deemed to have an "anti-takeover" effect. The following summary description of these provisions is necessarily general, and we refer you to our restated articles of incorporation and bylaws for more information since their terms affect your rights as a shareholder.

Classification of the Board. Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. There are currently 12 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our restated articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of our board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board. Our board believes that the longer time required to elect a majority of a classified board will help to ensure the continuity and stability of our management and policies since a majority of the directors at any given time will have had prior experience as our directors.

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Removal of Directors. Our restated articles of incorporation and bylaws also provide that our directors may be removed only for cause and upon the affirmative vote of the holders of at least 75% of the shares then entitled to vote at an election of directors.

Fair Price Provisions. Article VII of our restated articles of incorporation provides certain "fair price provisions" for our shareholders. Under article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10% or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10% shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10% shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75% of the outstanding shares of voting capital stock held by our shareholders other than the 10% shareholder unless a majority of the directors who were members of our board immediately prior to the time the 10% shareholder involved in the proposed transaction became a 10% shareholder have either:

- . expressly approved in advance the acquisition of the outstanding shares of our voting capital stock that caused the 10% shareholder to become a 10% shareholder, or
- . approved the transaction either in advance of or subsequent to the 10% shareholder becoming a 10% shareholder.

The provisions of article VII may not be amended, altered, changed, or repealed except by the affirmative vote of at least 75% of the votes entitled to be cast thereon at a meeting of our shareholders duly called for consideration of such amendment, alteration, change, or repeal. In addition, if there is a 10% shareholder, such action must also be approved by the affirmative vote of at least 75% of the outstanding shares of our voting capital stock held by the shareholders other than the 10% shareholder.

Shareholder Proposals and Director Nominations. Our shareholders can submit shareholder proposals and nominate candidates for the board of directors if the shareholders follow the advance notice procedures described in our bylaws.

Shareholder proposals must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC proxy rules. To be included in our proxy statement for an annual meeting, we must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC, and the written consent of the shareholder's nominee to serve as a director.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual or special meeting or making nominations for directors.

Shareholder Rights Plan. On November 12, 1997, our board of directors declared a dividend distribution of one right for each outstanding share of our common stock to shareholders of record at the close of business on May 10, 1998. Each right entitles the registered holder to purchase from us one share of our common stock at a purchase price of \$80 per share, subject to adjustment. The description and terms of the rights are set forth in a rights agreement between us and BankBoston, N.A. as rights agent.

Subject to exceptions specified in the rights agreement, the rights will separate from our common stock and a distribution date will occur upon the earlier of:

- . ten business days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of our common

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stock, other than as a result of repurchases of stock by us or specified inadvertent actions by institutional or other shareholders,

- . ten business days, or such later date as our board of directors shall determine, following the commencement of a tender offer or exchange offer that would result in a person or group having acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of our common stock, or
- . ten business days after our board of directors shall declare any person to be an adverse person within the meaning of the rights plan.

The rights expire at 5:00 P.M., Boston, Massachusetts time on May 10, 2008, unless extended prior thereto by our board or earlier if redeemed by us.

The rights will not have any voting rights. The exercise price payable and the number of shares of our common stock or other securities or property issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution. We issue rights when we issue our common stock until the rights have separated from the common stock. After the rights have separated from the common stock, we may issue additional rights if the board of directors deems such issuance to be necessary or appropriate.

The rights have anti-takeover effects and may cause substantial dilution to a person or entity that attempts to acquire us on terms not approved by our board of directors except pursuant to an offer conditioned upon a substantial number of rights being acquired. The rights should not interfere with any merger or other business combination approved by our board of directors because, prior to the time that the rights become exercisable or transferable, we can redeem the rights at \$.01 per right.

PLAN OF DISTRIBUTION

We may sell the securities offered by this prospectus and the prospectus supplement as follows:

- . through agents,
- . to or through underwriters, or
- . directly to other purchasers.

We will identify any underwriters or agents and describe their compensation in a prospectus supplement.

We, directly or through agents, may sell, and the underwriters may resell, the offered securities in one or more transactions, including negotiated transactions. These transactions may be:

- . at a fixed public offering price or prices, which may be changed,

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- . at market prices prevailing at the time of sale,
- . at prices related to the prevailing market prices, or
- . at negotiated prices.

In connection with the sale of offered securities, the underwriters or agents may receive compensation from us or from purchasers of the offered securities for whom they may act as agents. The underwriters may sell offered securities to or through dealers, who may also receive compensation from purchasers of the offered securities for whom they may act as agents. Compensation may be in the form of discounts, concessions or commissions. Underwriters, dealers and agents that participate in the distribution of the offered securities may be underwriters as defined in the Securities Act, and any discounts or commissions received by them from us and any profit on the resale of the offered securities by them may be treated as underwriting discounts and commissions under the Securities Act of 1933.

We will indemnify the underwriters and agents against certain civil liabilities, including liabilities under the Securities Act of 1933.

Underwriters, dealers and agents or their affiliates may engage in transactions with us or perform services for us.

If we indicate in the prospectus supplement relating to a particular series or issue of offered securities, we will authorize underwriters, dealers or agents to solicit offers by institutions to purchase the offered securities from us under delayed delivery contracts providing for payment and delivery at a future date. These contracts will be subject only to those conditions that we specify in the prospectus supplement, and we will specify in the prospectus supplement the commission payable for solicitation of these contracts.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams, Richmond, Virginia, will opine for us as to the validity of the offered securities. Shearman & Sterling, New York, New York, will pass upon certain legal matters related to the offered securities for any underwriters, dealers or agents.

EXPERTS

Ernst & Young LLP, independent auditors, have audited the consolidated financial statements of Atmos Energy Corporation for the year ended September 30, 1999, incorporated by reference in our Annual Report on Form 10-K for the year ended September 30, 1999, as set forth in its report dated November 9, 1999. We incorporate by reference such consolidated

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financial statements in this prospectus in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act. You may read and copy this information at the following locations of the SEC:

<TABLE>

| | | |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <S> Judiciary Plaza, Room 1024 450 Fifth Street, N.W. Street Washington, D.C. 20549 | <C> Seven World Trade Center, Suite 1300 New York, New York 10048 | <C> Citicorp Center 500 West Madison Street Suite 1400 Chicago, Illinois 60661 |
|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

</TABLE>

You can also obtain copies of this information by mail from the Public Reference Room of the SEC, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an Internet world wide web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Our common stock is listed on the New York Stock Exchange and you can inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 that registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

The SEC allows us to "incorporate by reference" information into this prospectus that we have filed with it. This 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 considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this document.

This prospectus includes by reference our Annual Report on Form 10-K for the year ended September 30, 1999, that we have previously filed with the SEC and that we have not included or delivered with this document. The Annual Report contains important information about us, our common stock and our financial condition.

We incorporate by reference additional documents that we may file with the SEC between the date of this prospectus and the date of the closing of each offering. These

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documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

You can obtain any of the documents incorporated by reference in this document from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to this prospectus. You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at the following address or telephone number:

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Phillip L. Allbritten
(972) 934-9227

<PAGE>

\$500,000,000

ATMOS ENERGY CORPORATION

Debt Securities
and
Common Stock

PROSPECTUS

, 2000

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.*

| <S> | <C> |
|-------------------------------------------------------|-----------|
| Securities and Exchange Commission registration fee.. | \$132,000 |
| Blue Sky fees, including counsel fees..... | 2,500 |
| Printing expenses..... | 15,000 |
| Trustee's fees and expenses..... | 5,000 |
| Rating agency fees..... | 225,000 |
| State Filing Fees..... | 18,000 |
| Accounting fees and expenses..... | 30,000 |
| Legal fees and expenses..... | 50,000 |
| Miscellaneous expenses..... | 20,000 |
| | ----- |
| Total..... | \$497,000 |
| | ----- |

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*All fees and expenses will be paid by us. All fees and expenses other than the SEC filing fees are estimated.

Item 15. Indemnification of Directors and Officers.

The Texas Business Corporation Act and the Virginia Stock Corporation Act permit, and in some cases require, corporations to indemnify directors and officers who are or have been a party or are threatened to be made a party to litigation against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses under certain circumstances. Article IX of our Restated Articles of Incorporation, as amended, and Article IX of our Amended and Restated Bylaws provide for indemnification of judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses and the advance payment or reimbursement of such reasonable expenses to directors and officers to the fullest extent permitted by law.

As authorized by Article 2.02-1 of the Texas Business Corporation Act, and Section 13.1-697 of the Virginia Stock Corporation Act, each of our directors and officers may be indemnified by us against expenses, including attorney's fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred in connection with the defense or settlement of any threatened, pending or completed legal proceedings in which he is involved by reason of the fact that he is or was a director or officer of ours if he acted in good faith and in a manner that he reasonably believed to be in or not opposed to our best interests, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe that his conduct was unlawful. In each case, such indemnity shall be to the fullest extent authorized by the Texas Business Corporation Act and the Virginia Stock Corporation Act. If the director or officer is found liable to us, or received improper personal benefit from us, whether or not involving action in his official capacity, then indemnification will not be made.

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Article X of our Restated Articles of Incorporation, as amended, provides that no director shall be personally liable to us or our shareholders for monetary damages for any breach of fiduciary duty as a director except for liability

- . for any breach of duty of loyalty to us or our shareholders,
- . for an act or omission not in good faith or which involves intentional misconduct or a knowing violation of law,
- . for a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office,
- . for an act or omission for which the liability of a director is expressly provided by statute, or
- . for an act related to an unlawful stock repurchase or payment of a dividend.

In addition, Article IX of our Restated Articles of Incorporation, as amended, and Article IX of our Amended and Restated Bylaws require us to indemnify to the fullest extent authorized by law any person made or threatened to be made party to any action, suit or proceeding, whether criminal, civil, administrative, arbitrative or investigative, by reason of the fact that such person is or was a director or officer of ours or serves or served at our request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of any other enterprise.

We maintain an officers' and directors' liability insurance policy insuring officers and directors against certain liabilities, including liabilities under the Securities Act of 1933. The effect of such policy is to indemnify such officers and directors against losses incurred by them while acting in such capacities.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 16. Exhibits.

| Exhibit Number | Exhibits |
|----------------|----------|
|----------------|----------|

1.1* Form of Underwriting Agreement

4.1 Form of Debt Securities Indenture between Atmos and SunTrust Bank, Atlanta

4.2* Form of Debt Security

4.3(a) Note Purchase Agreement, dated as of December 21, 1987, by and between the Company and John Hancock Mutual Life Insurance Company (Exhibit 10(c) of Form 8-K filed January 7, 1988 (File No. 0-11249)).

Note Purchase Agreement, dated as of December 21, 1987, by and between the Company and John Hancock Charitable Trust I (Agreement is identical to Hancock Agreement listed above except as to the parties thereto and the amounts thereof.).

Note Purchase Agreement dated as of December 21, 1987, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans --AT&T -- John Hancock -- Private Placement (Agreement is identical to Hancock Agreement listed above except as to the parties thereto and the amounts thereof.).

4.3(b) Amendment to Note Purchase Agreement, dated October 11, 1989, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987 (Exhibit 10(b)(ii) of Form 10-K for fiscal year ended September 30, 1989 (File No. 1-10042)).

Amendment to Note Purchase Agreement, dated October 11, 1989, by and between the Company and John Hancock Charitable Trust I revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above except as to the parties thereto and the amounts thereof.).

Amendment to Note Purchase Agreement dated October 11, 1989, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans --AT&T -- John Hancock -- Private Placement revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above except as to the parties thereto and the amounts thereof.).

4.3(c) Amendment to Note Purchase Agreement dated November 12, 1991, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987 (Exhibit 10(b)(iii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).

Amendment to Note Purchase Agreement, dated November 12, 1991, by

and between the Company and John Hancock Charitable Trust I revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above except as to the parties thereto and the amounts thereof.).

Amendment to Note Purchase Agreement, dated November 12, 1991, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans -- AT&T -- John Hancock -- Private Placement revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above except as to the parties thereto and the amounts thereof.).

- 4.3(d) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.

Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans -- AT&T -- John Hancock -- Private Placement revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above except as to the parties thereto and the amounts thereof.).

- 4.3(e) Amendment to Note Purchase Agreement, dated December 20, 1994 by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.

Amendment to Note Purchase Agreement, dated December 20, 1994, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans -- AT&T -- John Hancock -- Private Placement revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock amendment listed above).

- 4.3(f) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.

Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans --AT&T -- John Hancock -- Private Placement revising Note Purchase Agreement dated December 21, 1987 (Amendment is identical to Hancock Amendment listed above except as to the parties thereto and the amounts thereof).

- 4.4(a) Note Purchase Agreement, dated as of October 11, 1989, by and between the Company and John Hancock Mutual Life Insurance Company (Exhibit 10(c) of Form 10-K for fiscal year ended September 30, 1989 (File No. 1-10042)).

- 4.4(b) Amendment to Note Purchase Agreement, dated as of November 12, 1991, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989 (Exhibit 10(c)(ii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).

- 4.4(c) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.

- 4.4(d) Amendment to Note Purchase Agreement, dated December 20, 1994, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.

- 4.4(e) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.

- 4.5(a) Note Purchase Agreement, dated as of August 29, 1991, by and between the Company and The Variable Annuity Life Insurance Company (Exhibit 10(f)(i) of Form 10-K for fiscal year ended September 30, 1991 (File No. 10042)).

- 4.5(b) Amendment to Note Purchase Agreement, dated November 26, 1991, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991 (Exhibit 10(f)(ii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).

- 4.5(c) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991.

- 4.5(d) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991.

- 4.6(a) Note Purchase Agreement, dated as of August 31, 1992, by and between the Company and The Variable Annuity Life Insurance Company (Exhibit 10(f) of Form 10-K for fiscal year ended September 30, 1992 (File No. 1-10042)).

- 4.6(b) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and the Variable Annuity Life Insurance

Company revising Note Purchase Agreement dated August 31, 1992.

- 4.6(c) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 31, 1992.
- 4.7(a) Note Purchase Agreement, dated November 14, 1994, by and among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company, and Merit Life Insurance Company (Exhibit 10.1 of Form 10-Q for quarter ended December 31, 1994 (File No. 1-10042)).
- 4.7(b) Amendment to Note Purchase Agreement, dated July 29, 1997, by and among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company and Merit Life Insurance Company revising Note Purchase Agreement dated November 14, 1994.
- 4.8 Loan Agreement by and between the Company and NationsBank of Texas, N.A. dated as of November 26, 1996 (Exhibit 10.1 of Form 10-Q for quarter ended December 31, 1996 (File No. 1-10042)).
- 4.9(a) Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to First Trust of Illinois, National Association, and M.J. Kruger, as Trustees, as amended and supplemented through December 1, 1992 (the Indenture of Mortgage through the 20th Supplemental Indenture) (Exhibit to Registration Statement of United Cities Gas Company on Form S-3 (File No. 33-56983)).
- 4.9(b) Twenty-First Supplemental Indenture dated as of February 5, 1997 by and among United Cities Gas Company and Bank of America Illinois and First Trust National Association and Russell C. Bergman supplementing Indenture of Mortgage dated as of July 15, 1959 (Exhibit 10.7(a) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).
- 4.9(c) Twenty-Second Supplemental Indenture dated as of July 29, 1997 by and among the Company and First Trust National Association and Russell C. Bergman supplementing Indenture of Mortgage dated as of July 15, 1959 (Exhibit 10.7(b) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).
- 4.10(a) Form of Indenture between United Cities Gas Company and First Trust of Illinois, National Association, as Trustee dated as of November 15, 1995 (Exhibit to Registration Statement of United Cities Gas Company on Form S-3 (File No. 33-56983)).
- 4.10(b) First Supplemental Indenture between the Company and First Trust of Illinois, National Association, as Trustee dated as of July 29, 1997 (Exhibit 10.8(a) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).
- 4.11(a) Seventh Supplemental Indenture, dated as of October 1, 1983 between Greeley Gas Company ("the Greeley Gas Division") and the Central Bank of Denver, N.A. ("Central Bank") (Exhibit 10.1 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(b) Ninth Supplemental Indenture, dated as of April 1, 1991, between the Greeley Gas Division and Central Bank (Exhibit 10.2 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(c) Bond Purchase Agreement, dated as of April 1, 1991, between the Greeley Gas Division and Central Bank (Exhibit 10.3 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(d) Tenth Supplemental Indenture, dated as of December 1, 1993, between the Company and Colorado National Bank, formerly Central Bank (Exhibit 10.4 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.12 Restated Articles of Incorporation, as amended, of the registrant (incorporated by reference to Exhibit 3.1 of Form 10-K for fiscal year ended September 30, 1997) (File No. 1-10042))
- 4.13 Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 of Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042))
- 4.14 Specimen Common Stock Certificate (incorporated by reference to Exhibit 4(b) of Form 10-K for the fiscal year ended September 30, 1988 (File No. 1-10042)).
- 5.1 Opinion of Gibson, Dunn & Crutcher LLP, Dallas, Texas, as to the validity of

<PAGE>

- the securities being registered
- 5.2 Opinion of Hunton & Williams, Richmond, Virginia, as to the validity of the securities being registered
 - 12.1 Statement of computation of ratio of earnings to fixed charges
 - 23.1 Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (See Exhibit 5.1)
 - 23.2 Consent of Hunton & Williams, Richmond, Virginia (See Exhibit 5.2)
 - 23.3 Consent of Ernst & Young LLP
 - 24.1 Powers of Attorney (See signature page of this registration statement)

 - 25.1 Statement of eligibility of SunTrust Bank, Atlanta, on Form T-1

* To be filed by amendment hereto or pursuant to a Current Report on Form 8-K to be incorporated herein by reference.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions described in Item 15, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

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- (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (c)(1)(i) and (c)(1)(ii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (d) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under section 305(b)(2) of the Trust Indenture Act.

SIGNATURES AND POWERS OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and

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has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on December 28, 1999.

ATMOS ENERGY CORPORATION

By: /s/ ROBERT W. BEST

Robert W. Best, Chairman,
President and Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Robert W. Best as his true and lawful attorney-in-fact and agent, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>
<CAPTION>
Signature

| Signature | Title | Date |
|------------------------------|----------------------------------------------------------------------------------------------|-------------------|
| <S> | <C> | <C> |
| /s/ ROBERT W. BEST | Chairman, President and Chief Executive Officer (Principal Executive Officer) | December 28, 1999 |
| ----- Robert W. Best | | |
| /s/ LARRY J. DAGLEY | Executive Vice President and Chief Financial Officer (Principal Financial Officer) | December 28, 1999 |
| ----- Larry J. Dagley | | |
| /s/ TOM S. HAWKINS, JR. | Vice President, Planning and Budgeting and Interim Controller (Principal Accounting Officer) | December 28, 1999 |
| ----- Tom S. Hawkins, Jr. | | |
| /s/ TRAVIS W. BAIN II | Director | December 28, 1999 |
| ----- Travis W. Bain II | | |
| /s/ DAN BUSBEE | Director | December 28, 1999 |
| ----- Dan Busbee | | |

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<TABLE>

| <S> | <C> | <C> |
|-------------------------------------------------------|----------|-------------------|
| /s/ RICHARD W. CARDIN ----- Richard W. Cardin | Director | December 28, 1999 |
| /s/ THOMAS J. GARLAND ----- Thomas J. Garland | Director | December 28, 1999 |
| /s/ GENE C. KOONCE ----- Gene C. Koonce | Director | December 28, 1999 |
| /s/ VINCENT J. LEWIS ----- Vincent J. Lewis | Director | December 28, 1999 |
| /s/ THOMAS C. MEREDITH ----- Thomas C. MEREDITH | Director | December 28, 1999 |
| /s/ PHILLIP E. NICHOL ----- Phillip E. Nichol | Director | December 28, 1999 |
| /s/ CARL S. QUINN ----- Carl S. Quinn | Director | December 28, 1999 |
| /s/ CHARLES K. VAUGHAN ----- Charles K. Vaughan | Director | December 28, 1999 |
| RICHARD WARE II ----- Richard Ware II | Director | December 28, 1999 |

</TABLE>

<PAGE>

EXHIBIT INDEX

Exhibit
Number

Exhibits

-
- 1.1* Form of Underwriting Agreement
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- 4.2* Form of Debt Security
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- 4.3(c) Amendment to Note Purchase Agreement dated November 12, 1991, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987 (Exhibit 10(b)(iii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).
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- 4.3(d) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.
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- 4.3(e) Amendment to Note Purchase Agreement, dated December 20, 1994 by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.
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- 4.3(f) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated December 21, 1987.

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- 4.4(a) Note Purchase Agreement, dated as of October 11, 1989, by and between the Company and John Hancock Mutual Life Insurance Company (Exhibit 10(c) of Form 10-K for fiscal year ended September 30, 1989 (File No. 1-10042)).
- 4.4(b) Amendment to Note Purchase Agreement, dated as of November 12, 1991, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989 (Exhibit 10(c)(ii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).
- 4.4(c) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.
- 4.4(d) Amendment to Note Purchase Agreement, dated December 20, 1994, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.
- 4.4(e) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and John Hancock Mutual Life Insurance Company revising Note Purchase Agreement dated October 11, 1989.
- 4.5(a) Note Purchase Agreement, dated as of August 29, 1991, by and between the Company and The Variable Annuity Life Insurance Company (Exhibit 10(f)(i) of Form 10-K for fiscal year ended September 30, 1991 (File No. 10042)).
- 4.5(b) Amendment to Note Purchase Agreement, dated November 26, 1991, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991 (Exhibit 10(f)(ii) of Form 10-K for fiscal year ended September 30, 1991 (File No. 1-10042)).
- 4.5(c) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991.
- 4.5(d) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 29, 1991.
- 4.6(a) Note Purchase Agreement, dated as of August 31, 1992, by and between the Company and The Variable Annuity Life Insurance Company (Exhibit 10(f) of Form 10-K for fiscal year ended September 30, 1992 (File No. 1-10042)).
- 4.6(b) Amendment to Note Purchase Agreement, dated December 22, 1993, by and between the Company and the Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 31, 1992.
- 4.6(c) Amendment to Note Purchase Agreement, dated July 29, 1997, by and between the Company and The Variable Annuity Life Insurance Company revising Note Purchase Agreement dated August 31, 1992.
- 4.7(a) Note Purchase Agreement, dated November 14, 1994, by and among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company, and Merit Life Insurance Company (Exhibit 10.1 of Form 10-Q for quarter ended December 31, 1994 (File No. 1-10042)).
- 4.7(b) Amendment to Note Purchase Agreement, dated July 29, 1997, by and among the Company and New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company and Merit Life Insurance Company revising Note Purchase Agreement dated November 14, 1994.
- 4.8 Loan Agreement by and between the Company and NationsBank of Texas, N.A. dated as of November 26, 1996 (Exhibit 10.1 of Form 10-Q for quarter ended December 31, 1996 (File No. 1-10042)).
- 4.9(a) Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to First Trust of Illinois, National Association, and M.J. Kruger, as Trustees, as amended and supplemented through December 1, 1992 (the Indenture of Mortgage through the 20th Supplemental Indenture) (Exhibit to Registration Statement of United Cities Gas Company on Form S-3 (File No. 33-56983)).
- 4.9(b) Twenty-First Supplemental Indenture dated as of February 5, 1997 by and among United Cities Gas Company and Bank of America Illinois and First Trust National Association and Russell C. Bergman supplementing Indenture of Mortgage dated as of July 15, 1959 (Exhibit 10.7(a) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).
- 4.9(c) Twenty-Second Supplemental Indenture dated as of July 29, 1997 by

and among the Company and First Trust National Association and Russell C. Bergman supplementing Indenture of Mortgage dated as of July 15, 1959 (Exhibit 10.7(b) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).

- 4.10(a) Form of Indenture between United Cities Gas Company and First Trust of Illinois, National Association, as Trustee dated as of November 15, 1995 (Exhibit to Registration Statement of United Cities Gas Company on Form S-3 (File No. 33-56983)).
- 4.10(b) First Supplemental Indenture between the Company and First Trust of Illinois, National Association, as Trustee dated as of July 29, 1997 (Exhibit 10.8(a) of Form 10-K for the fiscal year ended September 30, 1997 (File No. 1-10042)).
- 4.11(a) Seventh Supplemental Indenture, dated as of October 1, 1983 between Greeley Gas Company ("the Greeley Gas Division") and the Central Bank of Denver, N.A. ("Central Bank") (Exhibit 10.1 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(b) Ninth Supplemental Indenture, dated as of April 1, 1991, between the Greeley Gas Division and Central Bank (Exhibit 10.2 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(c) Bond Purchase Agreement, dated as of April 1, 1991, between the Greeley Gas Division and Central Bank (Exhibit 10.3 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.11(d) Tenth Supplemental Indenture, dated as of December 1, 1993, between the Company and Colorado National Bank, formerly Central Bank (Exhibit 10.4 of Form 10-Q for quarter ended June 30, 1994 (File No. 1-10042)).
- 4.12 Restated Articles of Incorporation, as amended, of the registrant (incorporated by reference to Exhibit 3.1 of Form 10-K for fiscal year ended September 30, 1997) (File No. 1-10042))
- 4.13 Amended and Restated Bylaws of the registrant (incorporated by reference to Exhibit 3.2 of Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042))
- 4.14 Specimen Common Stock Certificate (incorporated by reference to Exhibit 4(b) of Form 10-K for the fiscal year ended September 30, 1988 (File No. 1-10042)).
- 5.1 Opinion of Gibson, Dunn & Crutcher LLP, Dallas, Texas, as to the validity of the securities being registered
- 5.2 Opinion of Hunton & Williams, Richmond, Virginia, as to the validity of the securities being registered
- 12.1 Statement of computation of ratio of earnings to fixed charges
- 23.1 Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (See Exhibit 5.1)
- 23.2 Consent of Hunton & Williams, Richmond, Virginia (See Exhibit 5.2)
- 23.3 Consent of Ernst & Young LLP
- 24.1 Powers of Attorney (See signature page of this registration statement)
- 25.1 Statement of eligibility of SunTrust Bank, Atlanta, on Form T-1

* To be filed by amendment hereto or pursuant to a Current Report on Form 8-K to be incorporated herein by reference.

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EXHIBIT 4.1

ATMOS ENERGY CORPORATION,

Issuer,

to

SUNTRUST BANK, ATLANTA

Trustee

Indenture

Dated as of ,

Debt Securities

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Reconciliation and tie between Trust Indenture Act
 of 1939 and Indenture, dated as of _____, 2000

| Trust Indenture Act Section | Indenture Section |
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INDENTURE, dated as of _____, between Atmos Energy Corporation, a Texas and Virginia corporation (herein called the "Company"), and SunTrust Bank, Atlanta, a banking corporation with trust powers organized and existing under the laws of the State of Georgia, trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its senior debt securities (herein called the "Securities"), to be issued in one or more series as in this Indenture provided.

This Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein, and the terms "cash transaction" and "self-liquidating paper", as used in TIA Section 311, shall have the meanings assigned to them in the rules of the Commission adopted under the Trust Indenture Act;

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(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles and except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Three, are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Additional Amounts" has the meaning specified in Section 1008.

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Attributable Debt" means, as to any particular lease under which any Person is at the time liable, at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term thereof (excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents), discounted from the respective due dates thereof at the weighted average of the rates of interest (or Yield to Maturity, in the case of Original Issue Discount Securities) borne by the then Outstanding Securities, compounded annually.

"Authenticating Agent" means any Person appointed by the Trustee to act on behalf of the Trustee pursuant to Section 612 to authenticate Securities.

"Authorized Newspaper" means a newspaper, in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive

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publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"Authorized Officer", when used with respect to the Trustee, means any vice-president, assistant vice president, any assistant secretary, any assistant treasurer, any trust officer or assistant trust officer, the controller and any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers, in each case who is assigned by the Trustee to administer corporate trust matters at its Corporate Trust Office, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Board of Directors" means the Board of Directors of the Company or any duly authorized committee of such Board.

"Board Resolution" means a copy of a resolution certified by the Corporate Secretary or an Assistant Corporate Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Book-Entry Security" has the meaning specified in Section 304.

"Business Day", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or other location are authorized or obligated by law, regulation or executive order to close.

"Capital Stock" means, with respect to any corporation, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (however designated) in stock issued by that corporation.

"Cedel" means Cedel Bank, societe anonyme, or its successor.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

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"Company" means the Person named as the "Company" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person. To the extent necessary to comply with the requirements of the provisions of TIA Sections 310 through 317 as they are applicable to the Company, the term "Company" shall include any other obligor with respect to the Securities for the purposes of complying with such provisions.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company (i) by its Chairman, Chief Executive Officer, its President or a Vice President and (ii) by its Treasurer, an Assistant Treasurer, its Corporate Secretary or an Assistant Corporate Secretary and delivered to the Trustee; provided, however, that such written request or order

may be signed by any two of the officers or directors listed in clause (i) above in lieu of being signed by one of such officers or directors listed in such clause (i) and one of the officers listed in clause (ii) above.

"Consolidated Net Tangible Assets" means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all current liabilities (excluding any portion thereof constituting Funded Indebtedness) and (ii) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent consolidated balance sheet of the Company contained in the latest quarterly or annual report of the Company filed with the Commission under the Exchange Act and computed in accordance with generally accepted accounting principles.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office on the date of execution of this Indenture is located at SunTrust Bank, Atlanta, Corporate Trust Division, 25 Park Place, 24th Floor, Atlanta, Georgia 30303-2900, Attention: Corporate Trust Department.

"corporation" includes corporations, associations, partnerships, limited liability companies, companies and business trusts.

"covenant defeasance" has the meaning specified in Section 1403 hereof.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar officer under any Bankruptcy Law.

"Debt" means notes, bonds, debentures or other similar evidences of indebtedness for money borrowed.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

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"Defaulted Interest" has the meaning specified in Section 308 hereof.

"defeasance" has the meaning specified in Section 1402 hereof.

"Definitive Security" has the meaning specified in Section 304 hereof.

"Depository" has the meaning specified in Section 304.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels Office, or its successor as operator of the Euroclear System.

"Event of Default" has the meaning specified in Section 501.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Extension Notice" and "Extension Period" shall have the meanings specified in Section 309.

"Final Maturity" has the meaning specified in Section 309.

"Funded Indebtedness" as applied to any Person, means all Indebtedness of such Person maturing after, or renewable or extendable at the option of such Person beyond, 12 months from the date of determination.

"generally accepted accounting principles" or "GAAP" means generally accepted accounting principles in the United States.

"Global Securities" means one or more Securities evidencing all or part of the Securities to be issued as Book-Entry Securities, issued to the Depository in accordance with Section 301 and bearing the legend prescribed in Section 204.

"Government Obligations" means, unless otherwise specified with respect to any series of Securities pursuant to Section 301, securities which are (i) direct obligations of the United States government or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States government, the payment of which is unconditionally guaranteed by the United States government, which, in either case, are full faith and credit obligations of the United States government payable and are not callable or redeemable at the option of the issuer thereof and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that

(except as required by law) such

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custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest or principal of the Government Obligation evidenced by such depository receipt.

"Greeley Indenture" means that certain Indenture of Mortgage and Deed of Trust, dated as of March 1, 1957, from Greeley Gas Company to U.S. Bank National Association (formerly The Central Bank and Trust Company), as Trustee, as amended and supplemented through December 1, 1993 (the Indenture of Mortgage and Deed of Trust through the Tenth Supplemental Indenture by the Company to U.S. Bank National Association (formerly The Central Bank and Trust Company), as Trustee), as amended, supplemented or otherwise modified from time to time.

"guarantee" means, as applied to any obligation, (i) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation or (ii) an agreement, direct or indirect, contingent or otherwise, providing assurance of the payment or performance (or payment of damages in the event of non-performance) of any part or all of such obligation, including, without limiting the foregoing, the payment of amounts drawn down by letters of credit. Notwithstanding anything herein to the contrary, a guarantee shall not include any agreement solely because such agreement creates a Lien on the assets of any Person. The amount of a guarantee shall be deemed to be the maximum amount of the obligation guaranteed for which the guarantor could be held liable under such guarantee.

"Holder" means the Person in whose name a Security is registered in the Security Register.

"incorporated provision" has the meaning specified in Section 107.

"Indebtedness" means obligations for money borrowed, evidenced by notes, bonds, debentures or other similar evidences of indebtedness.

"Indenture" means this instrument as originally executed (including all exhibits and schedules hereto) and as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 301; provided, however, that, if at any time there is more than one series of

Securities issued under this instrument, "Indenture" shall mean, with respect to each such series of Securities, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the provisions hereof applicable to such series and shall include the terms of such series of Securities established as contemplated by

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Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities, regardless of when such terms or provisions were adopted.

"Indexed Security" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity at the rate prescribed in such Original Issue Discount Security.

"Interest Payment Date", when used with respect to any series of Securities, means the Stated Maturity of an installment of interest on such Securities.

"Lien" means any lien, mortgage, pledge, encumbrance, charge or security interest securing Indebtedness; provided, however, that the following

types of transactions will not be considered for purposes of this definition to result in a Lien: (i) any acquisition by the Company or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas or any other mineral in place or the proceeds thereof, (ii) any conveyance or assignment whereby the Company or any Restricted Subsidiary conveys or assigns to any Person or Persons an interest in oil, gas or any other mineral in place or the proceeds thereof, (iii) any Lien upon any property or assets either owned or leased by the Company or any Restricted Subsidiary or in which the Company or any Restricted Subsidiary owns an interest that secures for the benefit of the Person or Persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of such property or assets (or property or assets with which it is unitized) the payment to such Person or Persons of the Company's or the Restricted Subsidiary's proportionate part of such development or operating expenses, (iv) any hedging arrangements entered into in the ordinary course of business, including any obligation to deliver any mineral, commodity or asset in connection therewith or (v) any guarantees by the Company of the repayment of Indebtedness of any Subsidiary or guarantees by the Company or any Subsidiary of the repayment of Indebtedness of any entity, including, but not limited to, Indebtedness of Woodward Marketing, L.L.C.

"mandatory sinking fund payment" shall have the meaning specified in Section 1201.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security becomes due and payable as therein or herein provided whether at the Stated Maturity, by declaration of acceleration, notice of redemption, notice of option to elect repayment or otherwise.

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"Non-Recourse Indebtedness" means, at any time, Indebtedness incurred after the date of the Indenture by the Company or a Restricted Subsidiary in connection with the acquisition of property or assets by the Company or a Restricted Subsidiary or the financing of the construction of or improvements on property, whenever acquired, provided that, under the terms of such Indebtedness

and pursuant to applicable law, the recourse at such time and thereafter of the lenders with respect to such Indebtedness is limited to the property or assets so acquired, or such construction or improvements, including Indebtedness as to which a performance or completion guarantee or similar undertaking was initially applicable to such Indebtedness or the related property or assets if such guarantee or similar undertaking has been satisfied and is no longer in effect. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to the borrower, any guarantor or any other person for (a) environmental representations, warranties or indemnities, or (b) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received from secured assets to be paid to the lender, waste and mechanics' liens or similar matters.

"Note Purchase Agreements" collectively refers to the following Note Purchase Agreements, as amended, which were executed by and between the Company and the following parties on the dates indicated: (i) John Hancock Mutual Life Insurance Company, dated December 21, 1987; (ii) Mellon Bank, N.A., Trustee under Master Trust Agreement of AT&T Corporation, dated January 1, 1984, for Employee Pension Plans - AT&T - John Hancock - Private Placement, dated December 21, 1987 (Agreement is identical to Hancock Agreement listed above except as to the parties thereto and the amounts thereof); (iii) John Hancock Mutual Life Insurance Company, dated October 11, 1989; (iv) The Variable Annuity Life Insurance Company, dated August 29, 1991; (v) The Variable Annuity Life Insurance Company, dated August 31, 1992; and (vi) New York Life Insurance Company, New York Life Insurance and Annuity Corporation, The Variable Annuity Life Insurance Company, American General Life Insurance Company and Merit Life Insurance Company, dated November 14, 1994; as amended, supplemented or otherwise modified from time to time.

"Officers' Certificate" means a certificate signed by (i) the Chairman, Chief Executive Officer, the President, a Vice President or the Treasurer of the Company and (ii) the Corporate Secretary or an Assistant Corporate Secretary of the Company and delivered to the Trustee; provided,

however, that such certificate may be signed by two of the officers or directors listed in clause (i) above in lieu of being signed by one of such officers or directors listed in such clause (i) and one of the officers listed in clause (ii) above.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company, and who shall be acceptable to the Trustee. Each such opinion shall include the statements provided for in TIA Section 314(e) to the extent applicable.

"Option to Elect Repayment" shall have the meaning specified in Section 1303.

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"Optional Reset Date" shall have the meaning specified in Section 308.

"optional sinking fund payment" shall have the meaning specified in Section 1201.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Original Stated Maturity" shall have the meaning specified in Section 309.

"Outstanding" when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment, purchase, redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be

redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 1402 and 1403, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article Fourteen; and

(iv) Securities paid pursuant to Section 307 or Securities in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that, in determining whether the Holders of the requisite

principal amount of Outstanding Securities have given any request, demand, direction, consent or waiver hereunder, and for the purpose of making the calculations required by TIA Section 316, (1) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the maturity thereof pursuant

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to Section 502, (ii) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 301, and (iii) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which an Authorized Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person (including the Company acting as Paying Agent) authorized by the Company to pay the principal of (or premium, if any) or interest, if any, on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment" means, when used with respect to the Securities of or within any series, the place or places where the principal of (and premium, if any) and interest, if any, on such Securities are payable as specified as contemplated by Sections 301 and 1002.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 307 in exchange for a mutilated Security or in lieu of a destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

"Principal Property" means any natural gas distribution property or propane property located in the United States, except any such property that in the opinion of the Board of Directors of the Company is not of material importance to the total business conducted by the Company and its consolidated Subsidiaries.

"Redemption Date", when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

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"Regular Record Date" for the interest payable on any Interest Payment Date on the Securities of or within any series means the date specified for that purpose as contemplated by Section 301.

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment pursuant to this Indenture.

"Repayment Price" means, when used with respect to any Security to be repaid at the option of the Holder, the price at which it is to be repaid pursuant to this Indenture.

"Reset Notice" shall have the meaning specified in Section 308.

"Restricted Securities" has the meaning specified in Section 1006.

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 5% of the aggregate amount of Consolidated Tangible Net Assets of the Company and its Subsidiaries.

"Sale and Leaseback Transaction" means any arrangement with any Person pursuant to which the Company or any Restricted Subsidiary leases any Principal Property that has been or is to be sold or transferred by the Company or the Restricted Subsidiary to such Person, other than (i) a lease for a term, including renewals at the option of the lessee, of not more than three years or classified as an operating lease under generally accepted accounting principles, (ii) leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries and (iii) leases of a Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation, of the Principal Property.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that if at any time there is more than

one series of Securities, "Securities" with respect to the Indenture for such series shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under such Indenture, exclusive, however, of Securities of any series authenticated and delivered under any other Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 306.

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"6 3/4% Indenture" means the Indenture dated as of July 15, 1998, between the Company and U.S. Bank Trust National Association, as Trustee, as amended, supplemented or otherwise modified from time to time.

"Special Record Date" means a date fixed by the Trustee for the payment of any Defaulted Interest pursuant to Section 308.

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security representing such installment of principal or interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable, as such date may be extended pursuant to the provisions of Section 309.

"Subsequent Interest Period" shall have the meaning specified in Section 308.

"Subsidiary" of the Company means (i) a corporation, a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is owned, directly or indirectly, at the date of determination, by the Company, by one or more Subsidiaries or by the Company and one or more Subsidiaries or (ii) any other Person (other than a corporation) in which at the date of determination the Company, one or more Subsidiaries or the Company and one or more Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended, and as in force at the date as of which this Indenture was executed, except as provided in Section 905.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person,

"Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

"United Cities Indenture" means that certain Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to U.S. Bank Trust National Association (formerly First Trust of Illinois, National Association), and M.J. Kruger, as Trustees, as amended and supplemented through July 29, 1997 (the Indenture of Mortgage through the Twenty-Second Supplemental Indenture by the Company to U.S. Bank Trust National Association (formerly First Trust of Illinois, National Association) and Russell C. Bergman, as Trustees), as amended, supplemented or otherwise modified from time to time.

"Trustee Payments" shall have the meaning specified in Section 610.

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"United States" means, unless otherwise specified with respect to any Securities pursuant to Section 301, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"United States person" means, unless otherwise specified with respect to any Securities pursuant to Section 301, an individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Yield to Maturity" means the yield to maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with generally accepted United States bond yield computation principles.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion (other than the certificates required by Section 1004) with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

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(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such covenant or condition has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of any series may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or so voting at any such meeting.

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Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to TIA Section 315) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) If the Company shall solicit from the Holders of Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of such Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Securities then Outstanding have authorized, agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Securities then Outstanding shall be computed as of such record date; provided that no such request, demand,

authorization, direction, notice, waiver or other Act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Security shall bind every future Holder of the same Security or the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, etc. to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

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(1) the Trustee by any Holder, an agent of any bank or the Company shall be sufficient for every purpose hereunder if made, given, furnished or delivered, in writing, to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Department; or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if made, given, furnished or delivered, in writing, to the Company addressed to it c/o 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, Attention: Treasurer, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice of any event to Holders of Securities by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders of Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Securities. Any notice mailed to a Holder in the aforesaid manner shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impractical to mail notice of any event to Holders of Securities when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be sufficient giving of such notice for every purpose hereunder.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Conflict of any Provision of Indenture with Trust

Indenture Act.

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If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Sections 310 to 318, inclusive, or conflicts with any provision (an "incorporated provision") required by or deemed to be included in this Indenture by operation of such TIA Sections, such imposed duties or incorporated provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or excluded, as the case may be.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, any Authenticating Agent, any Paying Agent, any Securities Registrar and their successors hereunder and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles that would apply any other law. This Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

SECTION 113. Legal Holidays.

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In any case where any Interest Payment Date, Redemption Date, sinking fund payment date or Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of any Security other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section), payment of principal (or premium, if any) or interest, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date or sinking fund payment date, or at the Stated Maturity or Maturity; provided that no

interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be, until paid on such succeeding Business Day.

SECTION 114. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting any of the Securities waives and releases all such liability.

ARTICLE TWO

SECURITY FORMS

SECTION 201. Forms Generally.

The Securities shall be in substantially the forms as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the forms of Securities of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Corporate Secretary or an Assistant Corporate Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities. Any portion of the text of any Security may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Security.

The Trustee's certificate of authentication on all Securities shall be in substantially the form set forth in this Article.

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The definitive Securities shall be printed, lithographed or engraved on steel-engraved borders or may be produced in any other manner, all as determined by the officers of the Company executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Trustee's Certificate of Authentication.

Subject to Section 612, the Trustee's certificate of authentication shall be in substantially the following form:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

Dated: _____

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

SUNTRUST BANK, ATLANTA,
as Trustee

By _____

Authorized Representative

SECTION 203. Securities Issuable in Global Form.

When Securities of or within a series are issued in global form, as specified as contemplated by Section 301, then, any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 303 or Section 305. Subject to the provisions of Section 303 and, if applicable, Section 305, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or Section 305 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall

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be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of Section 303.

Notwithstanding the provisions of Section 308, unless otherwise specified as contemplated by Section 301, payment of principal of (and premium, if any) and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 310 and except as provided in the preceding paragraph, the Company, the Trustee and any agent of the Company and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent Global Security the Holder of such permanent Global Security.

SECTION 204. Form of Legend for Book-Entry Securities.

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITORY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

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The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions and, subject to Section 303, set forth in, or determined in the manner provided in, an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which (except for the matters set forth in clauses (1), (2) and (9) below), if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series and set forth in such Securities of the series when issued from time to time):

(1) The title of the Securities of the series (which shall distinguish the Securities of the series from all other series of Securities);

(2) The aggregate principal amount of the Securities of the series, the percentage of their principal amount at which the Securities of the series shall be issued and the date or dates on which the principal of the Securities of the series shall be payable or the method by which such date or dates shall be determined or extended;

(3) The rate or rates (which may be fixed or variable) at which the Securities of the series shall bear interest, if any, and, if variable, the method by which such rate or rates shall be determined;

(4) The date or dates from which any interest shall accrue or the method by which such date or dates will be determined, the date or dates on which any interest will be payable (including the Regular Record Dates for such Interest Payment Dates) and the basis on which any interest will be calculated if other than on the basis of a 360-day year of twelve 30-day months;

(5) The place or places, if any, other than or in addition to New York City, where the principal of (and premium, if any, on) and interest, if any, on the Securities of the series will be payable, where any Securities may be surrendered for registration of transfer, where the Securities of the series may be surrendered for exchange and where notices or demands to or upon the Company in respect of the Securities of the series may be served;

(6) The period or periods within which, the price or prices at which, and the other terms and conditions upon which, the Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have that option;

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(7) The obligation, if any, of the Company to redeem, purchase or repay the Securities of the series, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof, and the period or periods within which, the price or prices at which, and the other terms and conditions upon which, the Securities of the series will be so redeemed, purchased or repaid;

(8) Whether the amount of payments of principal of (and premium, if any, on) and interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may, without limitation, be based on one or more commodities, equity indices or other indices) and the manner in which such amounts shall be determined;

(9) Any deletions from, modifications of or additions to the Events of Default or covenants of the Company with respect to the Securities of the series (which Events of Default or covenants may not be consistent with the Events of Default or covenants set forth in the general provisions of this Indenture);

(10) If other than the entire principal amount thereof, the portion of the principal amount of the Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion shall be determined;

(11) Any provisions in modification of, in addition to or in lieu of any provisions of Article Fourteen of this Indenture relating to defeasance and covenant defeasance that shall be applicable to the Securities of the series;

(12) Any provisions granting special rights to the Holders of the Securities of the series upon the occurrence of such events as may be specified;

(13) If other than the Trustee, the designation of any Paying Agent or Security Registrar for the Securities of the series, and the designation of any transfer or other agents or depositories for the Securities of the series;

(14) Whether the Securities of the series shall be issuable initially in temporary global form, whether any the Securities of the series is to be issuable in permanent global form (a "Global Security") and, if so, whether beneficial owners of interests in any Global Security may exchange such interests for Definitive Securities of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if the Securities are to be issuable as a Global Security, the identity of the depository for the Securities of the series;

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(15) The person to whom any interest on any Security shall be payable, if other than the person in whose name the Securities of the series Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest or the manner in which, any interest payable on a temporary Security issued in global form shall be paid (if other than as described in Section 304);

(16) The denomination or denominations in which the Securities of the series shall be issuable, if other than \$1,000 or any integral multiple thereof;

(17) Whether and under what circumstances the Company shall pay Additional Amounts, as contemplated by Section 1008 of this Indenture, on the Securities of the series to any Holder who is not a United States person (including any modification of the definition of such term as contained in this Indenture) in respect of any tax, assessment or governmental charge and, if so, whether the Company shall have the option to redeem the Securities of the series rather than pay such Additional Amounts (and the terms of any such option); and

(18) Any other terms, conditions, rights and preferences (or limitations on such rights and preferences) of the Securities of the series which may not be consistent with the other provisions of this Indenture.

All Securities of any one series shall be substantially identical except as may otherwise be provided in or pursuant to such Board Resolution (subject to Section 303) and set forth in such Officers' Certificate or in any such indenture supplemental hereto. Not all Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series.

If any of the terms of the series are established by action taken pursuant to one or more Board Resolutions, such Board Resolutions shall be delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

SECTION 302. Denominations.

The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions, the Securities of such series, other than Securities issued in global form (which may be of any denomination), shall be issuable in denominations of \$1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by any one of the following: its Chairman, Chief Executive Officer, its President or one of its Vice Presidents, and

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attested by one of its Vice Presidents or its Corporate Secretary or one of its Assistant Corporate Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with such Company Order shall authenticate and make available for delivery such Securities. If not all the Securities of any series are to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining terms of particular Securities of such series such as interest rate, stated maturity, date of issuance and date from which interest shall accrue.

In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to TIA Sections 315(a) through 315(d)) shall be fully protected in relying upon, an Opinion of Counsel stating:

(1) that the form or forms of such Securities have been established in conformity with the provisions of this Indenture;

(2) that the terms of such Securities have been established in conformity with the provisions of this Indenture;

(3) that such Securities, when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated and made available for delivery by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute the legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities;

(4) that all laws and requirements in respect of the execution and delivery by the Company of such Securities, and of the supplemental indentures, if any, have been

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complied with and that authentication and delivery of such Securities and the execution and delivery of the supplemental indenture, if any, by the Trustee will not violate the terms of the Indenture;

(5) that the Company has the corporate power to issue such Securities, and all necessary corporate and shareholder action with respect to such issuance has been taken; and

(6) that the issuance of such Securities will not contravene the articles of incorporation or bylaws of the Company or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Company is bound.

Notwithstanding the provisions of Section 301 and of the preceding two paragraphs, if not all the Securities of any series are to be issued at one time, so long as the terms and provisions of such Securities are substantially identical to the other Securities of such series, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to the preceding two paragraphs prior to or at the time of issuance of each Security, but such documents shall be delivered prior to or at the time of issuance of the first Security of such series.

The Trustee shall not be required to authenticate and make available for delivery any such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, immunities, protections, privileges, indemnities, and benefits under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 311 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. Book-Entry Securities.

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(a) The Securities of a series may be issuable in whole or in part in the form of one or more Global Securities ("Book-Entry Securities") deposited with, or on behalf of, a Depository (the "Depository"). In the case of Book-Entry Securities, one or more Global Securities will be issued in a denomination or aggregate denomination equal to the portion of the aggregate principal amount of Outstanding Securities of the series to be represented by such Global Security or Global Securities. Unless otherwise provided as contemplated by Section 301, the additional provisions set forth in this Section 304 shall apply to Book-Entry Securities.

(b) Book-Entry Securities will be deposited with, or on behalf of, the Depository, and registered in the name of the Depository's nominee, for credit to the respective accounts of institutions that have accounts with the Depository or its nominee ("Participants"); provided that Book-Entry Securities

purchased by Persons outside the United States may be credited to or through accounts maintained at the Depository by or on behalf of Euroclear or Cedel. The accounts to be credited will be designated by the underwriters or agents of such Securities or, if such Securities are offered and sold directly by the Company, by the Company. Ownership of beneficial interests in Book-Entry Securities will be limited to Persons that may hold interests through Participants.

Participants shall have no rights under this Indenture or any indenture supplemental hereto with respect to any Book-Entry Security held on their behalf by the Depository, or the Trustee as its custodian, or under the Book-Entry Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Book-Entry Security for all purposes whatsoever. Notwithstanding the foregoing, nothing in this Indenture or any such indenture supplemental shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between a Depository and its Participants, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(c) Transfers of Book-Entry Securities shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. Interests of beneficial owners in Book-Entry Securities may be transferred or exchanged for Securities in fully registered, certificated form ("Definitive Securities") only if (i) the Depository notifies the Trustee in writing that the Depository is no longer willing or able to continue as depository and a qualified successor depository is not appointed by the Company within 90 days following such notice, (ii) the Company, at any time and in its sole discretion, determines not to have any Securities of one or more series represented by Global Securities or (iii) after the occurrence of an Event of Default with respect to such Securities, a holder of Securities notifies the Trustee in writing that it wishes to receive a Definitive Security and provides to the Trustee evidence reasonably satisfactory to the Trustee of its ownership interest in such Securities. In any such instance, an owner of a beneficial interest in a Global Security will be entitled to physical delivery of Definitive Securities equal in principal amount to such beneficial interest and registered in its name.

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(d) In connection with any transfer or exchange of a portion of the beneficial interest in any Book-Entry Security to beneficial owners pursuant to paragraph (c) above, the Security Registrar shall reflect on its books and records the date and a decrease in the principal amount of the Book-Entry Security in an amount equal to the principal amount of the beneficial interest in the Book-Entry Security to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Definitive Securities of like tenor and principal amount of authorized denominations.

(e) In connection with the transfer of Book-Entry Securities as an entirety to beneficial owners pursuant to paragraph (c) above, the Book-Entry Securities shall be deemed to be surrendered to the Trustee for cancellation and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in the Book-Entry Securities, an equal aggregate principal amount of Definitive Securities of like tenor of authorized denominations.

(f) The Holder of any Book-Entry Security may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under the applicable Indenture or the Securities.

SECTION 305. Temporary Securities.

Pending the preparation of Definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are typewritten, printed, lithographed, engraved or otherwise produced by any combination of these methods, in any authorized denomination, substantially of the tenor of the Definitive Securities in lieu of which they are issued, in registered form and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities. Such temporary Securities may be in global form.

If temporary Securities of any series are issued, the Company will cause Definitive Securities of that series to be prepared without unreasonable delay. After the preparation of Definitive Securities of such series, the temporary Securities of such series shall be exchangeable for Definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of Definitive Securities of the same series of authorized denominations. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities of such series.

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Until exchanged in full as hereinabove provided, the temporary Securities of any series, including temporary Global Securities (whether or not issued as Book-Entry Securities as provided in Section 304), shall in all respects be entitled to the same benefits under this Indenture as Definitive Securities of the same series and of like tenor authenticated and delivered hereunder.

SECTION 306. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register for each series of Securities (the registers maintained in such office of the Trustee and in any other office or agency designated pursuant to Section 1002 being herein sometimes referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby initially appointed "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Except as otherwise described in this Article Three, upon surrender for registration of transfer of any Security of any series at the office or agency of the Security Registrar in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, in each case, of any authorized denominations and of a like aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series of like type, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and make available for delivery, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp, similar issue or transfer taxes or other governmental charges that may be imposed in

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connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 305, 906, 1107 or 1305 not involving any transfer.

Neither the Company nor the Security Registrar shall be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the selection for redemption of Securities of that series under Section 1103 or 1203 and ending at the close of business on the day of the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

SECTION 307. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them and any agent of either of them harmless, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, or, in case any such mutilated Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

If there shall be delivered to the Company and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or an Authorized Officer of the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon Company Order the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

Notwithstanding the provisions of the previous two paragraphs, in case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series, if any, issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of

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the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section 307 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 308. Payment of Interest; Interest Rights Preserved; Optional

Interest Reset.

(a) Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest, if any, on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each

installment of interest, if any, on any Security may at the Company's option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 310, to the address of such Person as it appears on the Security Register or (ii) with the consent of the Trustee (if the Trustee is then serving as Paying Agent) wire transfer to an account located in the United States maintained by the payee.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the Holder, on the relevant Regular Record Date by virtue of having been such Holder, and such defaulted interest and, if applicable, interest on such defaulted interest (to the extent lawful) at the rate specified in the Securities of such series (such defaulted interest and, if applicable, interest thereon herein collectively called "Defaulted Interest") may be paid by the Company, at its election in each case, as provided in Subsection (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money (except as otherwise specified pursuant to Section 301 for the Securities of such series) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the

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Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given in the manner provided in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so given, such Defaulted Interest shall be paid to the Persons in whose name the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Subsection (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(b) The provisions of this Section 308(b) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "Optional Reset Date"). The Company may exercise such option with respect to such Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to an Optional Reset Date for such Note, which such notice shall contain such information as may be required by the Trustee to transmit the Reset Notice as hereinafter defined). Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the "Reset Notice") indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity Date of such Security (each such period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish an

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interest rate (or a spread or spread multiplier used to calculate such interest rate, if applicable) that is higher than the interest rate (or the spread or spread multiplier, if applicable) provided for in the Reset Notice, for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or such higher spread or spread multiplier, if applicable) to the Holder of such Security; and such notice shall be irrevocable. All Securities with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such higher spread or spread multiplier, if applicable).

The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day (or if such day is not a Business Day, on the immediately succeeding Business Day) before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 306, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 309. Optional Extension of Stated Maturity.

The provisions of this Section 309 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "Extension Period") up to but not beyond the date (the "Final Maturity") set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 50 but not more than 60 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "Original Stated Maturity"). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the "Extension Notice") indicating (i) the election of the Company to extend the Stated Maturity, (ii) the new Stated Maturity, (iii) the interest rate, if any, applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of

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such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate provided for in the Extension Notice and establish a higher interest rate for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate to the Holder of such Security; and such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the tenth day (or if such day is not a Business Day, on the immediately succeeding Business Day) before the Original Stated Maturity.

SECTION 310. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 306 and 308) interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company, the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of (i) the records relating to or payments made on account of any Participants or any beneficial ownership interests of a Security in global form, (ii) for maintaining, supervising or reviewing any records maintained by any Depository or Participant or any other Person relating to such beneficial ownership interests, (iii) the delivery or timeliness of delivery or any notice to any beneficial owner of Securities which is required or permitted under the terms of this Indenture or such Securities, (iv) the selection of the beneficial owners to receive payments in the event of a partial redemption or repayment, or (v) any consent given or other action taken by the Depository or other Holder of a Security, as the registered holder thereof.

Notwithstanding the foregoing, with respect to any Global Security, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any Depository, as a Holder, with respect to such Global Security or impair, as between such Depository and owners

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of beneficial interests in such Global Security, the operation of customary practices governing the exercise of the rights of such Depository (or its nominee) as Holder of such Global Security.

SECTION 311. Cancellation.

All Securities surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any current or future sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee. All Securities so delivered to the Trustee shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. If the Company shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Trustee. All cancelled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures, unless by Company Order the Company shall direct that cancelled Securities be returned to it.

SECTION 312. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 with respect to any Securities, interest, if any, on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 313. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) in addition to serial numbers, and, if so, the Trustee shall use such "CUSIP" numbers in addition to serial numbers in notices of repurchase as a convenience to Holders; provided that any such notice may state that no

representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a repurchase and that reliance may be placed only on the serial or other identification numbers printed on the Securities, and any such repurchase shall not be affected by any defect in or omission of such "CUSIP" numbers. The Company will promptly notify the Trustee of any change in the "CUSIP" numbers.

ARTICLE FOUR

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SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture.

This Indenture shall, upon Company Request, cease to be of further effect with respect to any series of Securities specified in such Company Request (except as to any surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein or pursuant hereto) and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series when

(1) either

(A) all Securities of such series theretofore authenticated and delivered have been delivered to the Trustee for cancellation; or

(B) all Securities of such series not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

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(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 606, the obligations of the Trustee to any Authenticating Agent under Section 612 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Subsection (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events:

- (1) default in the payment of any installment of interest upon any Security of such series when it becomes due and payable, continued for 30 days; or
- (2) default in the payment of the principal of (or premium, if any, on) any Security of such series at its Maturity; or
- (3) default in the deposit of any sinking fund payment, when and as due by the terms of the Securities of such series and Article Twelve; or
- (4) failure on the part of the Company to observe or perform any other covenant or agreement contained in this Indenture (other than a covenant or agreement

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included in this Indenture solely for the benefit of less than all series of Securities or a covenant the default in the performance of which would be covered by clause (7) below) for 60 days after written notice of such failure, requiring the Company to remedy the same, has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of outstanding Securities of such series; or

(5) default under any indenture or instrument under which the Company or any Restricted Subsidiary has at the time outstanding indebtedness for borrowed money or guarantees thereof in any individual instance in excess of \$25,000,000 and, if not already matured in accordance with its terms, such indebtedness has been accelerated and such acceleration is not rescinded or annulled within 15 days after notice thereof has been given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of outstanding Securities of such series; provided that, if, prior to the entry of judgment in favor of

the Trustee for payment of the Securities of such series, the default under such indenture or instrument has been remedied or cured by the Company or such Restricted Subsidiary, or waived by the holders of such indebtedness, then the Event of Default under this Indenture will be deemed likewise to have been remedied, cured or waived; or

(6) the entry of a decree or order by court having jurisdiction in the premises adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under the Bankruptcy Code or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

(7) the institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by the Company to the institution of bankruptcy or insolvency proceedings against it, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other applicable federal or state law, or the consent by the Company to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of the property of the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due; or

(8) any other Event of Default provided for the benefit of Securities of such series.

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SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If any Event of Default described in Section 501 with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities or Indexed Securities, such portion of the principal amount as may be specified in the terms of that series) of all of the Securities of that series and all accrued interest thereon to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or specified portion thereof) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company, and the Trustee, may rescind and annul such declaration and its consequences if

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay (except as otherwise specified pursuant to Section 301 for the Securities of such series);

(1) all overdue interest, if any, on all Outstanding Securities of that series,

(2) all unpaid principal of (and premium, if any, on) any Outstanding Securities of that series which has become due otherwise than by such declaration of acceleration, and interest on such unpaid principal (and premium, if any) at the rate or rates prescribed therefor in such Securities,

(3) interest upon such overdue interest at the rate or rates prescribed therefor in such Securities, and

(4) all sums paid or advanced by the Trustee for such series hereunder and reasonable compensation, expenses, disbursements and advances of such Trustee, its agents and counsel;

(b) all Events of Default with respect to Securities of that series, other than the non-payment of principal of (or premium, if any, on) or interest, if any, on Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

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SECTION 503. Collection of Indebtedness and Suits for Enforcement by

Trustee.

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

then the Company will, upon demand of the Trustee, pay to it for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, if any, and interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series under this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

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(i) to file and prove a claim for the whole amount of principal (and premium, if any), or such portion of the principal amount of any series of Original Issue Discount Securities or Indexed Securities as may be specified in the terms of such series, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any proposal, plan of reorganization, arrangement, adjustment or composition or other similar arrangement affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of

Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, if any, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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First: To the payment of all amounts due the Trustee under

Section 606;

Second: To the payment of the amounts then due and unpaid for

principal of (and premium, if any) and interest, if any, on the Securities
in respect of which or for the benefit of which such money has been
collected, ratably, without preference or priority of any kind, according
to the amounts due and payable on such Securities for principal (and
premium, if any) and interest, if any, respectively; and

Third: The balance, if any, to the Company.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to
institute any proceeding, judicial or otherwise, with respect to this Indenture,
or for the appointment of a receiver or trustee, or for any other remedy
hereunder, unless

(1) such Holder has previously given written notice to the Trustee of
a continuing Event of Default with respect to the Securities of that
series;

(2) the Holders of not less than 25% in principal amount of the
Outstanding Securities of that series shall have made written request to
the Trustee to institute proceedings in respect of an Event of Default
described in Section 501 in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable
indemnity against the costs, expenses and liabilities to be incurred in
compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request
and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been
given to the Trustee during such 60-day period by the Holders of a majority
or more in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have
any right in any manner whatever by virtue of, or by availing of, any provision
of this Indenture to affect, disturb or prejudice the rights of any other
Holders of Securities of the same series, in respect of any Event of Default
described in Section 501, or to obtain or to seek to obtain priority or
preference over any other of such Holders or to enforce any right under this
Indenture, except in the manner herein provided and for the equal and ratable
benefit of all Holders of Securities of the same series, in respect of such
Event of Default.

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SECTION 508. Unconditional Right of Holders to Receive Principal,
Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 308) interest, if any, on, such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided in Section 307, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

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With respect to the Securities of any series, the Holders of not less than a majority in principal amount of the Outstanding Securities of such series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, related to or arising under Section 501, provided that in each case

(1) such direction shall not be in conflict with any rule of law or with this Indenture or expose the Trustee to personal liability, and

(2) subject to the provisions of the TIA Section 315, the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

Subject to Section 502, the Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past Default or Event of Default in Section 501 and its consequences, except a Default or Event of Default,

(1) in respect of the payment of the principal of (or premium, if any) or interest, if any, on any Security, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of Securities of any series by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate

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more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on Securities of any series on or after the respective Stated Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date); provided that neither this

Section 514 nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Notice of Defaults.

Within 90 days after the occurrence of any Default hereunder with respect to the Securities of any series of which the Trustee is deemed to have knowledge pursuant to Section 602, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, notice of such default hereunder, unless such Default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the

principal of (or premium, if any) or interest, if any, on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the Board of Directors, the executive committee or a trust committee of directors and/or Authorized Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities of such series; and provided further that in the case of

any default or breach of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof.

SECTION 602. Certain Rights of Trustee.

Subject to the provisions of TIA Sections 315(a) through 315(d):

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(1) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(4) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(8) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable

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grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(9) The Trustee shall not be liable for any error of judgment made in good faith by an Authorized Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(10) The Trustee is not required to take notice or deemed to have notice of any Default or Event of Default hereunder, unless an Authorized Officer of the Trustee has received notice in writing of such Default or Event of Default from the Company or from the Holders of at least 25% in aggregate principal amount of the Outstanding Securities of the series so affected, and in absence of any such notice, the Trustee may conclusively assume that no Default or Event of Default exists.

(11) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(12) The Trustee's immunities and protections from liability and its rights to compensation and indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal and final payment of the Securities.

(13) The Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to any series of Securities, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Securities, other than the filing of any documents required to be filed by an indenture trustee pursuant to the Trust Indenture Act.

SECTION 603. Trustee Not Responsible for Recitals or Issuance of

Securities.

The recitals contained herein and in the Securities, except for the Trustee's certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements to be made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 604. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 605. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION 606. Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Trustee from time to time such compensation as shall be agreed to in writing between the Company and the Trustee for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made

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by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or willful misconduct; and

(3) to indemnify each of Trustee or any predecessor Trustee for, and to hold it harmless against, any and all loss, damage, claim, liability or expense including taxes (other than taxes based on the income of the Trustee) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with any action taken, suffered or omitted by the Trustee hereunder.

As security for the performance of the obligations of the Company under this Section 606, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (or premium, if any) or interest, if any, on particular Securities.

The provisions of this Section shall survive the termination of this Indenture.

SECTION 607. Conflicting Interests. The Trustee shall comply with the provisions of Section 310(b) of the Trust Indenture Act.

SECTION 608. Corporate Trustee Required; Eligibility; Conflicting Interests.

There shall at all times be a Trustee hereunder qualified or to be qualified under TIA Section 310(a)(1) and which, to the extent there is such an institution eligible and willing to serve, shall have a combined capital and surplus of at least \$50,000,000. If such Trustee publishes or files reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 608, the combined capital and surplus of the Trustee shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published or filed. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 608, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 609. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 610.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a

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successor Trustee required by Section 610 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of not less than a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of removal, the removed Trustee may, at the expense of the Company, petition a court of competent jurisdiction for the appointment of a successor Trustee.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 608 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company, by a Board Resolution, may remove the Trustee with respect to all Securities, or (ii) subject to TIA Section 514, the Holder of any Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series). If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities

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of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with Section 610, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner hereinafter provided, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to the Holders of Securities of such series in the manner provided for in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 610. Acceptance of Appointment by Successor.

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; provided, however, that the

retiring Trustee shall continue to be entitled to the benefit of Section 606; but, on the request of the Company or the successor Trustee and after payment of all amounts due and payable to such retiring Trustee pursuant to Section 606 (collectively, the "Trustee Payments"), such retiring Trustee shall, upon payment of any additional charges therefor, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series and after receipt by the retiring Trustee of the Trustee Payments, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one

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Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee and after receipt by the retiring Trustee of all Trustee Payments, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates. Whenever there is a successor Trustee with respect to one or more (but less than all) series of securities issued pursuant to this Indenture, the terms "Indenture" and "Securities" shall have the meanings specified in the provisos to the respective definitions of those terms in Section 101 which contemplate such situation.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 611. Merger, Conversion, Consolidation or Succession to

Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities. In case any of the Securities shall not have been authenticated by such predecessor Trustee, any successor Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates shall have the full force and effect which this Indenture provides for the certificate of authentication of the Trustee; provided, however, that the right to adopt the certificate of

authentication of any predecessor Trustee or to

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authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 612. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series and the Trustee shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, in the manner provided for in Section 106. Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by an Authorized Officer of the Trustee, and a copy of such instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be reasonably acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any state thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$50,000,000 and subject to supervision or examination by federal or state authority. If such corporation publishes or files reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published or filed. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible

under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at

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any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, in the manner provided for in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

Dated: _____

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

SUNTRUST BANK,
as Trustee

By _____
as Authenticating Agent

By _____
Authorized Representative

SECTION 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor under the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

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SECTION 701. Disclosure of Names and Addresses of Holders.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that none of the Company or the Trustee or any agent of either of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312.

SECTION 702. Reports by Trustee.

Within 60 days after April 1 of each year commencing with the first April 1 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit to the Holders of Securities, in the manner and to the extent provided in TIA Section 313(c), a brief report dated as of such April 1 if required by TIA Section 313(a).

SECTION 703. Reports by Company.

The Company shall:

(1) file with the Trustee, within 30 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Company is not required to file information, documents or reports pursuant to either of such Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, in the manner

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and to the extent provided in TIA Section 313(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to Subsections (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms. -----

The Company shall not consolidate with or merge into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, any Person, unless:

(1) Immediately after giving effect to such transaction, no Event of Default (or event that with notice or lapse of time, or both, would become an Event of Default) shall have happened and be continuing;

(2) The corporation or other entity formed by such consolidation or into which the Company is merged, or the Person to which such properties and assets will have been conveyed, transferred or leased, assumes the Company's obligation as to the due and punctual payment of the principal of (and premium, if any, on) and interest, if any, on all the Securities and the performance and observance of every covenant to be performed by the Company under the Indenture, and will be organized under the laws of the United States, one of the states thereof or the District of Columbia; and

(3) The Company has delivered to the Trustee an Officers' Certificate and Opinion of Counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

This Section shall only apply to a merger or consolidation in which the Company is not the surviving entity and to conveyances, leases and transfers by the Company as transferor or lessor.

SECTION 802. Rights and Duties of Successor Corporation. -----

In case of any such consolidation, merger, conveyance or transfer to which Section 801 applies and upon any such assumption by the successor corporation or Person, such successor corporation or Person shall succeed to and be substituted for the Company with the same effect as if it had been named herein as the Company and the predecessor corporation shall

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be relieved of any further obligation under this Indenture. Such successor corporation or Person thereupon may cause to be signed, and may issue either in its own name or in the name of the Company any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation or Person, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Securities which such successor corporation or Person thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof. As used in this Section, "successor corporation or Person" means the entity formed by such consolidation or into which the Company is merged, or the Person which acquires by conveyance, transfer or lease the properties and assets of the Company substantially as an entirety, as the case may be, in each case as provided in Section 801.

SECTION 803. Securities to be Secured in Certain Events.

If, upon any such consolidation of the Company with, or merger of the Company into, any other entity, or upon any conveyance, transfer or lease of the property of the Company substantially as the entirety to any other Person, any Principal Property of the Company or any Restricted Securities owned immediately prior thereto, would become or be subject to any Lien, then unless such Lien could be created pursuant to Section 1006 without equally and ratably securing the Securities, the Company prior to or simultaneously with such transaction will, as to such Principal Property or Restricted Securities, secure the Securities Outstanding hereunder (together with, if the Company shall so determine, any other Debt of the Company now existing or hereafter created which is not subordinate to the Securities) equally and ratably with (or prior to) the Debt which upon such is to become secured as to such Principal Property or Restricted Securities by such Lien, or will cause such Securities to be so secured; provided that for the purpose of providing such equal and ratable

security the principal amount of Original Issue Discount Securities and Indexed Securities shall mean that amount which, at the time of making such provision of such equal and ratable security, would be due and payable pursuant to Section 502 and the terms of such Original Issue Discount Securities and Indexed Securities upon a declaration of acceleration of the Maturity thereof, and the extent of such equal and ratable security shall be adjusted, to the extent permitted by law, as and when said amount changes over time pursuant to the terms of such Original Issue Discount Securities and Indexed Securities.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

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SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are being included solely for the benefit of such series) or to surrender any right or power herein or in the Securities conferred upon the Company; or

(3) to add any additional Events of Default (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are being included solely for the benefit of such series); or

(4) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only

when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(5) to secure the Securities pursuant to the requirements of Section 803 or 1006 or otherwise; or

(6) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 610(b); or

(8) to close this Indenture with respect to the authentication and delivery of additional series of Securities; or

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(9) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided that such action shall not

adversely affect the interests of the Holders of Securities of any series in any material respect; or

(10) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action shall not adversely affect the

interests of the Holders of Securities of such series or any other series of Securities in any material respect; or

(11) to make any other change that does not adversely affect the rights of any Holder.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities affected by such supplemental indenture, by Act of such Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into one or more indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities under this Indenture; provided, however, that no such supplemental

indenture amendment or waiver shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of (or premium, if any) or any installment of interest on any Security, or reduce the principal amount thereof (or premium, if any) or the rate of interest, if any, thereon, or change any obligation of the Company to pay Additional Amounts as contemplated by Section 1008 (except as contemplated by Section 801(2) and permitted by Section 901(1)), or reduce the amount of the principal of an Indexed Security or an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or the amount thereof provable in bankruptcy pursuant to Section 504, or adversely affect any right of repayment at the option of any Holder of any Security, or change any Place of Payment where, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or Repayment Date, as the case may be), or adversely affect any right to convert or exchange any Security as may be provided pursuant to Section 301 herein, or

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(2) reduce the percentage in principal amount of the Outstanding Securities, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section 902, Section 513 or Section 1009, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 602 hereof) shall be fully protected in relying upon an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, protections, privileges, indemnities, benefits or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act.

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Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

SECTION 907. Notice of Supplemental Indentures.

Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of Section 902, the Company shall give notice thereof to the Holders of each Outstanding Security affected, in the manner provided for in Section 106, setting forth in general terms the substance of such supplemental indenture.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any, on) and interest, if any, on the Securities of such series in accordance with the terms of such Securities and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for Securities of such series an office or agency where Securities of such series may be presented or surrendered for payment, where Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of such series and this Indenture may be served.

The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address

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thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission

shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities pursuant to Section 301 with respect to a series of Securities, the Company hereby designates as Places of Payment for each series of Securities the office or agency of the Trustee in the Borough of Manhattan, the City of New York, and initially appoints the Trustee at its Corporate Trust Office in Atlanta, Georgia and at the office of its agent in the Borough of Manhattan, the City of New York as Paying Agent in each such city as its agent to receive all such presentations, surrenders, notices and demands.

SECTION 1003. Money for Security Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it shall, before each due date of the principal of (and premium, if any, on) and interest, if any, on any of the Securities of such series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum (except as otherwise specified pursuant to Section 301 for the Securities of such) sufficient to pay the principal of (and premium, if any, on) and interest, if any, on Securities of such Series so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to or on each due date of the principal of (and premium, if any, on) and interest, if any, on any Securities of such series, deposit with the Paying Agent, a sum sufficient to pay the principal (and premium, if any, on) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) will promptly notify the Trustee of its action or failure so to act.

The Company shall cause each Paying Agent (other than the Trustee) for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any, on) and interest, if any, on Securities of such series in trust for the benefit of the

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Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of such series) in the making of any payment of principal (and premium, if any, on) and interest, if any, on the Securities of such series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any, on) and interest, if any, on any Security of any series and remaining unclaimed for two years after such principal (and premium, if any, on) or interest has become due and payable, shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however,

that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Statement as to Compliance.

The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, commencing with its fiscal year ending after the date hereof, a brief certificate from its principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the compliance by the Company with all conditions and covenants under this Indenture. For purposes of this Section 1004, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 1005. Corporate Existence.

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Subject to Article Eight, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its respective corporate existence, rights (charter and statutory) and franchises and the respective corporate existence, rights (charter and statutory) and franchises of its Subsidiaries; provided, however, that the Company shall not be required to

preserve any such existence, right or franchise if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of it and its Subsidiaries as a whole and not disadvantageous in any material respect to the Holders.

SECTION 1006. Limitations on Liens.

The Company covenants and agrees that it will not, and will not permit any Restricted Subsidiary to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary ("Restricted Securities"), without making effective provision for the Outstanding Securities (except as otherwise specified pursuant to Section 301 for the Securities of any series) to be secured by the Lien equally and ratably with, or prior to, any and all Indebtedness or obligations secured or to be secured thereby for so long as such Indebtedness or obligations are so secured, except that the foregoing restriction shall not apply to:

(1) Any Lien existing on the date of the first issuance of Securities under the Indenture, including, but not limited to, Liens on property or after-acquired property of the Company or its Subsidiaries under the United Cities Indenture or the Greeley Indenture, or such other date as may be specified in any supplemental indenture for any subsequent issuance of Securities under this Indenture.

(2) Any Lien on any Principal Property or Restricted Securities of any Person existing at the time such Person is merged or consolidated with or into the Company or a Restricted Subsidiary, or becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of such Person's becoming a Restricted Subsidiary.

(3) Any Lien on any Principal Property existing at the time of acquisition of such Principal Property by the Company or a Restricted Subsidiary, whether or not assumed by the Company or such Restricted Subsidiary, provided that no such Lien may extend to any other Principal Property of the Company or any Restricted Subsidiary.

(4) Any Lien on any Principal Property (including any improvements on an existing Principal Property) of the Company or any Restricted Subsidiary, and any Lien on the shares of stock of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding such Principal Property, in each case to secure all or any part of the

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cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of such Principal Property (or to secure Indebtedness incurred by the Company or a Restricted Subsidiary for the purpose of financing all or any part of such cost); provided that such Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of such Principal Property and provided, further, that no such Lien may extend to any other Principal Property of the Company or any Restricted Subsidiary, other than any theretofore unimproved real property on which the Principal Property is so constructed or developed or the Improvement is located.

(5) Any Lien on any Principal Property or Restricted Securities to secure Indebtedness owing to the Company or to a Restricted Subsidiary.

(6) Any Lien in favor of governmental bodies to secure advances or other payments pursuant to any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to such Lien.

(7) Any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness.

(8) Any Lien required to be placed on any property of the Company or its Subsidiaries pursuant to the provisions of the Greeley Indenture, the United Cities Indenture, the Note Purchase Agreements or the 6 3/4% Indenture.

(9) Any extension, renewal, substitution or replacement (or successive extensions, renewals, substitutions or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (1) through (8), provided that the Indebtedness secured thereby may not exceed the principal amount of Indebtedness so secured at the time of such renewal or refunding, and that such renewal or refunding Lien must be limited to all or any part of the same property and improvements thereon, shares of stock or Indebtedness that secured the Lien renewed or refunded.

(10) Any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the foregoing restrictions (excluding Indebtedness secured by Liens permitted under the foregoing exceptions) and the Attributable Debt in respect of all Sale and Leaseback Transactions (not including Attributable Debt in respect of any such Sale and Leaseback Transactions described in clause (iii) and (iv) of Section 1007) would not then exceed 20% of Consolidated Net Tangible Assets.

SECTION 1007. Limitation on Sale and Leaseback Transactions.

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The Company covenants and agrees that it will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (i) the Company or a Restricted Subsidiary would be entitled, without securing the Outstanding Securities, to incur Indebtedness secured by a Lien on the Principal Property that is the subject of such Sale and Leaseback Transaction pursuant to the provisions of Section 1006; (ii) the Attributable Debt associated therewith would be in an amount permitted under Section 1006(10); (iii) the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction are used for the business and operations of the Company or any Subsidiary; or (iv) within 12 months after the sale or transfer, an amount equal to the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction is applied to the prepayment (other than mandatory prepayment pursuant to Section 1201) of any Outstanding Securities or Funded Indebtedness that is owed by the Company or a Restricted Subsidiary (other than Funded Indebtedness that is held by the Company or any Restricted Subsidiary or Funded Indebtedness of the Company that is subordinate in right of payment to any Outstanding Securities).

SECTION 1008. Additional Amounts.

If any Securities of a series provide for the payment of additional amounts to any Holder who is not a United States person in respect of any tax, assessment or governmental charge ("Additional Amounts"), the Company shall pay to the Holder of any Security of such series such Additional Amounts as may be specified pursuant to Section 301. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of (and premium, if any, on) or interest, if any, on, or in respect of, any Security of a series or the net proceeds received on the sale or exchange of any Security of a series, such mention shall be deemed to include mention of the payment of Additional Amounts provided for by the terms of such series established pursuant to Section 301 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to such terms, and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made. Except as otherwise specified pursuant to Section 301, if the Securities of a series provide for the payment of Additional Amounts, at least 10 days prior to the first Interest Payment Date, if any, with respect to Securities of such series (or if the Securities of such series do not bear interest or will not bear interest prior to Maturity, the first day on which a payment of principal and any premium is made), and at least 10 days prior to each date of payment of interest or principal and any premium if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company shall furnish the Trustee and the Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and the Paying Agent or Paying Agents whether such payment of principal of (and premium, if any, on) or interest, if any, on the Securities of such series shall be made to Holders of Securities of such series who are not United States persons without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of the series. If any such

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withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities of such series and the Company shall pay to the Trustee or the Paying Agent or Paying Agents the Additional Amounts required by the terms of such Securities. In the event that the Trustee or any Paying Agent, as the case may be, shall not so receive the above-mentioned certificate, then the Trustee or such Paying Agent shall be entitled (i) to assume that no such withholding or deduction is required with respect to any payment of principal, premium or interest with respect to any Securities of a series until it shall have received a certificate advising otherwise and (ii) to make all payments of principal, premium and interest with respect to the Securities of a series without withholding or deductions until otherwise advised. The Company hereby covenants and agrees to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability, cost or expense reasonably incurred without negligence or willful misconduct on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

SECTION 1009. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in Section 803 or Sections 1005 to 1007, inclusive, if before or after the time for such compliance the Holders of at least a majority in principal amount of all Outstanding Securities of the series affected, by Act of such Holders, waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company, the

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Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Securities to be redeemed pursuant to Section 1103. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate and Opinion of Counsel evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of Securities of such series; provided,

however, that no such partial redemption shall reduce the portion of the

principal amount of a Security not redeemed to less than the minimum authorized denomination for Securities of such series established pursuant to Section 301.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Except as otherwise specified as contemplated by Section 301, notice of redemption shall be given in the manner provided for in Section 106 not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed.

All notices of redemption shall identify the Securities (including CUSIP number, if any) to be redeemed and shall state:

- (1) the Redemption Date,
- (2) the Redemption Price and the amount of accrued interest to the Redemption Date payable as provided in Section 1106, if any,

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(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder will receive, without charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date, the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 1106 will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(6) the Place or Places of Payment where such Securities maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price and accrued interest, if any, and

(7) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money (except as otherwise specified pursuant to Section 301 for the Securities of such series) sufficient to pay the Redemption Price of, and accrued interest, if any, on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein (except as otherwise specified pursuant to Section 301 for the Securities of such series) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall, if the same were interest-bearing, cease to bear interest, and except to the extent provided below, shall be void. Upon surrender of any such Security for

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redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest on Securities

whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 308.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) set forth in such Security.

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in part (pursuant to the provisions of this Article or of Article Twelve) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article.

Retirements of Securities of any series pursuant to any sinking fund shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

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SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

Subject to Section 1203, in lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (1) deliver to the Trustee Outstanding Securities of a series (other than any previously called for redemption) theretofore purchased or otherwise acquired by the Company and/or (2) receive credit for the principal amount of Securities of such series which have been previously delivered to the Trustee by the Company or for Securities of such series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of the same series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided,

however, that such Securities have not been previously so credited. Such

Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date, for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash (except as otherwise specified pursuant to Section 301 for the Securities of such series) and the portion thereof, if any, which is to be satisfied by delivering or crediting Securities of that series pursuant to Section 1202 (which Securities will, if not previously delivered, accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate shall be irrevocable and upon its delivery the Company shall be obligated to make the cash payment or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. In the case of the failure of the Company to deliver such certificate, the sinking fund payment due on the next succeeding sinking fund payment date for that series shall be paid entirely in cash and shall be sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 1202 and without the right to make any optional sinking fund payment, if any, with respect to such series.

Not more than 60 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having

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been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

Prior to any sinking fund payment date, the Company shall pay to the Trustee or a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) in cash a sum equal to any interest that will accrue to the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section 1203.

Notwithstanding the foregoing, with respect to a sinking fund for any series of Securities, if at any time the amount of cash to be paid into such sinking fund on the next succeeding sinking fund payment date, together with any unused balance of any preceding sinking fund payment or payments for such series, does not exceed in the aggregate \$100,000, the Trustee, unless requested by the Company, shall not give the next succeeding notice of the redemption of Securities of such series through the operation of the sinking fund. Any such unused balance of moneys deposited in such sinking fund shall be added to the sinking fund payment for such series to be made in cash on the next succeeding sinking fund payment date or, at the written request of the Company, shall be applied at any time or from time to time to the purchase of Securities of such series, by public or private purchase, in the open market or otherwise, at a purchase price for such Securities (excluding accrued interest and brokerage commissions, for which the Trustee or any Paying Agent will be promptly reimbursed by the Company) not in excess of the principal amount thereof.

ARTICLE THIRTEEN

REPAYMENT AT OPTION OF HOLDERS

SECTION 1301. Applicability of Article. -----

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1302. Repayment of Securities. -----

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at a price equal to the principal amount thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying

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Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money (except as otherwise specified pursuant to Section 301 for the Securities of such series) sufficient to pay the principal (or, if so provided by the terms of the Securities of any series, a percentage of the principal) of and (except if the Repayment Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 1303. Exercise of Option.

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire principal amount of such Security is to be repaid in accordance with the terms of such Security, the principal amount of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denominations or denominations of the Security or Securities to be issued to the Holder for the portion of the principal amount of such Security surrendered that is not to be repaid, must be specified. The principal amount of any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

SECTION 1304. When Securities Presented for Repayment Become Due and

Payable.

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all coupons, if any, appertaining thereto maturing after the Repayment Date, the principal amount of such Security so to be repaid shall be paid by the Company, together with accrued

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interest, if any, to the Repayment Date; provided, however, that, in the case of

Securities, installments of interest, if any, whose Stated Maturity is on or
prior to the Repayment Date shall be payable to the Holders of such Securities,
or one or more Predecessor Securities, registered as such at the close of
business on the relevant Record Dates according to their terms and the
provisions of Section 308.

If the principal amount of any Security surrendered for repayment
shall not be so repaid upon surrender thereof, such principal amount (together
with interest, if any, thereon accrued to such Repayment Date) shall, until
paid, bear interest from the Repayment Date at the rate of interest or Yield to
Maturity (in the case of Original Issue Discount Securities) set forth in such
Security.

SECTION 1305. Securities Repaid in Part.

Upon surrender of any Security which is to be repaid in part only, the
Company shall execute and the Trustee shall authenticate and deliver to the
Holder of such Security, without service charge and at the expense of the
Company, a new Security or Securities of the same series, of any authorized
denomination specified by the Holder, in an aggregate principal amount equal to
and in exchange for the portion of the principal of such Security so surrendered
which is not to be repaid.

ARTICLE FOURTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. Company's Option to Effect Defeasance or Covenant

Defeasance.

Except as otherwise specified as contemplated by Section 301 for
Securities of any series, the provisions of this Article Fourteen shall apply to
each series of Securities, and the Company may, at its option, effect defeasance
of the Securities of or within a series under Section 1402, or covenant
defeasance of the Securities of or within a series under Section 1403 in
accordance with the terms of such Securities and in accordance with this
Article.

SECTION 1402. Defeasance and Discharge.

Upon the Company's exercise of the above option applicable to this
Section with respect to any Securities of or within a series, the Company shall
be deemed to have been discharged from its obligations with respect to such
Outstanding Securities on the date the conditions set forth in Section 1404 are
satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means
that the Company shall be deemed to have paid and discharged the entire
indebtedness represented by such Outstanding Securities, which shall thereafter
be deemed to be

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"Outstanding" only for the purposes of Section 1405 and the other Sections of this Indenture referred to in (A) and (B) below, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 305, 306, 307, 1002 and 1003 and with respect to the payment of Additional Amounts, if any, on such Securities as contemplated by Section 1008, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article Fourteen. Subject to compliance with this Article Fourteen, the Company may exercise its option under this Section 1402 notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities.

SECTION 1403. Covenant Defeasance.

Upon the Company's exercise under Section 1401 of the option applicable to this Section 1403 with respect to any Securities of or within a series, the Company shall be released from its obligations under Sections 1006 and 1007, and if specified pursuant to Section 301, its obligations under any other covenant, with respect to such Outstanding Securities on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter, "covenant defeasance"), and such Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "Outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed Outstanding for financial accounting purposes). For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(4) or Section 501(8) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1404. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions to application of either Section 1402 or Section 1403 to any Outstanding Securities of or within a series:

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(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 608 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) an amount of money or (B) Government Obligations applicable to such Securities which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of and premium, if any, and interest, if any, such Securities, money in an amount, or (C) a combination thereof, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and interest, if any, on such Outstanding Securities on the Stated Maturity (or Redemption Date, if applicable) of such principal (and premium, if any) or installment of interest, if any, and (ii) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities; provided that the Trustee shall have been

irrevocably instructed to apply such money or the proceeds of such Government Obligations to said payments with respect to such Securities. Before such a deposit, the Company may give to the Trustee, in accordance with Section 1102 hereof, a notice of its election to redeem all or any portion of such Outstanding Securities at a future date in accordance with the terms of the Securities of such series and Article Eleven hereof, which notice shall be irrevocable. Such irrevocable redemption notice, if given, shall be given effect in applying the foregoing.

(2) No Default or Event of Default with respect to such Securities shall have occurred and be continuing on the date of such deposit or, insofar as paragraphs (6) and (7) of Section 501 are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(3) No event or condition shall exist that would prevent the Company from making payments of the principal of (and premium, if any) or interest on the Securities on the date of such deposit or at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(4) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

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(5) In the case of an election under Section 1402, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of execution of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of an election under Section 1403, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) In the case of an election under either Section 1402 or 1403, the Company shall represent to the Trustee that the deposit made by the Company pursuant to its election under Section 1402 or 1403 was not made by the Company with the intent of preferring the Holders of Securities of any series over other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others.

(8) Notwithstanding any other provisions of this Section, such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations in connection therewith pursuant to Section 301.

(9) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1402 or the covenant defeasance under Section 1403 (as the case may be) have been complied with.

SECTION 1405. Deposited Money and Government Obligations to Be Held

in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1405, the "Trustee") pursuant to Section 1404 in respect of such Outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or

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through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of such Outstanding Securities.

Anything in this Article Fourteen to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 1404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance, as applicable, in accordance with this Article.

SECTION 1406. Reinstatement.

If the Trustee or any Paying Agent is unable to apply any money in accordance with Section 1405 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and such Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 1402 or 1403, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 1405; provided, however, that if the Company makes any payment of

principal of (or premium, if any) or interest, if any, on any such Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed all as of the day and year first above written.

ATMOS ENERGY CORPORATION

By: _____
Name:
Title:

SUNTRUST BANK, ATLANTA, as Trustee

By: _____
Name:
Title:

<PAGE>

EXHIBIT 5.1

December 28, 1999

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240

Re: Atmos Energy Corporation Public Offering

Ladies and Gentlemen:

As counsel for Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), we are familiar with the Company's Registration Statement on Form S-3 (as amended, the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 (as amended, the "Act"), on the date hereof, with respect to the offering and issuance from time to time by the Company of up to \$500,000,000 aggregate offering price of the following: (i) one or more series of its debt securities (the "Debt Securities"), or (ii) shares of its Common Stock, no par value per share (the "Common Stock"). All capitalized terms which are not defined herein shall have the meanings assigned to them in the Registration Statement.

In connection with our examination of documents as hereinafter described, we have assumed the genuineness of all signatures on, and the authenticity of, all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies. With respect to agreements and instruments executed by natural persons, we have assumed the legal competency of such persons.

For the purpose of rendering this opinion, we have made such factual and legal examination as we deemed necessary under the circumstances, and in that connection we have examined, among other things, originals or copies of the following:

<PAGE>

Atmos Energy Corporation
December 28, 1999
Page 2

- (1) The Restated Articles of Incorporation of the Company, as amended to date;
- (2) The Bylaws of the Company, as amended to date;
- (3) The form of Debt Securities Indenture filed as an exhibit to the Registration Statement (as amended or supplemented in accordance with the terms hereof, the "Indenture");
- (4) Such records of the corporate proceedings of the Company, and such other documents that we considered necessary or appropriate for the purpose of rendering this opinion; and
- (5) Such other certificates and assurances from public officials, officers and representatives of the Company that we considered necessary or appropriate for the purpose of rendering this opinion.

On the basis of the foregoing examination, and in reliance thereon, we are of the opinion that (subject to compliance with the pertinent provisions of the Act and, with respect to the Indenture and the Debt Securities, the Trust Indenture Act of 1939, as amended, and to compliance with such securities or "blue sky" laws of any jurisdiction as may be applicable):

1. When (a) the Debt Securities shall have been authorized, executed and authenticated in accordance with the terms of the Indenture, (b) the Indenture shall have been qualified under the Trust Indenture Act of 1939, duly executed and delivered, and (c) the Debt Securities shall have been issued and sold as described in the Registration Statement, and if in an underwritten offering, in accordance with the terms and conditions of the applicable underwriting agreement, and in a manner contemplated in the Registration Statement, including the Prospectus Supplement relating to any such Debt Securities, the Debt Securities will be duly authorized and valid and binding obligations of the Company, subject to the effect of any bankruptcy, insolvency, reorganization, moratorium, arrangement, or similar laws affecting the enforcement of creditors' rights generally (including, without limitation, the effect of statutory or other laws regarding fraudulent transfers or preferential transfers) and general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law.

2. When the Common Stock shall have been authorized, issued and sold within the limits and as described in the Registration Statement, and if in an underwritten offering, in accordance with the terms and conditions of the applicable underwriting agreement, and in a manner contemplated in the Registration Statement, including the Prospectus Supplement relating to the applicable offering of such Common Stock, the Common Stock will be validly issued, fully paid and nonassessable.

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Atmos Energy Corporation
December 28, 1999
Page 3

This opinion is limited to the present laws of the States of Texas and New York, the present federal laws of the United States, and to the present judicial interpretations thereof and to the facts as they presently exist. We express no opinion as to the effect of the laws of the State of Virginia on any such issuance, payment and nonassessability of the Common Stock. We undertake no obligation to advise you as a result of developments occurring after the date hereof or as a result of facts or circumstances brought to our attention after the date hereof.

This opinion may be filed as an exhibit to the Registration Statement. Consent is also given to the reference to this firm under the caption "Legal Matters" in the prospectus contained in the Registration Statement. In giving this consent, we do not admit we are included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the SEC promulgated thereunder.

Very truly yours,

GIBSON, DUNN & CRUTCHER LLP

IFS/SPE

<PAGE>

EXHIBIT 5.2

December 28, 1999

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240

Re: Atmos Energy Corporation Public Offering

Ladies and Gentlemen:

As counsel for Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), we are familiar with the Company's Registration Statement on Form S-3 (as amended, the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 (as amended, the "Act"), on the date hereof, with respect to the offering and issuance from time to time by the Company of up to \$500,000,000 aggregate offering price of the following: (i) one or more series of its debt securities, or (ii) shares of its Common Stock, no par value per share (the "Common Stock"). All capitalized terms which are not defined herein shall have the meanings assigned to them in the Registration Statement.

In connection with our examination of documents as hereinafter described, we have assumed the genuineness of all signatures on, and the authenticity of, all documents submitted to us as originals and the conformity to original documents of all documents submitted to us as copies. With respect to agreements and instruments executed by natural persons, we have assumed the legal competency of such persons.

For the purpose of rendering this opinion, we have made such factual and legal examination as we deemed necessary under the circumstances, and in that connection we have examined, among other things, originals or copies of the following:

- (1) The Restated Articles of Incorporation of the Company, as amended to date;
- (2) The Bylaws of the Company, as amended to date;

<PAGE>

Atmos Energy Corporation
December 28, 1999
Page 2

- (3) Such records of the corporate proceedings of the Company, and such other documents that we considered necessary or appropriate for the purpose of rendering this opinion; and
- (4) Such other certificates and assurances from public officials, officers and representatives of the Company that we considered necessary or appropriate for the purpose of rendering this opinion.

On the basis of the foregoing examination, and in reliance thereon, we are of the opinion that (subject to compliance with the pertinent provisions of the Act, and to compliance with such securities or "blue sky" laws of any jurisdiction as may be applicable):

When the Common Stock shall have been authorized, issued and sold within the limits and as described in the Registration Statement, and if in an underwritten offering, in accordance with the terms and conditions of the applicable underwriting agreement, and in a manner contemplated in the Registration Statement, including the Prospectus Supplement relating to the applicable offering of such Common Stock, the Common Stock will be validly issued, fully paid and nonassessable.

This opinion is limited to the present laws of the State of Virginia, the present federal laws of the United States, and to the present judicial interpretations thereof and to the facts as they presently exist. We express no opinion as to the effect of the laws of the State of Texas on any such issuance, payment and nonassessability of the Common Stock. We undertake no obligation to advise you as a result of developments occurring after the date hereof or as a result of facts or circumstances brought to our attention after the date hereof.

This opinion may be filed as an exhibit to the Registration Statement. Consent is also given to the reference to this firm under the caption "Legal Matters" in the prospectus contained in the Registration Statement. In giving this consent, we do not admit we are included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the SEC promulgated thereunder.

Very truly yours,

HUNTON & WILLIAMS

<PAGE>

EXHIBIT 12.1

Atmos Energy Corporation
 Computation of Ratio of Earnings to Fixed Charges
 (Dollar amounts in Thousands)

<TABLE>
 <CAPTION>

| | Year ended September 30, | | | | |
|---------------------------------------------------------------------------------------------|--------------------------|------------|-----------|-----------|-----------|
| | 1999 | 1998 | 1997 | 1996 | 1995 |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Income from continuing operations before provision for income taxes per statement of income | \$ 27,299 | \$ 87,071 | \$ 38,136 | \$ 64,467 | \$ 45,352 |
| Add: | | | | | |
| Portion of rents representative of the interest factor | 3,520 | 3,050 | 3,507 | 3,237 | 3,058 |
| Interest on debt & amort. of debt expense | 37,063 | 35,579 | 33,595 | 31,677 | 30,186 |
| Income as adjutsed | \$ 67,882 | \$ 125,700 | \$ 75,238 | \$ 99,381 | \$ 78,596 |
| Fixed charges: | | | | | |
| Interest on debt & amort. of debt expense (1) | 37,063 | 35,579 | 33,595 | 31,677 | 30,186 |
| Capitalized interest (2) | 3,724 | 4,132 | 1,570 | 376 | 775 |
| Rents | 10,560 | 9,149 | 10,522 | 9,710 | 9,175 |
| Portion of rents representative of the interest factor (3) | 3,520 | 3,050 | 3,507 | 3,237 | 3,058 |
| Fixed charges (1)+(2)+(3) | \$ 44,307 | \$ 42,761 | \$ 38,672 | \$ 35,290 | \$ 34,019 |
| Ratio of earnings to fixed charges | 1.53 | 2.94 | 1.95 | 2.82 | 2.31 |

</TABLE>

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Exhibit 23.3

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Atmos Energy Corporation for \$500,000,000 of debt securities and common stock and to the incorporation by reference therein of our reports dated November 9, 1999, with respect to the consolidated financial statements of Atmos Energy Corporation incorporated by reference in its Annual Report (Form 10-K) for the year ended September 30, 1999 and the related financial statement schedule included therein, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Dallas, Texas
December 23, 1999

<PAGE>

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1
STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939 OF A CORPORATION
DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) X

SUNTRUST BANK, ATLANTA
(Exact name of trustee as specified in its charter)

58-0466330
(I.R.S. employer identification no.)

25 Park Place, N.E.
Atlanta, Georgia
(Address of principal executive offices)

30303
(Zip Code)

Kristine Prall
SunTrust Bank, Atlanta
25 Park Place, N.E.
24th Floor
Atlanta, Georgia 30303
(404) 588-7296
(Name, address and telephone number of agent for service)

ATMOS ENERGY CORPORATION
(Exact name of obligor as specified in its charter)

Texas and Virginia
(State or other jurisdiction of
incorporation or organization)

75-1743247
(IRS employer
identification no.)

1800 Three Lincoln Centre
5430 IBJ Freeway
Dallas, Texas
(Address of principal executive offices)

75240
(Zip Code)

Debt Securities*
(Title of the indenture securities)

*Applicable to all securities registered pursuant to the delayed offering
registration statement.

<PAGE>

1. General information.

- (a) Name and address of each examining or supervising authority to which it is subject.

Department of Banking and Finance
State of Georgia
Atlanta, Georgia

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia

Federal Deposit Insurance Corporation
Washington, D.C.

- (b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with obligor.

None.

3. Voting Securities of the Trustee.

Not applicable.

4. Trusteeships under Other Indentures.

Not applicable.

5. Interlocking Directorates and Similar Relationships with the Obligor or Underwriters.

Not applicable.

6. Voting Securities of the Trustee Owned by the Obligor or its Officials.

Not applicable.

7. Voting Securities of the Trustee Owned by Underwriters or their Officials.

Not applicable.

<PAGE>

8. Securities of the Obligor Owned or Held by the Trustee.
Not applicable.
9. Securities of Underwriters Owned or held by the Trustee.
Not applicable.
10. Ownership or Holdings by the Trustee of Voting Securities of Certain Affiliates or Security Holders of the Obligor.
Not applicable.
11. Ownership or Holdings by the Trustee of any Securities or a Person Owning 50 Percent or More of the Voting Securities of the Obligor.
Not applicable.
12. Indebtedness of the Obligor to the Trustee.
Not applicable.
13. Defaults by the Obligor.
 - (a) Whether there is or has been a default with respect to the securities under this indenture.

There is not and has not been any such default.
 - (b) If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series of securities under the indenture, state whether there has been a default under any such indenture or series.

There has not been any such default.
14. Affiliations with the Underwriters.
Not applicable.

<PAGE>

15. Foreign Trustee.

Not applicable.

16. List of Exhibits.

The additional exhibits listed below are filed herewith; exhibits, if any, identified in parentheses are on file with the Commission and are incorporated herein by reference as exhibits hereto pursuant to Rule 7a-29 under the Trust Indenture Act of 1939, as amended, and Rule 24 of the Commission's Rules of Practice.

Exhibit
Number

- 1 A copy of the Articles of Amendment and Restated Articles of Incorporation as now in effect. (Exhibit 1 to Form T-1, Registration No. 333-25463.)
- 2 A copy of the certificate of authority of the Trustee to commence business. (Included in Exhibit 1.)
- 3 A copy of the authorization of the Trustee to exercise trust powers. (Included in Exhibit 1.)
- 4 By-laws of the Trustee. (Included in Exhibit 4 to Form T-1, Registration No. 333-25463.)
- 5 Not applicable.
- 6 Consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939, as amended.
- 7 Latest report of condition of the Trustee published pursuant to law or the requirements of its supervising or examining authority as of the close of business on September 30, 1999.
- 8 Not applicable.
- 9 Not applicable.

<PAGE>

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the trustee, SunTrust Bank, Atlanta, a banking corporation organized and existing under the laws of the State of Georgia, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Atlanta and the State of Georgia, on the 28th of December, 1999.

SUNTRUST BANK, ATLANTA

By: /s/ Kristine Prall

Trust Officer

<PAGE>

EXHIBIT 6 TO FORM T-1

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939 in connection with the proposed issuance of Atmos Energy Corporation Debt Securities to be issued under the Indenture, SunTrust Bank, Atlanta hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

SUNTRUST BANK, ATLANTA

By: /s/ Kristine Prall

Trust Officer

[[1]]FINEDG:[27944.EX25_1]00007.PIP
[[1]]ATMOS ENERGY

EDGAR only
PROSPECTUS

R.R. Donnelley

EDG: 27-DEC-1999 16:35
(214) 521-4767

BLK: 00-000-0000 00:00
FM BRP V3.0

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EXHIBIT 7 FORM T-1
LATEST REPORT OF CONDITION
OF
SUNTRUST BANK, ATLANTA

<PAGE>

SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Income
for the period
January 1, 1999 - September 30, 1999

Consolidated Report of Income
for the Period January 1, 1999 - September 30, 1999

All Report of Income schedules are to be reported on a calendar year-to-date basis in thousands of dollars.

Schedule RI - Income Statement

<TABLE>
<CAPTION>

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|------------|--------------------------------------------------------------------------------------------------------------|---------|
| 1. | Interest income: | |
| 1.a. | Interest and fee income on loans: | |
| 1.a.1. | In domestic offices: | |
| 1.a.1.a. | Loans secured by real estate | 170,688 |
| 1.a.1.b. | Loans to depository institutions | 8,093 |
| 1.a.1.c. | Loans to finance agricultural production and other loans to farmers | 1,550 |
| 1.a.1.d. | Commercial and industrial loans | 387,212 |
| 1.a.1.e. | Acceptances of other banks | 0 |
| 1.a.1.f. | Loans to individuals for household, family, and other personal expenditures: | |
| 1.a.1.f.1. | Credit cards and related plans | 2,031 |
| 1.a.1.f.2. | Other | 52,329 |
| 1.a.1.g. | Loans to foreign governments and official institutions | 633 |
| 1.a.1.h. | Obligations (other than securities and leases) of states and political subdivisions in the U.S.: | |
| 1.a.1.h.1. | Taxable obligations | 1,439 |
| 1.a.1.h.2. | Tax-exempt obligations | 1,906 |
| 1.a.1.i. | All other loans in domestic offices | 25,833 |
| 1.a.2. | In foreign offices, Edge and Agreement subsidiaries, and IBFs | 732 |
| 1.b. | Income from lease financing receivables: | |
| 1.b.1. | Taxable leases | 25,437 |
| 1.b.2. | Tax-exempt leases | 0 |
| 1.c. | Interest income on balances due from depository institutions: | |
| 1.c.1. | In domestic offices | 187 |
| 1.c.2. | In foreign offices, Edge and Agreement subsidiaries, and IBFs | 286 |
| 1.d. | Interest and dividend income on securities: | |
| 1.d.1. | U.S. Treasury securities and U.S. Government agency obligations (including mortgage-backed securities issued | 65,956 |

</TABLE>

<PAGE>

<TABLE>

| <S> | <C> | <C> |
|------------|------------------------------------------------------------------------------------------------------------------------|--------------|
| 1.d.2. | or guaranteed by FNMA, FHLMC, or GNMA) Securities issued by states and political subdivisions in the U.S.: | |
| 1.d.2.a. | Taxable securities | 547 |
| 1.d.2.b. | Tax-exempt securities | 3,071 |
| 1.d.3. | Other domestic debt securities (including mortgage-backed securities not issued or guaranteed by FNMA, FHLMC, or GNMA) | 782 |
| 1.d.4. | Foreign debt securities | 0 |
| 1.d.5. | Equity securities (including investments in mutual funds) | 14,403 |
| 1.e. | Interest income from trading assets | 104 |
| 1.f. | Interest income on federal funds sold and securities purchased under agreements to resell | 64,660 |
| 1.g. | Total interest income (sum of items 1.a through 1.f) | 827,879 |
| 2. | Interest expense: | Year-to-date |
| 2.a. | Interest on deposits: | |
| 2.a.1. | Interest on deposits in domestic offices: | |
| 2.a.1.a. | Transaction accounts (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) | 6,310 |
| 2.a.1.b. | Nontransaction accounts: | |
| 2.a.1.b.1. | Money market deposit accounts (MMDAs) | 59,267 |
| 2.a.1.b.2. | Other savings deposits | 2,325 |
| 2.a.1.b.3. | Time deposits of \$100,000 or more | 7,685 |
| 2.a.1.b.4. | Time deposits of less than \$100,000 | 21,096 |
| 2.a.2. | Interest on deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs | 139,433 |
| 2.b. | Expense of federal funds purchased and securities sold under agreements to repurchase | 164,320 |
| 2.c. | Interest on demand notes issued to the U.S. Treasury, trading liabilities, and other borrowed money | 15,099 |
| 2.d. | Not applicable | |
| 2.e. | Interest on subordinated notes and debentures | 10,138 |
| 2.f. | Total interest expense (sum of items 2.a through 2.e) | 425,673 |
| 3. | Net interest income (item 1.g minus 2.f) | 402,206 |
| 4. | Provisions: | |
| 4.a. | Provision for credit losses | 10,263 |
| 4.b. | Provision for allocated transfer risk | 0 |
| 5. | Noninterest income: | |
| 5.a. | Income from fiduciary activities | 94,857 |
| 5.b. | Service charges on deposit accounts in domestic offices | 48,641 |
| 5.c. | Trading revenue (must equal Schedule RI, sum of Memorandum items 8.a through 8.d) | 0 |
| 5.d.-e. | Not applicable | |

</TABLE>

<PAGE>

<TABLE>

| (S) | (C) | (C) |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 5.f. | Other noninterest income: | |
| 5.f.1. | Other fee income | 83,021 |
| 5.f.2. | All other noninterest income | 12,041 |
| 5.g. | Total noninterest income (sum of items 5.a through 5.f) | 238,560 |
| 6.a. | Realized gains (losses) on held-to-maturity securities | 0 |
| 6.b. | Realized gains (losses) on available-for-sale securities | 1,796 |
| 7. | Noninterest expense: | |
| 7.a. | Salaries and employee benefits | 120,781 |
| 7.b. | Expenses of premises and fixed assets (net of rental income) (excluding salaries and employment benefits and mortgage interest) | 25,713 |
| 7.c. | Other noninterest expense | 196,315 |
| 7.d. | Total noninterest expense (sum of 7.a Through 7.c) | 342,809 |
| 8. | Income (loss) before income taxes and extraordinary items and other adjustments (item 3 plus or minus items 4.a, 4.b, 5.g, 6.a, 6.b, and 7.d) | 289,490 |
| 9. | Applicable income taxes (on item 8) | 101,187 |
| 10. | Income (loss) before extraordinary items and other adjustments (item 8 minus 9) | 188,303 |
| 11. | Extraordinary items and other adjustments, net of income taxes | 0 |
| 12. | Net income (loss) (sum of items 10 and 11) | 188,303 |

<CAPTION>

 Memoranda

| Dollar Amounts in Thousands | (C) | Year-to-date |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <S> | <C> | <C> |
| 1. | Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes | 805 |
| 2. | Income from the sale and servicing of mutual funds and annuities in domestic offices (included in Schedule RI, item 8) | 8,640 |
| 3.-4. | Not applicable | |
| 5. | Number of full-time equivalent employees at end of current period (round to the nearest whole number) | Number 2,974 |
| 6. | Not applicable | |
| 7. | If the reporting bank has restated its balance sheet as a result of applying push down accounting this calendar year, report the date of the bank's acquisition (For example, a bank acquired on June 1, 1998, would report 19980601.) | 0 |
| 8. | Trading revenue (from cash instruments and off-balance | |

</TABLE>

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<TABLE>
<S>

| | <C> | <C> |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------|
| | sheet derivative instruments) (sum of Memorandum items 8.a through 8.d must equal Schedule RI, item 5.c): | |
| 8.a. | Interest rate exposures | 0 |
| 8.b. | Foreign exchange exposures | 0 |
| 8.c. | Equity security and index exposures | 0 |
| 8.d. | Commodity and other exposures | 0 |
| 9. | Impact on income of off-balance sheet derivatives held for purposes other than trading: | |
| 9.a. | Net increase (decrease) to interest income | -2,978 |
| 9.b. | Net (increase) decrease to interest expense | 5,985 |
| 9.c. | Other (noninterest) allocations | 0 |
| 10. | Credit losses on off-balance sheet derivatives (see instructions) | 0 |
| | | YES/NO |
| 11. | Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year? | No |
| 12. | Deferred portion of total applicable income taxes included in Schedule RI, items 9 and 11 (to be reported with the December Report of Income) | N/A |

</TABLE>

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FFIEC 031
Consolidated Report of Income
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Schedule RI-A--Changes in Equity Capital

Indicate decreases and losses in parentheses.

<TABLE>

| (S) | (C) |
|----------------------------------------------------------------------------------------------------------------|-----------|
| 1. Total equity capital originally reported in the December 31, 1998, Reports of Condition and Income | 2,365,068 |
| 2. Equity capital adjustments from amended Reports of Income, net | 0 |
| 3. Amended balance end of previous calendar year (sum of items 1 and 2) | 2,365,068 |
| 4. Net income (loss) (must equal Schedule RI, item 12) | 188,303 |
| 5. Sale, conversion, acquisition, or retirement of capital stock, net | 0 |
| 6. Changes incident to business combinations, net | 0 |
| 7. LESS: Cash dividends declared on preferred stock | 0 |
| 8. LESS: Cash dividends declared on common stock | 63,750 |
| 9. Cumulative effect of changes in accounting principles from prior years (see instructions for this schedule) | 0 |
| 10. Corrections of material accounting errors from prior years (see instructions for this schedule) | 0 |
| 11.a. Change in net unrealized holding gains (losses) on available-for-sale securities | -305,771 |
| 11.b. Change in accumulated net gains (losses) on cash flow hedges. | 0 |
| 12. Foreign currency translation adjustments | 0 |
| 13. Other transactions with parent holding company (not included in items 5, 7, or 8 above) | 0 |
| 14. Total equity capital end of current period (sum of items 3 through 13) (must equal Schedule RC, item 28) | 2,183,850 |

</TABLE>

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Schedule RI-B--Charge-offs and Recoveries on Loans and Leases
and Changes in Allowance for Credit Losses

Part I. Charge-offs and Recoveries on Loans and Leases

Part I excludes charge-offs and recoveries through (Column A) (Column B)
the allocated transfer risk reserve. Charge-offs Recoveries
Calendar-year-to-date

Dollar Amounts in Thousands

| | | | |
|------|---------------------------------------------------------------------------------|--------|-------|
| 1. | Loans secured by real estate: | | |
| 1.a. | To U.S. addressees (domicile) | 29 | 98 |
| 1.b. | To non-U.S. addressees (domicile) | 0 | 0 |
| 2. | Loans to depository institutions and acceptances of other banks: | | |
| 2.a. | To U.S. banks and other U.S. depository institutions | 0 | 0 |
| 2.b. | To foreign banks | 0 | 0 |
| 3. | Loans to finance agricultural production and other loans to farmers | 0 | 0 |
| 4. | Commercial and industrial loans: | | |
| 4.a. | To U.S. addressees (domicile) | 19,277 | 2,392 |
| 4.b. | To non-U.S. addressees (domicile) | 97 | 14 |
| 5. | Loans to individuals for household, family, and other personal expenditures: | | |
| 5.a. | Credit cards and related plans | 486 | 242 |
| 5.b. | Other (includes single payment, installment, and all student loans) | 2,780 | 2,384 |
| 6. | Loans to foreign governments and official institutions | 0 | 0 |
| 7. | All other loans | 895 | 319 |
| 8. | Lease financing receivables: | | |
| 8.a. | Of U.S. addressees (domicile) | 400 | 198 |
| 8.b. | Of non-U.S. addressees (domicile) | 0 | 0 |
| 9. | Total (sum of items 1 through 8) | 23,964 | 5,647 |

<PAGE>

Memoranda

| | | (Column A) Charge-offs Calendar-year-to-date | (Column B) Recoveries |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------|
| Dollar Amounts in Thousands | | | |
| 1.-3. | Not applicable | | |
| 4. | Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RI-B, part I, items 4 and 7, above | 0 | |
| 5. | Loans secured by real estate in domestic offices (included in Schedule RI-B, part I, item 1, above): | | |
| 5.a. | Construction and land development | 0 | |
| 5.b. | Secured by farmland | 0 | |
| 5.c. | Secured by 1-4 family residential properties: | | |
| 5.c.1. | Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit | 0 | |
| 5.c.2. | All other loans secured by 1-4 family residential properties | 25 | 5 |
| 5.d. | Secured by multifamily (5 or more) residential properties | 0 | |
| 5.e. | Secured by nonfarm nonresidential properties | 4 | 4 |

Part II. Changes in Allowance for Credit Losses
Dollar Amounts in Thousands

| | | | |
|----|-------------------------------------------------------------------------------------------------------|---------|--|
| 1. | Balance originally reported in the December 31, 1998, Reports of Condition and Income | 138,028 | |
| 2. | Recoveries (must equal or exceed part I, item 9, column B above) | 5,647 | |
| 3. | LESS: Charge-offs (must equal or exceed part I, item 9, column A above) | 23,964 | |
| 4. | Provision for credit losses (must equal Schedule RI, item 4.a) | 10,263 | |
| 5. | Adjustments (see instructions for this schedule) | 0 | |
| 6. | Balance end of current period (sum of items 1 through 5) (must equal or exceed Schedule RC, item 4.b) | 129,974 | |

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Schedule RI-D--Income from International Operations

For all banks with foreign offices, Edge or Agreement subsidiaries, or IBFs where international operations account for more than 10 percent of total revenues, total assets, or net income.

Part I. Estimated Income from International Operations

<TABLE>

<CAPTION>

| | | Dollar Amounts in Thousands | Year-to-date |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------------|
| <S> | <C> | | <C> |
| 1. | Interest income and expense booked at foreign offices, Edge and Agreement subsidiaries, and IBFs: | | |
| 1.a. | Interest income booked | | 0 |
| 1.b. | Interest expense booked | | 0 |
| 1.c. | Net interest income booked at foreign offices, Edge and Agreement subsidiaries, and IBFs (item 1.a minus 1.b) | | 0 |
| 2. | Adjustments for booking location of international operations: | | |
| 2.a. | Net interest income attributable to international operations booked at domestic offices | | 0 |
| 2.b. | Net interest income attributable to domestic business booked at foreign offices | | 0 |
| 2.c. | Net booking location adjustment (item 2.a minus 2.b) | | 0 |
| 3. | Noninterest income and expense attributable to international operations: | | |
| 3.a. | Noninterest income attributable to international operations | | 0 |
| 3.b. | Provision for loan and lease losses attributable to international operations | | 0 |
| 3.c. | Other noninterest expense attributable to international operations | | 0 |
| 3.d. | Net noninterest income (expense) attributable to international operations (item 3.a minus 3.b and 3.c) | | 0 |
| 4. | Estimated pretax income attributable to international operations before capital allocation adjustment (sum of items 1.c, 2.c, and 3.d) | | 0 |
| 5. | Adjustment to pretax income for internal allocations to international operations to reflect the effects of equity capital on overall bank funding costs | | 0 |
| 6. | Estimated pretax income attributable to international operations after capital allocation adjustment (sum of items 4 and 5) | | 0 |
| 7. | Income taxes attributable to income from international operations as estimated in item 6 | | 0 |

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| | | |
|-----|-----------------------------------------------------------------------------------|-----|
| <S> | <C> | <C> |
| 8. | Estimated net income attributable to international operations (item 6 minus 7) | 0 |

<CAPTION>
Memoranda

Dollar Amounts in Thousands

| | | |
|-----|---------------------------------------------------------|-----|
| <S> | <C> | <C> |
| 1. | Intracompany interest income included in item 1.a above | 0 |
| 2. | Intracompany interest expense included in 1.b above | 0 |

<CAPTION>

Part II. Supplementary Details on Income from International Operations Required
by the Departments of Commerce and Treasury for Purposes of the U.S.
International Accounts and the U.S. National Income and Product Accounts
Year-to-date

Dollar Amounts in Thousands

| | | |
|------|-----------------------------------------------------------------------------------------------------------------------------|-----|
| <S> | <C> | <C> |
| 1. | Interest income booked at IBFs | 0 |
| 2. | Interest expense booked at IBFs | 0 |
| 3. | Noninterest income attributable to international operations booked at domestic offices (excluding IBFs): | |
| 3.a. | Gains (losses) and extraordinary items | 0 |
| 3.b. | Fees and other noninterest income | 0 |
| 4. | Provision for loan and lease losses attributable to international operations booked at domestic offices (excluding IBFs) | 0 |
| 5. | Other noninterest expense attributable to international operations booked at domestic offices (excluding IBFs) | 0 |

</TABLE>

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Schedule RI-E--Explanations

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

<TABLE>
<CAPTION>

| Dollar Amounts in Thousands | | Year-to-date |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| (S) | (C) | (C) |
| 1. | All other noninterest income (from Schedule RI, item 5.f.(2)) Report amounts that exceed 10% of Schedule RI, item 5.f.(2): | |
| 1.a. | Net gains (losses) on other real estate owned | 0 |
| 1.b. | Net gains (losses) on sales of loans | 1,308 |
| 1.c. | Net gains (losses) on sales of premises and fixed assets Itemize and describe the three largest other amounts that exceed 10% of Schedule RI, item 5.f.(2): | 0 |
| 1.d. | FOREIGN EXCHANGE - GAIN/LOSS | 4,662 |
| 1.e. | OTHER INCOME | 1,995 |
| 1.f. | SALE OF CUSTOMER CHECK | 1,755 |
| 2. | Other noninterest expense (from Schedule RI, item 7.c): | |
| 2.a. | Amortization expense of intangible assets Report amounts that exceed 10% of Schedule RI, item 7.c: | 494 |
| 2.b. | Net (gains) losses on other real estate owned | 0 |
| 2.c. | Net (gains) losses on sales of loans | 0 |
| 2.d. | Net (gains) losses on sales of premises and fixed assets Itemize and describe the three largest other amounts that exceed 10% of Schedule RI, item 7.c: | 0 |
| 2.e. | I/C DATA PROCESSING FEE | 66,595 |
| 2.f. | I/C OTHER SERVICE EXPENSE - NB NI ST | 26,213 |
| 2.g. | | 0 |
| 3. | Extraordinary items and other adjustments and applicable income tax effect (from Schedule RI, item 11) (itemize and describe all extraordinary items and other adjustments): | |
| 3.a.1. | | 0 |
| 3.a.2. | Applicable income tax effect | 0 |
| 3.b.1. | | 0 |

</TABLE>

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| (S) | (C) | (C) |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 3.b.2. | Applicable income tax effect | 0 |
| 3.c.1. | | 0 |
| 3.c.2. | Applicable income tax effect | 0 |
| 4. | Equity capital adjustments from amended Reports of Income (from Schedule RI-A, item 2) (itemize and describe all adjustments): | |
| 4.a. | | 0 |
| 4.b. | | 0 |
| 5. | Cumulative effect of changes in accounting principles from prior years (from Schedule RI-A, item 9) (itemize and describe all changes in accounting principles): | |
| 5.a. | | 0 |
| 5.b. | | 0 |
| 6. | Corrections of material accounting errors from prior years (from Schedule RI-A, item 10) (itemize and describe all corrections): | |
| 6.a. | | 0 |
| 6.b. | | 0 |
| 7. | Other transactions with parent holding company (from Schedule RI-A, item 13) (itemize and describe all such transactions): | |
| 7.a. | | 0 |
| 7.b. | | 0 |
| 8. | Adjustments to allowance for credit losses (from Schedule RI-B, part II, item 5) (itemize and describe all adjustments): | |
| 8.a. | | 0 |
| 8.b. | | 0 |
| 9. | Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income): No Comment | |

</TABLE>

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Consolidated Report of Condition for Insured Commercial and State-Chartered
Savings Banks for September 30, 1999

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

<TABLE>
<CAPTION>
Schedule RC--Balance Sheet

Dollar Amounts in Thousands

| ASSETS | | |
|-------------|-----------------------------------------------------------------------------------------------|------------|
| <S> | <C> | <C> |
| 1. | Cash and balances due from depository institutions (from Schedule RC-A): | |
| 1.a. | Noninterest-bearing balances and currency and coin | 838,892 |
| 1.b. | Interest-bearing balances | 30,562 |
| 2. | Securities: | |
| 2.a. | Held-to-maturity securities (from Schedule RC-B, column A) | 0 |
| 2.b. | Available-for-sale securities (from Schedule RC-B, column D) | 3,107,743 |
| 3. | Federal funds sold and securities purchased under agreements to resell | 2,393,095 |
| 4. | Loans and lease financing receivables: | |
| 4.a. | Loans and leases, net of unearned income (from Schedule RC-C) | 13,691,817 |
| 4.b. | LESS: Allowance for loan and lease losses | 129,974 |
| 4.c. | LESS: Allocated transfer risk reserve | 0 |
| 4.d. | Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c) | 13,561,843 |
| 5. | Trading assets (from Schedule RC-D) | 49,674 |
| 6. | Premises and fixed assets (including capitalized leases) | 102,129 |
| 7. | Other real estate owned (from Schedule RC-M) | 760 |
| 8. | Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M) | 12,664 |
| 9. | Customers' liability to this bank on acceptances outstanding | 348,157 |
| 10. | Intangible assets (from Schedule RC-M) | 13,827 |
| 11. | Other assets (from Schedule RC-F) | 241,646 |
| 12. | Total assets (sum of items 1 through 11) | 20,700,992 |
| LIABILITIES | | |
| 13. | Deposits: | |
| 13.a. | In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I) | 7,116,915 |

</TABLE>

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<TABLE>

| (S) | (C) | (C) |
|---------|----------------------------------------------------------------------------------------------------|------------|
| 13.a.1. | Noninterest-bearing | 2,911,893 |
| 13.a.2. | Interest-bearing | 4,205,022 |
| 13.b. | In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II) | 4,501,562 |
| 13.b.1. | Noninterest-bearing | 0 |
| 13.b.2. | Interest-bearing | 4,501,562 |
| 14. | Federal funds purchased and securities sold under agreements to repurchase | 4,059,794 |
| 15.a. | Demand notes issued to the U.S. Treasury | 0 |
| 15.b. | Trading liabilities (from Schedule RC-D) | 0 |
| 16. | Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases): | |
| 16.a. | With a remaining maturity of one year or less | 168,710 |
| 16.b. | With a remaining maturity of more than one year through three years | 250,000 |
| 16.c. | With a remaining maturity of more than three years | 752,689 |
| 17. | Not applicable | |
| 18. | Bank's liability on acceptances executed and outstanding | 348,157 |
| 19. | Subordinated notes and debentures | 250,000 |
| 20. | Other liabilities (from Schedule RC-G) | 1,069,315 |
| 21. | Total liabilities (sum of lines 13 through 20) | 18,517,142 |
| 22. | Not applicable | |

EQUITY CAPITAL

| | | |
|-------|---------------------------------------------------------------------------|------------|
| 23. | Perpetual preferred stock and related surplus | 0 |
| 24. | Common stock | 21,601 |
| 25. | Surplus (exclude all surplus related to preferred stock) | 703,406 |
| 26.a. | Undivided profits and capital reserves | 723,440 |
| 26.b. | Net unrealized holding gains (losses) on available-for-sale securities | 735,403 |
| 26.c. | Accumulated net gains (losses) on cash flow hedges | 0 |
| 27. | Cumulative foreign currency translation adjustments | 0 |
| 28. | Total equity capital (sum of items 23 through 27) | 2,183,850 |
| 29. | Total liabilities and equity capital (sum of items 21 and 28) | 20,700,992 |

</TABLE>

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<TABLE>

<CAPTION>

Memorandum

To be reported only with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below N/A that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1998

Number

N/A

<S>

- 1- Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2- Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3- Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)

<C>

- 4- Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
5- Review of the bank's financial statements by external auditors
6- Compilation of the bank's financial statements by external auditors
7- Other audit procedures (excluding tax preparation work)
8- No external audit work

</TABLE>

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Schedule RC-A--Cash and Balances Due From Depository Institutions
Exclude assets held for trading.

<TABLE>
<CAPTION>

| | | (Column A) Consolida ted Bank | (Column B) Domestic Offices |
|-----------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|
| Dollar Amounts in Thousands | | | |
| <S> | <C> | <C> | <C> |
| 1. | Cash items in process of collection, unposted debits, and currency and coin: | 704,759 | |
| 1.a. | Cash items in process of collection and unposted debits | | 576,040 |
| 1.b. | Currency and coin | | 128,719 |
| 2. | Balances due from depository institutions in the U.S.: | | 47,228 |
| 2.a. | U.S. branches and agencies of foreign banks (including their IBFs) | 0 | |
| 2.b. | Other commercial banks in the U.S. and other depository institutions in the U.S. (including their IBFs) | 47,228 | |
| 3. | Balances due from banks in foreign countries and foreign central banks: | | 32,650 |
| 3.a. | Foreign branches of other U.S. banks | 0 | |
| 3.b. | Other banks in foreign countries and foreign central banks | 32,650 | |
| 4. | Balances due from Federal Reserve Banks | 84,817 | 84,817 |
| 5. | Total (sum of items 1 through 4) (total of column A must equal Schedule RC, sum of items 1.a and 1.b) | 869,454 | 869,454 |

Memorandum

| | | Dollar Amounts in Thousands | |
|----|---------------------------------------------------------------------------------------------------------|-----------------------------|--------|
| 1. | Noninterest-bearing balances due from commercial banks in the U.S. (included in item 2, column B above) | | 42,086 |

</TABLE>

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 Consolidated Report of Condition
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 Schedule RC-B--Securities

Exclude assets held for trading.

<TABLE>
 <CAPTION>

| <S> | Dollar Amounts in Thousands <C> | Held-to-maturity (Column A) | | Available-for-sale (Column C) | |
|--------|-------------------------------------------------------------------------------------|--------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | Amortized Cost <C> | (Column B) Fair Value <C> | Amortized Cost <C> | (Column D) Fair Value <C> |
| 1. | U.S. Treasury securities | 0 | 0 | 47,887 | 48,718 |
| 2. | U.S. Government agency obligations (exclude mortgage-backed securities): | | | | |
| 2.a. | Issued by U.S. Government agencies | 0 | 0 | 0 | 0 |
| 2.b. | Issued by U.S. Government-sponsored agencies | 0 | 0 | 307,840 | 301,584 |
| 3. | Securities issued by states and political subdivisions in the U.S.: | | | | |
| 3.a. | General obligations | 0 | 0 | 48,267 | 50,756 |
| 3.b. | Revenue obligations | 0 | 0 | 11,457 | 11,880 |
| 3.c. | Industrial development and similar obligations | 0 | 0 | 0 | 0 |
| 4. | Mortgage-backed securities (MBS): | | | | |
| 4.a. | Pass-through securities: | | | | |
| 4.a.1. | Guaranteed by GNMA | 0 | 0 | 68,317 | 68,317 |
| 4.a.2. | Issued by FNMA and FHLMC | 0 | 0 | 113,526 | 114,899 |
| 4.a.3. | Other pass-through securities | 0 | 0 | 0 | 0 |
| 4.b. | Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS): | | | | |
| 4.b.1. | Issued or guaranteed by | 0 | 0 | 991,770 | 973,624 |

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SunTrust Bank, Atlanta
 1 PARK PLACE, N.E.
 ATLANTA, GA 30303
 Certificate Number: 867

FFIEC 031
 Consolidated Report of Income
 for the period
 January 1, 1999 - September 30, 1999

 Schedule RI-E--Explanations

Schedule RI-E is to be completed each quarter on a calendar year-to-date basis.

Detail all adjustments in Schedule RI-A and RI-B, all extraordinary items and other adjustments in Schedule RI, and all significant items of other noninterest income and other noninterest expense in Schedule RI. (See instructions for details.)

<TABLE>
 <CAPTION>

| Dollar Amounts in Thousands | | Year-to-date |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| (S) | (C) | (C) |
| 1. | All other noninterest income (from Schedule RI, item 5.f.(2)) Report amounts that exceed 10% of Schedule RI, item 5.f.(2): | |
| 1.a. | Net gains (losses) on other real estate owned | 0 |
| 1.b. | Net gains (losses) on sales of loans | 1,308 |
| 1.c. | Net gains (losses) on sales of premises and fixed assets Itemize and describe the three largest other amounts that exceed 10% of Schedule RI, item 5.f.(2): | 0 |
| 1.d. | FOREIGN EXCHANGE - GAIN/LOSS | 4,662 |
| 1.e. | OTHER INCOME | 1,995 |
| 1.f. | SALE OF CUSTOMER CHECK | 1,755 |
| 2. | Other noninterest expense (from Schedule RI, item 7.c): | |
| 2.a. | Amortization expense of intangible assets Report amounts that exceed 10% of Schedule RI, item 7.c: | 494 |
| 2.b. | Net (gains) losses on other real estate owned | 0 |
| 2.c. | Net (gains) losses on sales of loans | 0 |
| 2.d. | Net (gains) losses on sales of premises and fixed assets Itemize and describe the three largest other amounts that exceed 10% of Schedule RI, item 7.c: | 0 |
| 2.e. | I/C DATA PROCESSING FEE | 66,595 |
| 2.f. | I/C OTHER SERVICE EXPENSE - NB NY ST | 26,213 |
| 2.g. | | 0 |
| 3. | Extraordinary items and other adjustments applicable income tax effect (from Schedule RI, item 11) (itemize and describe all extraordinary items and other adjustments): | |
| 3.a.1. | | 0 |
| 3.a.2. | Applicable income tax effect | 0 |
| 3.b.1. | | 0 |

</TABLE>

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<TABLE>

| (S) | (C) | (C) |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 3.b.2. | Applicable income tax effect | 0 |
| 3.c.1. | | 0 |
| 3.c.2. | Applicable income tax effect | 0 |
| 4. | Equity capital adjustments from amended Reports of Income (from Schedule RI-A, item 2) (itemize and describe all adjustments): | |
| 4.a. | | 0 |
| 4.b. | | 0 |
| 5. | Cumulative effect of changes in accounting principles from prior years (from Schedule RI-A, item 9) (itemize and describe all changes in accounting principles): | |
| 5.a. | | 0 |
| 5.b. | | 0 |
| 6. | Corrections of material accounting errors from prior years (from Schedule RI-A, item 10) (itemize and describe all corrections): | |
| 6.a. | | 0 |
| 6.b. | | 0 |
| 7. | Other transactions with parent holding company (from Schedule RI-A, item 13) (itemize and describe all such transactions): | |
| 7.a. | | 0 |
| 7.b. | | 0 |
| 8. | Adjustments to allowance for credit losses (from Schedule RI-B, part II, item 5) (itemize and describe all adjustments): | |
| 8.a. | | 0 |
| 8.b. | | 0 |
| 9. | Other explanations (the space below is provided for the bank to briefly describe, at its option, any other significant items affecting the Report of Income): No Comment | |

</TABLE>

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SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Consolidated Report of Condition for Insured Commercial and State-Chartered
Savings Banks for September 30, 1999

All schedules are to be reported in thousands of dollars. Unless otherwise
indicated, report the amount outstanding as of the last business day of the
quarter.

<TABLE>
<CAPTION>
Schedule RC--Balance Sheet

Dollar Amounts in Thousands

| ASSETS | | |
|-------------|--------------------------------------------------------------------------------------------------|------------|
| <S> | <C> | <C> |
| 1. | Cash and balances due from depository institutions (from Schedule RC-A): | |
| 1.a. | Noninterest-bearing balances and currency and coin | 838,892 |
| 1.b. | Interest-bearing balances | 30,562 |
| 2. | Securities: | |
| 2.a. | Held-to-maturity securities (from Schedule RC-B, column A) | 0 |
| 2.b. | Available-for-sale securities (from Schedule RC-B, column D) | 3,107,743 |
| 3. | Federal funds sold and securities purchased under agreements to resell | 2,393,095 |
| 4. | Loans and lease financing receivables: | |
| 4.a. | Loans and leases, net of unearned income (from Schedule RC-C) | 13,691,817 |
| 4.b. | LESS: Allowance for loan and lease losses | 129,974 |
| 4.c. | LESS: Allocated transfer risk reserve | 0 |
| 4.d. | Loans and leases, net of unearned income, allowance, and reserve (item 4.a minus 4.b and 4.c) | 13,561,843 |
| 5. | Trading assets (from Schedule RC-D) | 49,674 |
| 6. | Premises and fixed assets (including capitalized leases) | 102,129 |
| 7. | Other real estate owned (from Schedule RC-M) | 760 |
| 8. | Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M) | 12,664 |
| 9. | Customers' liability to this bank on acceptances outstanding | 348,157 |
| 10. | Intangible assets (from Schedule RC-M) | 13,827 |
| 11. | Other assets (from Schedule RC-F) | 241,646 |
| 12. | Total assets (sum of items 1 through 11) | 20,700,992 |
| LIABILITIES | | |
| 13. | Deposits: | |
| 13.a. | In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I) | 7,116,915 |

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| <S> | <C> | <C> |
|----------------|----------------------------------------------------------------------------------------------------|------------|
| 13.a.1. | Noninterest-bearing | 2,911,893 |
| 13.a.2. | Interest-bearing | 4,205,022 |
| 13.b. | In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II) | 4,501,562 |
| 13.b.1. | Noninterest-bearing | 0 |
| 13.b.2. | Interest-bearing | 4,501,562 |
| 14. | Federal funds purchased and securities sold under agreements to repurchase | 4,059,794 |
| 15.a. | Demand notes issued to the U.S. Treasury | 0 |
| 15.b. | Trading liabilities (from Schedule RC-D) | 0 |
| 16. | Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases): | |
| 16.a. | With a remaining maturity of one year or less | 168,710 |
| 16.b. | With a remaining maturity of more than one year through three years | 250,000 |
| 16.c. | With a remaining maturity of more than three years | 752,689 |
| 17. | Not applicable | |
| 18. | Bank's liability on acceptances executed and outstanding | 348,157 |
| 19. | Subordinated notes and debentures | 250,000 |
| 20. | Other liabilities (from Schedule RC-G) | 1,069,315 |
| 21. | Total liabilities (sum of lines 13 through 20) | 18,517,142 |
| 22. | Not applicable | |
| EQUITY CAPITAL | | |
| 23. | Perpetual preferred stock and related surplus | 0 |
| 24. | Common stock | 21,601 |
| 25. | Surplus (exclude all surplus related to preferred stock) | 703,406 |
| 26.a. | Undivided profits and capital reserves | 723,440 |
| 26.b. | Net unrealized holding gains (losses) on available-for-sale securities | 735,403 |
| 26.c. | Accumulated net gains (losses) on cash flow hedges | 0 |
| 27. | Cumulative foreign currency translation adjustments | 0 |
| 28. | Total equity capital (sum of items 23 through 27) | 2,183,850 |
| 29. | Total liabilities and equity capital (sum of items 21 and 28) | 20,700,992 |

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Memorandum

To be reported only with the March Report of Condition.

Number

1. Indicate in the box at the right the number of the statement below N/A that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1998

N/A

<S>

<C>

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| 1- Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank | 4- Directors' examination of the bank performed by other external auditors (may be required by state chartering authority) |
| 2- Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately) | 5- Review of the bank's financial statements by external auditors |
| 3- Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority) | 6- Compilation of the bank's financial statements by external auditors |
| | 7- Other audit procedures (excluding tax preparation work) |
| | 8- No external audit work |

</TABLE>

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SunTrust Bank, Atlanta
 1 PARK PLACE, N.E.
 ATLANTA, GA 30303
 Certificate Number: 867

FFIEC 031
 Consolidated Report of Condition
 for September 30, 1999

 Schedule RC-A--Cash and Balances Due From Depository Institutions
 Exclude assets held for trading.

<TABLE>
 <CAPTION>

| | | (Column A) Consolida ted Bank | (Column B) Domestic Offices |
|-----------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------|
| Dollar Amounts in Thousands | | | |
| <S> | <C> | <C> | <C> |
| 1. | Cash items in process of collection, unposted debits, and currency and coin: | 704,759 | |
| 1.a. | Cash items in process of collection and unposted debits | | 576,040 |
| 1.b. | Currency and coin | | 128,719 |
| 2. | Balances due from depository institutions in the U.S.: | | 47,228 |
| 2.a. | U.S. branches and agencies of foreign banks (including their IBFs) | 0 | |
| 2.b. | Other commercial banks in the U.S. and other depository institutions in the U.S. (including their IBFs) | 47,228 | |
| 3. | Balances due from banks in foreign countries and foreign central banks: | | 32,650 |
| 3.a. | Foreign branches of other U.S. banks | 0 | |
| 3.b. | Other banks in foreign countries and foreign central banks | 32,650 | |
| 4. | Balances due from Federal Reserve Banks | 84,817 | 84,817 |
| 5. | Total (sum of items 1 through 4) (total of column A must equal Schedule RC, sum of items 1.a and 1.b) | 869,454 | 869,454 |

Memorandum

| Dollar Amounts in Thousands | | |
|-----------------------------|---------------------------------------------------------------------------------------------------------|--------|
| 1. | Noninterest-bearing balances due from commercial banks in the U.S. (included in item 2, column B above) | 42,086 |

</TABLE>

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SunTrust Bank, Atlanta
 1 PARK PLACE, N.E.
 ATLANTA, GA 30303
 Certificate Number: 867

FFIEC 031
 Consolidated Report of Condition
 for September 30, 1999

 Schedule RC-B--Securities

Exclude assets held for trading.

<TABLE>
 <CAPTION>

| (S) | Dollar Amounts in Thousands (C) | Held-to-maturity (Column A) | | Available-for-sale (Column C) | |
|--------|-------------------------------------------------------------------------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|
| | | Amortized Cost | (Column B) Fair Value | Amortized Cost | (Column D) Fair Value |
| | | (C) | (C) | (C) | (C) |
| 1. | U.S. Treasury securities | 0 | 0 | 47,887 | 48,718 |
| 2. | U.S. Government agency obligations (exclude mortgage-backed securities): | | | | |
| 2.a. | Issued by U.S. Government agencies | 0 | 0 | 0 | 0 |
| 2.b. | Issued by U.S. Government-sponsored agencies | 0 | 0 | 307,840 | 301,584 |
| 3. | Securities issued by states and political subdivisions in the U.S.: | | | | |
| 3.a. | General obligations | 0 | 0 | 48,267 | 50,756 |
| 3.b. | Revenue obligations | 0 | 0 | 11,457 | 11,880 |
| 3.c. | Industrial development and similar obligations | 0 | 0 | 0 | 0 |
| 4. | Mortgage-backed securities(MBS): | | | | |
| 4.a. | Pass-through securities: | | | | |
| 4.a.1. | Guaranteed by GNMA | 0 | 0 | 68,317 | 68,317 |
| 4.a.2. | Issued by FHMA and FHLMC | 0 | 0 | 113,526 | 114,899 |
| 4.a.3. | Other pass-through securities | 0 | 0 | 0 | 0 |
| 4.b. | Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS): | | | | |
| 4.b.1. | Issued or guaranteed by | 0 | 0 | 991,770 | 973,624 |

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| <S> | <C> | <C> | <C> | <C> | <C> |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----------|-----------|
| 4.b.2. | FNMA, FHLMC, or GNMA Collateralized by MBS issued or guaranteed by FNMA, FHLMC, or GNMA | 0 | 0 | 0 | 0 |
| 4.b.3. | All other mortgage-backed securities | 0 | 0 | 0 | 0 |
| 5. | Other debt securities: | | | | |
| 5.a. | Other domestic debt securities | 0 | 0 | 124,017 | 124,590 |
| 5.b. | Foreign debt securities | 0 | 0 | 0 | 0 |
| 6. | Equity securities: | | | | |
| 6.a. | Investments in mutual funds and other equity securities with readily determinable fair values | | | 8,097 | 1,232,389 |
| 6.b. | All other equity securities | | | 180,986 | 180,986 |
| 7. | Total (sum of items 1 through 6) (total of column A must equal Schedule RC, item 2.a) (total of column D must equal Schedule RC, item 2.b) | 0 | 0 | 1,902,164 | 3,107,743 |

<CAPTION>

 Memorandum

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. | Pledged securities | 2,646,548 |
| 2. | Maturity and repricing data for debt securities (excluding those in nonaccrual status): | |
| 2.a. | Securities issued by the U.S.Treasury, U.S.Government agencies, and states and political subdivisions in the U.S.; other non-mortgage debt securities; and mortgage pass-through securities other than those backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or repricing frequency of: | |
| 2.a.1. | Three months or less | 6,822 |
| 2.a.2. | Over three months through 12 months | 13,528 |
| 2.a.3. | Over one year through three years | 114,315 |
| 2.a.4. | Over three years through five years | 392,135 |
| 2.a.5. | Over five years through 15 years | 10,728 |
| 2.a.6. | Over 15 years | 0 |
| 2.b. | Mortgage pass-through securities backed by closed-end first lien 1-4 family residential mortgages with a remaining maturity or repricing frequency of: | |
| 2.b.1. | Three months or less | 79,693 |

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| <S> | <C> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 2.b.2. Over three months through 12 months | 69,354 |
| 2.b.3. Over one year through three years | 30,105 |
| 2.b.4. Over three years through five years | 882 |
| 2.b.5. Over five years through 15 years | 1,865 |
| 2.b.6. Over 15 years | 1,317 |
| 2.c. Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS; exclude mortgage pass-through securities) with an expected average life of: | |
| 2.c.1. Three years or less | 385,014 |
| 2.c.2. Over three years | 588,610 |
| 2.d. Debt securities with a REMAINING MATURITY of one year or less (included in Memorandum items 2.a through 2.c above) | 20,349 |
| 3.-6. Not applicable | |
| 7. Amortized cost of held-to-maturity securities sold or transferred to available-for-sale or trading securities during the calendar year-to-date (report the amortized cost at date of sale or transfer) | 0 |
| 8. Not Applicable | |
| 9. Structured notes (included in the held-to-maturity and available-for-sale accounts in Schedule RC-B, items 2,3, and 5): | |
| 9.a. Amortized cost | 0 |
| 9.b. Fair value | 0 |

</TABLE>

<PAGE>

SunTrust Bank, Atlanta
 1 PARK PLACE, N.E.
 ATLANTA, GA 30303
 Certificate Number: 867

FFIEC 031
 Consolidated Report of Condition
 for September 30, 1999

 Schedule RC-C--Loans and Lease Financing Receivables

Part I. Loans and Leases

Do not deduct the allowance for loan and lease losses from amounts reported in this schedule. Report total loans and leases, net of unearned income. Exclude assets held for trading and commercial paper.

<TABLE>

<CAPTION>

| | | (Column A) | (Column B) |
|-----------------------------|-----------------------------------------------------------------------------------------------------------|--------------|------------|
| | | Consolidated | Domestic |
| | | Bank | Offices |
| Dollar Amounts in Thousands | | | |
| <S> | <C> | <C> | <C> |
| 1. | Loans secured by real estate | 3,141,867 | |
| 1.a. | Construction and land development | | 600,812 |
| 1.b. | Secured by farmland (including farm residential and other improvements) | | 14,160 |
| 1.c. | Secured by 1-4 family residential properties: | | |
| 1.c.1. | Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit | | 198,082 |
| 1.c.2. | All other loans secured by 1-4 family residential properties: | | |
| 1.c.2. | Secured by first liens | | 1,526,889 |
| a. | | | |
| 1.c.2. | Secured by junior liens | | 21,781 |
| b. | | | |
| 1.d. | Secured by multifamily (5 or more) residential properties | | 16,928 |
| 1.e. | Secured by nonfarm nonresidential properties | | 763,215 |
| 2. | Loans to depository institutions: | | |
| 2.a. | To commercial banks in the U.S. | | 256,702 |
| 2.a.1. | To U.S. branches and agencies of foreign banks | 0 | |
| 2.a.2. | To other commercial banks in the U.S. | 256,702 | |
| 2.b. | To other depository institutions in the U.S. | 0 | 0 |
| 2.c. | To banks in foreign countries | | 404 |
| 2.c.1. | To foreign branches of other U.S. banks | 0 | |
| 2.c.2. | To other banks in foreign countries | 404 | |
| 3. | Loans to finance agricultural production and other loans to farmers | 25,969 | 25,969 |
| 4. | Commercial and industrial loans: | | |

</TABLE>

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| <S> | <C> | <C> | <C> |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| 4.a. | To U.S. addressees (domicile) | 8,011,129 | 8,011,129 |
| 4.b. | To non-U.S. addressees (domicile) | 119,083 | 119,083 |
| 5. | Acceptances of other banks: | | |
| 5.a. | Of U.S. banks | 0 | 0 |
| 5.b. | Of foreign banks | 0 | 0 |
| 6. | Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans) (includes purchased paper) | | 956,067 |
| 6.a. | Credit cards and related plans (includes check credit and other revolving credit plans) | 26,237 | |
| 6.b. | Other (includes single payment, installment, and all student loans) | 929,830 | |
| 7. | Loans to foreign governments and official institutions (including foreign central banks) | 14,404 | 14,404 |
| 8. | Obligations (other than securities and leases) of states and political subdivisions in the U.S. | 54,802 | 54,802 |
| 9. | Other loans | 586,334 | |
| 9.a. | Loans for purchasing or carrying securities (secured and unsecured) | | 222,423 |
| 9.b. | All other loans (exclude consumer loans) | | 363,911 |
| 10. | Lease financing receivables (net of unearned income) | | 525,056 |
| 10.a. | Of U.S. addressees (domicile) | 525,056 | |
| 10.b. | Of non-U.S. addressees (domicile) | 0 | |
| 11. | LESS: Any unearned income on loans reflected in items 1-9 above | 0 | 0 |
| 12. | Total loans and leases, net of unearned income (sum of items 1 through 10 minus item 11) (total of column A must equal Schedule RC, item 4.a) | 13,691,817 | 13,691,817 |

<CAPTION>

 Memoranda

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. | Not applicable | |
| 2. | Loans and leases restructured and in compliance with modified terms (included in Schedule RC-C, part I, above and not reported as past due or nonaccrual in Schedule RC-N, Memorandum item 1): | |
| 2.a. | Loans secured by real estate: | |
| 2.a.1. | To U.S. addressees (domicile) | 8 |
| 2.a.2. | To non-U.S. addressees (domicile) | 0 |
| 2.b. | All other loans and all lease financing receivables (exclude loans to individuals for household, family, and other personal expenditures) | 0 |
| 2.c. | Commercial and industrial loans to and lease financing receivables of non-U.S. addressees (domicile) included in Memorandum item 2.b above | 0 |

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| <S> | <C> | <C> |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 3. | Maturity and repricing data for loans and leases (excluding those in nonaccrual status): | |
| 3.a. | Closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or repricing frequency of: | |
| 3.a.1. | Three months or less | 20,104 |
| 3.a.2. | Over three months through 12 months | 219,237 |
| 3.a.3. | Over one year through three years | 62,989 |
| 3.a.4. | Over three years through five years | 768,511 |
| 3.a.5. | Over five years through 15 years | 118,352 |
| 3.a.6. | Over 15 years | 334,106 |
| 3.b. | All loans and leases (reported in Schedule RC-C, part I, items 1 through 10, column A) EXCLUDING closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (reported in Schedule RC-C, part I, item 1.c.(2)(a), column B) with a remaining maturity or repricing frequency of: | |
| 3.b.1. | Three months or less | 8,300,466 |
| 3.b.2. | Over three months through 12 months | 1,240,272 |
| 3.b.3. | Over one year through three years | 895,759 |
| 3.b.4. | Over three years through five years | 1,001,167 |
| 3.b.5. | Over five years through 15 years | 700,542 |
| 3.b.6. | Over 15 years | 2,110 |
| 3.c. | Loans and leases (reported in Schedule RC-C, part I, items 1 through 10) with a REMAINING MATURITY of one year or less | 3,851,342 |
| 3.d. | Loans secured by nonfarm nonresidential properties in domestic offices (reported in Schedule RC-C, part I, item 1.e, column B) with a REMAINING MATURITY of over five years | 164,891 |
| 3.e. | Commercial and industrial loans (reported in Schedule RC-C, part I, item 4, column A) with a REMAINING MATURITY of over three years | 3,763,075 |
| 4. | Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-C, part I, items 4 and 9, column A, page RC-6 | 477,657 |
| 5. | Loans and leases held for sale (included in Schedule RC-C, part I, page RC-6) | 23,577 |
| 6. | Adjustable rate closed-end loans secured by first liens on 1-4 family residential properties in domestic offices (included in Schedule RC-C, part I, item 1.c.(2)(a), column B, page RC-6) | 1,451,038 |

</TABLE>

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Part II. Loans to Small Businesses and Small Farms

Schedule RC-C, Part II is to be completed only with the June Report of Condition.

Report the number and amount currently outstanding as of June 30 of business loans with "original amounts" of \$1,000,000 or less and farm loans with "original amounts" of \$500,000 or less. The following guidelines should be used to determine the "original amount" of a loan: (1) For loans drawn down under lines of credit or loan commitments, the "original amount" of the loan is the size of the line of credit or loan commitment when the line of credit or loan commitment was most recently approved, extended, or renewed prior to the report date. However, if the amount currently outstanding as of the report date exceeds this size, the "original amount" is the amount currently outstanding on the report date. (2) For loan participations and syndications, the "original amount" of the loan participation or syndication is the entire amount of the credit originated by the lead lender. (3) For all other loans, the "original amount" is the total amount of the loan at origination or the amount currently outstanding as of the report date, whichever is larger.

Loans to Small Businesses

YES/NO

1. Indicate in the appropriate box at the right whether all or N/A substantially all of the dollar volume of your bank's "Loans secured by nonfarm nonresidential properties" in domestic offices reported in Schedule RC-C, part I, item 1.e, column B, and all or substantially all of the dollar volume of your bank's "Commercial and industrial loans to U.S. addressees" in domestic offices reported in Schedule RC-C, part I, item 4.a, column B, have original amounts of \$100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")

N/A

If Yes, complete items 2.a and 2.b below, skip items 3 and 4, and go to item 5.
If NO and your bank has loans outstanding in either loan category, skip items 2.a and 2.b, complete items 3 and 4 below, and go to item 5. If NO and your bank has no loans outstanding in both categories, skip items 2 through 4, and go to item 5.

2. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories: Number of Loans
- 2.a. "Loans secured by nonfarm nonresidential properties" in domestic N/A

<PAGE>

offices reported in Schedule RC-C, part I, item 1.e, column B
 (Note: Item 1.e, column B, divided by the number of loans
 should NOT exceed \$100,000.)

- 2.b. "Commercial and industrial loans to U.S. addressees" in domestic
 offices reported in Schedule RC-C, part I, item 4.a, column B
 (Note: Item 4.a., column B, divided by the number of loans should
 NOT exceed \$100,000.)

N/A

<TABLE>
 <CAPTION>

| | Dollar Amounts in Thousands | (Column A) Number of Loans <C> | (Column B) Amount Currently Outstanding <C> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------|---------------------------------------------------------|
| <S> <C> | | | |
| 3. Number and amount currently outstanding of "Loans secured by nonfarm nonresidential properties" in domestic offices reported in Schedule RC-C, part I, item 1.e, column B (sum of items 3.a through 3.c must be less than or equal to Schedule RC-C, part I, item 1.e, column B): | | | |
| 3.a. With original amounts of \$100,000 or less | | N/A | N/A |
| 3.b. With original amounts of more than \$100,000 through \$250,000 | | N/A | N/A |
| 3.c. With original amounts of more than \$250,000 through \$1,000,000 | | N/A | N/A |
| 4. Number and amount currently outstanding of "Commercial and industrial loans to U.S. addressees" in domestic offices reported in Schedule RC-C, part I, item 4.a, column B (sum of items 4.a through 4.c must be less than or equal to Schedule RC-C, part I, item 4.a, column B): | | | |
| 4.a. With original amounts of \$100,000 or less | | N/A | N/A |
| 4.b. With original amounts of more than \$100,000 through \$250,000 | | N/A | N/A |
| 4.c. With original amounts of more than \$250,000 through \$1,000,000 | | N/A | N/A |
| Agricultural Loans to Small Farms | | YES/NO | |
| 5. Indicate in the appropriate box at the right whether all or substantially all of the dollar volume of your bank's "Loans secured by farmland (including farm residential and other improvements)" in domestic offices reported in Schedule RC-C, part I, item 1.b, column B, and all or substantially all of the dollar volume of your bank's "Loans to finance agricultural production and other loans to farmers" in domestic offices reported in Schedule RC-C, part I, item 3, column B, | | | N/A |

</TABLE>

<PAGE>

have original amounts of \$100,000 or less (If your bank has no loans outstanding in both of these two loan categories, place an "X" in the box marked "NO.")
 If YES, complete items 6.a and 6.b below and do not complete items 7 and 8.
 If NO and your bank has loans outstanding in either category, skip items 6.a and 6.b and complete items 7 and 8 below.
 If NO and your bank has no loans outstanding in both loan categories, do not complete items 6 through 8.

<TABLE>
 <CAPTION>

| (S) (C) | Number of Loans <C> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 6. Report the total number of loans currently outstanding for each of the following Schedule RC-C, part I, loan categories: | |
| 6.a. "Loans secured by farmland (including farm residential and other improvements)" in domestic offices reported in Schedule RC-C, part I, item 1.b, column B (Note: Item 1.b, column B, divided by the number of loans should NOT exceed \$100,000.) | N/A |
| 6.b. "Loans to finance agricultural production and other loans to farmers" in domestic offices reported in Schedule RC-C, part I, item 3, column B (Note: Item 3, column B, divided by the number of loans should NOT exceed \$100,000.) | N/A |

<CAPTION>

| (S) (C) | Dollar Amounts in Thousands | (Column A) Number of Loans <C> | (Column B) Amount Currently Outstanding <C> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------|---------------------------------------------------------|
| 7. Number and amount currently outstanding of "Loans secured by farmland (including farm residential and other improvements)" in domestic offices reported in Schedule RC-C, part I, item 1.b, column B (sum of items 7.a through 7.c must be less than or equal to Schedule RC-C, part I, item 1.b, column B): | | | |
| 7.a. With original amounts of \$100,000 or less | | N/A | N/A |
| 7.b. With original amounts of more than \$100,000 through \$250,000 | | N/A | N/A |
| 7.c. With original amounts of more than \$250,000 through \$500,000 | | N/A | N/A |
| 8. Number and amount currently outstanding of "Loans to finance agricultural production and other loans to farmers" in domestic offices reported in Schedule RC-C, part I, item, 3, column B (sum of items 8.a through 8.c must be less than or equal to Schedule RC-C, part I, item 3, column B): | | | |
| 8.a. With original amounts of \$100,000 or less | | N/A | N/A |
| 8.b. With original amounts of more than \$100,000 through \$250,000 | | N/A | N/A |

</TABLE>

[[1]]FINEDG:[27944.EX25_1]00032.PIP
[[1]]ATMOS ENERGY

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R.R. Donnelley

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8.c. With original amounts of more than \$250,000 through
\$500,000

N/A N/A

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Schedule RC-D--Trading Assets and Liabilities

Schedule RC-D is to be completed only by banks with \$1 billion or more in total assets or with \$2 billion or more in par/notional amount of off-balance sheet derivative contracts (as reported in Schedule RC-L, items 14.a through 14.e, columns A through D).

<TABLE>
<CAPTION>

| | | Dollar Amounts in Thousands |
|--------------------|------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| <S> | <C> | <C> |
| ASSETS | | |
| 1. | U.S.Treasury securities in domestic offices | 0 |
| 2. | U.S.Government agency obligations in domestic offices (exclude mortgage-backed securities) | 0 |
| 3. | Securities issued by states and political subdivisions in the U.S. in domestic offices | 10,000 |
| 4. | Mortgage-backed securities (MBS) in domestic offices: | |
| 4.a. | Pass-through securities issued or guaranteed by FHMA, FHLMC, or GNMA | 0 |
| 4.b. | Other mortgage-backed securities issued or guaranteed by FHMA, FHLMC, or GNMA (include CMOs, REMICs, and stripped MBS) | 0 |
| 4.c. | All other mortgage-backed securities | 0 |
| 5. | Other debt securities in domestic offices | 0 |
| 6.-8. | Not applicable | |
| 9. | Other trading assets in domestic offices | 39,674 |
| 10. | Trading assets in foreign offices | 0 |
| 11. | Revaluation gains on interest rate, foreign exchange rate, and other commodity and equity contracts: | |
| 11.a. | In domestic offices | 0 |
| 11.b. | In foreign offices | 0 |
| 12. | Total trading assets (sum of items 1 through 11) (must equal Schedule RC, item 5) | 49,674 |
| LIABILITIES | | |
| 13. | Liability for short positions | 0 |
| 14. | Revaluation losses on interest rate, foreign exchange rate, and other commodity and equity contracts | 0 |
| 15. | Total trading liabilities (sum of items 13 and 14) (must equal Schedule RC, item 15.b) | 0 |

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Schedule RC-E--Deposit Liabilities

<TABLE>
<CAPTION>

Part I. Deposits in Domestic Offices

| | Transaction Accounts | | Nontransaction Accounts |
|------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| | (Column A) Total transaction accounts (including total demand deposits) | (Column B) Memo: Total demand deposits (included in column A) | (Column C) Total nontransaction accounts (including MMDAs) |
| Dollar Amounts in Thousands | | | |
| Deposits of: | | | |
| <S> | <C> | <C> | <C> |
| 1. Individuals, partnerships, and corporations | 2,853,168 | 2,489,348 | 3,845,234 |
| 2. U.S. Government | 847 | 847 | 0 |
| 3. States and political subdivisions in the U.S. | 226,177 | 49,251 | 11,674 |
| 4. Commercial banks in the U.S. | 151,423 | 151,423 | 0 |
| 5. Other depository institutions in the U.S. | 1,338 | 1,338 | 0 |
| 6. Banks in foreign countries | 8,535 | 8,535 | 0 |
| 7. Foreign governments and official institutions (including foreign central banks) | 0 | 0 | 0 |
| 8. Certified and official checks | 18,519 | 18,519 | |
| 9. Total (sum of items 1 through 8) (sum of columns A and C must equal Schedule RC, item 13.a) | 3,260,007 | 2,719,261 | 3,856,908 |

</TABLE>

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<TABLE>
<CAPTION>
Memoranda

| | | Dollar Amounts in Thousands | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----|
| <S> | <C> | | <C> |
| 1. | Selected components of total deposits (i.e., sum of item 9, columns A and C): | | |
| 1.a. | Total Individual Retirement Accounts (IRAs) and Keogh Plan accounts | 205,460 | |
| 1.b. | Total brokered deposits | 0 | |
| 1.c. | Fully insured brokered deposits (included in Memorandum item 1.b above): | | |
| 1.c.1. | Issued in denominations of less than \$100,000 | 0 | |
| 1.c.2. | Issued either in denominations of \$100,000 or in denominations greater than \$100,000 and participated out by the broker in shares of \$100,000 or less | 0 | |
| 1.d. | Maturity data for brokered deposits: | | |
| 1.d.1. | Brokered deposits issued in denominations of less than \$100,000 with a remaining maturity of one year or less (included in Memorandum item 1.c.(1) above) | 0 | |
| 1.d.2. | Brokered deposits issued in denominations of \$100,000 or more with a remaining maturity of one year or less (included in Memorandum item 1.b above) | 0 | |
| 1.e. | Preferred deposits (uninsured deposits of states and political subdivisions in the U.S. reported in item 3 above which are secured or collateralized as required under state law) (to be completed for the December report only) | | N/A |
| 2. | Components of total nontransaction accounts (sum of Memorandum items 2.a through 2.c must equal item 9, column C above): | | |
| 2.a. | Savings deposits: | | |
| 2.a.1. | Money market deposit accounts (MMDAs) | 2,863,065 | |
| 2.a.2. | Other savings deposits (excludes MMDAs) | 193,902 | |
| 2.b. | Total time deposits of less than \$100,000 | 550,441 | |
| 2.c. | Total time deposits of \$100,000 or more | 249,500 | |
| 3. | All NOW accounts (included in column A above) | 540,746 | |
| 4. | Not applicable | | |
| 5. | Maturity and repricing data for time deposits of less than \$100,000: | | |
| 5.a. | Time deposits of less than \$100,000 with a remaining maturity or repricing frequency of: | | |
| 5.a.1. | Three months or less | 149,890 | |
| 5.a.2. | Over three months through 12 months | 265,333 | |
| 5.a.3. | Over one year through three years | 101,111 | |

</TABLE>

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| <S> | <C> | <C> |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 5.a.4. | Over three years | 34,107 |
| 5.b. | Time deposits of less than \$100,000 with a REMAINING MATURITY of one year or less (included in Memorandum items 5.a.(1) through 5.a.(4) above) | 392,540 |
| 6. | Maturity and repricing data for time deposits of \$100,000 or more: | |
| 6.a. | Time deposits of \$100,000 or more with a remaining maturity or repricing frequency of: | |
| 6.a.1. | Three months or less | 139,267 |
| 6.a.2. | Over three months through 12 months | 80,464 |
| 6.a.3. | Over one year through three years | 19,719 |
| 6.a.4. | Over three years | 10,050 |
| 6.b. | Time deposits of \$100,000 or more with a REMAINING MATURITY of one year or less (included in Memorandum items 6.a.(1) through 6.a.(4) above) | 219,731 |

<CAPTION>

Part II. Deposits in Foreign Offices (including Edge and Agreement subsidiaries and IBFs)

Dollar Amounts in Thousands

| Deposits of: | <S> | <C> |
|--------------|---------------------------------------------------------------------------------------------|-----------|
| 1. | Individuals, partnerships, and corporations | 4,280,489 |
| 2. | U.S. banks (including IBFs and foreign branches of U.S. banks) | 0 |
| 3. | Foreign banks (including U.S. branches and agencies of foreign banks, including their IBFs) | 221,073 |
| 4. | Foreign governments and official institutions (including foreign central banks) | 0 |
| 5. | Certified and official checks | 0 |
| 6. | All other deposits | 0 |
| 7. | Total (sum of items 1 through 6) (must equal Schedule RC, item 13.b) | 4,501,562 |

<CAPTION>

Memorandum

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|-----|-------------------------------------------------------------------------------------------------|-----------|
| 1. | Time deposits with a remaining maturity of one year or less (included in Part II, item 7 above) | 4,501,562 |

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Schedule RC-F--Other Assets

<TABLE>
<CAPTION>

Dollar Amounts in Thousands

| <S> | <C> | | <C> |
|------|---------------------------------------------------------------------|---------|--------|
| 1. | Income earned, not collected on loans | | 81,004 |
| 2. | Net deferred tax assets | | 0 |
| 3. | Interest-only strips receivable (not in the form of a security) on: | | |
| 3.a. | Mortgage loans | | 0 |
| 3.b. | Other financial assets | | 0 |
| 4. | Other (itemize and describe amounts that exceed 25% of this item) | 160,642 | |
| 4.a. | | | 0 |
| 4.b. | | | 0 |
| 4.c. | | | 0 |
| 5. | Total (sum of items 1 through 4) (must equal Schedule RC, item 11) | 241,646 | |

<CAPTION>

Memorandum

Dollar Amounts in Thousands

| <S> | <C> | | <C> |
|-----|----------------------------------------------------------------|--|-----|
| 1. | Deferred tax assets disallowed for regulatory capital purposes | | 0 |

</TABLE>

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Schedule RC-G--Other Liabilities

<TABLE>
<CAPTION>

| | Dollar Amounts in Thousands | |
|------|---------------------------------------------------------------------------|-----------|
| <S> | <C> | <C> |
| 1.a. | Interest accrued and unpaid on deposits in domestic offices | 5,586 |
| 1.b. | Other expenses accrued and unpaid (includes accrued income taxes payable) | 54,562 |
| 2. | Net deferred tax liabilities | 504,131 |
| 3. | Minority interest in consolidated subsidiaries | 0 |
| 4. | Other (itemize and describe amounts that exceed 25% of this item) | 505,036 |
| 4.a. | A/P FACTORING | 427,779 |
| 4.b. | | 0 |
| 4.c. | | 0 |
| 5. | Total (sum of items 1 through 4) (must equal Schedule RC, item 20) | 1,069,315 |

</TABLE>

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Schedule RC-H--Selected Balance Sheet Items for Domestic Offices

<TABLE>
<CAPTION>

| | Dollar Amounts in Thousands | Domestic Offices |
|-----|-------------------------------------------------------------------------------------------------------|---------------------|
| (S) | (C) | (C) |
| 1. | Customers' liability to this bank on acceptances outstanding | 348,157 |
| 2. | Bank's liability on acceptances executed and outstanding | 348,157 |
| 3. | Federal funds sold and securities purchased under agreements to resell | 2,393,095 |
| 4. | Federal funds purchased and securities sold under agreements to repurchase | 4,059,794 |
| 5. | Other borrowed money | 1,171,399 |
| 6. | EITHER Net due from own foreign offices, Edge and Agreement subsidiaries, and IBFs OR | 0 |
| 7. | Net due to own foreign offices, Edge and Agreement subsidiaries, and IBFs | 4,477,247 |
| 8. | Total assets (excludes net due from foreign offices, Edge and Agreement subsidiaries, and IBFs) | 20,674,504 |
| 9. | Total liabilities (excludes net due to foreign offices, Edge and Agreement subsidiaries, and IBFs) | 14,013,407 |

<CAPTION>

In items 10-17, report the amortized (historical) cost of both held-to-maturity and available-for-sale securities in domestic offices.

| | | |
|---------|-------------------------------------------------------------------------|---------|
| (S) | (C) | (C) |
| 10. | U.S. Treasury securities | 47,887 |
| 11. | U.S. Government agency obligations (exclude mortgage-backed securities) | 307,840 |
| 12. | Securities issued by states and political subdivisions in the U.S. | 59,724 |
| 13. | Mortgage-backed securities (MBS): | |
| 13.a. | Pass-through securities | |
| 13.a.1. | Issued or guaranteed by FNMA, FHLMC, or | 181,843 |

</TABLE>

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| (S) | (C) | (C) |
|---------|---------------------------------------------------------------------------------------------------------------------------|-----------|
| | GNMA | |
| 13.a.2. | Other pass-through securities | 0 |
| 13.b. | Other mortgage-backed securities (include CMOs, REMICs, and stripped MBS): | |
| 13.b.1. | Issued or guaranteed by FNMA, FHLMC, or GNMA | 991,770 |
| 13.b.2. | All other mortgage-backed securities | 0 |
| 14. | Other domestic debt securities | 124,017 |
| 15. | Foreign debt securities | 0 |
| 16. | Equity securities: | |
| 16.a. | Investments in mutual funds and other equity securities with readily determinable fair values | 8,097 |
| 16.b. | All other equity securities | 180,986 |
| 17. | Total amortized (historical) cost of both held-to-maturity and available-for-sale securities (sum of items 10 through 16) | 1,902,164 |

<CAPTION>

Memorandum (to be completed only by banks with IBFs and other "foreign" offices)

Dollar Amounts in Thousands

| (S) | (C) | (C) |
|-----|--------------------------------------------------------------------|--------|
| | EITHER | |
| 1. | Net due from the IBF of the domestic offices of the reporting bank | 0 |
| | OR | |
| 2. | Net due to the IBF of the domestic offices of the reporting bank | 75,581 |

</TABLE>

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Schedule RC-I--Selected Assets and Liabilities of IBFs
To be completed only by banks with IBFs and other "foreign" offices.

<TABLE>
<CAPTION>

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|--------------------------------------------------------------------------------------------------------------------|-----|--------|
| 1. Total IBF assets of the consolidated bank (component of Schedule RC, item 12) | | 0 |
| 2. Total IBF loans and lease financing receivables (component of Schedule RC-C, part I, item 12, column A) | | 0 |
| 3. IBF commercial and industrial loans (component of Schedule RC-C, part I, item 4, column A) | | 0 |
| 4. Total IBF liabilities (component of Schedule RC, item 21) | | 75,581 |
| 5. IBF deposit liabilities due to banks, including other IBFs (component of Schedule RC-E, part II, items 2 and 3) | | 75,292 |
| 6. Other IBF deposit liabilities (component of Schedule RC-E, part II, items 1, 4, 5, and 6) | | 0 |

</TABLE>

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Schedule RC-K--Quarterly Averages

<TABLE>
<CAPTION>

| | | Dollar Amounts in Thousands | |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------|
| ASSETS | <S> | <C> | <C> |
| 1. | Interest-bearing balances due from depository institutions | | 21,688 |
| 2. | U.S.Treasury securities and U.S.Government agency obligations (including mortgage-backed securities issued or guaranteed by FNMA, FHLMC, or GNMA) | | 1,565,632 |
| 3. | Securities issued by states and political subdivisions in the U.S. | | 67,053 |
| 4.a. | Other debt securities (including mortgage-backed securities not issued or guaranteed by FNMA, FHLMC, or GNMA) | | 44,493 |
| 4.b. | Equity securities (includes investments in mutual funds and Federal Reserve stock) | | 83,617 |
| 5. | Federal funds sold and securities purchased under agreements to resell | | 1,999,540 |
| 6. | Loans: | | |
| 6.a. | Loans in domestic offices: | | |
| 6.a.1. | Total loans | | 12,961,042 |
| 6.a.2. | Loans secured by real estate | | 3,067,843 |
| 6.a.3. | Loans to finance agricultural production and other loans to farmers | | 26,951 |
| 6.a.4. | Commercial and industrial loans | | 7,812,566 |
| 6.a.5. | Loans to individuals for household, family, and other personal expenditures | | 931,314 |
| 6.b. | Total loans in foreign offices, Edge and Agreement subsidiaries, and IBFs | | 3,537 |
| 7. | Trading assets | | 46,523 |
| 8. | Lease financing receivables (net of unearned income) | | 521,874 |
| 9. | Total assets | | 18,798,865 |
| LIABILITIES | | | |
| 10. | Interest-bearing transaction accounts in domestic offices (NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts) (exclude demand deposits) | | 543,120 |
| 11. | Nontransaction accounts in domestic offices: | | |
| 11.a. | Money market deposit accounts (MMDAs) | | 2,819,539 |
| 11.b. | Other savings deposits | | 227,106 |

</TABLE>

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| <S> | <C> | <C> |
|-------|------------------------------------------------------------------------------------------------|-----------|
| 11.c. | Time deposits of \$100,000 or more | 282,263 |
| 11.d. | Time deposits of less than \$100,000 | 547,710 |
| 12. | Interest-bearing deposits in foreign offices, Edge and Agreement subsidiaries, and IBFs | 4,162,709 |
| 13. | Federal funds purchased and securities sold under agreements to repurchase | 4,243,854 |
| 14. | Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) | 660,501 |

</TABLE>

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 Schedule RC-L--Off-Balance Sheet Items

Please read carefully the instructions for the preparation of Schedule RC-L.
 Some of the amounts reported in Schedule RC-L are regarded as volume indicators
 and not necessarily as measures of risk.

<TABLE>
 <CAPTION>

Dollar Amounts in Thousands

| (S) | (C) | (C) |
|--------|-----------------------------------------------------------------------------------------------------------------------------|------------|
| 1. | Unused commitments: | |
| 1.a. | Revolving, open-end lines secured by 1-4 family residential properties, e.g., home equity lines | 113,821 |
| 1.b. | Credit card lines | 0 |
| 1.c. | Commercial real estate, construction, and land development: | |
| 1.c.1. | Commitments to fund loans secured by real estate | 460,823 |
| 1.c.2. | Commitments to fund loans not secured by real estate | 274,859 |
| 1.d. | Securities underwriting | 0 |
| 1.e. | Other unused commitments | 13,785,484 |
| 2. | Financial standby letters of credit and foreign office guarantees | 3,144,685 |
| 2.a. | Amount of financial standby letters of credit conveyed to others | 573,407 |
| 3. | Performance standby letters of credit and foreign office guarantees | 157,814 |
| 3.a. | Amount of performance standby letters of credit conveyed to others | 817 |
| 4. | Commercial and similar letters of credit | 44,454 |
| 5. | Participations in acceptances (as described in the instructions) conveyed to others by the reporting bank | 20,576 |
| 6. | Participations in acceptances (as described in the instructions) acquired by the reporting (nonaccepting) bank | 0 |
| 7. | Securities borrowed | 0 |
| 8. | Securities lent (including customers' securities lent where the customer is indemnified against loss by the reporting bank) | 131,024 |
| 9. | Financial assets transferred with recourse that have been treated as sold for Call Report purposes: | |
| 9.a. | First lien 1--4 family residential mortgage loans: | |
| 9.a.1. | Outstanding principal balance of mortgages transferred as of the report date | 0 |
| 9.a.2. | Amount of recourse exposure on these mortgages as of the report date | 0 |
| 9.b. | Other financial assets (excluding small business obligations reported in item 9.c): | |
| 9.b.1. | Outstanding principal balance of assets transferred as of the report | 265,066 |

</TABLE>

<PAGE>

<TABLE>

| (S) | (C) date | (C) |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 9.b.2. | Amount of recourse exposure on these assets as of the report date | 265,066 |
| 9.c. | Small business obligations transferred with recourse under Section 208 of the Riegle Community Development and Regulatory Improvement Act of 1994: | |
| 9.c.1. | Outstanding principal balance of small business obligations transferred as of the report date | 0 |
| 9.c.2. | Amount of retained recourse on these obligations as of the report date | 0 |
| 10. | Notional amount of credit derivatives: | |
| 10.a. | Credit derivatives on which the reporting bank is the guarantor | 0 |
| 10.b. | Credit derivatives on which the reporting bank is the beneficiary | 0 |
| 11. | Spot foreign exchange contracts | 171,823 |
| 12. | All other off-balance sheet liabilities (exclude off-balance sheet derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 28, "Total equity capital") | 0 |
| 12.a. | | 0 |
| 12.b. | | 0 |
| 12.c. | | 0 |
| 12.d. | | 0 |
| 13. | All other off-balance sheet assets (exclude off-balance sheet derivatives) (itemize and describe each component of this item over 25% of Schedule RC, item 28, "Total equity capital") | 0 |
| 13.a. | | 0 |
| 13.b. | | 0 |
| 13.c. | | 0 |
| 13.d. | | 0 |

<CAPTION>

| Dollar Amounts in Thousands | | (Column A) | (Column B) | (Column C) | (Column D) |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------|-----------------------------|-------------------------------|
| Off-balance Sheet Derivatives Position Indicators | (C) | Interest Rate Contracts | Foreign Exchange Contracts | Equity Derivative Contracts | Commodity and Other Contracts |
| (S) | (C) | (C) | (C) | (C) | (C) |
| 14. | Gross Amounts (e.g., notional amounts) (for each column, sum of items 14.a through 14.e must equal sum of items 15, 16.a, and 16.b): | | | | |
| 14.a. | Futures Contracts | 1,247,000 | 0 | 0 | 0 |
| 14.b. | Forward contracts | 0 | 1,466,555 | 0 | 0 |
| 14.c. | Exchange-traded option contracts: | | | | |
| 14.c.1. | Written options | 0 | 0 | 0 | 0 |
| 14.c.2. | Purchased options | 0 | 0 | 0 | 0 |

</TABLE>

<PAGE>

<TABLE>

| <S> | <C> | <C> | <C> | <C> | <C> |
|---------|-------------------------------------------------------------------------------------|------------|-----------|---------|-----|
| 14.d. | Over-the-counter option contracts: | | | | |
| 14.d.1. | Written options | 6,062,774 | 35,686 | 388,690 | 0 |
| 14.d.2. | Purchased options | 6,164,524 | 35,686 | 388,690 | 0 |
| 14.e. | Swaps | 23,269,936 | 71,908 | 0 | 0 |
| 15. | Total gross notional amount of derivative contracts held for trading | 0 | 0 | 0 | 0 |
| 16. | Gross notional amount of derivative contracts held for purposes other than trading: | | | | |
| 16.a. | Contracts marked to market | 35,198,964 | 1,583,520 | 777,380 | 0 |
| 16.b. | Contracts not marked to market | 1,545,270 | 26,315 | 0 | 0 |
| 16.c. | Interest rate swaps where the bank has agreed to pay a fixed rate | 11,492,603 | | | |
| 17. | Gross fair values of derivative contracts: | | | | |
| 17.a. | Contracts held for trading: | | | | |
| 17.a.1. | Gross positive fair value | 0 | 0 | 0 | 0 |
| 17.a.2. | Gross negative fair value | 0 | 0 | 0 | 0 |
| 17.b. | Contracts held for purposes other than trading that are marked to market: | | | | |
| 17.b.1. | Gross positive fair value | 349,636 | 976 | 49,450 | 0 |
| 17.b.2. | Gross negative fair value | 332,183 | 976 | 49,450 | 0 |
| 17.c. | Contracts held for purposes other than trading that are not marked to market: | | | | |
| 17.c.1. | Gross positive fair value | 22,398 | 857 | 0 | 0 |
| 17.c.2. | Gross negative fair value | 4,815 | 0 | 0 | 0 |

<CAPTION>

 Memoranda

Dollar Amounts in Thousands

| <S> | <C> | <C> |
|-------|----------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1.-2. | Not applicable | |
| 3. | Unused commitments with an original maturity exceeding one year that are reported in Schedule RC-L, items 1.a through 1.e, above | 9,403,746 |

</TABLE>

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<TABLE>

| <S> | <C> | <C> |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 3.a. | (report only the unused portions of commitments that are fee paid or otherwise legally binding) Participations in commitments with an original maturity exceeding one year conveyed to others | |
| 4. | To be completed only by banks with \$1 billion or more in total assets: Standby letters of credit and foreign office guarantees (both financial and performance) issued to non-U.S. addressees (domicile) included in Schedule RC-L, items 2 and 3, above | 986,212 29,827 |
| 5. | Loans to individuals for household, family, or other personal expenditures that have been securitized and sold (with servicing retained), amounts outstanding by type of loan: | |
| 5.a. | Loans to purchase private passenger automobiles (to be completed for the September report only) | 0 |
| 5.b. | Credit cards and related plans (TO BE COMPLETED QUARTERLY) | 0 |
| 5.c. | All other consumer credit (including mobile home loans) (to be completed for the September report only) | 0 |

</TABLE>

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SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Schedule RC-M--Memoranda

<TABLE>
<CAPTION>

| | Dollar Amounts in Thousands | |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <S> | <C> | <C> |
| 1. | Extensions of credit by the reporting bank to its executive officers, directors, principal shareholders, and their related interests as of the report date: | |
| 1.a. | Aggregate amount of all extensions of credit to all executive officers, directors, principal shareholders, and their related interests | 380,310 |
| 1.b. | Number of executive officers, directors, and principal shareholders to whom the amount of all extensions of credit by the reporting bank (including extensions of credit to related interests) equals or exceeds the lesser of \$500,000 or 5 percent of total capital as defined for this purpose in agency regulations | 9 |
| 2. | Federal funds sold and securities purchased under agreements to resell with U.S. branches and agencies of foreign banks (included in Schedule RC, item 3) | 0 |
| 3. | Not applicable | |
| 4. | Outstanding principal balance of 1-4 family residential mortgage loans serviced for others (include both retained servicing and purchased servicing): | |
| 4.a. | Mortgages serviced under a GNMA contract | 0 |
| 4.b. | Mortgages serviced under a FHLMC contract: | |
| 4.b.1. | Serviced with recourse to servicer | 0 |
| 4.b.2. | Serviced without recourse to servicer | 0 |
| 4.c. | Mortgages serviced under a FNMA contract | |
| 4.c.1. | Serviced under a regular option contract | 0 |
| 4.c.2. | Serviced under a special option contract | 0 |
| 4.d. | Mortgages serviced under other servicing contracts | 0 |
| 5. | To be completed only by banks with \$1 billion or more in total assets: | |
| | Customers' liability to this bank on acceptances outstanding (sum of items 5.a and 5.b must equal Schedule RC, item 9): | |
| 5.a. | U.S. addressees (domicile) | 348,070 |
| 5.b. | Non-U.S. addressees (domicile) | 87 |
| 6. | Intangible assets: | |
| 6.a. | Mortgage servicing assets | 0 |
| 6.a.1. | Estimated fair value of mortgage servicing assets | 0 |
| 6.b. | Other identifiable intangible assets: | |

</TABLE>

<PAGE>

<TABLE>

| <S> | <C> | <C> |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| 6.b.1. | Purchased credit card relationships and nonmortgage servicing assets | 0 |
| 6.b.2. | All other identifiable intangible assets | 0 |
| 6.c. | Goodwill | 13,827 |
| 6.d. | Total (sum of items 6.a, 6.b.(1), 6.b.(2), and 6.c) (must equal Schedule RC, item 10) | 13,827 |
| 6.e. | Amount of intangible assets (included in item 6.b.(2) above) that have been grandfathered or are otherwise qualifying for regulatory capital purposes | 0 |
| 7. | Mandatory convertible debt, net of common or perpetual preferred stock dedicated to redeem the debt | 0 |
| 8.a. | Other real estate owned: | |
| 8.a.1. | Direct and indirect investments in real estate ventures | 0 |
| 8.a.2. | All other real estate owned: | |
| 8.a.2.a. | Construction and land development in domestic offices | 0 |
| 8.a.2.b. | Farmland in domestic offices | 0 |
| 8.a.2.c. | 1-4 family residential properties in domestic offices | 196 |
| 8.a.2.d. | Multifamily (5 or more) residential properties in domestic offices | 0 |
| 8.a.2.e. | Nonfarm nonresidential properties in domestic offices | 564 |
| 8.a.2.f. | In Foreign Offices | 0 |
| 8.a.3. | Total (sum of items 8.a.(1) and 8.a.(2)) (must equal Schedule RC, item 7) | 760 |
| 8.b. | Investments in unconsolidated subsidiaries and associated companies: | |
| 8.b.1. | Direct and indirect investments in real estate ventures | 0 |
| 8.b.2. | All other investments in unconsolidated subsidiaries and associated companies | 12,664 |
| 8.b.3. | Total (sum of items 8.b.(1) and 8.b.(2)) (must equal Schedule RC, item 8) | 12,664 |
| 9. | Noncumulative perpetual preferred stock and related surplus included in Schedule RC, item 23, "Perpetual preferred stock and related surplus" | 0 |
| 10. | Mutual fund and annuity sales during the quarter (include proprietary, private label, and third party products): | |
| 10.a. | Money market funds | 550,228 |
| 10.b. | Equity securities funds | 18,214 |
| 10.c. | Debt securities funds | 5,796 |
| 10.d. | Other mutual funds | 11,554 |
| 10.e. | Annuities | 1,771 |
| 10.f. | Sales of proprietary mutual funds and annuities (included in items 10.a through 10.e above) | 539,049 |
| 11. | Net unamortized realized deferred gains (losses) on off-balance sheet derivative contracts included in assets and liabilities reported in Schedule RC | 0 |
| 12. | Amount of assets netted against nondeposit liabilities and | 0 |

</TABLE>

<PAGE>

<TABLE>

<S> <C>
deposits in foreign offices (other than insured branches in Puerto Rico and U.S. territories and possessions) on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles
13. Outstanding principal balance of loans other than 1-4 family residential mortgage loans that are serviced for others (to be completed if this balance is more than \$10 million and exceeds ten percent of total assets)

<C>

0

<CAPTION>

Memorandum

Dollar Amounts in Thousands

<S> <C>
1. Reciprocal holdings of banking organizations' capital instruments (to be completed for the December report only)

<C>

N/A

</TABLE>

<PAGE>

SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Schedule RC-N--Past Due and Nonaccrual Loans,
Leases, and Other Assets
The FFIEC regards the information reported in all of
Memorandum item 1, in items 1 through 10, column A, and in
Memorandum items 2 through 4, column A, as confidential.

<TABLE>
<CAPTION>

| <S> | <C> | Dollar Amounts in Thousands | (Column B) Past Due 90 days or more and still accruing <C> | (Column C) Nonaccrual <C> |
|------|-------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------------------------------------|---------------------------------|
| 1. | Loans secured by real estate: | | | |
| 1.a. | To U.S. addressees (domicile) | | | 8,106 |
| 1.b. | To non-U.S. addressees (domicile) | | | 0 |
| 2. | Loans to depository institutions and acceptances of other banks: | | | |
| 2.a. | To U.S. banks and other U.S. depository institutions | | | 0 |
| 2.b. | To foreign banks | | | 0 |
| 3. | Loans to finance agricultural production and other loans to farmers | | | 0 |
| 4. | Commercial and industrial loans: | | | |
| 4.a. | To U.S. addressees (domicile) | | | 19,520 |
| 4.b. | To non-U.S. addressees (domicile) | | | 0 |
| 5. | Loans to individuals for household, family, and other personal expenditures: | | | |
| 5.a. | Credit cards and related plans | | | 23 |
| 5.b. | Other (includes single payment, installment, and all student loans) | | | 371 |
| 6. | Loans to foreign governments and official institutions | | | 0 |
| 7. | All other loans | | | 0 |
| 8. | Lease financing receivables: | | | |
| 8.a. | Of U.S. addressees (domicile) | | | 182 |
| 8.b. | Of non-U.S. addressees (domicile) | | | 0 |
| 9. | Debt securities and other assets (exclude other real estate owned and other repossessed assets) | | | 0 |

</TABLE>

<PAGE>

Amounts reported in items 1 through 8 above include guaranteed and unguaranteed portions of past due and nonaccrual loans and leases. Report in item 10 below certain guaranteed loans and leases that have already been included in the amounts reported in items 1 through 8.

<TABLE>

| <S> | <C> | <C> | <C> |
|-------|----------------------------------------------------------------------------------------------------------------------|-----|-----|
| 10. | Loans and leases reported in items 1 through 8 above which are wholly or partially guaranteed by the U.S. Government | 0 | 0 |
| 10.a. | Guaranteed portion of loans and leases included in item 10 above | 0 | 0 |

<CAPTION>

| Memoranda <S> | Dollar Amounts in Thousands <C> | (Column B) Past Due 90 days or more and still accruing <C> | (Column C) Nonaccrual <C> |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------|
| 2. | Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in Schedule RC-N, items 4 and 7 above | 792 | 0 |
| 3. | Loans secured by real estate in domestic offices (included in Schedule RC-N, item 1, above): | | |
| 3.a. | Construction and land development | 0 | 0 |
| 3.b. | Secured by farmland | 0 | 0 |
| 3.c. | Secured by 1-4 family residential properties: | | |
| 3.c.1. | Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit | 0 | 138 |
| 3.c.2. | All other loans secured by 1-4 family residential properties | 1,734 | 3,590 |
| 3.d. | Secured by multifamily (5 or more) residential properties | 0 | 0 |
| 3.e. | Secured by nonfarm nonresidential properties | 1,187 | 4,378 |

<CAPTION>

(Column B)
Past Due 90
days or more

</TABLE>

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<TABLE>

| <S> | <C> | <C> |
|------|---------------------------------------------------------------------------------|-----|
| 4. | Interest rate, foreign exchange rate, and other commodity and equity contracts: | |
| 4.a. | Book value of amounts carried as assets | 0 |
| 4.b. | Replacement cost of contracts with a positive replacement cost | 0 |

</TABLE>

<PAGE>

SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Schedule RC-O--Other Data for Deposit Insurance and FICO
Assessments

<TABLE>
<CAPTION>

| | | Dollar Amounts in Thousands | <C> |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|--------|
| <S> | <C> | | |
| 1. | Unposted debits (see instructions): | | |
| 1.a. | Actual amount of all unposted debits: | | 15,236 |
| | OR | | |
| 1.b. | Separate amount of all unposted debits: | | |
| 1.b.1. | Actual amount of unposted debits to demand deposits | | 0 |
| 1.b.2. | Actual amount on unposted debits to time and savings deposits | | 0 |
| 2. | Unposted credits (see instructions): | | |
| 2.a. | Actual amount of all unposted credits: | | 0 |
| | OR | | |
| 2.b. | Separate amount of unposted credits: | | |
| 2.b.1. | Actual amount of unposted credits to demand deposits | | 0 |
| 2.b.2. | Actual amount on unposted credits to time and savings deposits | | 0 |
| 3. | Uninvested trust funds (cash) held in bank's own trust department (not included in total deposits in domestic offices) | | 0 |
| 4. | Deposits of consolidated subsidiaries in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions (not included in total deposits): | | |
| 4.a. | Demand deposits of consolidated subsidiaries | | 0 |
| 4.b. | Time and savings deposits of consolidated subsidiaries | | 0 |
| 4.c. | Interest accrued and unpaid on deposits of consolidated subsidiaries | | 0 |
| 5. | Deposits in insured branches in Puerto Rico and U.S. territories and possessions: | | |
| 5.a. | Demand deposits in insured branches (included in Schedule RC-E, part II) | | 0 |
| 5.b. | Time and savings deposits in insured branches (included in Schedule RC-E, part II) | | 0 |
| 5.c. | Interest accrued and unpaid on deposits in insured branches (included in Schedule RC-G, item 1.b) | | 0 |
| 6. | Reserve balances actually passed through to the Federal Reserve by the reporting bank on behalf of its respondent depository institutions that are also reflected as deposit liabilities of the reporting bank: | | |

</TABLE>

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<TABLE>

| <S> | <C> | <C> |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 6.a. | Amount reflected in demand deposits (included in Schedule RC-E, Part I, item 4 or 5, column B) | 0 |
| 6.b. | Amount reflected in time and savings deposits (included in Schedule RC-E, Part I, item 4 or 5, column A or C, but not column B) | 0 |
| 7. | Unamortized premiums and discounts on time and savings deposits: | |
| 7.a. | Unamortized premiums | 0 |
| 7.b. | Unamortized discounts | 0 |
| 8. | To be completed by banks with "Oakar deposits." | |
| 8.a. | Deposits purchased or acquired from other FDIC-insured institutions during the quarter (exclude deposits purchased or acquired from foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions): | |
| 8.a.1. | Total deposits purchased or acquired from other FDIC-insured institutions during the quarter | 0 |
| 8.a.2. | Amount of purchased or acquired deposits reported in item 8.a.(1) above attributable to a secondary fund (i.e., BIF members report deposits attributable to SAIF; SAIF members report deposits attributable to BIF) | 0 |
| 8.b. | Total deposits sold or transferred to other FDIC-insured institutions during the quarter (exclude sales or transfers by the reporting bank of deposits in foreign offices other than insured branches in Puerto Rico and U.S. territories and possessions) | 0 |
| 9. | Deposits in lifeline accounts | |
| 10. | Benefit-responsive "Depository Institution Investment Contracts" (included in total deposits in domestic offices) | 0 |
| 11. | Adjustments to demand deposits in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions reported in Schedule RC-E for certain reciprocal demand balances: | |
| 11.a. | Amount by which demand deposits would be reduced if the reporting bank's reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions that were reported on a gross basis in Schedule RC-E had been reported on a net basis | 0 |
| 11.b. | Amount by which demand deposits would be increased if the reporting bank's reciprocal demand balances with foreign banks and foreign offices of other U.S. banks (other than insured branches in Puerto Rico and U.S. territories and possessions) that were reported on a net basis in Schedule RC-E had been reported on a gross basis | 0 |
| 11.c. | Amount by which demand deposits would be reduced if cash items in process of collection were included in the calculation of | 0 |

</TABLE>

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<TABLE>

| | | |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| <S> | <C> | |
| | the reporting bank's net reciprocal demand balances with the domestic offices of U.S. banks and savings associations and insured branches in Puerto Rico and U.S. territories and possessions in Schedule RC-E | <C> |
| 12. | Amount of assets netted against deposit liabilities in domestic offices and in insured branches in Puerto Rico and U.S. territories and possessions on the balance sheet (Schedule RC) in accordance with generally accepted accounting principles (exclude amounts related to reciprocal demand balances): | |
| 12.a. | Amount of assets netted against demand deposits | 0 |
| 12.b. | Amount of assets netted against time and savings deposits | 0 |

</TABLE>

<PAGE>

Memoranda (to be completed each quarter except as noted)

<TABLE>
<CAPTION>

| | | Dollar Amounts in Thousands | <C> |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------|
| <S> | <C> | | |
| 1. | Total deposits in domestic offices of the bank (sum of Memorandum items 1.a.(1) and 1.b.(1) must equal Schedule RC, item 13.a.): | | |
| 1.a. | Deposit accounts of \$100,000 or less: | | |
| 1.a.1. | Amount of deposit accounts of \$100,000 or less | | 3,312,198 Number |
| 1.a.2. | Number of deposit accounts of \$100,000 or less (to be completed for the June report only) | | N/A |
| 1.b. | Deposit accounts of more than \$100,000: | | |
| 1.b.1. | Amount of deposit accounts of more than \$100,000 | | 3,804,717 Number |
| 1.b.2. | Number of deposit accounts of more than \$100,000 | | 9,383 |
| 2. | Estimated amount of uninsured deposits in domestic offices of the bank: | | |
| 2.a. | An estimate of your bank's uninsured deposits can be determined by multiplying the number of deposit accounts of more than \$100,000 reported in Memorandum item 1.b.(2) above by \$100,000 and subtracting the result from the amount of deposit accounts of more than \$100,000 reported in Memorandum item 1.b.(1) above. | | |
| | Indicate in the appropriate box at the right whether your bank has a method or procedure for determining a better estimate of uninsured deposits than the estimate described above | | YES/NO NO |
| 2.b. | If the box marked YES has been checked, report the estimate of uninsured deposits determined by using your bank's method or procedure | | 0 |
| 3. | Has the reporting institution been consolidated with a parent bank or savings association in that parent bank's or parent savings association's Call Report or Thrift Financial Report? If so, report the legal title and FDIC Certificate Number of the parent bank or parent savings association: | | |

<CAPTION>

<S> <C>

FDIC Cert
No.
<C>

</TABLE>

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SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Schedule RC-R--Regulatory Capital

This schedule must be completed by all banks as follows: Banks that reported total assets of \$1 billion or more in Schedule RC, item 12, for June 30, 1998, must complete items 2 through 9 and Memoranda items 1 and 2. Banks with assets of less than \$1 billion must complete items 1 through 3 below or Schedule RC-R in its entirety, depending on their response to item 1 below.

<TABLE>

| | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| <S> | <C> | <C> |
| 1. | Test for determining the extent to which Schedule RC-R must be completed. To be completed only by banks with total assets of less than \$1 billion. Indicate in the appropriate box at the right whether the bank has total capital greater than or equal to eight percent of adjusted total assets For purposes of this test, adjusted total assets equals total assets less cash, U.S. Treasuries, U.S. Government agency obligations, and 80 percent of U.S. Government-sponsored agency obligations plus the allowance for loan and lease losses and selected off-balance sheet items as reported on Schedule RC-L (see instructions). If the box marked YES has been checked, then the bank only has to complete items 2 and 3 below. If the box marked NO has been checked, the bank must complete the remainder of this schedule. A NO response to item 1 does not necessarily mean that the bank's actual risk-based capital ratio is less than eight percent or that the bank is not in compliance with the risk-based capital guidelines. | YES/NO N/A |

<CAPTION>

NOTE: All banks are required to complete items 2 and 3 below. See optional worksheet for items 3.a through 3.f.

Dollar Amounts in Thousands

| | | |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| <S> | <C> | <C> |
| 2. | Portion of qualifying limited-life capital instruments (original weighted average maturity of at least five years) that is includible in Tier 2 capital: | |
| 2.a. | Subordinated debt and intermediate term preferred stock | 250,000 |
| 2.b. | Other limited-life capital instruments | 0 |
| 3. | Amounts used in calculating regulatory capital ratios (report amounts determined by the bank for its own internal regulatory capital analyses consistent with applicable capital standards): | |
| 3.a.1. | Tier 1 capital | 1,434,620 |
| 3.a.2. | Tier 2 capital | 930,906 |

</TABLE>

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<TABLE>

| (S) | (C) | (C) |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 3.a.3. | Tier 3 capital | 0 |
| 3.b. | Total risk-based capital | 2,365,526 |
| 3.c. | Excess allowance for loan and lease losses (amount that exceeds 1.25% of gross risk-weighted assets) | 0 |
| 3.d.1. | Net risk-weighted assets (gross risk-weighted assets, including market risk equivalent assets, less excess allowance reported in item 3.c above and all other deductions) | 22,685,663 |
| 3.d.2. | Market risk equivalent assets (included in item 3.d.(1) above) | 0 |
| 3.e. | Maximum contractual dollar amount of recourse exposure in low level recourse transactions (to be completed only if the bank uses the "direct reduction method" to report these transactions in Schedule RC-R) | 0 |
| 3.f. | "Average total assets" (quarterly average reported in Schedule RC-K, item 9, less all assets deducted from Tier 1 capital) | 18,785,038 |

<CAPTION>

Items 4-9 and Memoranda items 1 and 2 are to be completed by banks that answered NO to item 1 above and by banks with total assets of \$1 billion or more.

| (Column A) Assets Recorded on the Balance Sheet | (Column B) Credit Equivalent Amount of Off- Balance Sheet Items |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------|
|----------------------------------------------------------------|-----------------------------------------------------------------------------------|

| (S) | (C) | (C) | (C) |
|------|-------------------------------------------------------------------------------------------------------------|------------|-----------|
| 4. | Assets and credit equivalent amounts of off-balance sheet items assigned to the Zero percent risk category: | | |
| 4.a. | Assets recorded on the balance sheet | 470,448 | |
| 4.b. | Credit equivalent amount of off-balance sheet items | | 1,287 |
| 5. | Assets and credit equivalent amounts of off-balance sheet items assigned to the 20 percent risk category: | | |
| 5.a. | Assets recorded on the balance sheet | 4,875,289 | |
| 5.b. | Credit equivalent amount of off-balance sheet items | | 1,239,466 |
| 6. | Assets and credit equivalent amounts of off-balance sheet items assigned to the 50 percent risk category: | | |
| 6.a. | Assets recorded on the balance sheet | 1,532,730 | |
| 6.b. | Credit equivalent amount of off-balance sheet items | | 713,639 |
| 7. | Assets and credit equivalent amounts of off-balance sheet items assigned to the 100 percent risk category: | | |
| 7.a. | Assets recorded on the balance sheet | 12,733,093 | |

</TABLE>

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| (S) | (C) | (C) | (C) |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------|
| 7.b. | Credit equivalent amount of off-balance sheet items | | 7,055,502 |
| 8. | On-balance sheet asset values excluded from and deducted in the calculation of the risk-based capital ratio | 1,219,406 | |
| 9. | Total assets recorded on the balance sheet (sum of items 4.a, 5.a, 6.a, 7.a, and 8, column A) (must equal Schedule RC, item 12 plus items 4.b and 4.c) | 20,830,966 | |

<CAPTION>

Memoranda

Dollar Amounts in Thousands

| (S) | (C) | (C) |
|-----|-----------------------------------------------------------------------------------------------------------------------|---------|
| 1. | Current credit exposure across all off-balance sheet derivative contracts covered by the risk-based capital standards | 423,317 |

<CAPTION>

| (S) | (C) | With a remaining maturity of | | |
|------|-----------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|--------------------------------------|
| | | (Column A) One year or less (C) | (Column B) Over one year through five years (C) | (Column C) Over five years (C) |
| 2. | Notional principal amounts of off-balance sheet derivative contracts: | | | |
| 2.a. | Interest rate contracts | 4,685,678 | 16,550,227 | 8,198,555 |
| 2.b. | Foreign exchange contracts | 1,322,936 | 139,520 | 0 |
| 2.c. | Gold contracts | | 0 | 0 |
| 2.d. | Other precious metals contracts | | 0 | 0 |
| 2.e. | Other commodity contracts | | 0 | 0 |
| 2.f. | Equity derivative contracts | 44,934 | 343,756 | 0 |

</TABLE>

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SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Special Report - Loans to Officers
for September 30, 1999

SPECIAL REPORT - LOANS TO EXECUTIVE OFFICERS (Complete as of each Call
Report Date)

The following information is required by Public Laws 90-44 and 102-242, but does not constitute a part of the Report of Condition. With each Report of Condition, these Laws require all banks to furnish a report of all loans or other extensions of credit to their executive officers made since the date of the previous Report of Condition. Data regarding individual loans or other extensions of credit are not required. If no such loans or other extensions of credit were made during the period, insert "none" against subitem (a). (Exclude the first \$15,000 of indebtedness of each executive officer under bank credit card plan.) See Sections 215.2 and 215.3 of Title 12 of the Code of Federal Regulations (Federal Reserve Board Regulation O) for the definitions of "executive officer" and "extension of credit," respectively. Exclude loans and other extensions of credit to directors and principal shareholders who are not executive officers.

<TABLE>

| <S> | <C> | <C> | <C> |
|-----|--------------------------------------------------------------------------------|-------|-------|
| a. | Number of loans made to executive officers since the previous Call Report date | 0 | |
| b. | Total dollar amount of above loans (in thousands of dollars) | 0 | |
| c. | Range of interest charged on above loans (example: 9 3/4% = 9.75) | 0.00% | 0.00% |

</TABLE>

<PAGE>

SunTrust Bank, Atlanta
1 PARK PLACE, N.E.
ATLANTA, GA 30303
Certificate Number: 867

FFIEC 031
Consolidated Report of Condition
for September 30, 1999

Optional Narrative Statement Concerning the Amounts Reported in the Reports of Condition and Income

The management of the reporting bank may, if it wishes, submit a brief narrative statement on the amounts reported in the Reports of Condition and Income. This optional statement will be made available to the public, along with the publicly available data in the Reports of Condition and Income, in response to any request for individual bank report data. However, the information reported in column A and in all of memorandum item 1 of Schedule RC-N is regarded as confidential and will not be released to the public. BANKS CHOOSING TO SUBMIT THE NARRATIVE STATEMENT SHOULD ENSURE THAT THE STATEMENT DOES NOT CONTAIN THE NAMES OR OTHER IDENTIFICATIONS OF INDIVIDUAL BANK CUSTOMERS, REFERENCES TO THE AMOUNTS REPORTED IN THE CONFIDENTIAL ITEMS IN SCHEDULE RC-N, OR ANY OTHER INFORMATION THAT THEY ARE NOT WILLING TO HAVE MADE PUBLIC OR THAT WOULD COMPROMISE THE PRIVACY OF THEIR CUSTOMERS. Banks choosing not to make a statement may check the "No comment" box below and should make no entries of any kind in the space provided for the narrative statement; i.e., DO NOT enter in this space such phrases as "No statement," "Not applicable," "N/A," "No comment," and "None".

The optional statement must be entered on this sheet. The statement should not exceed 100 words. Further, regardless of the number of words, the statement must not exceed 750 characters, including punctuation, indentation, and standard spacing between words and sentences. If any submission should exceed 750 characters, as defined, it will be truncated at 750 characters with no notice to the submitting bank and the truncated statement will appear as the bank's statement both on agency computerized records and in computer-file releases to the public. All information furnished by the bank in the narrative statement must be accurate and not misleading. Appropriate efforts shall be taken by the submitting bank to ensure the statement's accuracy. The statement must be signed, in the space provided below, by a senior officer of the bank who thereby attests to its accuracy.

If, subsequent to the original submission, material changes are submitted for the data reported in the Reports of Condition and Income, the existing narrative statement will be deleted from the files, and from disclosure; the bank, at its option, may replace it with a statement, under signature, appropriate to the amended data.

The optional narrative statement will appear in agency records and in release to the public exactly as submitted (or amended as described in the preceding paragraph) by the management of the bank (except for the truncation of statements exceeding the 750-character limit described above). THE STATEMENT WILL NOT BE EDITED OR SCREENED IN ANY WAY BY THE SUPERVISORY AGENCIES FOR ACCURACY OR RELEVANCE. DISCLOSURE OF THE STATEMENT SHALL NOT SIGNIFY THAT ANY FEDERAL SUPERVISORY AGENCY HAS VERIFIED OR CONFIRMED THE ACCURACY OF THE INFORMATION

<PAGE>

CONTAINED THEREIN. A STATEMENT TO THIS EFFECT WILL APPEAR ON ANY PUBLIC RELEASE OF THE OPTIONAL STATEMENT SUBMITTED BY THE MANAGEMENT OF THE REPORTING BANK.

No Comment

BANK MANAGEMENT STATEMENT (please print or type clearly):

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 WEST TODD STREET
FRANKFORT, KENTUCKY 40601

Telephone:
(502) 227-7270

Telecopier:
(502) 875-7059

February 4, 2000

Stephanie Bell
Secretary
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

RECEIVED

FEB 04 2000

PUBLIC SERVICE
COMMISSION

Re: Case No. 99-465

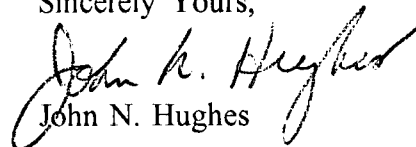
Dear Ms. Bell:

Western Kentucky Gas Company requests an informal conference to discuss the matters contained in your letter of January 27, 2000. Western is uncertain about some of the deficiencies listed and believes that a conference may expedite the resolution of the alleged deficiencies. Also, Western requests that the time to respond to your letter be extended to fifteen days beyond the date of the conference. Western will provide any additional information as quickly as possible, but, cannot meet the specified filing date without further clarification.

Please let me know of possible conference dates so that we can arrange an mutually agreeable time.

If additional information is needed, please contact me.

Sincerely Yours,


John N. Hughes

Attorney for Western Kentucky
Gas Company

cc: Doug Walther
Randy Hutchinson
Bill Senter



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

Paul E. Patton
Governor

January 27, 2000

Mr. William J. Senter
V. P. Rates & Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, Kentucky 42303-1312

Re: Case No. 1999-465
Filing Deficiencies

Dear Mr. Senter:

The Commission staff has reviewed your application in the above case. This filing is rejected pursuant to 807 KAR 5:001, Section 2, for the reasons set forth below. These items are either required to be filed with the application or to be referenced in the application if they are already on file in another case or will be filed at a later date.

1. Filing deficiencies pursuant to 807 KAR 5:001, Section 6:
 - (4) Mortgages: amount of indebtedness secured
 - (5) Bonds: amount issued; interest paid in last fiscal year
 - (6) Notes Outstanding: interest paid in last fiscal year
 - (7) Other Indebtedness: interest paid in last fiscal year
 - (8) Rate and amount of dividends paid during the five previous fiscal years and the amount of capital stock on which dividends were paid each year
 - (9) Detailed income statement and balance sheet

2. Filing deficiencies pursuant to 807 KAR 5:001, Section 11(1):
 - (b) If Bonds or Notes or Other Indebtedness is proposed: description of the amount(s), full description of all terms, interest rate(s), and whether the debt is to be secured and if so a description of how it's secured.

 - (e) If proceeds are to refund outstanding obligations, give: par value, amount for which actually sold, expenses and application of proceeds, date of obligations, total amount, time held, interest rate, and payee.



Mr. William J. Senter
January 27, 2000
Page 2

The statutory time period in which the Commission must process this case will not commence until the above-mentioned information is filed with the Commission. You are requested to file six copies of this information (unless otherwise noted) within 15 days of this letter. If you need further information, please contact Isaac Scott of my staff at 502-564-3940, extension 444.

Sincerely,



Stephanie Bell
Secretary of the Commission

hv

cc: Honorable Douglas C. Walther
Honorable Mark R. Hutchinson
Honorable John N. Hughes





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 5, 2000

To: All parties of record

RE: Case No. 1999-465
WESTERN KENTUCKY GAS COMPANY
(Financing) \$500,000,000 UNIVERAL SHELF PLAN

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received December 30, 1999 and has been assigned Case No. 1999-465. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

William J. Senter
V.P. Rates & Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, KY. 42303 1312

Honorable Douglas C. Walther
Legal Counsel
Atmos Energy Corporation
P. O. Box 650205
Dallas, TX. 75265 0205

Honorable Mark R. Hutchinson
Attorney at Law
Sheffer, Hutchinson, Kinney
101 East Second Street
Owensboro, KY. 42303

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

**BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY**

RECEIVED

DEC 30 1999

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF APPLICATION OF §
ATMOS ENERGY CORPORATION §
(ATMOS), THROUGH ITS DIVISION, §
WESTERN KENTUCKY GAS COMPANY §
OF OWENSBORO, KENTUCKY, FOR AN §
ORDER AUTHORIZING THE §
IMPLEMENTATION OF A \$500,000,000 §
UNIVERSAL SHELF REGISTRATION §
FOR DEBT AND EQUITY FINANCING. §

CASE NO. CA-465

FILED

FEB 22 2000

PUBLIC SERVICE
COMMISSION

APPLICATION

I.

Pursuant to KRS 278.300, and all other applicable law, Atmos Energy Corporation ("Applicant"), through its division, Western Kentucky Gas Company of Owensboro, Kentucky ("Company"), files its application herein for an Order authorizing the implementation of a \$500,000,000 universal shelf registration. The universal shelf registration will allow Atmos to offer, from time to time, debt securities and shares of its common stock, without par value, at prices and terms to be determined at the time of sale. The debt securities and/or common stock may be issued in one or more series of issuances. Atmos may sell the securities to or through underwriters, dealers or agents, or directly to one or more purchasers. The universal shelf registration will provide Atmos with greater flexibility in its financing options.

II.

The Company cannot currently state how the \$500,000,000 will be divided between equity and debt financing. The Company's goal is to decrease the debt to capitalization ratio to nearer its target range of 50-52% over the next two years. Atmos does not plan to implement the

universal shelf registration in a manner that would materially change such target range. However, Atmos believes that it is important to maintain the flexibility necessary to allow it to utilize the most favorable financing option available at a particular time.

III.

Approval of this application is in the public interest because it will allow Applicant to obtain financing to continue the general corporate purposes of Applicant and to provide safe and adequate service to its customers. The net proceeds may be used for one or more of the following purposes: for the repayment of all or a portion of the Company's outstanding short-term debt; for the purchase, acquisition and construction of additional properties and facilities as well as improvements to the Company's existing utility plant; for the refunding of higher coupon long-term debt as market conditions permit; and for general corporate purposes.

IV.

Applicant, a Virginia and Texas Corporation, is duly qualified under the laws of Kentucky to carry on its business, and conducts all of its utility activities in the Commonwealth of Kentucky through its division, Company. Company is a division of Applicant (not a separate corporate entity) which operates a public utility in the business of purchasing, transmitting and distributing natural gas to residential, commercial and industrial users in western and south central Kentucky.

V.

Company's principal operating office and place of business is 2401 New Hartford Road, Post Office Box 866, Owensboro, Kentucky 42302. The post office address of the Applicant is Post Office Box 650205, Dallas, Texas 75265-0205.

VI.

A certified copy of Applicant's Certificate of Incorporation and all amendments thereto are on file in the records of the Commission and the same are incorporated herein by reference. See, In Re the Matter of the Rate Adjustment of Western Kentucky Gas Company, Case No. 90-13.

VII.

Correspondence and communications with respect to this Application should be directed to:

William J. Senter
Vice President, Rates and Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, Kentucky 42303-1312

Douglas C. Walther
Legal Counsel
Atmos Energy Corporation
Post Office Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
Sheffer, Hutchinson, Kinney
101 East Second Street
Owensboro, Kentucky 42303

John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601

VIII.

Pursuant to KRS 278.300, the Applicant respectfully requests expedited consideration of this Application so that the universal shelf registration may be implemented. The universal shelf registration will allow Atmos the flexibility to respond expeditiously to favorable market conditions. Previously, the Company was unable to take advantage of favorable financing conditions due to the lag time associated with regulatory proceedings. Commission approval of the universal shelf registration will allow Atmos to act quickly and decisively in financing capital each time a favorable market opportunity arises.

IX.

To comply with the requirements of 807 KAR 5:001, Section 6, 8 and 11 of the Commission's Administrative Regulations, there is attached hereto and incorporated herein by reference, Exhibit A, which contains all of the financial information therein required.

X.

Pursuant to 807 KAR 5:001, Section 11(2)(b), true and correct copies of Applicant's outstanding deeds of trust and mortgages are on file in the records of the Commission and the same are incorporated herein by reference. See, In Re The Matter of the Application of Atmos Energy Corporation for Authorization to Issue Additional Shares, Case No. 94-072.

WHEREFORE, Applicant prays that this Commission authorize by appropriate order or certificate the implementation of the \$500,000,000 universal shelf plan.

Respectfully submitted on this 30 day of December, 1999.

William J. Senter
Vice President, Rates and Regulatory Affairs
Western Kentucky Gas Company
2401 New Hartford Road
Owensboro, Kentucky 42303-1312

Douglas C. Walther
Legal Counsel
Atmos Energy Corporation
Post Office Box 650205
Dallas, Texas 75265-0205

Mark R. Hutchinson
Sheffer, Hutchinson, Kinney
101 East Second Street
Owensboro, Kentucky 42303

John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601

COUNSEL FOR ATMOS ENERGY CORPORATION

By: 

WESTERN KENTUCKY GAS COMPANY
EXHIBIT A

References preceding each subpart of this Exhibit pertain to subsections of Sections 6 and 11 of 807 KAR 5:001.

Western Kentucky Gas Company is an unincorporated division of Atmos Energy Corporation. The following includes information for Atmos Energy Corporation (unless otherwise stated) since Western Kentucky Gas Company is a division of Atmos and does not have a separate capital structure or authorized stock.

6(1) Amount and kinds of stock authorized

As of June 30, 1999 Atmos Energy Corporation had 100,000,000 shares of common stock (no par value) authorized.

6(2) Amount and kinds of stock issued and outstanding

At June 30, 1999 Atmos Energy Corporation had 31,039,292 shares of common stock issued and outstanding.

6(3) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.

Atmos Energy Corporation has no preferred stock.

6(4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

Atmos has mortgages related to bonds assumed in the merger with Greeley Gas Company on December 22, 1993. The 9.4% series J bonds are secured by an Indenture of Mortgage and Deed of Trust dated April 1, 1991 in favor of First Colony Life Insurance Company. The outstanding First Mortgage Bonds assumed in the merger with Greeley are as follows:

| <u>First Mortgage Bonds</u> | <u>Original Issue</u> | <u>Bonds Outstanding 6/30/99</u> | <u>Interest accrued for 12 months ended 6/30/99</u> |
|-----------------------------------|---------------------------|------------------------------------------|-----------------------------------------------------------------|
| 9.4% Series J, due May 1, 2021 | \$17,000,000 | \$17,000,000 | \$1,620,576 |

Atmos has mortgages related to bonds assumed in the merger with United Cities on July 31, 1997, which are listed below:

| <u>First Mortgage Bonds</u> | <u>Original Issue</u> | <u>Bonds Outstanding 6/30/99</u> | <u>Interest accrued for 12 months ended 6/30/99</u> |
|----------------------------------|--------------------------|----------------------------------|-----------------------------------------------------|
| 8.69% Series N, due 3/01/02 | \$20,000,000 3/01/87 | \$ 1,000,000 | \$ 218,533 |
| 10.43% Series P, due 11/01/17 | \$25,000,000 10/01/87 | \$22,500,000 | \$2,380,706 |
| 9.75% Series Q, due 4/30/20 | \$20,000,000 4/01/90 | \$20,000,000 | \$1,961,838 |
| 11.32% Series R, due 5/10/04 | \$15,000,000 12/01/89 | \$10,720,000 | \$1,518,009 |
| 9.32% Series T, due 6/01/21 | \$18,000,000 6/01/91 | \$18,000,000 | \$1,682,743 |
| 8.77% Series U, due 5/01/22 | \$20,000,000 5/01/92 | \$20,000,000 | \$1,768,785 |
| 7.50% Series V, due 12/01/07 | \$10,000,000 12/01/92 | \$10,000,000 | \$ 764,780 |
| | | <u>\$102,220,000</u> | <u>\$10,295,394</u> |

6(5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

Please refer to 6(4) above.

6 (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

Outstanding Notes of Applicant are as follows:

| <u>Description</u> | <u>Date of Issue</u> | <u>Amount Outstanding at 6/30/99</u> | <u>Date of Maturity</u> | <u>Rate of Interest</u> | <u>In favor of</u> | <u>Interest Accrued for 12 months ended 6/30/99</u> |
|--------------------|----------------------|--------------------------------------|-------------------------------------------------------------------|-------------------------|------------------------------------------------|-----------------------------------------------------|
| Note | 11/26/96 | \$ | 11/25/98 | 6.09% | Nations Bank of Texas | \$1,035,300 |
| Sr. Notes | 12/23/87 | 8,000,000 | Annual installments of \$2,000,000 from 12/30/93 through 12/30/02 | 11.2% | John Hancock Mutual Life Insurance Co., et al. | 1,016,225 |
| Sr. Notes | 09/30/91 | 16,000,000 | Annual installments of \$2,000,000 from 9/30/97 through 9/30/06 | 9.57% | Variable Annuity Life Insurance Co. | 1,594,244 |
| Sr. Notes | 10/11/89 | 18,000,000 | Annual installments of \$3,000,000 from 12/30/95 through 12/30/04 | 9.76% | John Hancock Mutual Life Insurance Co., et al. | 1,915,254 |
| Sr. Notes | 08/31/92 | 8,000,000 | Annual installments of \$1,000,000 from 8/31/97 through 8/31/06 | 7.95% | Variable Annuity Life Insurance Co. | 656,195 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Kingdom Foundation | 115,164 |
| Note | 12/31/91 | 1,151,654 | 12/31/11 | 10.0% | Michael D. Fredricks | 115,163 |
| Note | 12/15/95 | 10,000,000 | 12/15/25 | 6.67% | Cede & Co. | 674,786 |
| Note | 12/19/95 | 10,000,000 | 12/19/20 | 6.27% | Cede & Co. | 642,441 |
| Note | 12/19/95 | 2,000,000 | 12/19/00 | 6.20% | Cede & Co. | 133,042 |
| Sr. Notes | 11/14/94 | 20,000,000 | Annual installments of \$1,818,182 from 10/31/04 through 10/31/14 | 8.26% | New York Life Insurance Co. | 1,664,793 |
| Sr. Notes | 11/14/94 | 20,000,000 | Annual installments of \$4,000,000 from 10/31/02 - 10/31/06 | 8.07% | Variable Annuity Life Insurance Co. | 1,630,689 |
| Debentures | 07/15/98 | 150,000,000 | 07/15/28 | 6.75% | U.S. Bank as Trustee | 9,513,485 |
| | | | | | | <u>\$20,706,781</u> |
| | | | | | | <u>\$264,303,308</u> |

6(7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

Other indebtedness of Atmos Energy Corporation is as follows:

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 6/30/99</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 6/30/99</u> |
|--------------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|
| Committed Lines of Credit: | | | | |
| One-year credit facility for up to \$12,000,000 renegotiated effective April 1, 1999 | Amarillo National Bank | \$11,100,000 | Short-term rate based upon option chosen at time of borrowing | \$331,494 |
| 364 day credit facility for up to \$250,000,000 due August 6, 1999 unsecured | NationsBank, Texas as agent for various other participants | - | Short-term rate based upon option chosen at time of borrowing | 631,858 |
| TOTAL COMMITTED LINES | | \$11,100,000 | | \$963,352 |

| <u>Description</u> | <u>Lender</u> | <u>Amount Outstanding at 6/30/99</u> | <u>Rate of Interest</u> | <u>Interest Accrued for 12 Months Ended 6/30/99</u> |
|-----------------------------------------------------------|--------------------------------------------|----------------------------------------------|-----------------------------|-------------------------------------------------------------|
| Uncommitted Money Market Lines of Credit: | | | | |
| Credit facility for up to \$50,000,000 due August 6, 1999 | Societe Generale | \$ - | Money market rate as quoted | \$ 927,504 |
| Credit facility for up to \$20,000,000 due August 6, 1999 | Nations Bank - | 9,300,000 | Money market rate as quoted | 455,828 |
| \$250,000,000 Commercial Paper Program | Merrill Lynch and First Chicago as dealers | 89,828,467 | Money market rate as quoted | 3,116,827 |
| TOTAL UNCOMMITTED LINES | | <u>99,128,467</u> | | <u>4,500,159</u> |
| TOTAL LINES OF CREDIT | | <u>\$110,228,467</u> | | <u>\$5,463,511</u> |

6(8) Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.

The following is Atmos Energy Corporation's dividend history for the past five fiscal years. The Atmos dividend rate has been restated to include United Cities but excludes Greeley Gas distributions. The amount of dividends paid and average shares have been restated to include United Cities, Greeley Gas distributions and Atmos' 3-for-2 stock split in May 1994.

| <u>Fiscal Year Ended Sept 30</u> | <u>Atmos Dividend Rate</u> | <u>Amount of Dividends Paid</u> | <u>Average Shares For Each Fiscal Year</u> |
|--------------------------------------|------------------------------------|-----------------------------------------|----------------------------------------------------|
| Fiscal 1994 | \$.91 | \$23,201,000 | 25,604,000 |
| Fiscal 1995 | \$.96 | \$26,197,000 | 27,208,000 |
| Fiscal 1996 | \$.98 | \$28,478,000 | 28,978,000 |
| Fiscal 1997 | \$1.01 | \$26,415,000 | 29,409,000 |
| Fiscal 1998 | \$1.06 | \$31,834,000 | 30,031,000 |

6(9) Detailed income statement and balance sheet.

The following is the separate company income statement and balance sheet of Atmos Energy Corporation.

ATMOS ENERGY CORPORATION
STATEMENT OF INCOME (UNCONSOLIDATED)
FOR THE TWELVE MONTHS ENDED
June 30, 1999
(Thousands of Dollars)
(Unaudited)

| | |
|-------------------------------|------------------|
| Operating revenues | \$622,244 |
| Purchased gas cost | <u>340,119</u> |
| Gross profit | 282,125 |
| Operating expenses | |
| Operation | 126,274 |
| Maintenance | 8,599 |
| Litigation settlement | 3,250 |
| Depreciation and amortization | 48,603 |
| Taxes, other than income | 26,983 |
| Income taxes | <u>11,914</u> |
| Total operating expenses | <u>225,623</u> |
| Operating income | 56,502 |
| other income (expense) | 1,548 |
| Interest charges | <u>34,350</u> |
| Net income | <u>\$ 23,700</u> |

ATMOS ENERGY CORPORATION
BALANCE SHEET (UNCONSOLIDATED)
June 30, 1999
(Thousands of Dollars)
(Unaudited)

ASSETS

| | |
|------------------------------------------------|--------------------|
| Property, plant and equipment | \$1,444,563 |
| Less accumulated depreciation and amortization | 543,616 |
| Net property, plant and equipment | <u>900,947</u> |
| Investments at cost | 16,157 |
| Current assets | |
| Cash and cash equivalents | 5,078 |
| Accounts receivable, net | 51,618 |
| Inventories | 13,009 |
| Gas stored underground | 14,191 |
| Other current assets | 2,826 |
| Intercompany, net | <u>(10,043)</u> |
| Total current assets | 76,679 |
| Deferred charges and other assets | 104,806 |
| | <u>\$1,098,589</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY


| | |
|----------------------------------------|--------------------|
| Shareholders' equity | |
| Common stock | \$ 155 |
| Treasury stock | (90) |
| Additional paid-in capital | 288,392 |
| Retained earnings | 71,357 |
| Total shareholders' equity | <u>359,814</u> |
| Long-term debt | 367,883 |
| Total capitalization | <u>727,697</u> |
| Current liabilities | |
| Current maturities of long-term debt | 15,640 |
| Accounts payable | 45,741 |
| Notes payable | 110,228 |
| Taxes payable | 4,074 |
| Customers' deposits | 10,230 |
| Other current liabilities | 29,951 |
| Intercompany accounts | - |
| Total current liabilities | <u>215,864</u> |
| Deferred income taxes | 80,870 |
| Deferred credits and other liabilities | 74,158 |
| | <u>\$1,098,589</u> |

- 11(a) The Applicant's property is comprised primarily of gas utility plant and related facilities of a local distribution company operating in Illinois, Iowa, Georgia, South Carolina, Tennessee, Virginia, Colorado, Kansas, Missouri, Kentucky, Texas and Louisiana. At June 30, 1999, the original cost of the Applicant's property was \$1,428,432,519 and the cost to the Applicant was \$1,442,547,885.
- 11(b) Atmos Energy proposes to issue \$500,000,000 in common stock, no par value, and long-term debt, from time to time under a shelf offering.
- 11(c) The Company intends for the net proceeds from the issuance of the common stock will be used for general corporate purposes.
- 11(d) After first applying the proceeds to payoff short-term debt, the Company intends to use the net proceeds to acquire and construct new plant facilities. The Company estimates that \$370,000,000 will be used towards upgrading their existing gas plant property.
- 11(e) The Company plans to first apply the proceeds from issuing new equity and debt towards paying off short-term notes and current maturities of long-term debt. The Company had a total of \$110,228,467 in credit lines and short-term debt and a total of \$383,523,308 in long-term debt outstanding at June 30, 1999. Of the amount classified as long-term debt, \$15,640,000 is due within one year.
- 11(2)(a) Please refer to 6(1) through 6(9) above.
- 11(2)(b) The mortgage earlier described in 6(4) has previously been filed with the Commission.
- 11(2)(c) Not applicable.

VERIFICATION

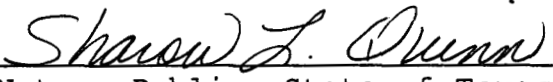
I, Donald P. Burman, being first duly sworn, depose and state that I am the duly elected and acting Assistant Controller of Atmos Energy Corporation and that I have knowledge of the matters set forth in this Exhibit A, and the contents of this Exhibit A are true to the best of my knowledge and belief.

I further certify, pursuant to 807 KAR 5:001 §10(f), that the applicant's annual reports, including the report for the most recent calendar year for which such a report is due, are on file with the commission in accordance with 807 KAR 5:006 §3(1).

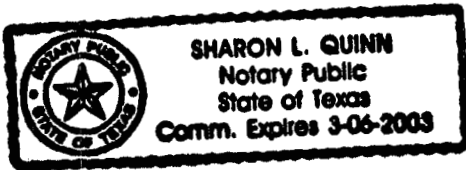


Donald P. Burman

SUBSCRIBED AND SWORN to before me by Donald P. Burman on this the 31st day of August, 1999.

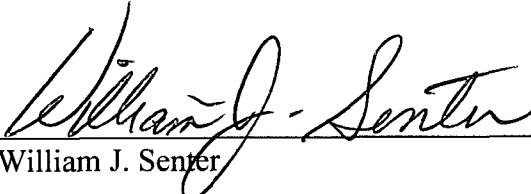


Notary Public: State of Texas
My commission expires: 3-6-2003



VERIFICATION


I, William J. Senter, being first duly sworn, depose and state that I am the Vice President, Rates and Regulatory Affairs of Western Kentucky Gas Company and that I have knowledge of the matters set forth in this Application, and the contents of this Application are true to the best of my knowledge and belief.



William J. Senter

COMMONWEALTH OF KENTUCKY §
 § ss.
COUNTY OF DAVIESS §

SUBSCRIBED AND SWORN TO before me by William J. Senter, as Vice President, Rates and Regulatory Affairs of Western Kentucky Gas Company, on behalf of the said corporation, on this 21st day of December, 1999.



NOTARY PUBLIC

My Commission Expires: July 22, 2000